

**MINUTES OF THE  
COMMITTEE TO STUDY THE FUNDING OF HIGHER EDUCATION  
(Senate Bill 374 of the 2011 Legislative Session)  
February 29, 2012**

The Committee to Study the Funding of Higher Education (Senate Bill 374 of the 2011 Legislative Session) held its third meeting of the 2011-12 Interim on February 29, 2012, in room 1107, Greenspun Urban Affairs Building, 505 South Maryland Parkway, University of Nevada, Las Vegas, Nevada. The meeting was videoconferenced to room 3137, Legislative Building, 401 South Carson Street, Carson City, Nevada; room 111, Center for Molecular Medicine, 1664 North Virginia Street, University of Nevada, Reno, Nevada; and room 130, Greenhaw Technical Arts Building, 1500 College Parkway, Great Basin College, Elko, Nevada.

**COMMITTEE MEMBERS PRESENT IN LAS VEGAS:**

Senator Steven Horsford, Chairman  
Senator David Parks  
Assemblyman Paul Aizley  
Assemblyman Pat Hickey  
Assemblywoman Debbie Smith  
Hugh Anderson  
Jason Geddes  
Gregory Mosier  
Kevin Page  
Michael Richards  
Spencer Stewart  
Michael Wixom

**COMMITTEE MEMBERS PRESENT IN CARSON CITY:**

Heidi Gansert  
Julia Teska

**COMMITTEE MEMBERS PRESENT IN RENO:**

Mike Dillon

**COMMITTEE MEMBERS PRESENT IN ELKO:**

None

**COMMITTEE MEMBERS ABSENT:**

Senator Ben Kieckhefer

**STAFF MEMBERS PRESENT IN LAS VEGAS:**

Alex Haartz, Program Analyst, Fiscal Analysis Division  
Brenda Erdoes, Legislative Counsel, Legal Division  
Patti Sullivan, Committee Secretary, Fiscal Analysis Division

**STAFF MEMBERS PRESENT IN CARSON CITY:**

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division  
Eileen O’Grady, Chief Deputy Legislative Counsel, Legal Division  
Kristin Roberts, Senior Principal Deputy Legislative Counsel, Legal Division

**STAFF MEMBERS PRESENT IN RENO:**

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division

**EXHIBITS:**

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

[Exhibit B](#) – Nevada System of Higher Education – An Alternative Formula, Funding the Nevada System of Higher Education

**I. ROLL CALL.**

Chairman Horsford called the meeting of the Committee to Study the Funding of Higher Education to order at 9:10 a.m. and the secretary called roll. All the members were present at the meeting, with attendance in Las Vegas, Carson City and Reno, except Senator Kieckhefer who was absent excused, and Mr. Dillon joined the meeting in progress.

Senator Horsford thanked the Nevada System of Higher Education, University of Nevada, Las Vegas (UNLV), President Neal Smatresk and their staff for allowing the committee to hold its meeting on the UNLV campus. He said it was great to be on campus. The meeting was important because it afforded students and faculty an opportunity to provide input about a new funding formula for NSHE and for the selection of a contractor to help the committee with information to make recommendations to the next Legislature and the Governor for a new funding formula.

**II. PUBLIC COMMENT.**

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

Ricardo Carnejo, Economics student at UNLV provided comment and pointed out that currently the overall mission of NSHE was that all institutions were access institutions; however, as the different missions of the institutions were changed, the overall mission of NSHE would be changed as well. Moving forward, he thought the system needed to cater to the needs of the most affected students, as the missions were differentiated

within institutions. Mr. Carnejo said the most affected students included those from minority backgrounds, students who were first-generation for higher education, and low-income students. With the impending changes, not all institutions were going to be considered access any longer and he was concerned those students would be given a value, perhaps a higher value at some institutions and a relatively lower value at other institutions. He said if that were case then tuition might be higher at some institutions, no longer making them access institutions. Mr. Carnejo thanked the committee for its time and for holding the meeting at UNLV.

Aimee Riley, President of the ASCSN and chair of the Nevada Student Alliance representing 115,000 students across the state offered comment on a few key points including the tremendous equity issue in higher education, especially at the College of Southern Nevada (CSN). She said there was a large disparity in the funding of CSN versus the other institutions with CSN receiving the least funding, but serving the most (approximately 40,000) students. Ms. Riley stated CSN also served a vulnerable population of students who could not afford to go to UNLV or other higher education institutions. She said CSN students supported the retention of out-of-state tuition and fees at the institutional level. This allowed the institutions to control their resources and keep the monies locally on campus in order to best meet the needs of the students and increase student success. Another point Ms. Riley addressed was to insure meaningful higher education for students by offering meaningful quality degrees that allowed for training. Offering certificates of value that were stackable, allowed for credits to be earned toward Certificates, Associate's, Bachelor's or Master's degrees. She thought it was important to keep local talent in Nevada rather than have people leave in pursuit of better opportunities. Ms. Riley indicated the students were concerned about paying more for less and the state needed to start investing in higher education. She realized during every legislative session it was a tough choice to cut the higher education budget, but from a student perspective cutting the higher education budget meant higher tuition and diminished student services. This process reflected a constant cycle of cutting funding and the students paying more for less services. Ms. Riley said students could not afford higher tuition as many were unemployed; others balanced family demands with parenting and attending classes. Many people had returned to school to gain new skills, become marketable and give back to the state. Ms. Riley stressed that students wanted to be contributing members of the state, but were seeing less opportunity to access higher education. She thanked the committee and asked the members to keep her points in mind when making decisions.

John Farley, President, Nevada Faculty Alliance, UNLV Chapter, Physics Professor, UNLV, urged the committee to throw out the current funding formula because it did not fund UNLV or the University of Nevada, Reno (UNR) as research institutions. He explained that at a research institution faculty in the sciences had to write proposals to funding agencies to secure funding, to administer grants and contracts, to perform experiments in a laboratory and perform calculations, and to write up manuscripts for publications in scientific literature. It was a large amount of work which was not reflected in the current funding formula. He thought the current funding formula did not promote the interests of UNLV or UNR as research institutions, and the expectations

placed on research institutions were high as state leaders looked to university based research to help lead the way to economic diversification and economic recovery. Dr. Farley expressed that research was a part of education, not just graduate education, but also undergraduate education. In the physics department, it was a requirement for a student to perform a research project in order to obtain an undergraduate degree. He said 300 undergraduate students did research in his laboratory in the summer of 2011 and at UNLV, typically 50 undergraduate students from all the sciences participated in research. There were also undergraduate researchers in engineering at UNLV, with similar programs at UNR and about 40 students statewide who participated in the UNR/UNLV undergraduate research symposium held every April in alternating locations north and south. Dr. Farley said the money spent on research produced a return for students who worked in a laboratory at all levels, a return for the regional economy for the quality of life that benefited from innovation, and a return for the system of higher education and the university, which received a significant return on its investment in funding invested in scientific research. He asked the committee members to not only consider including a research component, but to have it be sufficient to create incentive for the university to fulfill that part of its mission. He thanked the members and stressed for the committee the need to adopt a new funding formula that reflected the research mission of the research universities.

Neal Smatresk, President, UNLV, thanked the committee and welcomed them to the campus at the Greenspun Urban Affairs Building, an incredible facility made for the benefit of advanced study for students in communications. He said it was one of the smartest classrooms in the country due to the technology, and showcased the kind of opportunities that could be created in higher education for students to participate in very sophisticated programs of education. Dr. Smatresk wanted the committee to know that all his colleagues in NSHE were dedicated to producing high quality education for an incredible workforce to help the state create the future needed in Nevada. He appreciated the work the committee was doing and offered UNLV's services to help the members understand the university's research mission or how the university interacted with UNLV's colleagues at CSN and Nevada State College (NSC). Dr. Smatresk encouraged the members to contact UNLV for a tour and for an in depth and granular understanding of the university. He wished the committee luck in its deliberations in support of higher education in Nevada.

