

# EDUCATION





## **EDUCATION**

The Education function includes three sub-functions: The Department of Education (K 12); the Nevada System of Higher Education; and other educational programs, which include the Department of Cultural Affairs, the Western Interstate Commission for Higher Education program, and the Commission on Postsecondary Education. Historically, education has been the largest function in the state budget supported by the General Fund, and the 2011 Legislature continued this tradition. General Fund appropriations for educational programs approved by the 2011 Legislature total approximately \$1.625 billion in FY 2012 and approximately \$1.651 billion in FY 2013, a combined 11.7 percent decrease from appropriations approved for the 2009-11 biennium (includes supplemental appropriations approved by the 2011 Legislature, but does not account for budget reductions implemented during the 2009-11 biennium). These appropriations for educational programs account for 52.8 percent of General Fund expenditures over the 2011-13 biennium. A portion of the decrease in approved General Fund appropriations results from the elimination of the Department of Cultural Affairs and the transfer of the divisions within the department to other agencies within different functional areas of state government. During the 2009-11 biennium, General Fund appropriations approved for the Department of Cultural Affairs totaled \$21.5 million. For the current biennium, General Fund appropriations approved for the department, within the Education function total \$287,150.

Total funding approved by the 2011 Legislature from all sources for education total \$2.447 billion in FY 2012, a 7.5 percent decrease when compared to work program amounts budgeted in FY 2011, which totaled \$2.644 billion (includes supplemental appropriations). The \$2.485 billion approved in FY 2013 represents a 1.6 percent increase over FY 2012 after interagency transfers are deducted.

### **EDUCATION (K-12)**

The voters at the November 2004 and November 2006 General Elections approved an amendment to Article 11 of the Nevada Constitution to include a provision that the Legislature must finance the operation of the public schools in the state for kindergarten through grade 12 prior to funding any other part of the state budget for the next biennium. Assembly Bill 579 of the 2011 Legislative Session was enacted to meet this provision by providing funding for K-12 education, which includes the Distributive School Account (DSA), the School Remediation Trust Fund, the Grant Fund for Incentives for Licensed Educational Personnel, the State Supplemental School Support Fund, and the Other State Education Programs account.

## DISTRIBUTIVE SCHOOL ACCOUNT

The funding that supports Nevada's public elementary and secondary schools is a shared responsibility with state, local and federal sources contributing to the school districts' and charter schools' operating funds. It is important to recognize that the DSA budget does not include the entire funding for K-12 education, but rather includes only the state's portion of the school district and charter school operating funds that provide the basic support guarantee and other state-supported programs.

The following table summarizes the elements (in millions) that are the basis for the DSA as recommended by the Governor, and as approved by the 2011 Legislature for the 2011-13 biennium. While the "Total Required State Support" is guaranteed by the state, only the portion of the table below "Total State Share" is included in the DSA budget account.

<u>The Nevada Plan</u>							
	<u>The Executive Budget</u> (Millions)			<u>Legislatively Approved</u> (Millions)			Percent Change
	2011-13			2011-13			
	FY12	FY13	Biennium	FY12	FY13	Biennium	
Total Operating Expenditures	\$ 2,861	\$ 2,873	\$ 5,734	\$ 3,013	\$ 3,070	\$ 6,083	6.1%
Less: Local Revenues Outside the DSA	\$ (636)	\$ (641)	\$ (1,277)	\$ (653)	\$ (654)	\$ (1,307)	
Less: Non-Basic Support Programs	\$ (144)	\$ (145)	\$ (289)	\$ (139)	\$ (140)	\$ (279)	
 Total Regular Basic Support	 \$ 2,081	 \$ 2,087	 \$ 4,168	 \$ 2,221	 \$ 2,276	 \$ 4,497	 7.9%
Plus Programs other than Basic Support	\$ 144	\$ 145	\$ 289	\$ 284	\$ 288	\$ 572	
<u>State Guarantee</u>							
Total Required State Support	\$ 2,225	\$ 2,232	\$ 4,457	\$ 2,505	\$ 2,564	\$ 5,069	13.7%
Less: Local "Inside" Revenues	\$ (1,188)	\$ (1,215)	\$ (2,403)	\$ (1,164)	\$ (1,193)	\$ (2,357)	
<u>Distributive School Account</u>							
Total State Share*	\$ 1,036	\$ 1,018	\$ 2,054	\$ 1,341	\$ 1,371	\$ 2,712	
Miscellaneous DSA Revenues	\$ (125)	\$ (129)	\$ (254)	\$ (253)	\$ (260)	\$ (513)	
General Fund Support	\$ 911	\$ 889	\$ 1,800	\$ 1,088	\$ 1,111	\$ 2,199	22.1%
* Totals may not balance due to rounding							

The approved budget anticipates that the total of all Nevada school district and charter school budgets will decrease to \$3.013 billion for FY 2012 and \$3.070 billion for FY 2013, compared to the \$3.325 billion and \$3.364 billion approved by the 2009 Legislature for FY 2010 and 2011, respectively. This is a decrease of 9.1 percent for the 2011-13 biennium when compared to the 2009-11 biennium.

## NEVADA PLAN

The Legislature determines the level of state aid for schools and each district's share through a formula called the "Nevada Plan," which allows for differences across districts in the costs of providing education and in local wealth. A guaranteed amount of basic support per pupil is calculated for each school district and is established in law each legislative session. The state, through the DSA, and local school districts, through the Local School Support Tax (sales tax) and property tax, share the responsibility for providing the money needed to fund the guaranteed basic support.

As indicated above, certain locally-generated revenues are considered before the state's responsibility is determined. These revenues are referred to as being "outside" of the Nevada Plan (the state's responsibility) and consist of the following:

- Property Tax – State law requires a property tax rate of 75 cents per \$100 of assessed valuation for the support of schools. One-third of the proceeds from the 75-cent property tax rate is "inside" the Nevada Plan while the remaining two-thirds of the proceeds of the 75-cent property tax rate is "outside" the DSA funding formula. The approved budget projects that the two-thirds portion of this tax will generate \$404.9 million in FY 2012, a 4.5 percent decrease from estimated collections for FY 2011, and \$405.9 million in FY 2013, an increase of 0.2 percent from projected collections for FY 2012.
- Local Government Services Tax – Formerly called the motor vehicle privilege tax, this tax is estimated to generate \$72.4 million each year of the 2011-13 biennium, compared to FY 2010 actual collections of \$75.7 million (4.4 percent decrease) and budgeted collections of \$81.4 million (11.1 percent decrease) for FY 2011.
- Other Local Sources – Franchise taxes, federal revenue, interest, tuition, other local revenue and opening balances are estimated to contribute \$175.9 million in FY 2012 and \$176.0 million in FY 2013.

These locally-generated "outside" revenues are not guaranteed by the state; thus the local school districts benefit when actual revenues are in excess of projections, or suffer the loss when revenues do not meet projections. Revenues "outside" of the Nevada Plan are budgeted to generate approximately 21.7 percent in FY 2012 and 21.3 percent in FY 2013 of the revenue necessary to support the budgets of school districts and charter schools (compared to 27.6 percent in the 2009-11 biennium), with the balance being funded through the Nevada Plan (the state's responsibility).

Nevada Plan funding for school districts consists of state financial support received through the DSA and locally-collected revenues that are "inside" the Nevada Plan, namely the 2.60 percent Local School Support Tax (LSST) (sales tax) and the remaining one-third of the proceeds from the 75-cent property tax rate. It is important to note that these two local revenue amounts **are guaranteed** by the state; thus, if budgeted amounts are not actually collected, the state funds the difference, and

conversely, if actual revenues exceed projections, the amount of State General Fund support is reduced.

As part of the revenue enhancements approved by the 2009 Legislature, the LSST rate was increased by 0.35 percent (from 2.25 percent to 2.60 percent) for the period beginning July 1, 2009, through June 30, 2011. Although the increased LSST rate was scheduled to sunset at the end of the 2009-11 biennium, the 2011 Legislature approved the extension of the 2.60 percent LSST rate through June 30, 2013. For the 2011-13 biennium, the 2.60 percent LSST is estimated to generate \$941.7 million for FY 2012, a 2.2 percent increase from the amount estimated to be received in FY 2011, and \$970.0 million for FY 2013, a 3.0 percent increase from the projected amount in FY 2012. Local funding from the one-third portion of the proceeds from the 75-cent property tax rate is budgeted at \$202.4 million for FY 2012, (8.2 percent decrease over FY 2011 estimated collections) and \$202.9 million in FY 2013 (0.25 percent increase over budgeted FY 2012).

The Executive Budget, as originally recommended, proposed to utilize excess school district debt service reserves totaling \$425.0 million as local funding available for operating purposes over the 2011-13 biennium. The 2011 Legislature did not concur with the Governor's recommendation, but rather approved the use of \$20 million each fiscal year of Clark County School District capital projects funds as local funds available for operating purposes during the 2011-13 biennium.

Additionally, the Legislature approved Assembly Bill 376 and Senate Bill 506, both of which revise the required level for a school district's debt service reserve account. For Clark and Washoe County School Districts, the legislation reduces the amount of required reserves to the lesser of 10 percent of the outstanding principal, or 25 percent of the amount of principal and interest owed in the next fiscal year on all outstanding bonds. For the remaining 15 counties, the amount of required reserve is revised to the lesser of 10 percent of the outstanding principal, or 50 percent of the amount of principal and interest owed in the next fiscal year on all outstanding bonds.

Combined, local sources "inside" the Nevada Plan provide approximately 46.5 percent of the total required state support amount, with the state contributing the remaining 53.5 percent.

The total required state support of school district and charter school expenditures within the DSA totals \$2.505 billion and \$2.564 billion for FY 2012 and FY 2013, respectively, representing a 1.7 percent decrease from the total required state support approved by the 2009 Legislature for the 2009-11 biennium.

The state's share of funding in the approved budget is largely provided by General Fund appropriations of \$1.088 billion in FY 2012 and \$1.111 billion in FY 2013, totaling \$2.199 billion for the 2011-13 biennium. When compared to the \$2.565 billion appropriated for the 2009-11 biennium and the \$2.425 billion, as adjusted by the 26<sup>th</sup> Special Session (2010) of the Legislature, (inclusive of the \$97 million supplemental

appropriation for FY 2011) General Fund support declined by 14.3 percent and 9.3 percent, respectively.

An annual tax on slot machines, interest earned on investments from the Permanent School Fund, revenue from royalties and leases of federal land for mineral exploration, and LSST from sales that cannot be attributed to a specific county also provide funding for the DSA and are included in the previous table as “Miscellaneous DSA Revenues.”

Additionally, the Governor recommended the proceeds from the Initiative Petition 1 (IP1) Room Tax revenue be redirected to the General Fund through the 2011-13 biennium. The petition, approved by the 2009 Legislature, imposes an additional tax on the gross receipts from the rental of transient lodging (room tax) in certain counties as specified in the petition (NRS 244.33561). For the period of July 1, 2009, through June 30, 2011, the proceeds of this tax must be credited to the State General Fund. Pursuant to the petition, beginning on July 1, 2011, the proceeds were required to be credited to the State Supplemental School Support Fund to be distributed to school districts and charter schools to improve the achievement of students and to retain qualified teachers and non-administrative employees (NRS 387.191).

For the 2011-13 biennium, to ensure that IP1 Room Tax revenues would be used to fund educational expenditures, the 2011 Legislature approved the transfer of \$111.3 million in FY 2012 and \$115.1 million in FY 2013 of IP1 Room Tax revenues from the State Supplemental School Support Fund to the DSA as a state funding source.

The table on the following page displays the DSA budget as approved by the 2011 Legislature, actual revenues and expenditures for FY 2010, projections for FY 2011, and the legislatively approved budget for the 2011-13 biennium.

**DISTRIBUTIVE SCHOOL ACCOUNT - SUMMARY FOR 2011-13 BIENNIUM**

	2010		2011		2012	2013
	26 <sup>th</sup> Special Session	2010 Actual	26 <sup>th</sup> Special Session	2011 Estimated	Legislature Approved	Legislature Approved
WEIGHTED ENROLLMENT	425,648.40	421,386.60	429,706.60	422,569.60	421,987	423,500
ADDITIONAL ENROLLMENT FOR HOLD HARMLESS	0	4,140.60	0	1,367.20	0	0
TOTAL ENROLLMENT *	425,648.40	425,527.20	429,706.60	423,936.80	421,987	423,500
BASIC SUPPORT	\$ 5,186	\$ 5,186	\$ 5,192	\$ 5,192	\$ 5,263	\$ 5,374
TOTAL REGULAR BASIC SUPPORT **	\$ 2,207,566,730	\$ 2,206,615,525	\$ 2,230,973,023	\$ 2,201,166,405	\$ 2,220,949,633	\$ 2,275,927,082
<b>CATEGORICAL FUNDING:</b>						
SPECIAL EDUCATION ***	121,252,632	121,252,632	121,252,632	121,252,632	121,252,632	121,252,632
CLASS-SIZE REDUCTION	142,682,929	142,682,930	144,348,993	144,348,993	139,213,449	142,639,610
CLASS-SIZE REDUCTION - AT-RISK KINDERGARTEN	1,580,391	1,580,390	1,586,508	1,586,508	1,554,599	1,582,409
SPECIAL UNITS/GIFTED & TALENTED	162,571	162,566	167,459	167,459	158,414	162,163
ADULT HIGH SCHOOL DIPLOMA	21,170,456	21,170,456	22,673,833	22,673,833	17,011,957	17,758,916
SCHOOL LUNCH PROGRAM STATE MATCH	588,732	588,732	588,732	588,732	588,732	588,732
RPDP - TRANSFER TO REMEDIATION TRUST FUND	7,897,804	7,897,804	7,897,804	7,897,804	0	0
EARLY CHILDHOOD EDUCATION	3,338,875	3,304,982	3,338,875	3,372,768	3,338,875	3,338,875
LIBRARY MEDIA SPECIALIST	18,798	18,798	18,798	18,798	18,798	18,798
SPECIAL ELEMENTARY COUNSELING	850,000	850,000	850,000	850,000	850,000	850,000
SPECIAL TRANSPORTATION	170,908	128,541	170,908	170,908	128,541	128,541
NRS ADJUSTMENT	0	7,225,368	0	0	0	0
OTHER ADJUSTMENTS	0	(39,739)	0	0	0	0
TOTAL REQUIRED STATE SUPPORT	\$ 2,507,280,826	\$ 2,513,438,985	\$ 2,533,867,566	\$ 2,504,094,840	\$ 2,505,065,630	\$ 2,564,247,758
<b>LESS</b>						
LOCAL SCHOOL SUPPORT TAX - 2.60%	(905,809,371)	(872,948,748)	(944,174,996)	(921,462,307)	(941,734,793)	(969,986,648)
1/3 PUBLIC SCHOOLS OPERATING PROPERTY TAX	(253,196,604)	(262,851,182)	(231,116,201)	(220,536,619)	(202,433,266)	(202,931,773)
CAPITAL CONSTRUCTION FUNDS	(10,000,000)	(10,000,000)	(35,000,000)	(35,000,000)	(20,000,000)	(20,000,000)
TRANSFER FROM CLOSURE OF CC RDA	(6,000,000)	(6,000,000)	(5,400,000)	(5,400,000)	0	0
TOTAL STATE SHARE	\$ 1,332,274,851	\$ 1,361,639,055	\$ 1,318,176,369	\$ 1,321,695,914	\$ 1,340,897,571	\$ 1,371,329,337
<b>STATE SHARE ELEMENTS</b>						
GENERAL FUND	\$ 1,173,542,690	\$ 1,173,542,690	\$ 1,154,625,174	\$ 1,154,625,174	\$ 1,088,280,727	\$ 1,111,331,100
GENERAL FUND TRANSFER FY 2010 TO FY 2009	0	(18,917,900)	0	0	0	0
GENERAL FUND TRANSFER FY 2011 TO FY 2010	0	69,080,821	0	(69,080,821)	0	0
DSA SHARE OF SLOT TAX	35,888,197	33,712,074	36,554,830	33,300,806	33,542,238	34,144,068
PERMANENT SCHOOL FUND	13,100,000	9,173,420	13,100,000	6,700,000	6,600,000	6,800,000
FEDERAL MINERAL LEASE REVENUE	10,706,000	8,116,846	10,706,000	8,000,000	8,000,000	8,000,000
OUT OF STATE LSST - 2.60%	98,037,864	86,190,829	102,190,265	91,133,635	93,138,606	95,932,745
IP1 (2009) ROOM TAX REVENUE TRANSFER	0	0	0	0	111,336,000	115,121,424
REAL PROPERTY TAX	1,000,000	0	1,000,000	0	0	0
ESTATE TAX	100	0	100	0	0	0
PRIOR YEAR REFUNDS	0	816,539	0	0	0	0
GENERAL FUND SUPPLEMENTAL APPROPRIATION	0	0	0	96,983,227	0	0
REVERSION TO STATE GENERAL FUND	0	(42,371)	0	0	0	0
BALANCE FORWARD TO NEXT FISCAL YEAR	0	(33,893)	0	0	0	0
TOTAL SHARE STATE ELEMENTS	\$ 1,332,274,851	\$ 1,361,639,055	\$ 1,318,176,369	\$ 1,321,662,021	\$ 1,340,897,571	\$ 1,371,329,337
<b>*** Special Education Units</b>						
	<b>No. of Units</b>		<b>\$ per Unit</b>		<b>No. of Units</b>	
	2009-2010	3,049	39,768.00	2011-2012	3,049	39,768.00
	2010-2011	3,049	39,768.00	2012-2013	3,049	39,768.00

\* FY 10 Actual Weighted Apportioned Enrollment; FY 11, 12 & 13 reflect Estimated and Projected

\*\* Totals May Not Balance Due to Rounding

\*\*\* Special Education Unit funded separately from Basic Support



## **BASIC SUPPORT PER PUPIL**

The 2009 Legislature approved guaranteed basic support per pupil of \$5,251 for FY 2010 and \$5,395 for FY 2011, which was reduced to \$5,186 and \$5,192 per pupil, respectively, as a result of budget reductions approved during the 26<sup>th</sup> Special Session (2010). The 2011 Legislature approved guaranteed basic support of \$5,263 in FY 2012 and \$5,374 in FY 2013, an increase of \$71 and \$111 per pupil in FY 2012 and FY 2013, respectively, compared to the \$5,192 approved by the 26<sup>th</sup> Special Session of the Legislature for FY 2011. The guaranteed basic support per pupil should not be confused with expenditures per pupil. Resources not considered within the Nevada Plan are also available to cover school district and charter schools' operating costs.