Christopher Hudgins, Dean of the College of Liberal Arts, UNLV, said the College of Liberal Arts was currently the largest college on campus. He came to UNLV in 1976 when there were only about 8,000 students and no Ph.D. programs. Dr. Hudgins noted the College of Liberal Arts was proud of the fact that the English Department graduated the first Ph.D. candidate in UNLV's history. As English Chair for many years, Interim Dean and Dean, he had seen three or four periods of financial strife and then the blossoming after that financial strife, as well as decades of regional wrangling and of tension between the System and the state. He urged the committee that it was time for a new formula and to be sure the process included an independent assessment, because it was time Nevada recognized the need for national expertise to support the state's efforts in solving the decade's old problem. Dr. Hudgins also stressed the

committee consider the central importance of the differentiation of mission of the two research universities and the continuing importance of those research universities to the economic diversity building for the state. He said research faculty at UNLV and UNR taught in undergraduate classrooms as well as graduate classrooms and there was educational excitement from the undergraduates as they began to perform research at the university level. That research prepared the undergraduate students for graduate work and for entering the workforce. To have a graduate faculty member who was on the cutting edge of his research field was central to a good undergraduate and graduate education. Dr. Hudgins asked the committee to consider the research libraries in any realistic research based formula. He thought the research libraries were essential to the universities mission to serve the community, undergraduate students, graduate students and research faculty. He said he was fortunate to be educated at a top ten North Carolina academic college and while there watched the birth of the research triangle. Davidson College where he was a student was currently one of the most successful research university based diversity operations in the county and it had made an impact on North Carolina. Dr. Hudgins thought the committee had the opportunity to make an impact on Nevada and take the first steps toward the planning for the state's future, which depended on the higher education system. He emphasized Nevada needed a funding formula that would allow the two research universities to do impactful work for the state, the students and for the communities, both north and south. Dr. Hudgins thanked the committee for letting him speak and appreciated their attendance on campus.

Peter Starkweather, Dean of the Honors College, Biology Professor, UNLV, was a faculty member for 33 years and came to UNLV before it was a research university, with only 8,500 students. He was privileged to facilitate the development of UNLV's first Ph.D. program in collaboration with UNR and the Desert Research Institute (DRI), which started graduating Ph.D. students in the late 1980's. Dr. Starkweather said when the university began to develop Ph.D. programs in English and the life sciences the quality of the faculty attracted to UNLV was palpable. The university was suddenly an institution that was attractive to the best new faculty and senior faculty from throughout the country and the world, which was a dramatic change from the demographic hiring profile of non-research institutions. He stressed the students needed research and creative, active faculty. In attracting instructors for the Honors College, he looked for great teachers, those who were interested in interacting with bright undergraduates and those active in their respective fields of research and creativity. That criteria was important because the faculty needed to model great behavior, academic behavior and intellectual behavior to which the students could aspire. Dr. Starkweather also said the Honors College was privileged to oversee the senior thesis work at UNLV, which included exceptional research and creativity covering a full range of subject matter. The faculty members who served as mentors for the senior theses were all creative individuals, active in research and added to the intellectual vibrancy of UNLV, Southern Nevada and the state. If UNLV did not have an established mission, it would not have been able to attract these types of faculty members to promote the continuity of the mission that research and creativity implied. He noted that four out of five Honors College students went on to graduate or professional schools, with most receiving

full-ride scholarships. Numerous students had won nationally competitive scholarships, including Fulbright Fellows, Truman Fellows and Goldwater Scholars, which he attributed to the students working with scholars, the faculty at UNLV. Dr. Starkweather urged the Committee to make recommendations that reflected the necessity of the research institutions (UNLV, UNR and DRI). He also asked the committee to recognize that research institutions represented the central success of American higher education that made it a model for the world and why so many students came from hundreds of countries to attend. It was clear to those in academia that UNLV needed to stay as a research institution, and continue to grow. He thanked the committee for allowing him to speak.

Tom Bussey, Doctoral Candidate, Chemistry Department, took the opportunity to echo the previous comments made about the research mission and the research component of the funding formula. He chose to pursue higher education in the state of Nevada and at UNLV because of the research opportunities available in the departments, which he did not attribute to state supported funding. He thought research was able to flourish at UNLV in spite of the current funding formula and the state needed a funding formula that encouraged more students to come to Nevada to pursue the rigorous and important work at UNLV, UNR and DRI. Mr. Bussey said the state needed a research component to the funding formula that supported that mission and did not disregard its importance. He was privileged to serve in the Graduate and Professional Student Association (GPSA) as the chair of the Grants Committee, which funded graduate student and professional student research and conference travel. One of the things the committee took seriously was not only equability and distribution of funds, but also the efficiency of the funds that were spent and whether the university received a return on the funding. Mr. Bussey stated research produced a significant return on investment. The research conducted at UNLV brought in a significant portion of budgetary funds that were able to support other activities. Supporting research through the funding formula would encourage more faculty and more research. He thanked the committee and encouraged the members to consider including research in the funding formula.

Mary Guinan, Dean of the School of Community Health Sciences, UNLV, had been at the university for seven years and there was not public health training before her arrival. She was hired to build a research program and was recruited because of her 20 years of experience doing research in the health sciences at the Centers for Disease Control and Prevention in Atlanta, Georgia. Dr. Guinan was a professor of epidemiology and emphasized to her students and faculty that evidence-based decision making was necessary. She supported the idea of performance based funding and to have metrics that showed what the performances were, which became evidence-based decision making. Dr. Guinan said her unit at UNLV brought in more money per faculty member to perform undergraduate and graduate research than any other unit at UNLV. She noted an undergraduate student along with Dr. Shawn Gerstenberger studied the mercury levels in canned tuna sold at supermarkets throughout Southern Nevada and the research revealed excessive mercury in the tuna. The student published the data, which was sent all over the nation, and the student went on to a scientific career. It was very important research done by an undergraduate student with a graduate student

idea. Dr. Guinan thought it was important to understand that the education of a student at a four-year research based university cost more than at a two-year college and the cost difference needed to be acknowledged. She said the difference in the percentage in cost to educate a student in the two types of institutions should be included in the formula, along with metrics for performance. She thanked the committee.

Sebring Frehner, student, NSC, and community organizer in Southern Nevada requested to develop a new funding formula and discard the current formula. He thought the current formula might have worked when it was originally implemented, but it had not worked for a while. Mr. Frehner asked the committee to consider a new formula to be data driven by metrics. He thought one that was data driven by metrics was the most equitable way to distribute funding and wanted to use the successes of the institutions in a way that allowed for the schools to be challenged to greater heights. He did not want to see funding reduced another year in a row for education throughout the state and in addition to thanking the committee said it was important to get the formula right this time.

Carol Servino, Ph.D. student, Public Affairs program, Greenspun College of Urban Affairs commended the committee for tackling the funding formula problem realizing the solution was not easy. She had lived in Las Vegas for five years and moved to Nevada after earning her Master's Degree from a research university in New Jersey. She had not considered studying for a Ph.D. as an undergraduate. When she was accepted into the Ph.D. program at UNLV after working a year with her Master's Degree qualifications, she began as a graduate assistant and learned she was a good instructor. Talented undergraduates appreciated the time she spent providing feedback, support and encouragement, which was what she needed as an undergraduate. Ms. Servino said she was traveling to New York to deliver a paper based on her research in the social sciences on life and death, specifically on the deaths of police officers and motor vehicle crashes. She credited the GPSA with providing funding for students such as her for research, because graduate students typically did not qualify for other funding. Ms. Servino noted that in one of the classes she taught, Enterprise Risk Management, she explored the difference between risk and uncertainty in which uncertainty was the unknown, but risk could be measured and was a degree of a possibility. She taught her students that one could minimize the risks. She asked the committee to consider that there was a difference, it cost more, but with retooling and reform, she was hopeful it could be a change for the better. Ms. Servino thanked the committee and supported the committee's process to fix the problem.

Mark Ciavola, undergraduate student, College of Liberal Arts, UNLV and a Senator representing the College of Liberal Arts in the Consolidated Student University of Nevada (CSUN) thanked the committee for its work on the funding formula and was privileged to have worked with many of the members on past issues that spanned party lines and ideology. He said it was extraordinarily important to have a proper funding formula to address some of the funding challenges and thought the universities and colleges should be able to retain more of the revenue collected in order to be more independent from the volatility of the state's General Fund. Mr. Ciavola noted that the

recent economic crisis greatly affected Nevada, compared to other states. He said when the state's General Fund was affected, so was education. He was concerned with performance-based measures because the link between that type of funding and graduation rates could create an issue like No Child Left Behind, where people "gamed" the system to receive funding at the cost of producing well-educated graduates. Mr. Ciavola reminded the committee that tuition at UNLV had doubled since 2005 and students suffered the consequences. He implored the committee to find an adequate and appropriate solution, with efficiency built into decisions made during the study, and to pass it in the 2013 Legislature, so the state could move forward. Mr. Ciavola thanked the committee.

Mercedes Shafer, undergraduate student, Sociology Department, UNLV said the formula funding should be rewritten because a formula that took 75 percent from Southern Nevada and diverted more to Northern Nevada without giving the southern students their money back, did not work. She thought the students paid more for tuition and received less in services.

Jim Richardson, Lobbyist, Nevada Faculty Alliance served at the request of Governor Guinn on the last formula study and was also asked to serve on the Assembly Bill 203 committee that addressed problematic and funding issues. When Governor Guinn invited him to participate, he asked if Dr. Richardson thought he could represent all the faculty in the state. Dr. Richardson answered yes and he hoped he had succeeded in speaking for all the faculty statewide on those two committees. He said the last formula study developed a set of formulas that everyone, including the committee, representatives north and south and various institutions agreed to at that time; however, the formula had been tweaked a bit since. When the committees worked on those funding formulas comparison groups were developed for each of the institutions and the committee tried to figure out what the average levels of funding were for the various types of institutions, which became a benchmark of 100 percent of funding. He explained that the state never achieved more than an 85 percent funding level and in recent years, it had been in the low 70 percent. The formula's biggest problem was the lack of money and if 100 percent funding levels at average levels of support had been achieved for institutions of the type in Nevada, he thought many of the problems being addresses at the meeting would have gone away. Dr. Richardson indicated his plea was for higher education funding to become more of a priority in the state and for higher education funding not to be a place to balance budgets in the future. If there was going to be economic diversification in the state, the universities and DRI had to play a role in that important effort, but funded adequately in order to accomplish that role. He thought the committee would approve a new formula that incorporated performance funding in some form. One of the major criticisms of the previous formulas was that the institutions were paid for enrollments and not for graduation rates. Performance funding was a recommendation of the last formula funding committee, but it never got any funding. Dr. Richardson said performance funding should be discussed along with new funding; additional funding on top of what the institutions were currently getting, otherwise it came out of the basic funding that had already suffered tremendous budget cuts. He urged the committee to approve performance funding and thought all the

institutions were ready to face that challenge, but it was going to take new funding to make it effective. The current formula did not include an element for research; however, it was discussed, but was not included due to the lack of funding. He applauded the comments already made by others on the necessity of funding research. Nevada needed a workable and sophisticated formula that recognized the importance of research, economic diversification and the effort to encourage entrepreneurship in the state. Addressing the research component supported graduate students' need to work in the labs and then stay in the state once they obtain their training. In closing, Dr. Richardson called on the committee to recognize the differentiation within the system where every institution had an important role to play. It was necessary for the formula to recognize the need for new funding for the research institutions, but then not forget the community colleges or NSC. When he was on the Assembly Bill 203 committee, it was strongly recommended that CSN needed a significant infusion of funding to meet its growth to develop proper infrastructure to serve the students and Dr. Richardson still supported that funding recommendation for CSN. He hoped that whatever the committee decided included recognition of the differentiation of the institutions within the system with equitability and a higher priority given for higher education in Nevada than in the past. He thanked the committee.

Chairman Horsford outlined his approach to the agenda for the remainder of the meeting. He intended to take item VII, the status on the NSHE alternative formula funding model, out of order followed by item IV, review and update of the RFP by staff, with possible action by the committee to extend the committee work timeline to allow for additional time for the selected contractor to complete their work. Under item V, the respondents to the RFP would be given 10 to 15 minutes to provide a presentation, with 10 minutes to answer questions from the committee members. Out of fairness to each of the potential consultants, Chairman Horsford intended to ask the bidders to wait in the lobby until called one by one to make their presentation. Before the committee took action on the selection of a consultant, he wanted to take additional comment from faculty, students and other additional stakeholders, which was item VI. Returning to item V, the committee would discuss and select a consultant. He stressed the agenda contained items that reflected an important part of the committee's overall work. The time and effort put into the process would help generate a good work product to be utilized throughout the study.

### **III. APPROVAL OF MINUTES OF THE JANUARY 11, 2012, MEETING.**

Chairman Horsford asked for approval of the minutes of the January 11, 2012, meeting.

SENATOR PARKS MOVED TO APPROVE THE MINUTES OF THE JANUARY 11, 2012, MEETING. ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Mr. Dillon was not present for the vote.)

**VII. UPDATE BY THE NEVADA SYSTEM OF HIGHER EDUCATION ON THE STATUS OF THE ALTERNATIVE FORMULA FUNDING MODEL.**

*This agenda item was taken out of order.*

Daniel Klaich, Chancellor, Nevada System of Higher Education, reported on two primary activities NSHE had been working on related to the alternative funding formula model. The first was the interaction between NSHE staff with faculty and students to discuss the proposed model, and the second was an update on the status of the model. He pointed out that since the January committee meeting, the interactions with faculty and students regarding the alternative funding model had been numerous. Chancellor Klaich had met with the eight institutional presidents every Friday to discuss the alternative model; had participated in two additional three-hour sessions devoted to developing the model; and provided periodic written updates to the faculty and student body presidents. In addition to written updates, he said there had been town hall meetings including all the institutions and monthly meetings with the faculty senate. He had appeared before the UNLV faculty senate to specifically discuss the model and was “grilled” by the chairs from NSC and CSN. Chancellor Klaich also expressed he had spent one-third to one-half of each of his day on this subject from the beginning of 2012.

The second activity presented by Chancellor Klaich was the work the NSHE had done on the proposed alternative model since the January committee meeting, which was outlined in the handout entitled *An Alternative Formula Funding the Nevada System of Higher Education* ([Exhibit B](#)). He outlined three major areas of work the model included (page 2):

- Discipline Clusters and Weights – referred to as the matrix
- Performance Pool Funding
- Implementation

Chancellor Klaich said NSHE staff had spent the bulk of their time preparing the matrix for the funding formula, which was the first major area of work. He indicated that staff concluded the current formula could not be fixed and a new formula was needed in order to align NSHE’s interest with the state which rewarded goal attainment, performance, data, and metrics. He thought it was important for the formula to reinforce mission differentiation, provide incentives, and be simple and understandable to everyone. On page 6 ([Exhibit B](#)) he pointed out a series of principles developed as a result of feedback from different groups of people after his presentation at the January 2012, committee meeting. Chancellor Klaich said NSHE recommended that the new formula allocate General Fund dollars only. In addition, 100 percent of student registration fees and out-of-state tuition would be retained by the respective institution

where it was generated. He indicated the new model proposed the exclusion of non-resident weighted student credit hours, including Western Undergraduate Exchange (WUE) students so that the General Fund appropriation only was based on the work product of Nevada residents. Chancellor Klaich pointed out that if the committee wanted NSHE to be entrepreneurial then retention of the out-of-state tuition would make the system responsible for making that retention profitable at the respective institutions. Other recommendations for the model included basing it on course completions rather than enrollments, and accounting for a research mission of the universities by adjusting upper-division, master's and doctoral weighted student credit hours. The model also reflected a base administrative support for small community colleges, which would be phased out as the college grew. Lastly, he said operation and maintenance of buildings would be in the model; however, staff was struggling on how to make that issue work. Referring to pages 7 and 8, Chancellor Klaich said NSHE staff worked with the National Center for Higher Education Management Systems (NCHEMS) and asked them to prepare a draft instructional matrix that reflected various costs of clusters, which were listed from the lowest to the highest cost (page 7). After NCHEMS provided the draft matrix, NSHE staff catalogued every course offered in the system and gave it back to NCHEMS for their recommendations of weighting assigned to the various clusters (page 8). The weightings were derived from cost studies performed in Texas, Ohio, Illinois and Florida. He explained the weightings were cost informed because these states had done cost studies for many years and had years of longitudinal data that showed relevant trends that were consistent among those states. He said it was important to rely on the longitudinal data from the other states rather than trying to do a cost study in Nevada mainly because of time, but also because it might only reflect a conglomeration of past decisions that might have been good, bad or inefficient.

Chairman Horsford asked about NCHEMS, who they were and their affiliation with NSHE. He thought they had produced some significant conclusions and although it was important to rely on information from other places, it needed to be an "apples to apples" comparison.

Chancellor Klaich said NCHEMS had consulted with the state of Nevada and with NSHE, including the Assembly Bill 203 (2003 Session) study. He had hired NCHEMS twice to obtain data from other states to help with policy information. He said NSHE did not have a formal affiliation with NCHEMS.