The following chart compares the increases and decreases of the statewide average guaranteed basic support funding by fiscal year since 2004:

<b>FY 2004 Actual</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Actual</b>	<b>FY 2010 *Actual</b>	<b>FY 2011 *Leg App</b>	<b>FY 2011 26<sup>th</sup> SS</b>	<b>FY 2012 Leg App</b>	<b>FY 2013 Leg App</b>
\$4,298	\$4,433	\$4,490	\$4,699	\$5,125	\$5,212	\$5,186	\$5,395	\$5,192	\$5,263	\$5,374
\$311	\$135	\$57	\$209	\$426	\$87	(\$26)	\$209	(\$203)	\$71	\$111

\* The per-pupil basic support was subsequently reduced to \$5,186 in FY 2010 and \$5,192 in FY 2011 in the 26<sup>th</sup> Special Session, as a result of an approved 6.9% funding budget reduction.

## **ENROLLMENT**

Each school district's guaranteed level of funding is determined by multiplying the basic support per pupil by the weighted enrollment. Weighted enrollment equals a full count of pupils enrolled in grades 1 through 12, including children with disabilities enrolled in special education programs within a district, and six-tenths of the count of pupils enrolled in kindergarten or programs for three-year-olds and four-year-olds with disabilities. Handicapped preschoolers and kindergarten pupils are only counted as six-tenths of a pupil because they typically attend school for half a day or less. The following chart compares weighted enrollment numbers by fiscal year and the percent of increase or decrease each year over the preceding year:

<b>FY 2004 Actual</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Actual</b>	<b>FY 2011 Projected</b>	<b>FY 2012 Leg App.</b>	<b>FY 2013 Leg App.</b>
373,498	387,834	400,101	413,260	420,830	422,112	421,387	422,570	421,987	423,500
4.14%	3.84%	3.16%	3.29%	1.83%	0.30%	-0.17%	0.28%	-0.14%	0.36%

Based on the most recent enrollments, weighted enrollment (utilized to distribute DSA funds to school districts) is estimated to increase by approximately 0.28 percent to 422,570 students in FY 2011 when compared to actual weighted enrollment in FY 2010. The FY 2011 estimated weighted enrollment is lower than the 429,707 students projected by the 2009 Legislature. The approved budget projects an enrollment decline of 0.14 percent in FY 2012 from the FY 2011 estimated weighted enrollment and an increase of 0.36 percent in FY 2013 over projected enrollment in FY 2012.

The Executive Budget, as originally recommended, reflected a K-12 enrollment increase of 0.15 percent in FY 2012 and an increase of 0.30 percent in FY 2013, and an enrollment increase for the Adult High School Diploma (AHSD) program of 4.53 percent each year of the 2011-13 biennium, based on a five-year Adult Education enrollment growth average. To fund the projected enrollment growth for both K-12 and the AHSD program, The Executive Budget recommended combined General Funds of \$5.6 million in FY 2012 and \$15.2 million in FY 2013. Based on updated enrollment projections reflecting a decline in enrollment for both programs, the Legislature approved a net General Fund reduction of \$4.8 million over the 2011-13 biennium.

A total of 10 school districts in FY 2010 (including Clark, Elko and Washoe) and 15 school districts in FY 2011 (*excluding* Clark and Elko) experienced a decline in enrollment and were eligible to use the hold harmless provision of NRS 387.1233(2) for apportionment purposes. Under hold harmless, funding is based on the higher of the previous two years' weighted apportionment enrollment if enrollment declines by 5 percent or more from the previous year; otherwise, the weighted apportionment enrollment is the higher of the current or previous year's enrollment.

#### **POSITIONS AND SALARIES**

To determine the number of employees needed to accommodate enrollment changes, actual student-employee ratios were calculated for each major job classification in the FY 2010 base year. Position counts for each year of the 2011-13 biennium were computed by maintaining the same student-employee ratio in each job classification. The approved budget anticipates that an additional 45 licensed, instructional personnel will be needed to maintain the average of 20.8 student-teacher ratio throughout the 2011-13 biennium.

Further, the 2011 Legislature approved funding for group insurance costs for school personnel budgeted on a per-employee amount of \$6,981 in each year of the 2011-13 biennium, the same level as the actual FY 2010 per-employee expenditure for group insurance.

#### **BASIC SUPPORT BUDGET REDUCTION**

The Executive Budget recommended reductions in guaranteed basic support funding totaling \$121.0 million in FY 2012 and \$117.2 million in FY 2013, which, based on projected enrollment included in the budget, equated to a per pupil funding reduction of \$286 and \$276 for FY 2012 and FY 2013, respectively. The Legislature approved a reduced basic support budget reduction of \$52.1 million in FY 2012 and \$48.4 million in FY 2013, which equates to a per pupil funding reduction of \$123 in FY 2012 and \$114 in FY 2013.

## **SALARY AND BENEFIT RECOMMENDATIONS**

Consistent with recommendations for state employees, the Governor recommended a 5 percent reduction of funding for district and charter school employees effective July 1, 2011. The 2011 Legislature reduced the Governor's recommendation from a 5 percent funding reduction to a 2.5 percent reduction resulting in a General Fund restoration of \$63.7 million in FY 2012 and \$65.0 million in FY 2013.

The Governor also recommended that merit salary increases for all employee groups, including K-12 personnel, be suspended for the 2011-13 biennium. Because licensed teaching personnel do not have the same opportunity for promotion as state employees unless they choose to leave the classroom and work toward moving into administration, merit increases for licensed educators are not only the primary mechanism for recognizing years of experience, but also for recognizing the acquisition of additional education and qualifications. As such, the 2011 Legislature did not concur with the Governor's recommendation as it pertains to K-12 personnel and approved the restoration of merit increases for years of experience and the acquisition of additional education, resulting in a General Fund restoration of \$47.2 million in FY 2012 and \$95.4 million in FY 2013.

The Executive Budget further recommended a reduction in funding for salaries for district and charter school employees representing one-half of the pay reduction, or 5.3075 percent, charged to state employees who participate in the employer-paid Public Employees' Retirement System (PERS). State employees who elect the employer-paid PERS option receive a salary reduction of 10.615 percent as their contribution to PERS, with the state paying the full PERS contribution. Presently, although school district and charter school employees participate in the employer-paid PERS, funding for salaries is not reduced in the DSA for the employee contribution to PERS. The 2011 Legislature concurred with the Governor's recommendation and as a result, reduced funding for salaries by \$104.6 million in FY 2012 and \$107.0 million in FY 2013.

The Governor recommended, and the 2011 Legislature approved, an adjustment to fringe benefits to increase the retirement rate by 2.25 percent from 21.5 percent to 23.75 percent, with a corresponding reduction in salary costs for one-half of the amount for the employee portion of the increase equaling 1.125 percent. This is consistent with the methodology utilized to implement the retirement increase for state employees on the employer-paid plan. The cost of the retirement rate increase is \$16.8 million in FY 2012 and \$17.2 million in FY 2013.

The Executive Budget also recommended an increase in the unemployment insurance rate from 0.36 percent to 0.55 percent for school districts and charter schools. The Governor indicated that the proportional increase (53 percent) is consistent with the increase for the unemployment insurance rate recommended for other state agencies. Historically, the state has funded the unemployment insurance rate for school districts and charter schools based on actual expenditures incurred for the base year. Cost increases incurred by the schools during the biennium would be included in the funding

recommendation of the following budget cycle. As such, the Legislature did not approve the recommended unemployment insurance rate increase, resulting in General Fund reductions of \$3.8 million in FY 2012 and \$3.9 million in FY 2013.

#### **SUPPLEMENTAL APPROPRIATION**

The Legislature approved Assembly Bill 483 to provide a supplemental appropriation of \$97.0 million in FY 2011 for the DSA, primarily due to lower-than-projected Local School Support Tax revenues and collections of the one-third portion of the proceeds from the 75-cent property tax rate. Both revenues are received by the school districts and charter schools for operating purposes and are guaranteed by the state inside the Nevada Plan.

#### **TEXTBOOK FUNDING**

For the 2011-13 biennium, The Executive Budget recommended funding in the DSA for textbooks, instructional supplies, instructional hardware and instructional software totaling \$101.3 million in FY 2012 and \$101.7 million in FY 2013, which reflects the total actual expenditures incurred by school districts and charter schools for such items in FY 2010, adjusted for projected decreases in enrollment.

The Department of Education is required to develop a formula annually for determining the minimum amount of money school districts and charter schools are required to spend each year for textbooks, instructional supplies and instructional software and hardware. Existing law also authorizes the board of trustees of a school district, the governing body of a charter school or the governing body of a university school for profoundly gifted pupils experiencing an economic hardship to submit a request to the department for a waiver of all or a portion of the minimum expenditure requirements.

To assist school districts and charter schools in addressing budget shortfalls during the 2011-13 biennium, the Legislature approved Assembly Bill 493, which continues providing temporary flexibility to school districts, charter schools and a university school for profoundly gifted pupils from all or a portion of the minimum expenditure requirements without requiring the submission and approval of a waiver.

#### **SPECIAL EDUCATION**

The state provides funding for special education based on special education program units, which are defined by NRS 387.1211 as organized instructional units in which a licensed, full-time teacher is providing an instructional program that meets minimum standards prescribed by the State Board of Education. To qualify for a full apportionment, a unit must have operated the full school day (330 minutes) for at least nine of the school months within a school year. For the 2011-13 biennium, the Legislature approved, as recommended by the Governor, leaving special education unit funding remain flat at 3,049 special education units, at a cost of \$39,768 each, or \$121.3 million in each year of the biennium.

State support for special education also serves as the maintenance of effort (MOE) for the federal Individuals with Disabilities Education Act (IDEA) grant. The MOE requirements provide that the state must maintain a level of state support for special education that is at least equal to the amount of state support that was provided in the previous year. If the state fails to meet the MOE requirement, the state risks a reduction of federal support by the same amount of the MOE shortfall. The Governor's recommended funding reductions related to salaries impact special education funding, and would create an MOE shortfall if additional funds were not added. As such, the Legislature approved General Funds of \$8.8 million in FY 2012 and \$8.4 million in FY 2013 to offset the MOE shortfall as recommended by the Governor.

Additionally, the Legislature continued funding for special education units, to be authorized by the State Board of Education, for instructional programs incorporating education technology for gifted and talented pupils. Approved funding for these units totals \$158,414 in FY 2012 and \$162,163 in FY 2013, compared to \$162,571 and \$167,459 approved for FY 2010 and FY 2011, respectively.

#### **CLASS-SIZE REDUCTION PROGRAM**

To maintain pupil-teacher ratios of 16:1 in first and second grades and 19:1 in third grade, the 2011 Legislature approved the continuation of funding for the Class-Size Reduction (CSR) program in the amount of \$140.8 million in FY 2012 and \$144.2 million in FY 2013, inclusive of the recommended funding reductions related to salaries. This represents a decrease of 3.5 percent in FY 2012 and a 2.5 percent decrease in FY 2013, compared to the FY 2011 work program amount of \$145.9 million. The approved budget provides funding for 2,127 and 2,144 CSR teachers in FY 2012 and FY 2013, respectively, including 23.5 teachers in selected high-risk kindergarten classrooms. The Legislature did not support the Governor's recommendation to transfer funding for CSR in FY 2013 from a line item in the DSA to the new Student Achievement Block Grant (SABG) program in the Remediation Trust Fund, where CSR would have become optional rather than required.

To assist school districts in addressing budget shortfalls resulting from the state's fiscal crisis, for the 2011-13 biennium, the Legislature provided flexibility to the required CSR pupil-teacher ratios. Section 15 of A.B. 579 allows districts the flexibility to increase class size by up to two students per teacher to achieve ratios of 18:1 in first and second grades, and 21:1 in third grade. School districts implementing the flexibility provision must use corresponding savings to minimize the impact of budget reductions on class sizes in grades 4 through 12, as long as it is fiscally neutral to do so.

The Legislature continued to grant authority for all school districts, subject to the approval of the State Superintendent of Public Instruction, to carry out alternative programs for reducing the ratio of pupils per teacher or to implement programs of remedial education that have been found to be effective in improving pupil achievement in grades 1 through 3. In addition, the Legislature continued flexibility in the use of CSR funding to address class sizes in grades 4, 5, and 6 in rural school districts (i.e., school districts that are located in a county whose population is under 100,000), subject to the

approval of the State Superintendent. The rural school districts are authorized in grades 1 through 6 to use CSR funding to operate a program of alternative pupil-teacher ratios.

The alternative pupil-teacher ratio may not exceed 22:1 in grades 1, 2, and 3, and 25:1 in grades 4 and 5 or grades 4, 5, and 6 in school districts that include grade 6 in elementary school.

#### **EARLY CHILDHOOD EDUCATION PROGRAM**

The Governor recommended additional General Funds for Early Childhood Education (ECE) programs based upon projected K-12 enrollment increases for the upcoming biennium. However, because ECE program funding is not allocated on a per-pupil basis based upon K-12 enrollment, the Legislature reduced the Governor's funding recommendation by \$19,855 over the biennium for projected enrollment growth, and approved General Funds of \$3.3 million each year of the 2011-13 biennium. Additionally, the Legislature will base future changes in ECE program funding on a policy decision rather than upon changes in projected K-12 enrollment.

#### **ADULT HIGH SCHOOL DIPLOMA PROGRAM**

Each session, the Legislature determines an amount of funding for Adult High School Diploma (AHSD) programs for the general public and for the state's prison inmates in the four school districts that operate programs within prison facilities. As amended, The Executive Budget included, and the Legislature approved, a General Fund reduction of \$4.6 million in FY 2012 and \$4.3 million in FY 2013 for projected enrollment growth, resulting in General Fund support of \$17.0 million for FY 2012 and \$17.8 million for FY 2013 (inclusive of the recommended salary-related funding reductions) for the AHSD program. The Governor's budget amendment updated enrollment growth projections based on actual enrollment versus projected enrollment for FY 2010, and revised the recommended enrollment growth percentage used to calculate funding for enrollment growth for the 2011-13 biennium.

Additionally, based upon concerns over the methodology used by the Department of Education, the money committees issued a letter of intent to the department to conduct a review of its funding allocation methodology for the AHSD program. The letter of intent directs the department to report to the Interim Finance Committee recommended changes to incorporate the basis of funding used by the Legislature with the allocation methodology used by the department.

#### **REGIONAL PROFESSIONAL DEVELOPMENT PROGRAM**

The Legislature approved General Funds of \$7.5 million each year of the 2011-13 biennium to continue support of the Regional Professional Development Programs (RPDP). Moreover, \$100,000 in each fiscal year was designated from the approved funding to provide additional Administrator training. The Governor's

recommendation to transfer all funding for the RPDPs from the DSA to the School Remediation Trust Fund account was also approved by the Legislature.

Senate Bill 197, approved by the 2011 Legislature, among other things, revises the manner in which funding approved for the Southern and Northwestern RPDPs is distributed. Historically, the Department of Education distributed approved funding to the Clark and Washoe County School Districts as fiscal agents for the Southern and Northwestern RPDPs. Clark and Washoe County School Districts then received professional development training services from the Southern and Northwestern RPDPs, respectively. As a result of this legislation, a portion of the approved funding to the Clark and Washoe County School Districts, as fiscal agents, is designated to provide professional development to the rural school districts in the Southern and Northwestern regions. The remaining amount of approved funding is distributed directly to the Clark and Washoe County School Districts to allow these districts the option to utilize RPDP training services or to purchase outside professional development training services. The bill also removes the Churchill County School District from the jurisdiction of the Northeastern RPDP and places that school district within the jurisdiction of the Northwestern RPDP, with a corresponding transfer of funding.