Chairman Horsford asked if NCHEMS was a consultant to NSHE and if it was a private company or associated with another organization or entity.

Chancellor Klaich said NCHEMS consulted the system as well as nationally. He indicated NCHEMS was located in Boulder, Colorado and he did not know the actual organization, but it was possibly a 501C-3. In his opinion, NCHEMS was more knowledgeable about higher education funding than any other entity he knew. Chancellor Klaich said it was critical for the selected consultant to the committee to take a hard look at the matrix. If the matrix was discovered not to work, then the whole

proposed funding formula would not work, because it was the matrix that reflected the relative cost of the offerings, it differentiated the mission, and it funded the research component. He indicated it was a cost driven matrix and did not include any policy component.

Chairman Horsford was concerned whenever weights were given that there needed to be a rationale and a justification for the reason behind that intent. He wanted to understand the justification, because it looked like a ranking process. Chairman Horsford also wondered if the cost of the program denoted the numerical rankings and whether the number of tenured faculty in a particular program had any bearing.

Chancellor Klaich stated that an undergraduate liberal arts course would be considered a number 1.0 discipline weight. He said the weighting did consider the number of tenured faculty in a program, but that was the reason long-term longitudinal data was used to develop the matrix because it would difficult to know exactly what an English 101 course was at UNLV, versus NSC and Great Basin College (GBC). He reiterated it was a cost driven matrix.

Continuing, Chancellor Klaich indicated the first driving factor of the proposal was the matrix and the second was the concept of a weighted student credit hour (page 9). The weighted student credit hour was the amount the formula would generate for each weighted student credit hour effectively establishing a system-wide price for course completions, which would then be allocated among the seven teaching institutions. He wanted to also make it clear that this referred to the teaching budgets and not the non-formula budgets or budgets such as DRI. Chancellor Klaich said NSHE staff catalogued every course offered in the system, then catalogued every course completed in the system and that reflected the number of student credit hours completed at every institution throughout the state. The matrix was populated with those student credit hours and then were weighted appropriately. Those weights were broken down among every institution in the system and would be paid on an equal basis. He cited an English 101 course at UNLV would be paid the same as an English 101 course at Truckee Meadows Community College (TMCC). He had been criticized for the higher costs of differing institutions and there were legitimate arguments to be made; however, he expressed that making those types of differentiations were extraordinarily difficult. Pages 1 through 10 ([Exhibit B](#)) showed most of the work he did with the institution presidents since January which included looking at the matrix, populating the matrix and then determining where the weights were inappropriate, as well as determining an appropriate factor for a scale for research.

Referring to pages 10 and 11 ([Exhibit B](#)), Chancellor Klaich indicated the second area of work for the proposal was performance funding. He was pleased to be partnered with the Governor on a grant through the National Governors Association (NGA) that dealt with data performance, metrics and accountability, which were all part of the NSHE proposal. Performance funding, he thought, was one of the most critical issues

of mission differentiations because a community college was not the same as a research institution. In defining the metrics for performance in this part of the formula, he cautioned there would be different metrics. Chancellor Klaich explained that largely at the universities it was graduation that counted, but in addition, how the institution increased its funded research should also be taken into account. The community colleges would have a different metric because they were access missions. Many students came to community colleges unprepared so it was critical when the college got that student to complete their first college level class. He said the performance pool was a work in progress and expected to have it vetted by the next meeting of the committee in April and provided to the selected consultant. Chancellor Klaich stated the third area of work was implementation (page 13). As consistent with previous formula studies, a phased implementation over two biennia was recommended, with retention of the concept of 3-year weighted averaging to smooth out significant shifts that could occur from one school year to another and from one biennium to another. Chancellor Klaich concluded his presentation by thanking the presidents of the eight institutions who assisted with the model. He said it had been difficult work, but thought it provided critical recommendations to assist the committee in its work and eventually vetted by the selected independent consultant.

Chairman Horsford asked him to explain again if the non-resident enrollments were excluded from the formula and if it included WUE students.

Chancellor Klaich said NSHE participated in WUE, which allowed institutions to accept student from neighboring states at a discounted rate. He indicated that some institutions utilized that method of recruiting while others had recruited with full pay, non-resident tuition. The way the current formula worked, the institution who recruited with full-pay non-resident tuition was at a disadvantage. As an example, he said in the proposed model if an out-of-state resident took 15 credits at TMCC, his credits were pulled out of the calculation entirely and TMCC had to rely on the fees and out-of-state-tuition it received from that student to cover the expense of his education. With this proposal, the state would only pay for the education of Nevada students, not students from other states.

Assemblywoman Smith asked where the cost of remediation factored into the formula.

Chancellor Klaich replied in one way remediation factored in the formula and in another way NSHE would not make a recommendation. He explained that remedial education at a level that could prepare the student for college courses was still funded by the state in the community colleges and those credits were counted in the matrix, but were not given a weighting. It was a controversial discussion because it could be argued that it took more effort and assets to get a student to a college level course and should that be recognized. However, he said NSHE decided not to encourage behavior that seemed to reward underperformance.

Assemblywoman Smith understood why remediation had been shifted to the community college system, but she was concerned that the cost to provide remedial education

would continue to be present, but potentially the funding would no longer be included in the formula.

Chancellor Klaich said remediation was also reflected in the performance side of the calculation. One of the things measured was how quickly students that came to the community colleges not ready for college-level courses were brought up to college level and completed their first course. However, the cost for bringing that student to the college level would not be measured.

Dr. Mosier thought using the student credit hours to fund the research mission might lead to skewing of NSHE's opportunity to align with the economic development plans of the state. He said the industry sectors identified for economic development, including technology, renewable energy and healthcare would not necessarily generate the types of student credit hours generated in other disciplines, but would be rewarded through a budget formula that used student credit hours at the graduate level. Dr. Mosier said the UNLV faculty who spoke in the public comment part of the meeting talked about differentiation of research. He pointed out that those were usually small laboratories, which were very expensive and used by a small number of students, but the budget would be driven by large numbers of students and were not necessarily central to the economic development activity.

Chancellor Klaich said the weighting of upper division and graduate courses was intended to produce a pool of dollars for the universities to use as they see fit in the discharge of their mission and would not be told how to utilize the funding. He said there might be other ways to measure that capacity and build it into the formula, but he was concerned that a metric would be used that would not allow UNLV to advance at an appropriate pace and creation of a pool based on the activity at the respective campuses met that need. Chancellor Klaich said there might be another way and the selected consultant might propose something else. He thought it was a fair way to fund research, although he expected it to be a relatively unattractive answer.

Assemblyman Aizley asked if NSHE had tested the formula, had applied it and if it working.

Chancellor Klaich said innumerable tests had been run on the formula; however, one of the problems was that not all the drivers had been worked out to this point. He did not know about the sufficiency of the formula and did not recommend knowing, because part of this exercise was to create a funding environment that returned more autonomy and flexibility of funding decisions to the campuses where it was the presidents' and provosts' job to allocate the funds derived from the formula for the best use on their respective campuses. All of the tests had demonstrated that there was a lower level of funding at some institutions and a higher level of funding at other institutions that people considered like institutions and therefore adjustment needed to be made.

Chairman Horsford said that information would be included in one of the consultant's deliverables and the information reported to the committee.

Chancellor Klaich said NSHE staff looked forward to working with any of the consultants and would provide any data or assistance to anyone the committee selected.

Assemblyman Hickey asked when the model was presented to the consultant would it reflect the various allocation formulas for each institution. He wanted to know if the committee at some point would be reviewing what the numbers could likely be in the formula.

Chancellor Klaich said absolutely and thanked the committee for allowing him to present.