#### **OTHER STATE EDUCATION PROGRAMS**

The Other State Education Programs account provides pass-through funds for Apprenticeship programs, Educational Technology, Library Database, Career and Technical Education, Public Broadcasting, the National Board Certification program for teachers and counselors, the Speech Pathologist increment and various other smaller programs.

The 2011 Legislature approved budget reductions, prorated among all programs as recommended by the Governor, resulting in General Fund reductions totaling \$1.1 million in FY 2012 and \$1.0 million in FY 2013. Additionally, the Governor recommended transferring General Funds of \$421,165 in FY 2012 for the Library Database program to the State Library and Archives, where the funding has historically been transferred during the first year of each biennium. The Legislature concurred with the Governor's recommendation. The legislatively approved budget, net of budget reductions and transfers, totals \$8.0 million in FY 2012 and \$7.6 million in FY 2013. The Governor's recommendation to transfer program funds to the proposed Student Achievement Block Grant program was not approved by the Legislature.

The Executive Budget further recommended, and the Legislature approved, the transfer of \$459,449 each year in Apprenticeship program funds to the Department of Employment, Training and Rehabilitation to better align the program's goals and student population.

### **SCHOOL REMEDIATION TRUST FUND**

The 2005 Legislature approved the creation of the Account for Programs for Innovation and the Prevention of Remediation (referred to as the School Remediation Trust Fund) to support improvement plans developed by schools and school districts to improve the achievement of students.

### **FULL-DAY KINDERGARTEN PROGRAM**

The Legislature approved funding reductions for the Full-Day Kindergarten programs of \$2.0 million in each fiscal year reflecting the 2.5 percent reduction for K-12 employee salaries and the reduction in salaries for the 5.3075 percent PERS contribution.

General Fund appropriations total \$24.2 million in FY 2012 and \$24.6 million in FY 2013, to support the ongoing costs of full-day kindergarten for 128 at-risk schools. The Governor's recommendation to transfer funding for the state's Full-Day Kindergarten program to the proposed SABG program was not approved by the Legislature.

### **PROGRAMS FOR INNOVATION AND THE PREVENTION OF REMEDIATION (ELEMENTARY AND SECONDARY SCHOOLS)**

The 2011 Legislature concurred with the Governor's recommendation for the continued suspension of General Fund support of Programs for Innovation and the Prevention of Remediation for the 2011-13 biennium. The 2007 Legislature appropriated General Funds of approximately \$100 million for these programs for the 2007-09 biennium. However, much of the funding was reserved for reversion, due to the budget reductions that were required as a result of lower than projected revenue collections.

### **NEW TEACHER PAY FOR PERFORMANCE PROGRAM**

The Executive Budget included a General Fund appropriation of \$20 million in FY 2013 to support a new Teacher Performance Pay program; however, the Legislature did not approve the Governor's funding recommendation. The Legislature did pass Assembly Bill 229, that, among other things, requires the board of trustees of each school district to establish a program of performance pay and enhanced compensation for the recruitment and retention of licensed teachers and administrators (which must be negotiated pursuant to Chapter 288 of *Nevada Revised Statutes*), commencing with school year 2014-15. The legislation does not include funding for the program.

### **STUDENT ACHIEVEMENT BLOCK GRANT PROGRAM**

The Governor recommended a new Student Achievement Block Grant (SABG) program to be included in the School Remediation Trust Fund beginning in the 2011-13 biennium. Under this proposal, categorical and line item funding included in the DSA budget (excluding Special Education, Adult High School Diploma and Regional



Professional Development Program funding), as well as other K-12 budget accounts, would be shifted to a block grant with the goal of providing flexibility while increasing student achievement. The associated statutory requirements to operate such programs as Class-Size Reduction (CSR) would be eliminated and the programs would become optional through the block grant. In order to allow districts adequate time to prepare for the new SABG program, the Governor amended the budget to postpone the implementation date of the proposed new SABG program to FY 2013, and to restore categorical and line item funding to each budget of origin in FY 2012. The revised budget also restored a 5.4 percent General Fund reduction of \$11.3 million in FY 2012 to funding recommended for transfer into the SABG.

The Legislature considered the flexibility the SABG concept offered, though concern was expressed that because of funding reductions, school district and charter schools may have to choose between funding larger programs, such as Class-Size Reduction and Full-Day Kindergarten, or smaller programs, with the smaller programs at risk of losing significant funding or not being funded at all.

Based on these concerns, the Legislature did not approve the SABG program, but rather retained all funding proposed for the block grant program in each budget of origin. Moreover, the Legislature restored the recommended 5.4 percent General Fund reduction of \$7.4 million in FY 2013.

#### **STATE SUPPLEMENTAL SCHOOL SUPPORT FUND**

The State Supplemental School Support Fund was created by Initiative Petition 1 (IP1), which became law in 2009 pursuant to Article 4, Section 35 of the Nevada Constitution. Initiative Petition 1 imposes an additional 3 percent tax on the gross receipts from the rental of transient lodging in certain counties as specified in the legislation. For the period of July 1, 2009, through June 30, 2011, the proceeds of this tax were to be credited to the State General Fund. However, beginning on July 1, 2011, the proceeds must be credited to the State Supplemental School Support Fund to be distributed to school districts and charter schools to improve the achievement of students and to retain qualified teachers and non-administrative employees.

The IP1 Room Tax revenues included in The Executive Budget were forecast at \$107.7 million for FY 2012 and \$113.8 million for FY 2013, and were proposed by the Governor to be redirected to the General Fund through the 2011-13 biennium. Following the revised forecast of IP1 Room Tax Revenues in FY 2011, at the May 2, 2011, Economic Forum meeting, the IP1 Room Tax revenues were reforecast at \$111.3 million in FY 2012 and \$115.1 million in FY 2013. The Legislature did not approve the recommendation to redirect the IP1 Room Tax revenues to the General Fund and instead, approved the transfer of \$111.3 million in FY 2012 and \$115.1 million in FY 2013 of IP1 Room Tax revenues from the State Supplemental School Support Fund, to the DSA as a state funding source to be distributed to school districts and charter schools.

## **INCENTIVES FOR LICENSED EDUCATIONAL PERSONNEL**

*Nevada Revised Statutes* 391.166 creates a Grant Fund for Incentives for Licensed Educational Personnel and requires each school district to establish a program of incentive pay for licensed educational personnel designed to attract and retain those employees. Financial incentives must not exceed \$3,500 per year. The 23<sup>rd</sup> Special Session, through passage of A.B. 1, repealed NRS 391.165, which required the purchase of retirement credits for teachers (1/5 Retirement Credit Purchase program) in at-risk schools, psychologists, and teachers in the fields of mathematics, science, special education and English as a second language. However, A.B. 1 provides an option for those employees participating in the 1/5 Retirement Credit Purchase program prior to July 1, 2007, to continue the purchase of retirement credits until they have received an additional one full year of retirement credit at which time they would be eligible to participate in the new program of teacher incentive pay described above. The 1/5 Retirement Credit Purchase program, under the provisions noted above, will conclude in FY 2013 (final year of credits earned in FY 2012, to be funded in FY 2013).

The 2011 Legislature approved, as recommended by the Governor, General Fund reductions of \$3.2 million in FY 2012 and \$4.2 million in FY 2013 for the 1/5 Retirement Credit Purchase program to adjust funding levels based on projected costs for the 2011-13 biennium. General Fund appropriations of \$13.0 million in FY 2012 for retirement credits earned in FY 2011, and \$12.1 million in FY 2013 for retirement credits earned in FY 2012, were approved for the 2011-13 biennium.

The Governor recommended a \$1.9 million reduction of funding for the Incentive Grant Fund program in FY 2012 and a reduction of \$6.1 million in FY 2013 reflecting the elimination of the program beginning in FY 2013. While the Legislature concurred with the Governor's recommendation to reduce General Funds for the Incentive Grant program by \$1.9 million in FY 2012 and \$6.1 million in FY 2013, the Legislature did not approve the Governor's recommendation to eliminate the Incentive Grant program. As an alternative, the Legislature approved the use of unspent FY 2011 funds of \$3.8 million in FY 2013 to continue funding for the program. The approved budget for the Incentive Grant program totals \$4.2 million in FY 2012 and \$3.8 million in FY 2013. The Legislature did not approve the Governor's recommendation to create a SABG program, and the recommended transfer of teacher incentive funding to the SABG.

## **DEPARTMENT OF EDUCATION**

The 2011 Legislature approved total funding for the Department of Education (excluding the Distributive School Account, the Remediation Trust Fund, Teacher Incentives, the State Supplemental School Support Fund, and the Other State Education Programs account) in the amount of \$383.5 million in FY 2012 and \$361.5 million in FY 2013, an increase of 3.5 percent for the 2011-13 biennium compared to the 2009-11 biennium. The increase is primarily due to an increase in the federal amounts authorized for the school nutrition program. General Fund support totals \$19.9 million for the 2011-13 biennium for the Department of Education's budget, compared to \$25.8 million

approved for the 2009-11 biennium. The decrease in General Fund support primarily occurred by eliminating funding for non-Title I school support teams, eliminating the match requirement for the federal student incentive grants due to the elimination of that program at the federal level, and a reduction in state support for the school nutrition program.

To assist the department in providing support to the school districts and charter schools within the state, the 2011 Legislature approved one new position. Through the passage of Assembly Bill 224, the Legislature appropriated General Funds of \$158,720 to support position and operational costs for a new Parent Involvement Coordinator position over the 2011-13 biennium to oversee the Office of Parental Involvement and Family Engagement created within the Department of Education. Additionally, General Funds of \$20,000 over the biennium was approved to support the costs of the Advisory Council on Parental Involvement.

### **EDUCATIONAL TRUST FUND**

The 2007 Legislature approved the creation of the Educational Trust Fund (NRS 120A.610) to be funded by transfers of expired or abandoned gift certificates from the Abandoned Property Trust Fund. Pursuant to statute, collections from the trust fund can only be expended for educational purposes, as authorized by the Legislature. Ending fund balances for the Educational Trust Fund are projected to be \$58,481 in FY 2012 and \$67,481 in FY 2013. Although The Executive Budget did not recommend any expenditures for the trust fund, the 2011 Legislature approved expending \$7,000 each year of the 2011-13 biennium to establish a State Teacher of the Year program, as recommended by the State Superintendent of Public Instruction.

### **EDUCATION STATE PROGRAMS**

The Education State Programs account provides support for the State Board of Education, the administrative duties of the State Superintendent of Public Instruction, management of the State Department of Education and statewide school issues, and technical expertise of professionals in various education subjects. Funding is also included for State Board travel and the Commission on Educational Technology.

The 2009 Legislature approved General Funds of \$2.89 million over the 2009-11 biennium to provide a maximum of \$10,000 for each non-Title I school eligible for school support team assistance. However, due to budget reductions approved during the 26<sup>th</sup> Special Session (2010), all but \$270,000 was eliminated. The 2011 Legislature concurred with the Governor's recommendation to eliminate the remaining General Funds of \$270,000 each year of the 2011-13 biennium for technical assistance and school support for non-Title I schools.

### **EDUCATION SUPPORT SERVICES**

The Education Support Services budget funds personnel and other costs associated with the Department of Education's grant accounting, reporting, auditing, accounts

payable and receivable, payroll and personnel, budgeting and purchasing, networking, and copying. Funding is provided by indirect cost assessments charged against the administrative expenditures of other Department of Education budget accounts.

The Governor recommended, and the Legislature approved, the elimination of the Department of Education’s Personnel Analyst position as a result of centralizing personnel services for certain agencies within the Division of Human Resource Management, a new division be created within the Department of Administration.

**PROFICIENCY TESTING**

Since the implementation of the No Child Left Behind Act (NCLBA) in 2002, the state’s accountability system and the proficiency testing program have been significantly affected. Under the NCLBA, criterion-referenced tests (CRTs) are administered annually to assess students in grades 3 through 8 in reading and mathematics. Each legislative session since implementing the NCLBA additional data elements for reporting the achievement of all public elementary and secondary school students have been added. Historically, the Legislature has fully funded the state testing program; however, since the implementation of the NCLBA, federal funds are also provided to support the development of additional state standards and assessments required by the NCLBA.

The 2011 Legislature approved General Fund support of \$5.7 million in FY 2012 and \$5.9 million in FY 2013 for the proficiency testing program, representing 9.7 percent decrease compared to the amount approved for the 2009-11 biennium.

The 2009 Legislature approved the suspension of the norm-referenced tests (NRTs) as a budget reduction measure over the 2009-11 biennium. The NRTs were administered to students in grades 4, 7 and 10 to compare Nevada’s students to those in the rest of the nation. For the 2011-13 biennium, The Executive Budget recommended and the Legislature approved, through the passage of Assembly Bill 498, the permanent elimination of the NRTs. The elimination of the NRTs was made permanent, partially as a result of budget reduction measures, but also due to the state’s mandatory participation in the National Assessment of Educational Progress (NAEP). The NAEP is an assessment administered to a sampling of students in grades 4, 8 and 12, which is used to compare Nevada’s students to other students in the nation. The elimination of the NRTs results in a General Fund savings of \$1.85 million over the 2011-13 biennium. The table below indicates the tests and grade levels that will be administered during the current biennium:

Name of Test Administered	3	4	5	6	7	8	9	10	11	12
National Assessment of Education Progress (NAEP) (sample only)		•				•				•
Writing Exam (5 <sup>th</sup> grade is diagnostic only)			•			•			•	•
High School Proficiency Exam								•	•	•
Nevada Criterion-Referenced Test	•	•	•	•	•	•				

## **TEACHER EDUCATION AND LICENSING**

The Teacher Education and Licensing budget includes the Commission on Professional Standards in Education, which is charged with the adoption of regulations pertaining to the licensing of teachers and other educational personnel. Teacher licensing staff is responsible for implementation and enforcement of the standards adopted by the Commission on Professional Standards in Education. Licensing staff is also responsible for determining eligibility, approving and issuing licenses for teachers and other educational personnel.

Since FY 2002, the Office of Teacher Licensure (OTL) has been funded entirely through the collection of fees for teacher licenses, renewals and endorsements, with a minimal amount of General Funds authorized to allow the department access to the Interim Finance Committee (IFC) Contingency Account if needed. As a result of the recent economic downturn, the OTL has experienced reduced revenues and has been required to spend excess reserves, previously approved for improvements to the teacher licensure database, for daily operational expenses. Based on concerns regarding the ability of the OTL to remain self-sustaining over the 2011-13 biennium, the money committees issued a letter of intent directing the department to report on a semi-annual basis to the IFC on the status of reserves in the budget account, and on any proposals to increase existing fees, add new fees to the teacher licensure program, or reduce staffing levels.

As a result of declining revenues, the OTL was unable to complete the teacher licensure database during the 2009-11 biennium as approved by the 2009 Legislature. The money committees issued a letter of intent directing the department to report to the Interim Finance Committee on a semi-annual basis on the status of completing the teacher licensure database over the 2011-13 biennium, including a report on the source of funds utilized to complete the project.

## **IMPROVING AMERICA'S SCHOOLS – TITLE I**

Title I programs include the majority of the federal funds utilized by school districts to comply with the NCLBA requirements. The 2011 Legislature authorized federal funds in the amount of \$209.1 million over the 2011-13 biennium for Title I basic programs, migrant, neglected and delinquent children programs, school improvement grants (SIGs), and the state's accountability program. Of this total, \$13.6 million is authorized over the biennium to continue the new SIGs first awarded to the state in FY 2011. Schools are approved for a SIG after meeting criteria established by the department that identifies the lowest-performing schools in the state. Eligible schools must utilize the funding to implement one of four federal reform models. In Nevada, most schools have utilized either the Turnaround model (replace the school principal and 50 percent of the staff at the school), or the Transformation model (replace the principal, develop a rigorous evaluation system, reward teachers for increased student achievement, and extend learning time). Although discussions at the federal level regarding the

reauthorization of the NCLBA have been ongoing, by the time the 2011 Legislature concluded, the reauthorization had not occurred.

### **IMPROVING AMERICA'S SCHOOLS – TITLES II, V, AND VI**

The 2011 Legislature authorized federal funds totaling \$38.8 million over the 2011-13 biennium for the following additional NCLBA programs: Teacher Quality grant, Math and Science Partnerships, and the State Assessments grant. Due to the elimination of the federal Educational Technology grant at the federal level, \$1.7 million in federal authority was eliminated for FY 2013, which included the elimination of a Grants and Projects Management Analyst position. Additionally, approximately \$3.7 million in each year of the upcoming biennium was eliminated in federal American Recovery and Reinvestment Act (ARRA) Education Technology Grant funds. Although the Math and Science Partnership grant was anticipated to be eliminated and therefore not included in The Executive Budget, based on the passage of a continuing resolution at the federal level, the Legislature authorized approximately \$1.2 million in grant funds to continue the Math and Science Partnership through FY 2012.

### **EDUCATION JOBS FUND**

In considering states' challenges during the recession, the federal government awarded over \$10.0 billion in federal Education Jobs Funds to assist states in hiring, re-hiring and retaining K-12 education jobs during the 2010-11 school year. Nevada's allotment of \$83.1 million was approved in FY 2011 for school districts to restore reductions in school-level employees' salaries and benefits, provide incentives, or eliminate furloughs. Although, recipients of the funding were encouraged to utilize the funds during FY 2011, Education Jobs Funds are available through September 30, 2012. The Executive Budget did not include the carry-forward of the Education Jobs Funds from FY 2011 to FY 2012; however, based on projections that not all of the funds would be used in FY 2011, the Legislature authorized \$30.1 million in federal Education Jobs Funds in FY 2012. Of this amount, \$525,000 is authorized for the state Department of Education to administer the grant.

### **CHARTER SCHOOLS**

The Office of Charter Schools (OCS) within the Department of Education was approved by the Interim Finance Committee in FY 2010 and included three new positions, which were combined with an existing Management Analyst position to establish the OCS. For the 2011-13 biennium, The Executive Budget recommended and the Legislature approved the transfer of an Administrative Assistant position from the Education Support Services budget account, previously funded through cost allocations, to the OCS. All five positions are funded through the collection of administrative fees paid by state-sponsored charter schools to the department, which provides administrative and fiscal support and oversight for the state-sponsored charter schools.

As a result of delays in hiring the new positions for the OCS and increased charter school enrollments, the Legislature approved the use of excess reserves to fund the transfer of an Educational Programs Professional position supported with General Funds in the Education State Programs account to the Office of Charter Schools. The Legislature approved a budget of \$807,456 in FY 2012 and \$891,757 in FY 2013 for position costs and other operational expenditures for the Office of Charter Schools.

The Legislature also approved Senate Bill 212, which establishes the State Public Charter School Authority as a separate and distinct entity to serve as the authorizing sponsor for state charter schools and removes this authority from the State Board of Education. As a result, effective October 1, 2011, the unexpended charter school administrative fees collected in the Department of Education's budget are to be transferred to the State Public Charter School Authority. Additionally, effective January 1, 2012, the positions in the Department's Office of Charter Schools are to be transferred to the State Public Charter School Authority. The legislation provides for the appointment of a director for the State Charter School Authority by the Governor, and sets forth the authority for appointment of the members of the authority.

### **INDIVIDUALS WITH DISABILITIES**

The federal Individual with Disabilities Education Act (IDEA) provides funding to states to help cover the supplemental costs of educating children with disabilities. The 2011 Legislature authorized federal funds in the amount of \$74.7 million in FY 2012 and \$74.8 million in FY 2013 for IDEA, which includes the early childhood program for students with disabilities.

The IDEA budget also includes the NRS 395 program, which provides state and federal funding to assist students whose needs cannot be met within their home school district. Since no students are currently enrolled in the NRS 395 program, the Legislature reduced the General Fund support to \$100 in each year of the upcoming biennium to allow access to the Interim Finance Committee Contingency Account should a pupil be placed in the program, resulting in a General Fund savings of \$41,782 over the biennium.

### **SCHOOL NUTRITION PROGRAM**

The 2011 Legislature authorized \$104.4 million in FY 2012 and \$114.0 million in FY 2013 for the federal school nutrition program, representing a 24.0 percent increase compared to funding approved for the 2009-11 biennium. Although there are seven nutrition programs, the majority of the funding is designated for reimbursement to school districts participating in the National School Lunch program and the School Breakfast program.

The Legislature approved the Governor's recommendation to reduce General Funds of \$273,000 in each fiscal year of the upcoming biennium as a budget reduction measure. The General Funds in the nutrition budget account are used to meet the annual maintenance of effort (MOE) requirement; whereas, the match requirement for the federal nutrition program is met through a General Fund appropriation in the Distributive School Account. The MOE General Fund support has been used to support position costs and enhancements and improvements to the school nutrition database. However, the department assured the Legislature that the reduced General Fund support would still meet the MOE requirement and would not threaten the integrity of the nutrition program database, or cause the level of federal support for the program to be decreased.

The Legislature expressed concern for the state's participation rates in the National School Lunch program and the School Breakfast program, which are the lowest in the nation. Accordingly, the money committees approved a letter of intent directing the department to report to the Interim Finance Committee semi-annually on the efforts by the department and school districts to increase Nevada's participation rates in both programs to meet the national average.

## **NEVADA SYSTEM OF HIGHER EDUCATION**

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

## **GOVERNOR RECOMMENDED GOVERNMENTAL SUPPORT**

As shown in the following table, when compared to the governmental support approved by the 2009 Legislature, The Executive Budget recommended an overall decrease of 27.3 percent or \$323.0 million in governmental support to \$862.0 million for the 2011-13 biennium for the NSHE's state-supported operating budgets. When adjusted for the reduction in General Fund appropriations approved by the Legislature during the 26<sup>th</sup> Special Session, recommended governmental support (shaded columns) decreased by \$276.9 million or 24.3 percent. As shown in the table, the \$184.8 million in federal American Recovery and Reinvestment Act (ARRA) State Fiscal Stabilization Fund (SFSF) revenues, which were available to the 2009 Legislature for allocation to the NSHE's budgets, were fully expended and not available for the 2011-13 biennium. The other source of governmental support recommended by the Governor was \$121.3 million in property tax revenues from Clark and Washoe Counties in the University of Nevada, Las Vegas and University of Nevada, Reno main instructional budgets. However, unlike the ARRA funds which were additive to the NSHE's budget, the recommended introduction of property tax revenues included eliminating General



Fund appropriations on a dollar-for-dollar basis. As contained in The Executive Budget, the addition of property tax revenues would have provided no net gain to the NSHE for the 2011-13 biennium.

2011-13 Governmental Support Contained in <u>The Executive Budget</u> Compared to the Level Approved by the 2009 Legislature and as Revised by the Legislature's 26th Special Session							
Governmental Support Revenue Type	2009-11 Leg. Approved Governmental Support (Millions)	2009-11 26th Special Session Adjusted Support	2011-13 Governor Rec. Governmental Support (Millions)	2011-13 Dollar Change Governmental Support (Millions)	2011-13 Dollar Change 26th Special Session (Millions)	Percent Change (from 2009 Leg. Approved)	Percent Change (from 26th Special Session)
Gen. Fund Appropriation	\$1,000.1	\$954.1	\$740.7	(\$259.5)	(\$213.4)	-25.9%	-22.4%
ARRA SFSF-Education	\$184.8	\$184.8	\$0.0	(\$184.8)	(\$184.8)	-100.0%	-100.0%
Property Tax	\$0.0	\$0.0	\$121.3	\$121.3	\$121.3	New	New
<b>TOTALS</b>	<b>\$1,184.9</b>	<b>\$1,138.9</b>	<b>\$862.0</b>	<b>(\$323.0)</b>	<b>(\$276.9)</b>	<b>-27.3%</b>	<b>-24.3%</b>

When compared to the \$557.9 million in governmental support funding approved for FY 2011, adjusted for the 6.9 percent reduction in General Fund appropriations approved by the 26<sup>th</sup> Special Session of the Legislature, The Executive Budget recommended reducing governmental support by \$91.5 million, to \$466.4 million, in FY 2012 and by \$162.5 million, to \$395.5 million, in FY 2013. As shown in the table below, the Governor recommended reducing the governmental support for NSHE's seven campus formula accounts by 16.9 percent or \$74.3 million in FY 2012 and 29.4 percent or \$129.0 million in FY 2013. Funding for the Desert Research Institute and the three professional schools was recommended to decrease by 14.1 percent or \$7.6 million in FY 2012 and 28.3 percent or \$15.3 million in FY 2013. The balance of the funding reductions (\$9.6 million in FY 2012 and \$18.1 million in FY 2013) recommended in The Executive Budget were allocated to the NSHE's non-formula accounts.

Governor Recommended 2011-13 Biennium Governmental Support for the NSHE State Supported Operating Budgets Compared to 26th Special Session Adjusted FY 2011 Governmental Support					
NSHE State Supported Operating Budgets	FY 2011 General Fund (26th Special Session Adjusted)	FY 2012 General Fund + Property Tax (Governor Recommended)	% Change FY 11/ FY 12	FY 2013 General Fund + Property Tax (Governor Recommended)	% Change FY 11/ FY 13
UNR - Instructional	\$ 117,925,883	\$ 95,632,792	-18.9%	\$ 81,409,408	-31.0%
UNLV - Instructional	\$ 145,967,488	\$ 125,413,961	-14.1%	\$ 106,525,137	-27.0%
Nevada State College	\$ 13,021,396	\$ 9,040,401	-30.6%	\$ 7,602,701	-41.6%
Great Basin College	\$ 16,510,575	\$ 13,941,066	-15.6%	\$ 11,793,317	-28.6%
College of Southern Nevada	\$ 91,430,100	\$ 75,944,918	-16.9%	\$ 64,667,849	-29.3%
Western Nevada College	\$ 18,472,126	\$ 14,941,033	-19.1%	\$ 12,621,694	-31.7%
Truckee Meadows Comm. College	\$ 35,748,021	\$ 29,890,760	-16.4%	\$ 25,418,350	-28.9%
<b>Formula-Instructional Subtotal</b>	<b>\$ 439,075,589</b>	<b>\$ 364,804,931</b>	<b>-16.9%</b>	<b>\$ 310,038,456</b>	<b>-29.4%</b>
Desert Research Institute	\$ 8,239,230	\$ 7,349,634	-10.8%	\$ 6,216,806	-24.5%
University of Nevada School of Med.	\$ 30,018,348	\$ 26,308,025	-12.4%	\$ 21,869,839	-27.1%
UNLV School of Law	\$ 7,762,242	\$ 6,524,974	-15.9%	\$ 5,500,387	-29.1%
UNLV School of Dental Medicine	\$ 8,179,238	\$ 6,384,372	-21.9%	\$ 5,281,478	-35.4%
<b>Professional Subtotal</b>	<b>\$ 54,199,058</b>	<b>\$ 46,567,005</b>	<b>-14.1%</b>	<b>\$ 38,868,510</b>	<b>-28.3%</b>
NSHE System Administration	\$ 4,877,471	\$ 4,389,715	-10.0%	\$ 3,729,794	-23.5%
Special Projects	\$ 2,234,034	\$ 1,937,241	-13.3%	\$ 1,625,089	-27.3%
UNR Intercollegiate Athletics	\$ 5,328,304	\$ 4,534,454	-14.9%	\$ 3,817,347	-28.4%
UNR Statewide Programs	\$ 5,229,267	\$ 4,245,788	-18.8%	\$ 3,556,866	-32.0%
Agricultural Experiment Station	\$ 5,565,671	\$ 4,384,526	-21.2%	\$ 3,653,870	-34.3%
Cooperative Extension Service	\$ 7,678,549	\$ 6,220,844	-19.0%	\$ 5,264,522	-31.4%
UNLV Intercollegiate Athletics	\$ 7,465,366	\$ 6,457,744	-13.5%	\$ 5,424,714	-27.3%
UNLV Statewide Programs	\$ 1,233,971	\$ 1,054,642	-14.5%	\$ 892,178	-27.7%
System Computing Center	\$ 18,715,545	\$ 16,459,778	-12.1%	\$ 14,048,281	-24.9%
National Direct Student Loans	\$ 41,132	\$ 35,653	-13.3%	\$ 29,853	-27.4%
University Press	\$ 614,656	\$ 537,892	-12.5%	\$ 456,855	-25.7%
Business Center North	\$ 2,139,664	\$ 1,805,133	-15.6%	\$ 1,529,380	-28.5%
Business Center South	\$ 1,839,433	\$ 1,566,041	-14.9%	\$ 1,332,134	-27.6%
State Public Health Laboratory	\$ 1,702,580	\$ 1,434,393	-15.8%	\$ 1,216,092	-28.6%
<b>Non-Formula Subtotal</b>	<b>\$ 64,665,643</b>	<b>\$ 55,063,844</b>	<b>-14.8%</b>	<b>\$ 46,576,975</b>	<b>-28.0%</b>
<b>TOTAL FUNDING</b>	<b>\$ 557,940,290</b>	<b>\$ 466,435,780</b>	<b>-16.4%</b>	<b>\$ 395,483,941</b>	<b>-29.1%</b>

After the Economic Forum met on May 2, 2011, the Governor modified his original recommendation to include an additional \$20.0 million in General Fund Appropriations for the NSHE state supported operating budgets. However, no budget amendment was submitted by the State Budget Division for the money committees' consideration.

In light of the reduced levels of governmental support recommended for the 2011-13 biennium when compared to the General Fund appropriations approved by the 26<sup>th</sup> Special Session of the Legislature, the 2011 Legislature's money committees

focused upon and discussed a number of interrelated issues. Topics examined included funding restoration, the enrollment projection methodology, use of the funding formula, student registration fee increases, the consolidation of budgets and programs, the projected impacts of budget reductions on academic programs, student access and success, the NSHE's ability to retain faculty and staff, and the budgeting of county property tax revenues. Most of these issues are discussed in greater detail below.

#### **NSHE 4-POINT PLAN IN RESPONSE TO THE EXECUTIVE BUDGET**

During the 2011 Legislative Session, the NSHE introduced a 4-Point plan for the 2011-13 biennium as an alternative to the budget reductions recommended by the Governor for the NSHE's state supported operating budgets. As proposed, the NSHE plan encompassed equalized General Fund appropriations across fiscal years (smoothing), increased non-state operating revenues to offset General Fund reductions, reduced General Fund-supported operating expenditures, and the restoration of state appropriations. The components of the 4-Point Plan were as follows:

1. Equalize Funding and Budget Reductions Between Fiscal Years (Smoothing): As noted, The Executive Budget recommended governmental support funding of \$466.4 million in FY 2012 and \$395.5 million in FY 2013, which created reductions of \$91.5 million in FY 2012 and \$162.5 million in FY 2013. The NSHE proposed equalizing the budget reductions by transferring approximately \$35.5 million in budgeted governmental support funding from FY 2012 to FY 2013. The transfer would result in \$431.0 million in governmental support funding in each fiscal year and a budget reduction of \$127.0 million in each fiscal year with no net General Fund change for the biennium. The NSHE indicated that equalizing the funding between fiscal years would allow the institutions to better manage any legislatively approved budget reductions, mitigate budget reduction impacts on the NSHE's core mission, and preserve a higher base funding level for future biennia than otherwise was recommended in The Executive Budget.
2. Implement Registration Fee Surcharges and Budget One-Time Revenues: The NSHE proposed instituting a per credit hour registration fee surcharge of 13.0 percent for FY 2012 with an additional 13.0 percent for FY 2013 for both undergraduate and graduate level courses at the seven NSHE teaching institutions. Surcharges or other fee changes were also proposed for the three professional schools. The NSHE projected additional revenues of \$21.2 million in FY 2012 and \$43.3 million in FY 2013 generated through the surcharges, registration fee revenues, non-resident tuition revenues and miscellaneous fee revenues at the seven teaching institutions and the three professional schools. In proposing surcharges, the NSHE anticipated a 15.0 percent set-aside for increased student financial aid. Finally, the NSHE proposed that in FY 2012, an additional \$22.1 million in one-time funds would be contributed by the institutions so that equal amounts of non-state revenue, \$43.3 million, would be available in each fiscal year.

3. Reduce Operating Expenditures in the State Supported Operating Budgets: The NSHE's plan proposed to reduce General Fund appropriation-supported operating expenditures in each year equal to the amount of surcharge and other non-state revenues generated or \$43.3 million in each fiscal year. In comparison, The Executive Budget recommended reducing operating expenditures supported by General Fund appropriations by \$71.8 million in FY 2012 and \$149.8 million in FY 2013.
  
4. Restore General Fund Appropriations: Under the fourth point of its plan, the NSHE proposed the restoration of \$40.3 million in General Fund appropriations to the state-supported operating budgets in each year of the biennium. The proposal had the net effect of reducing the overall governmental support/General Fund appropriation operating reductions (after smoothing) to \$86.7 million in each year of the biennium.

The following table shows the effect of the 4-Point Plan on the 2011-13 biennium governmental support funding recommended by the Governor compared to the NSHE's FY 2011, 26<sup>th</sup> Special Session adjusted, governmental support/General Fund appropriation level of \$557.9 million.

<b>NSHE 4-Point Plan and Impact on the Governmental Support Recommended for the NSHE State-Supported Operating Budgets for the 2011-13 Biennium</b>					
	<b>FY 2012 Governmental Support (Gov. Rec.)</b>		<b>FY 2013 Governmental Support (Gov. Rec.)</b>		<b>BIENNIUM TOTAL</b>
Executive Budget Funding Level	\$ 466,435,780		\$ 395,483,941		\$ 861,919,721
Difference From FY 2011 (26th Special Session adjusted funding level)	\$ (91,504,510)		\$ (162,456,349)		\$ (253,960,859)
Final Budget Reduction (26th Special Session adjusted funding level)	\$ (126,980,430)		\$ (126,980,430)		\$ (253,960,860)
Smoothed Governmental Support Funding	<b>\$ 430,959,861</b>		<b>\$ 430,959,860</b>		<b>\$ 861,919,721</b>
Additional General Fund Support	\$ 40,293,940		\$ 40,293,939		\$ 80,587,879
Final Budget Reduction (26th Special Session adjusted funding level)	\$ (86,686,490)		\$ (86,686,491)		\$ (173,372,981)
Resultant Smoothed Governmental Support Funding Level	<b>\$ 471,253,801</b>		<b>\$ 471,253,799</b>		<b>\$ 942,507,600</b>
Percentage Change from FY 2011 (26th Special Session adjusted funding level: \$557.9 Million)	-15.54%		-15.54%		

NOTE: Table does not reflect additional \$43.3 million in surcharge and non-state revenues proposed in 4-Point plan.