#### **IV. REPORT FROM STAFF ON THE EVALUATION OF PROPOSALS SUBMITTED BY PROSPECTIVE CONSULTANT(S) TO ASSIST THE COMMITTEE IN THE STUDY OF THE FUNDING OF HIGHER EDUCATION IN NEVADA.**

Alex Haartz, Program Analyst, Fiscal Analysis Division directed the committee to the meeting packet (page 31, [Exhibit A](#)) to the Revised Scope of Work, the original RFP and the Revised RFP. After discussion, at its January 11, 2012, meeting the committee authorized staff to revise the RFP to include the NSHE alternative model and change several items to become optional deliverables under the scope of work. Mr. Haartz said the Scope of Work released in the Revised RFP began on page 37, with the first substantive change on page 39, which directed the interested vendors to include the NSHE alternative model as part of the basic comparative analysis on other states inventories and best practices information. He explained it was not an optional deliverable and the consultant would be expected to analyze the existing NSHE funding formula, the alternative model, and compare both against all other states' funding methodologies. On page 40, he pointed out the first optional deliverable reflecting the committee's interest in understanding how other states funded economic development and workforce development in the context of funding higher education in those states. The revised RFP required vendors to indicate whether they would undertake the optional deliverable and to include the cost for providing the optional deliverable in their proposal. Mr. Haartz indicated the second deliverable (page 41) regarding the use of performance criteria and how states incorporated performance funding included an optional aspect to determine how states' performance criteria aligned with the National Governors Complete College of America initiative, as well as the Nevada Board of Regents' Strategic Plan. The prospective consultant was asked to comment or provide information on which performance measures had been found to be the most effective and why they were effective. Mr. Haartz said another change to the RFP was the revised Committee Work Timeline (page 59, [Exhibit A](#)). The consultant was originally going to be selected at the January meeting, but the delay until February necessitated a change in the timeline to provide the consultant sufficient time to complete all the tasks. He also noted the timeline was adjusted for receipt of the final deliverable from the consultant on June 27, 2012, which was intended to be the last committee meeting. Instead, it was proposed for the committee to meet for the final time on

August 15, 2012. Mr. Haartz said all of the other meetings on the timeline were previously scheduled and approved by the committee.

Chairman Horsford asked for a motion on the new revised Committee Work Timeline.

ASSEMBLYWOMAN SMITH MOVED TO APPROVE THE REVISED COMMITTEE WORK TIMELINE ADJUSTING THE SCHEDULE TO INCLUDE THE FINAL COMMITTEE MEETING ON AUGUST 15, 2012. DR. GEDDES SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY. (Mr. Dillon was not present for the vote.)

#### **V. DISCUSSION AND SELECTION OF A CONSULTANT(S) TO ASSIST THE COMMITTEE IN THE STUDY OF THE FUNDING OF HIGHER EDUCATION IN NEVADA AND AUTHORIZATION OF STAFF TO NEGOTIATE A CONTRACT(S).**

Presentations of proposals received in response to the Revised Request for Proposals were provided by representatives from the following companies:

- MGT of America, Inc.
- Public Financial Management, Inc.
- SRI International
- The Stillwater Group
- Western Interstate Commission for Higher Education (WICHE)

Chairman Horsford announced each company representative was allowed 15 minutes to make a presentation on their company's proposal, with an additional 10 minutes to answer questions from the committee members. The presenters were taken in alphabetical order according to their company name. To ensure fairness, Chairman Horsford requested that presenters remain in the building's lobby while other company's' representatives addressed the committee.

#### **MGT of America, Inc. – Mary McKeown-Moak, Senior Partner**

Ms. McKeown-Moak said MGT was a major public sector consulting firm, which had been established for 38 years primarily to serve higher education. MGT was founded in Tallahassee, Florida, but had expanded to include offices in Austin, Texas; Olympia, Washington; Sacramento, California; and Washington D.C. The firm was known as the premier consulting firm in the development and evaluation of funding and resource allocation models for higher education and in accountability models. She said there were no subcontractors included in the proposal, because MGT had sufficient staff to do the work even on the constrained timeline set for the committee and the selected consultant. Ms. McKeown-Moak thought MGT brought a significant amount of attributes

that made the firm an ideal consultant for this important project. She said MGT completed a study for NSHE in the previous year, which analyzed the current funding formula and made recommendations, many of the same ones the committee was considering in this legislative study. However, Ms. McKeown-Moak emphasized that MGT was not asked to suggest a different funding formula, but rather only to suggest improvements to the current funding formula that perhaps made it more equitable. She said MGT did not address the issue of adequacy; however, the study included performance components, identified the differentiating missions of the institutions and looked specifically at a funding component for research. Ms. McKeown-Moak remarked that MGT had previously worked with numerous legislators, legislatures, legislative committees, executive offices, governors and state boards on funding, as well as with 45 states on funding and resource allocation in higher education. MGT understood the challenges and constraints that went into developing a funding formula. She said MGT also understood the environment in Nevada and the perception of citizens across the state. In the evaluation of the current funding formula, MGT staff traveled throughout the state and met with educators, citizens, students, legislators, and visited every institution including the Desert Research Institute. Ms. McKeown-Moak indicated that MGT was objective and independent, and wanted whatever was developed to be the best possible for the state. She said MGT had an extensive library on funding and resource allocation and performance measures developed through historical records dating back to 1949 when the state of Texas developed its first funding formula. Funding formulas had changed significantly since that time and the new trend was performance funding. Ms. McKeown-Moak noted that MGT's proposal was designed to meet the full scope of work including the optional items. Although MGT planned to meet the first April 13, 2012, deadline she commented it would be tight. However, MGT had a significant database and staff had already been working daily and checking the news to keep up with all the changes other states were making in their funding. It was MGT's intention to work closely with the committee and staff in order to provide exactly what the committee wanted. MGT proposed to perform six tasks that included the initial task of finalizing the work plan. She said the first task was to develop the inventories, and the second task to look at performance components and states funding with a comparison of Nevada to other states. The third task was to look at the use of enrollments as a base and the examination of the budgeting of student-derived revenues comprised the fourth task. The last task was for MGT to attend at least four of the committee meetings. Ms. McKeown-Moak explained that the inventories would compare both the current formula and the alternative formula proposed by NSHE. She also reiterated MGT proposed to provide both of the optional deliverables, which included the funding for state economic and workforce development, and how performance criteria aligned with the NGA Complete College of America. Ms. McKeown-Moak indicated that not every state used funding formulas and some states only used formulas for certain components, such as community colleges. MGT would look at every state that used funding formulas to ensure an understanding of their funding methodologies. She was confident that MGT could complete the assignment within the designated timeline and looked forward to working with the committee and staff.

Chairman Horsford said it appeared that MGT had an extensive background in working with higher education systems and university programs on funding formulas. He understood that MGT had been engaged to make recommendations on the existing formula and that report had been shared with the committee. Chairman Horsford said there were concerns that the material was dated, with some of it dating back to 2006. He asked if the material was dated because MGT did not have access to the data.

Ms. McKeown-Moak said MGT used the 2006 report that was done for the State Higher Education Executive Officers (SHEEO) because it was the last completed national survey. However, the information was updated when MGT looked at the performance funding components. At the time the report was delivered, the performance funding components provided the most recent available information. Ms. McKeown-Moak commented that SHEEO had joined with Western Interstate Commission for Higher Education (WICHE) as another bidder for the current higher education study.

Chairman Horsford asked her to explain if MGT utilized data from SHEEO or relied on certain data they provided.

Ms. McKeown-Moak said MGT gathered data and produced the report for SHEEO to publish and use as a standalone document on their website. The information MGT produced was also used at SHEEO's professional development conference, which was held for the coordinating or governing board people across the 50 states and territories. She indicated the report was the last one published.

Chairman Horsford clarified that 2006 was the last time that information was available and that MGT did the report.

Ms. McKeown-Moak said MGT produced the report and that was the last time the national report was created.

Chairman Horsford said MGT's proposal included the optional components for economic development and workforce development. He asked how MGT would approach those two elements.

Ms. McKeown-Moak said when MGT surveyed how other states funded higher education it was their intent to also look at the states' performance components. If the performance components contained components for economic development and workforce development that information would be extracted. For example, she pointed out that for the last ten years Ohio had used a successful workforce development component. Ohio utilized a performance pool and if the colleges increased the number of graduates in a certain field of study, such as engineering, in response to the needs of specific areas of the state, the college received additional money. She also cited that Hawaii had just started putting in performance components that specifically referred to economic and workforce development. For the second optional deliverable, which was how states performance criteria aligned with the NGA Complete College of America

goals and the Nevada Board of Regents strategic plan, Ms. McKeown-Moak said MGT would look at what each state was doing that tied to both of those initiatives. She indicated that Indiana was doing something specifically related to the NGA Complete College of America goals.

Mr. Page said in Ms. McKeown-Moak's presentation a reference was made to a funding equity study at the University and Community College System in Nevada. He asked what year that study was done.

Ms. McKeown-Moak said it was completed in 2011.

Mr. Page clarified that he was referring to a University Community College System of Nevada sponsored study.

Ms. McKeown-Moak said MGT did that study ten years ago (1999).