## **LEGISLATURE RESTORES FUNDING TO LIMIT DECREASE TO 15.3 PERCENT**

In closing the NSHE's state-supported operating budgets, the money committees were concerned that the funding levels recommended by the Governor would be insufficient to support the NSHE's core mission of student access, education and timely graduation. After considerable review and discussion of the projected impacts of the funding levels contained in The Executive Budget, as well as the NSHE's 4-Point plan, the money committees did not concur with the Governor's funding recommendations and approved the restoration of \$50.0 million in General Fund appropriations per fiscal year, inclusive of the additional \$20.0 million identified by the Governor.

The money committees took two additional actions which impacted the budgeting of General Fund appropriations for the 2011-13 biennium. First, the money committees adopted the NSHE's recommendation that General Fund appropriations be equalized (smoothed) across each fiscal year. Secondly, the money committees eliminated the \$121.3 million in budgeted Clark and Washoe County property taxes and replaced the property taxes with General Fund appropriations. Combined, the three actions had the effect of providing the NSHE with total General Fund appropriations of \$482.4 million in each fiscal year as compared to the \$466.4 million in FY 2012 and \$395.5 million in FY 2013 recommended by the Governor. When compared to the \$557.9 million in General Fund support approved by the 26<sup>th</sup> Special Session of the Legislature for the NSHE for FY 2011, the \$482.4 million represented a 13.5 percent decrease.

Subsequent to the May 18, 2011, budget actions, the money committees reconsidered the NSHE budgets and reduced the \$100.0 million General Fund restoration by \$10.0 million in each year, to \$40.0 million per fiscal year. As a result, total General Fund appropriations approved by the 2011 Legislature were \$472.4 million in each fiscal year or a 15.3 percent decrease from FY 2011's \$557.9 million. The following table shows the budgetary effects of the substituted state appropriations for property tax revenues, equalized funding between fiscal years and the \$40.0 million annual restoration. The \$40.0 million was allocated across the NSHE state supported operating budgets utilizing the same proportionate distribution of General Fund appropriations recommended in The Executive Budget.

**Comparison of General Fund Appropriations and Property Tax Revenues Recommended in The Executive Budget for the 2011-13 Biennium for the NSHE State Supported Operating Budgets and the General Fund Appropriation Amounts Approved by the 2011 Legislature**

	FY 2011 General Fund (26th Special Session Adjusted)	FY 2012 General Fund + Property Tax (Governor Recommended)	% Change FY 11/ FY 12	FY 2013 General Fund + Property Tax (Governor Recommended)	% Change FY 11/ FY 13	FY 2012 & FY 2013 General Funds Equalized (Smoothed)	FY 2012 & FY 2013 Annual \$40.0 Million General Fund Restoration	FY 2012 & FY 2013 Total Annual General Fund Appropriation (Leg. Approved)	% change from FY 11
NSHE State Supported Operating Budgets									
UNR - Instructional	\$ 117,925,883	\$ 95,632,792	-18.9%	\$ 81,409,408	-31.0%	\$ 89,569,695	\$ 8,216,180	\$ 97,785,875	-17.1%
UNLV - Instructional	\$ 145,967,488	\$ 125,413,961	-14.1%	\$ 106,525,137	-27.0%	\$ 116,006,341	\$ 10,763,838	\$ 126,770,179	-13.2%
Nevada State College	\$ 13,021,396	\$ 9,040,401	-30.6%	\$ 7,602,701	-41.6%	\$ 8,339,065	\$ 772,374	\$ 9,111,439	-30.0%
Great Basin College	\$ 16,510,575	\$ 13,941,066	-15.6%	\$ 11,793,317	-28.6%	\$ 12,837,272	\$ 1,194,282	\$ 14,031,554	-15.0%
College of Southern Nevada	\$ 91,430,100	\$ 75,944,918	-16.9%	\$ 64,667,849	-29.3%	\$ 71,062,302	\$ 6,525,562	\$ 77,587,864	-15.1%
Western Nevada College	\$ 18,472,126	\$ 14,941,033	-19.1%	\$ 12,621,694	-31.7%	\$ 13,750,832	\$ 1,279,132	\$ 15,029,964	-18.6%
Truckee Meadows Comm. College	\$ 35,748,021	\$ 29,890,760	-16.4%	\$ 25,418,350	-28.9%	\$ 28,036,505	\$ 2,566,787	\$ 30,603,292	-14.4%
<b>Instructional Subtotal</b>	<b>\$ 439,075,589</b>	<b>\$ 364,804,931</b>	<b>-16.9%</b>	<b>\$ 310,038,456</b>	<b>-29.4%</b>	<b>\$ 339,602,012</b>	<b>\$ 31,318,155</b>	<b>\$ 370,920,167</b>	<b>-15.5%</b>
Desert Research Institute	\$ 8,239,230	\$ 7,349,634	-10.8%	\$ 6,216,806	-24.5%	\$ 6,791,980	\$ 629,592	\$ 7,421,572	-9.9%
University of Nevada School of Med.	\$ 30,018,348	\$ 26,308,025	-12.4%	\$ 21,869,839	-27.1%	\$ 23,201,932	\$ 2,235,840	\$ 25,437,772	-15.3%
UNLV School of Law	\$ 7,762,242	\$ 6,524,974	-15.9%	\$ 5,500,387	-29.1%	\$ 6,012,681	\$ 558,073	\$ 6,570,754	-15.3%
UNLV School of Dental Medicine	\$ 8,179,238	\$ 6,384,372	-21.9%	\$ 5,281,478	-35.4%	\$ 5,863,162	\$ 541,389	\$ 6,404,551	-21.7%
<b>Professional Subtotal</b>	<b>\$ 54,199,058</b>	<b>\$ 46,567,005</b>	<b>-14.1%</b>	<b>\$ 38,868,510</b>	<b>-28.3%</b>	<b>\$ 41,869,755</b>	<b>\$ 3,964,894</b>	<b>\$ 45,834,649</b>	<b>-15.4%</b>
NSHE System Administration	\$ 4,877,471	\$ 4,389,715	-10.0%	\$ 3,729,794	-23.5%	\$ 4,059,753	\$ 376,810	\$ 4,436,563	-9.0%
Special Projects	\$ 2,234,034	\$ 1,937,241	-13.3%	\$ 1,625,089	-27.3%	\$ 1,781,165	\$ 165,321	\$ 1,946,486	-12.9%
UNR Intercollegiate Athletics	\$ 5,328,304	\$ 4,534,454	-14.9%	\$ 3,817,347	-28.4%	\$ 4,175,899	\$ 387,591	\$ 4,563,490	-14.4%
UNR Statewide Programs	\$ 5,229,267	\$ 4,245,788	-18.8%	\$ 3,556,866	-32.0%	\$ 3,927,595	\$ 362,106	\$ 4,289,701	-18.0%
Agricultural Experiment Station	\$ 5,565,671	\$ 4,384,526	-21.2%	\$ 3,653,870	-34.3%	\$ 4,059,470	\$ 373,046	\$ 4,432,516	-20.4%
Cooperative Extension Service	\$ 7,678,549	\$ 6,220,844	-19.0%	\$ 5,264,522	-31.4%	\$ 5,760,198	\$ 533,013	\$ 6,293,211	-18.0%
UNLV Intercollegiate Athletics	\$ 7,465,366	\$ 6,457,744	-13.5%	\$ 5,424,714	-27.3%	\$ 5,941,229	\$ 551,442	\$ 6,492,671	-13.0%
UNLV Statewide Programs	\$ 1,233,971	\$ 1,054,642	-14.5%	\$ 892,178	-27.7%	\$ 975,162	\$ 90,348	\$ 1,065,510	-13.7%
System Computing Center	\$ 18,715,545	\$ 16,459,778	-12.1%	\$ 14,048,281	-24.9%	\$ 15,254,029	\$ 1,415,819	\$ 16,669,848	-10.9%
National Direct Student Loans	\$ 41,132	\$ 35,653	-13.3%	\$ 29,853	-27.4%	\$ 32,753	\$ 3,040	\$ 35,793	-13.0%
University Press	\$ 614,656	\$ 537,892	-12.5%	\$ 456,855	-25.7%	\$ 497,373	\$ 46,164	\$ 543,537	-11.6%
Business Center North	\$ 2,139,664	\$ 1,805,133	-15.6%	\$ 1,529,380	-28.5%	\$ 1,669,008	\$ 154,748	\$ 1,823,756	-14.8%
Business Center South	\$ 1,839,433	\$ 1,566,041	-14.9%	\$ 1,332,134	-27.6%	\$ 1,449,086	\$ 134,499	\$ 1,583,585	-13.9%
State Public Health Laboratory	\$ 1,702,580	\$ 1,434,393	-15.8%	\$ 1,216,092	-28.6%	\$ 1,325,242	\$ 123,004	\$ 1,448,246	-14.9%
<b>Non-Formula Subtotal</b>	<b>\$ 64,665,643</b>	<b>\$ 55,063,844</b>	<b>-14.8%</b>	<b>\$ 46,576,975</b>	<b>-28.0%</b>	<b>\$ 50,907,962</b>	<b>\$ 4,716,951</b>	<b>\$ 55,624,913</b>	<b>-14.0%</b>
<b>TOTAL FUNDING</b>	<b>\$ 557,940,290</b>	<b>\$ 466,435,780</b>	<b>-16.4%</b>	<b>\$ 395,483,941</b>	<b>-29.1%</b>	<b>\$ 432,379,729</b>	<b>\$ 40,000,000</b>	<b>\$ 472,379,729</b>	<b>-15.3%</b>

Overall, the 2011 Legislature approved a total of \$1.4 billion in operating funding (General Fund, student fees, non-resident tuition and other miscellaneous revenues) for the 2011-13 biennium, exclusive of funding for the Western Interstate Commission for Higher Education (WICHE). The \$1.4 billion in total revenues did not include revenues generated through the proposed registration fee surcharges. The approved 2011-13 biennium total is \$182.5 million less than the \$1.58 billion (net of interagency transfers) approved by the 2009 Legislature for the 2009-11 biennium

#### **CONSOLIDATION OF STATE SUPPORTED OPERATING BUDGETS**

The Board of Regents' strategy to implement the budget reductions contained in The Executive Budget included increasing the funding reductions recommended for certain state supported operating budgets while simultaneously reducing the recommended funding reductions in others. In reviewing the projected impacts of the Governor's recommended budget, the money committees requested that the NSHE consider whether the consolidation of certain state supported operating budgets, in lieu of shifting budget reductions, would provide greater flexibility to the Board of Regents in the allocation of available funding.

Based upon the NSHE's recommendations, the 2011 Legislature's money committees approved the consolidation and elimination of 10 of the NSHE's 25 state supported operating budgets effective July 1, 2011. Approved for consolidation into the UNR main instructional/operating budget were the UNR operating budgets for Intercollegiate Athletics, Statewide Programs, the Agricultural Experiment Station, Cooperative Extension and the Business Center North. Approved for consolidation into the UNLV main instructional/operating budget were the UNLV budgets for Intercollegiate Athletics, Statewide Programs and the Business Center South. The money committees also approved consolidating the state supported operating budget for the State Public Health Laboratory budget into the School of Medicine budget and the University Press budget into the System Administration operating budget.

As shown on the following table, the consolidations had the effect of adding, in each fiscal year, \$21.4 million to UNR's instructional budget, \$9.1 million to UNLV's instructional budget, \$1.4 million to the Medical School's budget and \$543,537 to the System Administration budget. In total, the consolidation of ten operating budgets resulted in the transfer of \$32.0 million in General Fund appropriations in each fiscal year.

**Consolidation of NSHE State Supported Operating Budgets Approved by the 2011 Legislature  
for the 2011-13 Biennium**

<b>NSHE State Supported Operating Budget</b>	<b>FY 2011 General Fund (26th Special Session Adjusted)</b>	<b>FY 2012 &amp; FY 2013 Annual General Fund Appropriation - "Smoothed" (Leg. Approved)</b>	<b>FY 2012 and FY 2013 Consolidation of Operating Budgets - General Fund Change (Leg. Approved)</b>	<b>FY 2012 and FY 2013 Revised General Fund Appropriation Amounts (Leg. Approved)</b>
UNR - Instructional	\$ 117,925,883	\$ 97,785,875	\$ 21,402,674	\$ 119,188,549
UNLV - Instructional	\$ 145,967,488	\$ 126,770,179	\$ 9,141,766	\$ 135,911,945
Nevada State College	\$ 13,021,396	\$ 9,111,439		\$ 9,111,439
Great Basin College	\$ 16,510,575	\$ 14,031,554		\$ 14,031,554
College of Southern Nevada	\$ 91,430,100	\$ 77,587,864		\$ 77,587,864
Western Nevada College	\$ 18,472,126	\$ 15,029,964		\$ 15,029,964
Truckee Meadows Comm. College	\$ 35,748,021	\$ 30,603,292		\$ 30,603,292
<b>Formula-Instructional Subtotal</b>	<b>\$ 439,075,589</b>	<b>\$ 370,920,167</b>	<b>\$ 30,544,440</b>	<b>\$ 401,464,607</b>
Desert Research Institute	\$ 8,239,230	\$ 7,421,572		\$ 7,421,572
University of Nevada School of Med.	\$ 30,018,348	\$ 25,437,772	\$ 1,448,246	\$ 26,886,018
UNLV School of Law	\$ 7,762,242	\$ 6,570,754		\$ 6,570,754
UNLV School of Dental Medicine	\$ 8,179,238	\$ 6,404,551		\$ 6,404,551
<b>Professional Subtotal</b>	<b>\$ 54,199,058</b>	<b>\$ 45,834,649</b>	<b>\$ 1,448,246</b>	<b>\$ 47,282,895</b>
NSHE System Administration	\$ 4,877,471	\$ 4,436,563	\$ 543,537	\$ 4,980,100
Special Projects	\$ 2,234,034	\$ 1,946,486		\$ 1,946,486
UNR Intercollegiate Athletics	\$ 5,328,304	\$ 4,563,490	\$ (4,563,490)	\$ -
UNR Statewide Programs	\$ 5,229,267	\$ 4,289,701	\$ (4,289,701)	\$ -
Agricultural Experiment Station	\$ 5,565,671	\$ 4,432,516	\$ (4,432,516)	\$ -
Cooperative Extension Service	\$ 7,678,549	\$ 6,293,211	\$ (6,293,211)	\$ -
UNLV Intercollegiate Athletics	\$ 7,465,366	\$ 6,492,671	\$ (6,492,671)	\$ -
UNLV Statewide Programs	\$ 1,233,971	\$ 1,065,510	\$ (1,065,510)	\$ -
System Computing Center	\$ 18,715,545	\$ 16,669,848		\$ 16,669,848
National Direct Student Loans	\$ 41,132	\$ 35,793		\$ 35,793
University Press	\$ 614,656	\$ 543,537	\$ (543,537)	\$ -
Business Center North	\$ 2,139,664	\$ 1,823,756	\$ (1,823,756)	\$ -
Business Center South	\$ 1,839,433	\$ 1,583,585	\$ (1,583,585)	\$ -
State Public Health Laboratory	\$ 1,702,580	\$ 1,448,246	\$ (1,448,246)	\$ -
<b>Non-Formula Subtotal</b>	<b>\$ 64,665,643</b>	<b>\$ 55,624,913</b>	<b>\$ (31,992,686)</b>	<b>\$ 23,632,227</b>
<b>TOTAL FUNDING</b>	<b>\$ 557,940,290</b>	<b>\$ 472,379,729</b>	<b>\$ -</b>	<b>\$ 472,379,729</b>

**2011-13 BIENNIUM ENROLLMENT PROJECTIONS**

Historically, with the exception of Nevada State College, enrollment projections at the NSHE teaching institutions (excluding the professional schools) have been calculated based upon a three-year weighted average methodology. The projected number of student full-time equivalent (SFTE) enrollments is a central component of the existing funding formula and has been the primary basis for determining the amount of General Fund appropriation each teaching institution annually receives. However, in approving the enrollment projections for the 2009-11 biennium, the 2009 Legislature adopted the



Board of Regents' recommendation that for the 2009-11 biennium, in place of the three-year weighted average methodology, the Legislature utilize the campuses' FY 2009 enrollments (fall actual – spring preliminary), or otherwise project each year's enrollments as "flat" to FY 2009 for purposes of allocating formula funding.

In approving the enrollment methodology change, the 2009 Legislature's money committees issued a letter of intent indicating that the NSHE should utilize the three-year weighted average methodology to project 2011-13 biennium enrollments. In submitting its 2011-13 biennium request, NSHE did not return to the three-year weighted average methodology and instead projected FY 2012 and FY 2013 enrollments as "flat" to FY 2010 actual enrollments. As recommended by the Governor, The Executive Budget projected 2011-13 biennium enrollments using the methodology suggested by the NSHE.

After review and discussion of the merits of projecting 2011-13 biennium enrollments with the three-year weighted average methodology and the "flat" approach, the money committees concurred with the NSHE and the Governor and adopted the "flat" approach for the 2011-13 biennium. While concurring with the "flat" approach, the money committees determined that enrollments for the 2011-13 biennium should be projected as flat to FY 2011 preliminary actual enrollments (fall actual – spring preliminary) rather than FY 2010 actual enrollments reflected in The Executive Budget. The following table shows the actual and projected enrollments as recommended by the Governor and as adopted by the 2011 Legislature.

<b>Legislatively Approved 2011-13 Enrollments at NSHE Institutions Projected as Flat to FY 2011 Compared to as Flat to FY 2010</b>							
<b>Campus</b>	<b>FY 2009 Actual SFTE</b>	<b>FY 2010 Actual SFTE</b>	<b>FY 2011 Preliminary Actual SFTE</b>	<b>FY 2012 Approved SFTE Enrollments Flat to FY 11 (Leg. Appvd)</b>	<b>% Change Compared to Gov. Rec. (FY 2010)</b>	<b>FY 2013 Approved SFTE Enrollments Flat to FY 11 (Leg. Appvd)</b>	<b>% Change Compared to Gov. Rec. (FY 2010)</b>
UNLV	19,545	20,086	19,636	19,636	-2.2%	19,636	-2.2%
UNR	12,583	12,770	13,219	13,219	3.5%	13,219	3.5%
CSN	21,042	22,027	22,190	22,190	0.7%	22,190	0.7%
TMCC	6,796	7,307	7,176	7,176	-1.8%	7,176	-1.8%
WNC	2,489	2,888	2,926	2,926	1.3%	2,926	1.3%
GBC	1,786	1,994	1,952	1,952	-2.1%	1,952	-2.1%
NSC	1,424	1,726	1,924	1,924	11.5%	1,924	11.5%
<b>TOTALS</b>	<b>65,665</b>	<b>68,798</b>	<b>69,023</b>	<b>69,023</b>	<b>0.3%</b>	<b>69,023</b>	<b>0.3%</b>

**USE OF THE FUNDING FORMULA AND EQUITY FUNDING**

The NSHE's seven teaching institutions' state supported instructional budgets are primarily funded with General Fund appropriations through enrollment-driven funding formula(s). In general, the higher education funding formula is used to perform two budgetary functions: the calculation of funding needed and the equitable distribution of available funding. In prior biennia, the Legislature provided formula funding of between 84.5 percent and 85.5 percent of the calculated amounts.

In addressing the reduced level of General Fund appropriations available for the 2009-11 biennium, the 2009 Legislature's money committees contended with a "capped" funding amount significantly below the \$677.1 million appropriated for FY 2009 by the 2007 Legislature. As a result, the funding formula was not utilized by the 2009 Legislature to determine funding allocations at the 85.5 percent level. However, the funding formula was utilized to distribute the available General Fund appropriations after accounting for adjustments, such as equity and stop-loss allocations.

In submitting its 2011-13 biennium budget request, the Board of Regents did not utilize the funding formula. Instead, the NSHE proposed that each institution's base General Fund appropriation would equal its FY 2011 26<sup>th</sup> Special Session adjusted budget (\$557.9 million total per year) before adding back professional merit, classified merit, longevity and the value of furlough-generated savings. As recommended by the Governor, The Executive Budget also did not utilize the funding formula to calculate and distribute General Fund appropriations to the seven teaching institutions and the non-formula operating budgets. Additionally, no funding for projected enrollment growth was included in the Governor's recommended budget.

After reviewing the budgetary impacts that would result from utilization of the funding formula for the 2011-13 biennium, the money committees concurred with the NSHE and the Governor and approved suspending the use of the funding formula for the calculation and distribution of available General Fund appropriations to the NSHE operating budgets. Not using the funding formula had the effect of decoupling projected enrollments from the calculation and distribution of funding. As a result, institutions at which enrollments were projected to increase did not receive additional state funding and, conversely, institutions at which enrollments were projected to decrease did not lose state funding. This action had the effect of providing the same proportionate share of General Fund appropriations each institution received in FY 2011.

Related to the suspension of the funding formula, the money committees supported the NSHE's recommendation that a legislative study of the funding formula be conducted during the 2011-13 interim period. The 2011 Legislature subsequently approved Senate Bill 374 which authorized the creation of a committee to conduct an interim study of the higher education funding formula with its findings and recommendations to be reported back to the Legislative Commission in advance of the 2013 Legislative Session.

#### **EQUITY FUNDING**

The money committees approved budget amendments submitted by the State Budget Division to reduce recommended General Fund appropriations by approximately \$2.2 million over the biennium, to eliminate the PEBP health insurance subsidy incorrectly budgeted for part-time positions in the operating budgets of the Medical School, Great Basin College, UNLV Dental School, College of Southern Nevada and Western Nevada College. While the Committee approved the budget amendments, it subsequently reallocated \$1.5 million or \$750,000 per fiscal year of the resulting

General Fund savings to the College of Southern Nevada and approximately \$673,000 or \$336,500 per fiscal year to the Truckee Meadows Community College in equity funding.

#### **SALARY AND BENEFIT REDUCTIONS**

Consistent with the Governor's recommendation for all state employees for the 2011-13 biennium, the 2011 Legislature approved salary reductions and the suspension of merit and longevity pay for NSHE employees. Senate Bill 505 reduced NSHE professional and classified employees' salaries by 2.5 percent and also included NSHE employees in the requirement to take unpaid furlough leave of 48 hours or 6 days per year. Merit and longevity pay for classified employees was also suspended. However, similar to the action taken by the 2009 Legislature, the 2011 Legislature, through Section 4 of Senate Bill 505, authorized the Board of Regents to determine and implement the method by which the system's professional employees would participate in the furlough leave requirement.

Additionally, the 2011 Legislature did not concur with the Governor's recommendation to reduce the health insurance subsidy paid on behalf of part-time employees working between 0.64 FTE to 0.50 FTE as recommended in The Executive Budget.

#### **STUDENT REGISTRATION FEES, SURCHARGES AND LETTER OF INTENT**

In submitting its requested budgets for each year of the 2011-13 biennium, the Board of Regents chose not to approve any increases to the per credit hour registration fees charged to either undergraduate or graduate students. However, in doing so, the Regents made permanent the surcharges previously approved for FY 2011. This action had the effect of keeping the total FY 2012 and FY 2013 cost per credit hour at the same amount that a student paid in FY 2011. The Executive Budget adopted the student registration fee amounts and corresponding revenue levels proposed by the Board of Regents.

In reviewing the funding levels and budget reductions recommended by the Governor, the 2011 Legislature's money committees examined the per credit hour registration fees charged to students at NSHE institutions compared to the per credit hour fees charged to students attending public colleges and universities in the 14 other Western Interstate Compact for Higher Education (WICHE) member states: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington and Wyoming. The money committees reviewed the registration fees, how NSHE fees compared to other state's fees, the regional median for the fall 2010 – spring 2011 academic year (AY 2011) and the Board of Regents' proposed policy changes regarding student registration fees. For FY 2011, the fees adopted by the Board of Regents, inclusive of the FY 2011 surcharges, placed Nevada as the fifth least expensive for resident (in-state) community college and public university fees. The following table shows the ranking of the 15 states' fees and the median and average charges for the WICHE region for AY 2011.

<b>Comparison of Two-Year and Four-Year Resident Tuition for Resident, Full-Time Students at Public Institutions in the WICHE Region</b>					
<b>Two-Year Institutions Annual Tuition</b>			<b>Four-Year Institutions (Universities) Annual Tuition</b>		
<b>State</b>	<b>AY 2010-11</b>	<b>Rank</b>	<b>State</b>	<b>AY 2010-11</b>	<b>Rank</b>
California	\$ 780	1	Wyoming	\$ 3,927	1
New Mexico	\$ 1,308	2	Alaska	\$ 5,225	2
Arizona	\$ 2,006	3	Idaho	\$ 5,373	3
Wyoming	\$ 2,152	4	New Mexico	\$ 5,400	4
<b>Nevada</b>	<b>\$ 2,243</b>	<b>5</b>	<b>Nevada</b>	<b>\$ 5,625</b>	<b>5</b>
Idaho	\$ 2,405	6	Utah	\$ 5,712	6
Hawaii	\$ 2,711	7	Montana	\$ 5,822	7
Utah	\$ 2,783	8	South Dakota	\$ 6,603	8
Colorado	\$ 3,091	9	North Dakota	\$ 6,798	9
Montana	\$ 3,267	10	Oregon	\$ 7,478	10
Washington	\$ 3,355	11	Colorado	\$ 7,748	11
Oregon	\$ 3,720	12	Arizona	\$ 8,058	12
North Dakota	\$ 3,833	13	Hawaii	\$ 8,096	13
Alaska	\$ 4,150	14	Washington	\$ 9,095	14
South Dakota	\$ 4,791	15	Univ. of California	\$ 9,302	15
<b>WICHE Median</b>	<b>\$ 2,783</b>		<b>WICHE Median</b>	<b>\$ 6,603</b>	
<b>WICHE Average</b>	<b>\$ 2,840</b>		<b>WICHE Average</b>	<b>\$ 6,684</b>	

Source: WICHE Tuition and Fees in Public Higher Education in the West 2010-11, Table 7a and Table 4. Rank of "1" equals lowest average tuition charged. For Four-Year institutions (Universities), the California State University (CSU) system schools are excluded because CSU institutions are not comparable in doctoral degree programs. If the Universities table included CSU institutions, the WICHE median amount would decrease to \$6,213 and WICHE average would decrease to \$6,580 for 2010-11. Nevada community colleges based upon \$63.00 per credit hour, \$6.25 credit hour surcharge and \$5.50 credit hour technology fee. Nevada universities based upon average charged for 30 credits at UNR and UNLV at the per credit hour registration fee of \$142.75, the current \$14.00 credit hour surcharge and other mandatory fees, such as the \$7.00 per credit hour technology fee.

As previously noted, the NSHE presented a proposal to implement a registration fee surcharge for both undergraduate and graduate students in each year of the 2011-13 biennium to partially offset the reduced funding recommended in The Executive Budget and to raise registration fees to be more comparable to the WICHE median. The NSHE proposed a surcharge of 13.0 percent for FY 2012 with an additional 13.0 percent surcharge in FY 2013. The surcharges were projected to raise approximately \$21.2 million in FY 2012 and \$43.3 million in FY 2013 net of both a 15.0 percent set-aside for increased financial aid and projected enrollment losses.

In approving the 2011-13 biennium state supported operating budgets for the Nevada System of Higher Education, the money committees expressed concern about the potential financial burden the additional 13.0 percent surcharge proposed for FY 2013 would place on students and requested that the Regents consider only a flat 13.0 percent surcharge over the biennium. In recognition that approximately \$22.1 million in additional registration fee revenues would not be generated in FY 2013 if the Regents followed the money committees' request, the money committees requested that the NSHE commit to utilizing non-state resources at the institutions to offset the \$22.1 million in fee revenues which would have otherwise been generated in FY 2013 as a result of the additional 13.0 percent surcharge. Related to this action, the

Legislature approved language in the Appropriations Act (Section 54 of A.B. 580) which authorized the NSHE to make a one-time shift in payroll dates, effective the last payroll of FY 2012, in order to fund the \$22.1 million in FY 2013.

Of note, neither the \$21.2 million in annual, projected surcharge revenues nor the \$22.1 million in annual non-state funds were prospectively included in the NSHE state supported operating budgets approved by the 2011 Legislature. The money committees approved a letter of intent to the NSHE expressing its position on potential surcharges and directing that any registration fee revenues generated as a result of a surcharge should be included in the state supported operating budgets through the work program revision process. The Legislature also included language in the 2011-13 biennium Authorizations Act (Section 8 of Senate Bill 503) requiring the Interim Finance Committee's approval prior to the expenditure of surcharge revenues. This action was consistent with the 2009 Legislature's direction regarding surcharges.

Subsequent to the 2011 Legislature's adjournment, at its June 16-17, 2011 meeting, the Board of Regents approved a flat, 13.0 percent surcharge on community college and undergraduate registration fees. With respect to graduate-level registration fees, the Board of Regents approved a 5.0 percent surcharge for FY 2012 with an additional 5.0 percent increase for FY 2013. In approving the surcharges, the Board of Regents approved setting aside 15.0 percent of the fee revenues generated in each fiscal year for student financial aid purposes with two exceptions for the University of Nevada, Las Vegas (UNLV). Specific to UNLV, the Regents approved UNLV's request to set aside 25.0 percent of the surcharge revenues generated for graduate students and 30.0 percent for Law School students. The surcharges approved by the Board of Regents for the 2011-13 biennium are shown below.

<b>Board of Regents (BoR) Approved Undergraduate and Graduate Registration Fee Surcharges for the 2011-13 Biennium</b>					
<b>NSHE Institution Level</b>	<b>2011-13 Biennium BoR Approved Per Credit Hour Fee</b>	<b>FY 2012 BoR Approved Per Credit Hour Surcharge</b>	<b>FY 2012 Total Approved Per Credit Hour Fee</b>	<b>FY 2013 BoR Approved Per Credit Hour Surcharge</b>	<b>FY 2013 Total Approved Per Credit Hour Fee</b>
<b>University</b>					
Undergraduate	\$156.75	\$20.50	\$177.25	\$20.50	\$177.25
Graduate	\$239.50	\$12.00	\$251.50	\$24.50	\$264.00
<b>State College</b>	\$113.25	\$14.75	\$128.00	\$14.75	\$128.00
<b>Community College</b>					
Upper Division	\$113.25	\$14.75	\$128.00	\$14.75	\$128.00
Lower Division	\$69.25	\$9.00	\$78.25	\$9.00	\$78.25

**BUDGET POLICY CHANGE PROPOSALS**

The NSHE proposed three major budget policy change initiatives related to the state supported operating budgets for the 2011-13 biennium as follows: 1) the authority to transfer General Fund appropriations between budget accounts; 2) the budgeting of all

student fees and non-resident tuition outside of the state supported operating budgets; and, 3) the authority to retain General Fund appropriation savings generated through efficiencies as well as the retention of unexpended appropriations in a NSHE-dedicated “rainy day” fund.

1. Authority to Transfer Appropriations Between State Supported Operating Budgets: For the 2011-13 biennium, the NSHE requested the authority to transfer legislatively approved General Fund appropriations between state supported operating budgets. The NSHE indicated it requested the authority to ensure that the Board of Regents had maximum flexibility when determining how budget reductions would be implemented. The NSHE further indicated that if approved, either through a change in statutory authority or by including language in the 2011 Appropriations Act, transfers were envisioned as being limited to intra-institutional (between state supported operating budget accounts at an institution) rather than inter-institutional (between different institutions).

The Governor supported this policy change through the introduction of S.B. 434. Although the 2011 Legislature did not pass Senate Bill 434, the money committees did approve the addition of language to the 2011 Appropriations Act (Section 50 of Assembly Bill 580) which authorized the transfer of appropriated funds between the system’s state supported operating budgets upon the recommendation of the Governor and the approval of the Interim Finance Committee.

2. Authority to Budget Student Fees and Tuition Revenues Outside of the State Supported Operating Budgets: The NSHE proposed that beginning with the 2011-13 biennium, all student fees (registration, miscellaneous) and non-resident tuition revenues collected by the institutions be budgeted entirely outside of the legislatively approved state supported operating budgets. Traditionally, between 60.1 percent and 75.8 percent of student registration fee revenues and 100 percent of non-resident tuition revenues have been budgeted in the each institution’s state supported instructional/operating budget with the balance of the registration fee revenues budgeted by the NSHE in each institution’s non-legislatively reviewed self-supporting budgets. As recommended by the Governor, The Executive Budget followed the traditional budgeting of fee and non-resident tuition revenues for the 2011-13 biennium.

Two bills were introduced in the 2011 Session related to this policy issue. Senate Bill 434 (Section 3) excluded registration fees and non-resident tuition revenues from the NSHE’s state supported operating budgets and required the Board of Regents to prepare and submit to the Legislature a separate budget for the expenditure of these revenues. Senate Bill 451 required that the revenue generated through an increase in registration fees, miscellaneous fees or non-resident tuition be retained on the campus from which the revenue was generated and utilized to meet the academic needs of students enrolled at the institution. Neither bill was passed by the 2011 Legislature. However, at the NSHE’s recommendation, the Legislature

included this issue as part of the 2011-12 interim legislative study of the higher education funding formula approved through Senate Bill 374.

Although this policy change was not adopted by the 2011 Legislature, there was no financial impact on the NSHE institutions. The NSHE institutions retain and direct the expenditure of 100 percent of the fee and non-resident tuition revenues generated on their campuses each fiscal year.