Mr. Page noted that she said in her presentation MGT was able to recommend strategies for addressing inequities and he asked for clarification on that point.

Ms. McKeown-Moak stated in the study from 10 years prior, MGT looked at components of the current formula that could lead to greater equity; however, they were just recommendations. For example, she said the matrix Chancellor Klaich presented with the change in weights would lead to greater equity. However, greater equity could not be achieved in a funding formula unless the base is equitable. MGT addressed the issue of equity by including a research component, and performance funding, but did not address the base because it was not requested. Ms. McKeown-Moak clarified that the study done in 1999 was an equity study where equity was analyzed across the system including all the system institutions. Although recommendations were made in the study, only some were followed and others were not.

Since the higher education study was a legislative committee study, Chairman Horsford stressed that objectivity and third-party affiliations were important to the process. He asked how MGT would ensure complete objectivity, considering they had previously worked in a similar capacity as a consultant to the System.

Ms. McKeown-Moak said consultants work for many different clients and based their engagements on the ethic of loyalty to each client. She thought having previously worked for the System gave MGT an opportunity or the challenge of understanding what had occurred in the System. She indicated having interviewed stakeholders across the state also gave MGT the ability to understand the varying and different perspectives of individuals in the north and the south. In addition, Ms. McKeown-Moak considered it a plus that MGT was familiar with some of the members of the committee and Mr. Haartz that only came from having worked with the System previously. She reiterated that MGT's loyalty would be to the committee as the client in this instance.

**Public Financial Management Inc. – Randy Bauer, Director; Bob Guadagno, Senior Managing Consultant; Mike Alastuey, Director, Applied Analysis**

Mr. Bauer said his area of expertise was in state government practice and he had been with PFM for six years, with previous employment for seven years as the budget director for the state of Iowa under Governor Tom Vilsack and as legislative staff before that time. With his background in state government, he understood both sides of many of the issues addressed in the higher education study. Mr. Bauer introduced Bob Guadagno, Senior Managing Consultant in PFM's higher education group who explained that PFM provided financial advisory services that were debt related services to public and private universities across the country. Mr. Guadagno noted that PFM had been nationally ranked as one of the leading advisors for the past ten years. Mr. Bauer also introduced Mike Alastuey, Director of Public Policy with Applied Analysis, a firm based in Las Vegas. Mr. Alastuey said Applied Analysis was the predominant firm in fiscal and economic analysis in the state of Nevada. Mr. Alastuey said his firm provided innumerable public and private sector clients with fiscal and economic analysis and had worked in public service with the Executive Branch and Legislative Branch with financial analyses related to state and local fiscal policy. Mr. Bauer said PFM was excited to be partnered with Hobbs, Ong and Associates, a Nevada based firm, on the proposal for the study. He noted PFM worked well with Hobbs, Ong because they had similar corporate guiding principles, such as data driven analysis.

Mr. Bauer said PFM was the nation's largest independent financial and management advisor to the public sector and had held that distinction under any metric for the last ten years. The PFM proposal merged several sectors at the firm, including government, which would be led by Mr. Bauer and John Cape. The government sector had worked with 15 states on over 100 projects over the last 8 years. It also merged the higher education sector, where Mr. Guadagno worked to advise and provide financial analytical services to many public universities across the country, including several state systems. Mr. Bauer said the higher education practice had dealt with funding formulas and was currently assisting the state of Tennessee and University of Tennessee system with funding adequacy and how to get additional resources into key areas of higher education. The firm had also worked with major state universities, including the University of New York, related to its Centers of Excellence, which were their economic drivers for the state. Mr. Bauer stated PFM had broad experience with funding formulas. He had recently led a project for the state of Pennsylvania to develop a weighted student funding model for their K-12 system and the exercise determined what resources were necessary for differing types of students to be successful in a particular field of study. The model had been accepted by the state of Pennsylvania and PFM was talking with several other states interested in the same kind of modeling capacity.

Continuing, Mr. Bauer said PFM was excited about the opportunity to work on Nevada's study. The comments made by the students and faculty earlier in the meeting touched on real issues, which were issues on the performance of states across the country. It was PFM's mission to make states and local governments the best-managed entities in the country. PFM had a practice of seriously engaging itself with clients and was a

knowledge based firm, with an understanding and analysis of what was occurring in other states. Mr. Bauer noted that sufficient analysis and data checking were a critical part of the project. He said PFM also had a dedicated research arm used for benchmarking purposes on nearly every project and it would be at the center of Nevada's project. Mr. Bauer reiterated PFM was pleased to be partnered with two Nevada based firms, since both understood the local dynamics and the issues around the funding of higher education in the state of Nevada, as well as other states. He indicated the firms would be an outstanding resource for PFM to meld its analysis of Nevada versus other states. Mr. Bauer remarked there had been much discussion about performance funding as a critical area of interest in states around the country. He said PFM had access to information through their contacts in their higher education practice from states that had recently developed performance based funding components for their funding systems. PFM would be able to augment its database and analysis using that information. In terms of the cost, PFM stood behind its proposal and he said the deliverables would be delivered on time and to the committee's satisfaction, without providing billing until the satisfaction was met. PFM staged its proposal around key activities and deliverables, with the inclusion of the actual dollar amount value for each so if the committee desired the deliverables could be split. He understood the four deliverables had a budget of \$150,000; however, PFM staff had figured a cost slightly higher to perform the actual work. Mr. Bauer assured the committee the firm would sign a contract for the budgeted price of \$150,000. In summary, Mr. Bauer said the state of Nevada had been a PFM client for financial advisory in the past and with this study saw it as an opportunity to partner with two Nevada firms along with an opportunity to work for the state of Nevada. PFM was a national firm with 450 professionals in 33 offices around the country and could provide independent, knowledgeable and professional services. Mr. Bauer indicated PFM would provide whatever resources were necessary to complete the project in an aggressive timeframe, and he guaranteed the committee's desired result to be on time and on budget.

Dr. Richards said one of the things that he looked for in PFM's proposal was an understanding of community colleges. It seemed that much of the company's work was with public and private universities. He asked about PFM's experience with three-tier systems of higher education and specifically community colleges because in this study, four of the seven institutions were community colleges.

Mr. Bauer cited the experience of two key PFM principals, himself and John Cape, who were budget directors for the state of Iowa and the state of New York, respectively. He said the state of Iowa had a strong, thriving community college system and he had been involved in funding formulas established for those institutions. Mr. Bauer indicated there was an understanding or the differing need for differing types of institutions within the state. He thought PFM was capable of recognizing those differences and applying them in a process of analyzing a formula.

Mr. Guadagno said PFM served a number of community college institutions as a financial advisor. The company also had many professionals in the higher education group that worked with community colleges.

Mr. Bauer added that several of the community colleges in the Iowa system were represented by PFM as a financial advisor. He expressed there were professionals at PFM who understood what the needs were at a community college as it related to infrastructure, curriculum, and the different types of students and how services were provided to those students.

Mr. Anderson asked of the number of projects that PFM worked on, what percentage were funding formula projects. He noted that PFM's higher education practice has ranked number one consistently over the years, but wanted to know if most of the engagements were with the subcontractor model in each geographic location.

Mr. Bauer said PFM had used the subcontractor model on a number of projects; however, the percentage of the company's work with higher education projects that were formula based was probably a strong minority. He stated the subcontractor model had been used in Nevada where PFM partnered with Hobbs, Ong and Associates, Inc. Often in many instances, states had requirements for minority or women based enterprises as a percentage of the bid and then PFM definitely used the subcontractor model. Mr. Bauer mentioned that PFM utilized a tool known as "Future Perfect" which was a financial management and strategic planning tool used in many state systems as well as public and private universities. The Future Perfect tool was a PFM product, which provided expertise to look at how funding formulas worked with this type of a model for each of the schools within a state system; however, he said it was not something that would be used for each of the schools in Nevada. He expressed that the staff at PFM were practitioners who worked with schools and PFM wanted the venture to be more of a collaborative process with the institutions and with the state system.

Referring to pages 182 and 185 of the meeting packet ([Exhibit A](#)), Assemblywoman Smith noted in the Project Plan and Timeline and the Cost Proposal that PFM allocated 40 hours to comparing Nevada's alternative formula. She was concerned with that amount of time given that the committee had shifted its intention from its original direction at the beginning of the Interim Study.