3. Authority to Retain Unexpended General Fund Appropriations: The NSHE requested the authority to retain unexpended General Fund appropriations generated through operating efficiencies and “changed spending practices” rather than be required to revert any unexpended balances to the General Fund at the close of each fiscal year. The NSHE proposed that the unexpended funds be allocated to a dedicated rainy day fund for use in addressing future budget reductions. The cumulative total amount of General Fund appropriations reverted for FY 2002 through FY 2010 was \$12.1 million or an average of \$1.34 million per fiscal year.

In response, the money committees discussed the proposal during the NSHE’s budget hearings. Additionally, two bills related to this policy issue were introduced in the 2011 Session, Senate Bill 434 (Sections 2 and 5) and Assembly Bill 241 (Section 6). The bills and the proposed policy changes were not approved.

#### **ADJUSTED BASE BUDGET REVENUE CHANGES**

As requested by the Board of Regents and recommended by the Governor, the 2011 Legislature approved the following adjusted base budget revenue changes in the NSHE’s state supported operating budgets for the 2011-13 biennium:

1. Restoration of Operating Capital Investment Revenues: As recommended by the Governor, the Legislature restored Operating Capital Investment revenues of \$1.73 million in each year of the 2011-13 biennium. For the 2009-11 biennium, the money committees concurred with the NSHE’s request that Operating Capital Investment income not be budgeted due to the NSHE’s reduced ability to earn investment income as a result of the economic environment. In doing so the money committees issued a letter of intent indicating that this revenue source should be restored by the NSHE for the 2011-13 biennium. The restoration of this revenue source for the 2011-13 biennium is consistent with the 2009 letter of intent guidance.
2. Reallocation of Non-Formula Equipment Funding: Consistent with the 2009 letter of intent issued by the money committees, The Executive Budget recommended funding to the NSHE’s non-formula budgets by reallocating General Fund appropriations from Nevada State College. In approving the 2009-11 biennium budgets, the money committees approved the NSHE’s recommendation that \$959,873 in annual funding, which would otherwise support workstation equipment replacement in the non-formula operating budgets, be allocated to Nevada State

College as a one-biennium transfer to mitigate the approximately 24.0 percent budget reduction approved for Nevada State College. The 2011 Legislature approved the recommended reallocation of General Fund appropriations to the non-formula operating budgets.

3. Removal of Federal American Recovery and Reinvestment Act (ARRA) Funding: The 2009 Legislature budgeted a total of \$184.8 million in federal ARRA State Fiscal Stabilization Funds in the NSHE’s seven formula budgets. Funding of \$92.4 million was included in each year of the 2009-11 biennium. Subsequently, the 26<sup>th</sup> Special Session of the Legislature revised the budget by transferring the ARRA funds reserved for FY 2011 into FY 2010 and moving an equal amount of General Fund appropriation from FY 2010 to FY 2011. As these were one-time funds, The Executive Budget did not continue this revenue source for the 2011-13 biennium.
  
4. Elimination of Recharge – Interagency Transfer Revenues: Traditionally, the UNR and UNLV campuses have utilized a recharge mechanism, based upon interagency transfers, to budget and record the allocation of operations (utility) and maintenance costs across the multiple, non-formula state supported operating budgets (intercollegiate athletics, professional schools, statewide programs, etc.) under each institution’s directions. The interagency transfers have been reflected as revenues in the UNR and UNLV instructional budgets. In submitting its 2011-13 biennium, budget request, the NSHE did not include these transfers and indicated that it would no longer be utilizing the recharge process. The Governor concurred with the NSHE’s request and did not include these revenues in The Executive Budget. The 2011 Legislature also approved the change.

**FUNDING FOR THE OPERATION AND MAINTENANCE OF NEW SPACE**

As requested by the NSHE, the Governor recommended General Fund appropriations of \$1.6 million in FY 2012 and \$1.5 million in FY 2013 in support of operations and maintenance (O&M) costs related to formula-driven new space. The following amounts were included in The Executive Budget and approved by the 2011 Legislature:

<b>NSHE Institution</b>	<b>FY 2012 Approved New Space</b>	<b>FY 2013 Approved New Space</b>
UNR	\$ 757,334	\$ 716,649
UNSOM	\$ 123,193	\$ 119,845
UNLV	\$ 245,562	\$ 236,134
DRI	\$ 25,101	\$ 24,514
GBC	\$ 340,422	\$ 328,973
CSN	\$ 81,006	\$ 73,404
<b>TOTAL CHANGE</b>	<b>\$ 1,572,618</b>	<b>\$ 1,499,519</b>



- UNR – A total net increase of 76,487 square feet was approved at UNR. Approved new space included 88,787 square feet in Getchell Library. Based upon the recommendation of the University of Nevada, Reno, the 2009 Legislature eliminated funding for 93,000 square feet of Getchell Library space and provided \$228,380 in funding to mothball the facility. Approved new space also included 57,614 square feet in the new Health Sciences Education (Medical Education) building. Additionally, 5.44 acres associated with both the Center for Molecular Medicine and the Medical Education building was approved. A total of 69,914 square feet was approved for elimination, including 26,000 square feet in agricultural facilities.
- UNSOM – The Legislature approved the addition of 13,671 square feet to reflect a correction to the existing leased space square footage.
- UNLV – The Executive Budget recommended and the 2011 Legislature approved the addition of 38,500 square feet in new space and O&M costs associated with the new basketball practice facility at UNLV. Additionally, the 2011 Legislature approved the elimination of 15,840 square feet of existing modular space for a proposed net change of 22,660 square feet.
- DRI – The Governor recommended and the 2011 Legislature approved adding 2,400 square feet in each year at the DRI-Reno campus for the Renewable Energy Experimental Facility (REEF).
- GBC – The 2011 Legislature approved a net addition of 36,755 square feet, which includes 40,555 square feet in the new Electrical and Industrial building and 1,200 square feet in the Leonard Center for Student Life building in Elko. A net 5,000 square feet of classroom space in Pahrump was also approved for elimination.
- CSN – The Governor recommended and the 2011 Legislature approved a net increase of 5,666 square feet at CSN. The approved new space includes 18,000 square feet for a Health Sciences addition and 4,660 square feet for the new Fire Station learning space. A total of 16,994 square feet including the Desert Garden Center was approved for elimination.

### **CAPITAL IMPROVEMENTS**

The Executive Budget included funding totaling \$15.0 million over the 2011-13 biennium for nine Capital Improvement Projects (CIPs) to meet critical maintenance needs as well as funding for deferred maintenance projects. Funding for new capital construction was not recommended by the Governor. Ten (\$10.0) million was budgeted from state sources via the Higher Education Capital Construction (HECC) fund with the remaining \$5.0 million recommended from the Special Higher Education Capital Construction (SHECC) fund. Both of these funding streams are derived from slot machine excise taxes pursuant to NRS 463.385(4).

Subsequently, in a February 24, 2011, letter to the 2011 Legislature, the Department of Administration requested that the funding in The Executive Budget be amended to no longer identify specific projects in order to allow the Board of Regents to select and prioritize maintenance projects, which was consistent with budgeting in prior biennia. The following table shows the revised CIP recommendation that the 2011 Legislature approved.

<b>REVISED 2011-13 Biennium Governor Recommended NSHE Capital Improvement Projects</b>					
<b>Project Number</b>	<b>Institution</b>	<b>Project Description</b>	<b>State Funds</b>	<b>Other Funds</b>	<b>Total Request</b>
M39	Multiple	Deferred Maintenance (HECC/SHECC)	\$10,000,000	\$5,000,000	\$15,000,000
		<b>NSHE TOTALS</b>	<b>\$10,000,000</b>	<b>\$5,000,000</b>	<b>\$15,000,000</b>

Related to capital improvements, the NSHE pursued a 2011-13 biennium policy goal of being exempted from oversight of the State Public Works Board pursuant to NRS Chapter 341. The Governor supported this policy goal through the introduction of Senate Bill 434. Ultimately, the 2011 Legislature did not pass Senate Bill 434.

Finally, the 2011 Legislature passed, and the Governor approved, Assembly Bill 478, which increased by \$35.67 million, the total principal amount of bonds and other securities authorized to be issued by the Board of Regents for capital improvement projects at the University of Nevada, Reno.

#### **UNR FIRE SCIENCE ACADEMY TRANSFER**

The 2011 Legislature did not concur with the Governor's recommendation to transfer General Fund appropriations of \$899,877 in FY 2012 and \$910,115 in FY 2013, to the Office of the Military, in support of personnel (10 positions, 7.65 FTE) and related operating costs at the University of Nevada, Reno's Fire Science Academy (FSA) in Carlin, Nevada. The funding primarily supports expenditures associated with the operations and maintenance of the FSA's physical plant. As recommended by the Governor, the transfer would have been effective July 1, 2011. Instead, the 2011 Legislature agreed with the NSHE and the Office of the Military's joint recommendation to contingently approve the transfer of funding from the University of Nevada, Reno, to the Office of the Military, pending congressional approval of the relocation of the Office of the Military's new Army National Guard Armory-Readiness Center project from Elko, Nevada to the FSA site in Carlin. In contingently approving the transfer, the Legislature authorized staff to include language in the Appropriations Act (Assembly Bill 580, Section 51) providing for the transfer of budgeted General Fund appropriations, on a pro rata basis in the fiscal year in which the transfer occurs, upon receipt of federal approval and subject to the recommendation of the Governor and the approval of the Interim Finance Committee.

## **WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION**

Nevada's participation in the Western Regional Education Compact and membership in the Western Interstate Commission for Higher Education (WICHE) provides financial assistance to students seeking education in various professional fields of study not offered by higher education institutions within the state. The WICHE facilitates three academic exchange programs: the Western Undergraduate Exchange (WUE), the Professional Student Exchange Program (PSEP) and the Health Care Access Program (HCAP). The two state supported educational programs are the PSEP for professional and graduate level students and the HCAP. The HCAP was approved by the 1997 Legislature and expanded the mission of the Nevada WICHE program. This program provides funds and educational opportunities to students in exchange for a two-year practice obligation to serve the medically underserved population of the state. In-state academic programs, as well as out-of-state academic programs, are authorized under the HCAP.

As recommended by the Governor in The Executive Budget, the 2011 Legislature approved total General Fund support for WICHE administration of \$317,565 in FY 2012 and \$320,116 in FY 2013.

### **STUDENT SLOTS**

To support the cost of PSEP and HCAP student slots, the 2011 Legislature approved Loan and Stipend account funding of \$1.05 million in each year of the 2011-13 biennium. Of the \$1.05 million, the Legislature approved General Fund appropriations of \$558,554 in FY 2012 and \$558,125 in FY 2013. The remaining approved revenues are primarily loan and stipend repayments and interest payments assessed on student loans and stipends. As originally requested by the WICHE Commission (Commission) and contained in The Executive Budget, the non-General Fund revenues included delinquent loan and stipend repayment revenues of \$125,052 in FY 2012 and \$138,922 in FY 2013. The Commission subsequently requested that the budgeted delinquent repayment revenues be reduced to \$87,000 in each fiscal year as a result of revised collection projections. The 2011 Legislature approved the revised amounts for each year of the 2011-13 biennium.

In conjunction with its recommended revision to the non-General Fund revenue projections, the Commission also recommended that the number of student slots be reduced to 90 slots in FY 2012 and 89 slots in FY 2013 when compared to the 104 student slots recommended in each fiscal year by the Governor. The Commission recommended that for FY 2012, the 90 student slots be evenly allocated between the PSEP program and the HCAP program. For FY 2013, the Commission recommended 46 slots be allocated to PSEP students and 43 be allocated for HCAP students. The 2011 Legislature approved the number and the allocation of student slots recommended by the Commission.

The 2011 money committees also continued the 2009 letter of intent directing the Commission to inform the Fiscal Analysis Division, in writing, of any change in the

allocation of professional slots approved by the Legislature within 30 days of when the slots were altered as well as to annually report whether any slots were held vacant as a result of insufficient loan and stipend repayment or interest payment revenues being collected in each year of the 2011-13 biennium.

Finally, the 2011 Legislature approved the Commission's request for authority to balance forward unspent loan and stipend repayment revenues received after May 15 of each fiscal year for expenditure on HCAP program Loan Repayment slots in the subsequent fiscal year.

## **DEPARTMENT OF CULTURAL AFFAIRS**

The Department of Cultural Affairs provides leadership in cultural and information management, preservation of cultural heritage and the promotion of cultural resources, activities and education. The department is comprised of four divisions: the Division of Museums and History (DMH), the State Historic Preservation Office (SHPO), the Nevada State Library and Archives (NSLA) and the Nevada Arts Council (NAC).

As recommended by the Governor, the 2011 Legislature approved the elimination of the Director's Office and the dissolution of the Department of Cultural Affairs and the transfer of its four divisions to other state agencies effective October 1, 2011. The NSLA will transfer to the Department of Administration, the DMH and the NAC to the new Department of Tourism and Cultural Affairs, and the SHPO to the Department of Conservation and Natural Resources (DCNR).

The 2011 Legislature approved the elimination of 13 FTE positions for the former Department of Cultural Affairs, and the addition of 4.51 new FTE associated with the opening of the state museum at the Las Vegas Springs Preserve.

The Legislature approved General Fund appropriations of \$8.2 million in FY 2012 and \$6.9 million in FY 2013 for the former department's divisions. The legislatively approved General Fund total of \$15.1 million for the 2011-13 biennium represents a decrease of approximately 29.7 percent from the \$21.5 million approved by the Legislature for the 2009-11 biennium.

The Governor recommended reducing the General Fund appropriations for the Nevada Humanities account by \$40,000 per year and merging the program into the Nevada Arts Council account during the 2011-13 biennium. However, the Legislature approved restoring \$30,000 of the Governor's original reduction, providing total funding for the account of \$40,000 per year. The 2011 Legislature also did not approve the Governor's recommended merger and decided to retain Nevada Humanities as a separate account.

## **DIRECTOR'S OFFICE**

The Department of Cultural Affairs Director's Office oversees the general administration and finances of the department and was staffed with nine FTE positions during the 2009-11 biennium. The Legislature approved the Governor's recommendation to close the Director's Office, effective October 1, 2011, which will eliminate seven positions, six of which were filled at the time budgets were closed. As part of the elimination of the Director's Office, two positions, a Public Information Officer and a Personnel Analyst, and funding for information services and membership dues will be transferred from the Director's Office to the Tourism Development Fund account. Other operating and information service expenses previously paid by the Director's Office will be transferred to the former department's divisions. The closure of the Department of Cultural Affairs Director's Office results in a General Fund reduction of \$1.4 million over the biennium.

The Governor's original budget recommended reclassifying all four division-level Administrative Services Officers (ASO) to a Budget Analyst II classification due to the proposed centralization of fiscal services in the receiving agencies. However, since the centralization was not recommended for the new Department of Tourism and Cultural Affairs or the Department of Conservation and Natural Resources, and the positions would largely be performing their same duties, the Legislature decided to retain the ASO classification for the State Historic Preservation Office, the Division of Museums and History, and the Nevada Arts Council.