Mr. Bauer said it was difficult to allocate hours to some specific tasks and suspected that the comparison would probably end up requiring more hours. As hours in a proposal were allocated, it was assumed there would be "spillover" among the various activities. Mr. Bauer indicated any current formula or suggested new formula would be a major area of focus when benchmarking because the same benchmarks would have to be identified for the other states.

Assemblywoman Smith was not concerned on whether the appropriate number of hours had been allotted, but she just wanted to make sure the comparison was a significant piece of work, as it had become a big part of the committee's discussion.

Mr. Bauer thought the conversation and questions on the analysis of the current formula would be the same kinds of questions PFM would address. For example, was the cost basis analysis that used four fairly large urban states appropriate for the basis for Nevada? He did not know the answer, but it was something that would be explored.

Dr. Mosier asked how PFM would provide objectivity while working on the project. He thought there were competing firms who submitted proposals who might observe themselves as more objective with regard to the process because of the lack of contact with Nevada. He noted that some of the firms PFM partnered with had existing relationships with a single institution within the NSHE system.

Mr. Bauer assumed Dr. Mosier was referring to subcontractor Hobbs, Ong and Associates, but anticipated their level of effort to be a significant minority of the overall work PFM would perform on this particular study. Mr. Bauer said PFM was engaged in two major practices, higher education practice and state practice neither of which had any relationship, contractual or otherwise with the state of Nevada either past or present. PFM was an independent financial advisor, which meant that there it was not affiliated with any investment banks or political persuasion. He noted the financial advisory practice had a contractual relationship with refunding of bonds, but did not think it was significant to the study. Mr. Bauer said PFM worked on both sides of the aisle in states across the country and was confident that they would be able to navigate any conflict concerns from the committee.

Chairman Horsford asked who would actually be working with committee staff and the System.

Mr. Bauer said he was the point of contact, although there would be a number of individuals, including John Cape and June Matte who would be involved in key activities and discussions with the committee and the System. He also noted Mr. Guadagno from the higher education group, two analysts based in Philadelphia to oversee the data collection and analysis, and a couple of senior managing consultants would all be involved in the project. It was PFM's intent to merge the higher education and the state practices for the project team, but he would be the main point of contact.

Chairman Horsford noted that PFM's cost proposal was higher than the amount indicated for the study. He asked if PFM was willing to meet the cost proposal as a portion of the negotiation or was the cost proposal in the bid PFM's cost.

Mr. Bauer said although the cost proposal showed a total higher than the available funding for the four primary deliverables, PFM would perform the work for \$150,000. The company chose to include a proposal on the optional deliverable concerning economic and workforce development. He remarked that PFM had considerable experience in that area. Mr. Bauer said PFM was willing to negotiate with the state on the cost of the optional deliverable, but reiterated PFM would provide the four primary deliverables for \$150,000.

Mr. Anderson asked if there were any compromises being made in their submission because from a business standpoint it appeared that the company's work cost more than the available funding, but the company was willing to concede the price.

Mr. Bauer responded said PFM was always willing to disclose the hourly rates to do a project and then work with the client. He did not think the small difference in price between the cost proposal and the available funding for the project was outside what the company would consider to be in the realm of discussion and would not compromise their work.

### **SRI International – Roland Stephen, Senior Economist**

Mr. Stephen would be the leader of the project team and had an extensive background for the types of challenges the state of Nevada faced. He cited his work before joining SRI International was as a faculty member and leader in an economic development technology based entity in the research triangle based at North Carolina State working on issues across North Carolina. Mr. Stephen said SRI was well known as a very large, independent, non-profit basic research organization based in Menlo Park, California, with its Center for Science, Technology and Economic Development (Center) in Roslyn in the Washington D.C. area. The Center had an international reputation in science and technology policy, economic development and had partnered with Brookings Institution on Nevada's state economic plan that was completed in 2011. Mr. Stephen noted that project was a great experience for SRI and learned about Nevada through engagements in all the regions, which would help to set the agenda for the future of the state. He said like all states, Nevada needed to look for the way forward following the big recession. SRI's work with Brookings and with Nevada had set some goals and the next step included working on higher education, which he said was central to the future of Nevada. Mr. Stephen commented on SRI's experience including work on a project in the Tampa Bay, Florida area that aligned economic development goals, skill clusters, and workforce institutions as well as helping the National Science Foundation benchmark STEM (Science, Technology, Engineering, Mathematics) preparation in the research universities. He thought it was the committee's expectation to have a report, which was a "roadmap" including formulas, and performance criteria, but which also answered how the state would align its institutions of higher education around the agreed and shared goals for the future development of the state. SRI had the technology to access existing data sources to gain the data to provide an independent analysis, but he indicated any of the proposals received for the study could all do that at a high level. However, he pointed out that SRI knew what the questions were and could provide information to help the committee get the needed answers, but SRI would not provide the answers, that task would fall to the committee. Mr. Stephen said in listening to speakers during the meeting it was clear that the current formula was not liked, but the formula must be revisited because any future design for funding higher education in Nevada would have a formulaic component. He noted a formula was not a goal, it was a measure of inputs and not outputs, because outputs were not a measure of performance. Those were some of the questions called upon by the design of the RFP,

he thought the work of Chancellor Klaich, and the work the System had done with the NGA on performance metrics would be most important. Mr. Stephen noted that earlier in the meeting, there was discussion of what used to be a measurement of full-time student equivalents changing to student credit hours, and if a cost-plus basis was an approach to explore, which were other questions for the committee to answer. SRI could sift practices from other states and identify helpful elements in those best practices, but there was no “cut and paste” because Nevada had its own challenges and difficulties; however, it could learn from the other states. Mr. Stephen thought it was a question of the goals rather than the question of the cost to be paid, or the numbers generated that was critical. He said SRI knew those goals. Another NGA report that he liked was called *What Degrees for What Jobs*, and the question of how the state funded the system of higher education had to answer the question of what degrees for what jobs and SRI knew how to do that.

Dr. Geddes received the SRI Brookings Report and found it to be a great roadmap, which he referred to often. He acknowledged that economic and workforce development was a key and large component of what the System did; however, Nevada was also trying to build a richer state in arts, literature, performing arts, English, teaching and the medical fields. These fields of study were not directly tied to economic development, but would build a better state and educate a better citizenry. Dr. Geddes asked how SRI would address those metrics. He noted earlier in the meeting there was talk regarding the matrix and weighting factors and wondered how SRI would factor those versus direct economic development.

Mr. Stephen said those fields counted as economic development in some sense. The seven clusters SRI identified were important because of the critical quality of life questions, which would help the state grow. Furthermore, part of the workforce produced by any system goes into the identified clusters that the state wanted to fuel, but part of it was fed into K-12, public health institutions or the health sector itself. He stressed of the seven sectors SRI identified, the health sciences were going to remain very important big drivers of the economy for every regional economy in the country. Mr. Stephen said SRI's approach would be inclusive and not to make any choices on the state's behalf, but to identify the implications of any particular formula as it worked on a very rich matrix that the Chancellor presented. He acknowledged there were tradeoffs that existed and funding formulas did not produce actual funds. Actual funds were produced by an authentically shared vision by all the regions of the state for the state as a whole and for higher education institutions.

Mr. Wixom found Mr. Stephen's presentation impressive and it included helpful information. Like Dr. Geddes, he too appreciated SRI's work with Brookings and thought it was particularly helpful. He noticed in the proposal that SRI had participated in the Dallas Metro Higher Education Benchmark study, but did not see other relevant higher education project experience. He asked Mr. Stephen to relate SRI's higher education experience with the legislative study.

Mr. Stephen referenced the Tampa Bay project, a large integrated study in which SRI did economic development analysis for the region, and which examined the workforce implications for the higher education institutions in the area. It was a higher education experience and that team of staff had a large amount of expertise working with the data sets, which could be used in this project. He also cited SRI's experience on the Ohio Third Frontier project and couple of other ongoing projects in higher education, which he could not talk about until the studies were finished. Mr. Stephen stressed that SRI could not work on technology based economic development without coupling it with higher education because it was tied together.

Assemblyman Hickey said Nevada's institutions had grown in different ways because of different circumstances. Given that the formula needs to be fair, he asked Mr. Stephen how SRI juxtaposed the issue of equity because that was an underlying issue in the state.