**Nevada Legislative Counsel Bureau  
Summary of Appropriations and Authorizations  
2011-13 Legislature**

	2010-2011 Work Program	2011-2012 GOVERNOR RECOMMENDS	2011-2012 LEGISLATIVELY APPROVED	2012-2013 GOVERNOR RECOMMENDS	2012-2013 LEGISLATIVELY APPROVED
<b>EDUCATION</b>					
<b>DEPARTMENT OF EDUCATION</b>					
<b>NDE - DISTRIBUTIVE SCHOOL ACCOUNT</b>	1,346,112,669	1,036,429,792	1,340,897,571	1,017,649,364	1,371,329,337
GENERAL FUND	1,182,561,474	911,206,553	1,088,280,727	889,019,289	1,111,331,100
FEDERAL FUND	10,706,000	8,000,000	8,000,000	8,000,000	8,000,000
INTER-AGENCY TRANSFER			111,336,000		115,121,424
OTHER FUND	152,845,195	117,223,239	133,280,844	120,630,075	136,876,813
REVERSIONS					
<b>NDE - OTHER STATE EDUCATION PROGRAMS</b>	9,331,378		7,955,911		7,563,582
GENERAL FUND	9,331,378		7,955,911		7,563,582
OTHER FUND					
REVERSIONS					
<b>NDE - SCHOOL REMEDIATION TRUST FUND</b>	26,752,290	170,218,278	31,726,287	190,598,253	32,209,593
GENERAL FUND	25,474,591	170,218,278	31,726,287	190,598,253	32,209,593
BALANCE FORWARD	203				
INTERIM FINANCE					
OTHER FUND	1,277,496				
<b>NDE - STATE SUPPLEMENTAL SCHOOL SUPPORT FUND</b>			111,336,000		115,121,424
OTHER FUND			111,336,000		115,121,424
<b>NDE - EDUCATIONAL TRUST FUND</b>	49,481	58,481	58,481	67,481	60,481
BALANCE FORWARD	49,481	49,481	49,481	58,481	51,481
INTER-AGENCY TRANSFER		9,000	9,000	9,000	9,000
<b>NDE - INCENTIVES FOR LICENSED EDUCATION PERSONNEL</b>	25,355,052	13,049,546	17,242,796	12,055,905	15,855,905
GENERAL FUND	16,277,056	13,049,546	13,442,796	12,055,905	15,855,905
BALANCE FORWARD	9,077,996		3,800,000		
OTHER FUND					
<b>NDE - EDUCATION STATE PROGRAMS</b>	3,607,511	2,921,675	2,919,008	2,897,454	2,902,314
GENERAL FUND	3,593,511	2,921,560	2,918,893	2,897,339	2,902,199
INTER-AGENCY TRANSFER					
OTHER FUND	14,000	115	115	115	115
REVERSIONS					
<b>NDE - EDUCATION STAFFING SERVICES</b>	1,437,827	1,474,562	1,474,562	1,499,354	1,499,354
INTER-AGENCY TRANSFER	1,437,827	1,474,562	1,474,562	1,499,354	1,499,354
<b>NDE - EDUCATION SUPPORT SERVICES</b>	4,156,915	4,217,029	4,221,743	4,362,092	4,371,570
BALANCE FORWARD	916,427	1,000,477	1,000,477	1,239,318	1,244,143
INTER-AGENCY TRANSFER	3,240,488	3,216,552	3,221,266	3,122,774	3,127,427
<b>NDE - PROFICIENCY TESTING</b>	5,732,552	5,677,723	5,689,277	5,881,997	5,893,010
GENERAL FUND	5,732,552	5,677,723	5,689,277	5,881,997	5,893,010
INTER-AGENCY TRANSFER					
REVERSIONS					

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<b>NDE - TEACHER EDUCATION AND LICENSING</b>	2,015,666	1,659,509	1,659,509	1,559,756	1,562,504
GENERAL FUND	100	100	100	100	100
BALANCE FORWARD	475,833	392,184	392,184	260,121	262,869
OTHER FUND	1,539,733	1,267,225	1,267,225	1,299,535	1,299,535
REVERSIONS					
<b>NDE - DRUG ABUSE EDUCATION</b>	846,998				
FEDERAL FUND	846,998				
INTER-AGENCY TRANSFER					
<b>NDE - SCHOOL HEALTH EDUCATION - AIDS</b>	273,182	274,555	274,554	256,182	256,183
FEDERAL FUND	273,182	274,555	274,554	256,182	256,183
<b>NDE - GEAR UP</b>	3,631,357	3,094,992	3,034,259	3,096,137	3,034,477
FEDERAL FUND	1,972,875	1,511,679	1,450,946	1,512,037	1,450,377
INTER-AGENCY TRANSFER	1,658,482	1,583,313	1,583,313	1,584,100	1,584,100
<b>NDE - OTHER UNRESTRICTED ACCOUNTS</b>	1,263,942	1,614,021	1,614,008	1,779,376	1,676,204
BALANCE FORWARD	709,763	501,311	501,311	583,250	480,075
FEDERAL FUND	291,769	305,241	305,241	304,372	304,372
OTHER FUND	262,410	807,469	807,456	891,754	891,757
<b>NDE - DISCRETIONARY GRANTS - RESTRICTED</b>	111,169,043	12,978,795	43,099,304	12,979,470	12,979,457
GENERAL FUND	1,875	1,875	1,875	1,875	1,875
FEDERAL FUND	28,053,990	12,976,920	12,976,904	12,977,595	12,977,582
INTER-AGENCY TRANSFER	83,113,178		30,120,525		
<b>NDE - ELEMENTARY &amp; SECONDARY ED - TITLE I</b>	156,544,875	104,540,839	104,540,822	104,521,042	104,521,042
FEDERAL FUND	156,544,875	104,540,839	104,540,822	104,521,042	104,521,042
<b>NDE - ELEMENTARY &amp; SECONDARY ED TITLES II, V, &amp; VI</b>	32,577,596	19,007,326	20,350,909	18,455,647	18,455,563
FEDERAL FUND	32,577,596	19,007,326	20,350,909	18,455,647	18,455,563
<b>NDE - STUDENT INCENTIVE GRANTS</b>	540,488	497,302		497,302	
GENERAL FUND	383,382	381,634		381,634	
FEDERAL FUND	157,106	115,668		115,668	
REVERSIONS					
<b>NDE - CAREER AND TECHNICAL EDUCATION</b>	9,035,255	9,219,055	9,219,007	9,272,673	9,276,163
GENERAL FUND	476,103	488,233	488,233	488,233	488,233
FEDERAL FUND	8,559,152	8,730,822	8,730,774	8,784,440	8,787,930
INTER-AGENCY TRANSFER					
INTERIM FINANCE					
<b>NDE - CONTINUING EDUCATION</b>	6,974,922	6,208,069	6,208,061	6,214,003	6,214,002
GENERAL FUND	661,595	661,861	661,861	661,861	661,861
FEDERAL FUND	6,313,327	5,546,208	5,546,200	5,552,142	5,552,141
REVERSIONS					

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<b>NDE - NUTRITION EDUCATION PROGRAMS</b>	89,071,592	104,198,718	104,408,203	113,900,992	114,032,916
GENERAL FUND	380,305	106,934	106,934	107,582	107,582
BALANCE FORWARD	225,955	26,676	26,676	25,662	25,662
FEDERAL FUND	88,465,332	104,055,055	104,264,540	113,757,695	113,889,619
OTHER FUND		10,053	10,053	10,053	10,053
REVERSIONS					
<b>NDE - INDIVIDUALS WITH DISABILITIES (IDEA)</b>	105,995,078	74,691,067	74,730,876	74,762,939	74,803,715
GENERAL FUND	20,991	20,991	100	20,991	100
FEDERAL FUND	105,974,087	74,670,076	74,730,776	74,741,948	74,803,615
REVERSIONS					
<b>TOTAL DEPARTMENT OF EDUCATION</b>	1,942,475,669	1,572,031,334	1,892,661,148	1,582,307,419	1,903,618,796
GENERAL FUND	1,244,894,913	1,104,735,288	1,151,272,994	1,102,115,059	1,177,015,140
BALANCE FORWARD	11,455,658	1,970,129	5,770,129	2,166,832	2,064,230
FEDERAL FUND	440,736,289	339,734,389	341,171,666	348,978,768	348,998,424
INTER-AGENCY TRANSFER	89,449,975	6,283,427	147,744,666	6,215,228	121,341,305
INTERIM FINANCE					
OTHER FUND	155,938,834	119,308,101	246,701,693	122,831,532	254,199,697
REVERSIONS					
<b>COMMISSION ON POSTSECONDARY EDUCATION</b>					
<b>NDE - COMMISSION ON POSTSECONDARY EDUCATION</b>	403,807	406,070	405,086	410,665	410,353
GENERAL FUND	317,283	303,811	302,827	301,447	301,135
FEDERAL FUND	86,524	102,259	102,259	109,218	109,218
REVERSIONS					
<b>TOTAL COMMISSION ON POSTSECONDARY EDUCATION</b>	403,807	406,070	405,086	410,665	410,353
GENERAL FUND	317,283	303,811	302,827	301,447	301,135
FEDERAL FUND	86,524	102,259	102,259	109,218	109,218
REVERSIONS					
<b>NEVADA SYSTEM OF HIGHER EDUCATION</b>					
<b>NSHE - SYSTEM ADMINISTRATION</b>	4,988,931	4,501,175	5,091,560	3,841,254	5,091,560
GENERAL FUND	4,877,471	4,389,715	4,980,100	3,729,794	4,980,100
OTHER FUND	111,460	111,460	111,460	111,460	111,460
<b>NSHE - SPECIAL PROJECTS</b>	3,830,023	1,937,241	1,946,486	1,625,089	1,946,486
GENERAL FUND	2,234,034	1,937,241	1,946,486	1,625,089	1,946,486
BALANCE FORWARD	1,595,989				
<b>NSHE - UNIVERSITY PRESS</b>	614,656	537,892		456,855	
GENERAL FUND	614,656	537,892		456,855	
<b>NSHE - SYSTEM COMPUTING CENTER</b>	18,715,545	16,459,778	16,669,848	14,048,281	16,669,848
GENERAL FUND	18,715,545	16,459,778	16,669,848	14,048,281	16,669,848
REVERSIONS					
<b>NSHE - STATE-FUNDED PERKINS LOAN</b>	41,132	35,653	35,793	29,853	35,793
GENERAL FUND	41,132	35,653	35,793	29,853	35,793



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<b>NSHE - UNIVERSITY OF NEVADA - RENO</b>	178,477,441	146,802,658	175,187,477	132,295,864	174,906,137
GENERAL FUND	117,925,883	84,253,342	119,188,549	69,933,771	119,188,549
FEDERAL FUND			2,854,072		2,856,142
INTER-AGENCY TRANSFER	9,500,000				
OTHER FUND	51,051,558	62,549,316	53,144,856	62,362,093	52,861,446
REVERSIONS					
<b>NSHE - INTERCOLLEGIATE ATHLETICS - UNR</b>	5,328,304	4,534,454		3,817,347	
GENERAL FUND	5,328,304	4,534,454		3,817,347	
<b>NSHE - STATEWIDE PROGRAMS - UNR</b>	5,229,267	4,245,788		3,556,866	
GENERAL FUND	5,229,267	4,245,788		3,556,866	
<b>NSHE - SCHOOL OF MEDICAL SCIENCES</b>	33,194,064	29,816,535	30,394,528	25,861,567	30,877,746
GENERAL FUND	30,018,348	26,308,025	26,886,018	21,869,839	26,886,018
OTHER FUND	3,175,716	3,508,510	3,508,510	3,991,728	3,991,728
REVERSIONS					
<b>NSHE - HEALTH LABORATORY AND RESEARCH</b>	1,702,580	1,434,393		1,216,092	
GENERAL FUND	1,702,580	1,434,393		1,216,092	
<b>NSHE - AGRICULTURAL EXPERIMENT STATION</b>	6,955,069	5,914,211		5,183,555	
GENERAL FUND	5,565,671	4,384,526		3,653,870	
FEDERAL FUND	1,389,398	1,529,685		1,529,685	
<b>NSHE - COOPERATIVE EXTENSION SERVICE</b>	9,525,895	8,126,863		7,172,611	
GENERAL FUND	7,678,549	6,220,844		5,264,522	
FEDERAL FUND	1,153,230	1,324,387		1,326,457	
OTHER FUND	694,116	581,632		581,632	
<b>NSHE - BUSINESS CENTER NORTH</b>	2,139,664	1,805,133		1,529,380	
GENERAL FUND	2,139,664	1,805,133		1,529,380	
<b>NSHE - UNIVERSITY OF NEVADA - LAS VEGAS</b>	247,104,684	218,094,832	227,186,292	199,774,132	227,754,416
GENERAL FUND	145,967,488	76,347,315	135,911,945	57,178,326	135,911,945
INTER-AGENCY TRANSFER	5,696,280				
OTHER FUND	95,440,916	141,747,517	91,274,347	142,595,806	91,842,471
REVERSIONS					
<b>NSHE - INTERCOLLEGIATE ATHLETICS - UNLV</b>	7,465,366	6,457,744		5,424,714	
GENERAL FUND	7,465,366	6,457,744		5,424,714	
<b>NSHE - STATEWIDE PROGRAMS - UNLV</b>	1,233,971	1,054,642		892,178	
GENERAL FUND	1,233,971	1,054,642		892,178	
<b>NSHE - UNLV LAW SCHOOL</b>	12,258,380	10,887,927	10,933,707	9,928,914	10,999,281
GENERAL FUND	7,762,242	6,524,974	6,570,754	5,500,387	6,570,754
OTHER FUND	4,496,138	4,362,953	4,362,953	4,428,527	4,428,527

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<b>NSHE - DENTAL SCHOOL - UNLV</b>	14,124,954	12,701,601	12,721,780	11,788,950	12,912,023
GENERAL FUND	8,179,238	6,384,372	6,404,551	5,281,478	6,404,551
OTHER FUND	5,945,716	6,317,229	6,317,229	6,507,472	6,507,472
<b>NSHE - BUSINESS CENTER SOUTH</b>	1,839,433	1,566,041		1,332,134	
GENERAL FUND	1,839,433	1,566,041		1,332,134	
<b>NSHE - DESERT RESEARCH INSTITUTE</b>	9,314,677	7,498,120	7,570,058	6,365,292	7,570,058
GENERAL FUND	8,239,230	7,349,634	7,421,572	6,216,806	7,421,572
BALANCE FORWARD	926,961				
OTHER FUND	148,486	148,486	148,486	148,486	148,486
<b>NSHE - GREAT BASIN COLLEGE</b>	19,613,999	17,332,602	17,356,661	15,187,998	17,359,806
GENERAL FUND	16,510,575	13,941,066	14,031,554	11,793,317	14,031,554
FEDERAL FUND					
OTHER FUND	3,103,424	3,391,536	3,325,107	3,394,681	3,328,252
<b>NSHE - WESTERN NEVADA COLLEGE</b>	22,491,432	19,748,785	19,894,488	17,511,125	19,976,167
GENERAL FUND	18,472,126	14,941,033	15,029,964	12,621,694	15,029,964
INTER-AGENCY TRANSFER					
OTHER FUND	4,019,306	4,807,752	4,864,524	4,889,431	4,946,203
<b>NSHE - COLLEGE OF SOUTHERN NEVADA</b>	131,036,760	117,044,219	118,940,110	105,688,364	118,861,324
GENERAL FUND	91,430,100	75,944,918	77,587,864	64,667,849	77,587,864
INTER-AGENCY TRANSFER					
OTHER FUND	39,606,660	41,099,301	41,352,246	41,020,515	41,273,460
REVERSIONS					
<b>NSHE - TRUCKEE MEADOWS COMMUNITY COLLEGE</b>	48,470,685	42,194,961	42,711,368	37,661,214	42,650,031
GENERAL FUND	35,748,021	29,890,760	30,603,292	25,418,350	30,603,292
INTER-AGENCY TRANSFER					
OTHER FUND	12,722,664	12,304,201	12,108,076	12,242,864	12,046,739
REVERSIONS					
<b>NSHE - NEVADA STATE COLLEGE AT HENDERSON</b>	16,556,418	13,041,412	13,515,844	11,638,630	13,550,762
GENERAL FUND	13,021,396	9,040,401	9,111,439	7,602,701	9,111,439
FEDERAL FUND					
OTHER FUND	3,535,022	4,001,011	4,404,405	4,035,929	4,439,323
REVERSIONS					
<b>NSHE - W.I.C.H.E. ADMINISTRATION</b>	319,655	317,565	317,565	320,116	320,116
GENERAL FUND	319,655	317,565	317,565	320,116	320,116
<b>NSHE - W.I.C.H.E. LOAN &amp; STIPEND</b>	1,023,027	1,100,076	1,046,869	1,113,946	1,045,500
GENERAL FUND	606,977	558,554	558,554	558,125	558,125
OTHER FUND	416,050	541,522	488,315	555,821	487,375

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<b>TOTAL NEVADA SYSTEM OF HIGHER EDUCATION</b>	803,596,012	695,192,301	701,520,434	625,262,321	702,527,054
GENERAL FUND	558,866,922	406,865,803	473,255,848	335,539,734	473,257,970
BALANCE FORWARD	2,522,950				
FEDERAL FUND	2,542,628	2,854,072	2,854,072	2,856,142	2,856,142
INTER-AGENCY TRANSFER	15,196,280				
OTHER FUND	224,467,232	285,472,426	225,410,514	286,866,445	226,412,942
REVERSIONS					
<b>DEPARTMENT OF CULTURAL AFFAIRS</b>					
<b>DCA - CULTURAL AFFAIRS ADMINISTRATION</b>	868,668	207,233	207,150		
GENERAL FUND	799,029	207,233	207,150		
INTER-AGENCY TRANSFER	49,639				
INTERIM FINANCE	20,000				
REVERSIONS					
<b>DCA - NEVADA HUMANITIES</b>	50,000		40,000		40,000
GENERAL FUND	50,000		40,000		40,000
<b>TOTAL DEPARTMENT OF CULTURAL AFFAIRS</b>	918,668	207,233	247,150		40,000
GENERAL FUND	849,029	207,233	247,150		40,000
INTER-AGENCY TRANSFER	49,639				
INTERIM FINANCE	20,000				
REVERSIONS					
<b>EDUCATION</b>					
GENERAL FUND	1,804,928,147	1,512,112,135	1,625,078,819	1,437,956,240	1,650,614,245
BALANCE FORWARD	13,978,608	1,970,129	5,770,129	2,166,832	2,064,230
FEDERAL FUND	443,365,441	342,690,720	344,127,997	351,944,128	351,963,784
INTER-AGENCY TRANSFER	104,695,894	6,283,427	147,744,666	6,215,228	121,341,305
INTERIM FINANCE	20,000				
OTHER FUND	380,406,066	404,780,527	472,112,207	409,697,977	480,612,639
REVERSIONS					
<b>TOTAL FOR EDUCATION</b>	2,747,394,156	2,267,836,938	2,594,833,818	2,207,980,405	2,606,596,203
Less: INTER-AGENCY TRANSFER	104,695,894	6,283,427	147,744,666	6,215,228	121,341,305
<b>NET EDUCATION</b>	2,642,698,262	2,261,553,511	2,447,089,152	2,201,765,177	2,485,254,898