Mr. Stephen said equity was addressed by the institutions that represented the people themselves. He thought data and information would help to reveal equity issues and there would be some tensions that would be explored by research. Seven clusters had already been identified and SRI wanted to build the research capacity in those areas. At the same time, there was indirect benefit from treating other linked areas such as humanities and social sciences equitably and the value they provided. Mr. Stephen said SRI organized the Business Leaders in North Carolina, who historically had been strong supporters of higher education. The leaders were asked when they hired students from the system with degrees, did the degrees mean what they said and the answer was often yes and often no. It was decided that soft skills were needed in addition to technical skills. Critical thinkers, writers, speakers were all needed and those qualities were sometimes neglected by some measures. He thought these were the things that were hard to catch in performance criteria, but were important in terms of outcomes. Mr. Stephen said equity could be grounded in a rich consideration of the skills that mattered for the future of the state. He thought there was a practical way of addressing questions regarding comprehensive institutions that produced students with the right mix of skills. SRI could not resolve longstanding disagreements about the relevant weight of funding; however, there was a joint interest in resolving those questions because of the long-term commitment and shared goals. Mr. Stephen explained where the state might have shortcomings in the commitment by the taxpayers was perhaps the suspicion the goals were not shared. He said SRI was proud of the work it did for Brookings and hoped it set a shared agenda for the state to go forward.

Mr. Page had heard SRI developed the technology software Siri that Apple used for its iPhone.

Mr. Stephen said yes that was true. It was developed in Menlo Park, California where SRI did large-scale basic research in the biosciences, information technology and artificial intelligence. He relayed that Siri was an artificial intelligence project, which was ongoing and funded by a branch of Defense Advanced Research Projects Agency (DARPA).

Chairman Horsford was intrigued by SRI's timeline because it started with providing the deliverable associated with the alignment with the NGA matrix, which was not the case with the other proposals. He was not sure if Heidi Gansert, Chief of Staff to the Governor would agree whether that timeline worked with the other deliverables.

Mr. Stephen said that in seeking to make a clear response to the RFP, his team reordered the timeline based on the dates of the deliverables. He said SRI was not set on that timeline and by agreement the specifications would have to be rewritten, but would be willing to deliver the information in any order. He added that most of the work would be performed concurrently anyway.

Chairman Horsford asked if SRI was partnering with or subcontracting any part of the project to anyone else. He noted that a lot of reference went to the Brookings partnership.

Mr. Stephen replied that SRI was a full-service independent shop that did its own research. He said the work SRI did with Brookings on economic development was a partnership; however, this project was not.

Chairman Horsford asked if SRI had any contracts or if SRI was working with the Nevada System of Higher Education or any of its individual institutions directly. Mr. Stephen said no.

Chairman Horsford said because SRI performed work on the economic development and workforce alignment study, he asked was SRI open to negotiating that deliverable because the committee would expect the whole thing. In addition, he asked if SRI would need the amount of time indicated in the bid on economic and workforce alignment since there was already work done on the subject.

Mr. Stephen said SRI was always open to negotiation including both optional deliverables.

Mrs. Gansert complimented SRI on the work it did with economic development and the report it produced in partnership with Brookings was excellent. She noticed from the proposal SRI had a high level of expertise in economic development and workforce alignment, but the question was the experience with formula funding. Mrs. Gansert wanted to look at formulas versus analysis of workforce development and science technology.

Mr. Stephen explained the formulas required a generic set of skills and SRI had staff with substantial econometric and data skills. He said the existing formulas and data were transparent and well known. As part of the diligence of preparing the response to the RFP, SRI had already identified staff with the necessary skills to look at the formula funding so he did not think there would be a problem providing the information. He thought the most important part was asking the larger questions about formulas and

the goals that they served, which SRI would include in the analysis. Mr. Stephen said there was a great deal of available data for all systems of higher education at the individual institutional level and at the system level. The state would look how the formula funding could be changed a little bit here and a little bit there, but the opportunity for the state of Nevada was perhaps larger. He thought Nevada could be a leader in a mix between formula, performance and then, beyond that, economic development alignment. Mr. Stephen emphasized that SRI was the most suited consultant for that mix.

Chairman Horsford wanted to clarify that SRI had the capacity, expertise and knowledge base to perform data deliverable number one, the inventory and analysis of both the current formula and well as NSHE's proposed alternative formula.

Mr. Stephen said absolutely, and he had no reservations because of SRI's relatively large staff with experience in a wide range of areas and a team had already been identified who were ready and available to do the work.

### **Stillwater Consulting Group Inc. – Patricia Burch, Managing Principal**

Ms. Burch said the project was timely, because like Nevada, other states had either suspended or abandoned traditional funding formulas largely due to financial pressures and constraints. At the same time there were many states in the process of developing new approaches that were similar to or had elements of the focus of the RFP, including performance budgeting, funding based on outcomes rather than inputs, completions, and tuition autonomy. She indicated tuition autonomy could be a "double-edged" sword, but many states were taking different approaches. Stillwater was excited about engaging in an analysis and a discussion of those important policy issues and thought the project had great potential to move Nevada forward focusing more on accountability of higher education with its resulting outcomes. The team of practitioners and experts with a national perspective Stillwater had brought together for the project included herself, Joni Finney and Robert Zemsky. All three principal consultants had a broad range of experience working with public universities, with state systems and legislatures, who understood from various different perspectives what was being done in other states, what worked and why it worked. As highlighted in the proposal, Ms. Finney's five-state study, which was currently being published, looked at five states that had tried various aspects and efforts at performance funding. The study examined the outcomes, the reasons for the outcomes, the policies and the environment behind whether the outcomes were successful, and if the outcomes were achieved. Ms. Burch indicated Stillwater's job would be to provide information and objective analysis, in order for the committee to evaluate NSHE's alternative funding formula proposal and how it compared, or fit with Nevada's goals for higher education. She said Stillwater had a tag line, "clear thinking for higher education" and they aimed to deliver that to the committee. Ms. Burch said Stillwater was committed to thoroughly research, document and clearly present the 50-state inventory requested in the RFP. The analysis of best practices would look at not only what other states were doing, but why and what were

deemed to be critical success factors. Examples of success factors included whether the state had established goals and how the performance budgeting component fit with those state goals; whether or how institutional mission differences among institutions were recognized; and the plan for phasing, which was important in the success or failure. She noted that Stillwater would also look at the various kinds of performance measures used in other states, the definition of student enrollment, and whether the state utilized credit enrollments or enrolled versus completed. The components would be completely researched and Stillwater would offer advice and insight into what would be most appropriate for the state. Ms. Burch said one of Stillwater's strengths was in financial modeling, and included in the proposal as part of the deliverables, was financial analysis and projections of what various formulas or scenarios might affect the distribution of resources among Nevada institutions.

Assemblyman Hickey said Ms. Burch likened tuition retention to a double-edged sword and asked her to elaborate on that concept.

Mr. Burch explained tuition retention on one hand could be a very good thing to give institutions control over their tuition revenues and, depending on the institution, they might be able for example to offset tuition increases by changing their financial aid policies. She said it gave the institution a certain amount of flexibility and incentive, but at the same time if the funding from the state was not increasing or went down then that put upward pressure on tuition. There needed to be some sort of balance or countervailing forces.

Chairman Horsford noticed that Stillwater's proposal did not include the optional deliverable components.

Ms. Burch said as mentioned in the proposal, Stillwater intended to address economic development and workforce development and the NGA matrix where it was a salient factor or element of a state's funding formula; however, they did not plan to provide it as a separate deliverable, which looked at that in all the states.

Chairman Horsford asked if Stillwater was doing any work for NSHE or any of the individual institutions.

Ms. Burch responded the group was not currently doing any work in Nevada. The proposal disclosed that Stillwater had worked with NSC approximately two years prior on some possible reconfigurations of the institution and what the financial implications might have been and how that might also affect their performance in the performance statistics. She said Stillwater was able to gain insight into the inner workings of the current funding formula while working on that project and it was more elaborate than seen in other states.

Chairman Horsford thought she was diplomatic about Nevada's funding formula. He asked how Stillwater would ensure objectivity based on any work that may have

been done for individual institutions in the past. He explained it was a legislative committee so impartial and objective findings were important.

Ms. Burch said Stillwater liked the fact it was a legislative committee and being able to look at the system as a whole. She stressed that Stillwater did not have any particular loyalty or invested interest in any particular institution. As a consultant, it was part of the professional ethics to disclose any sort of conflict, or anything that would interfere with objectivity for the client.

**Western Interstate Commission for Higher Education (WICHE) –  
David Longanecker, President**

Dr. Longanecker thanked the committee for the opportunity to present the proposal from WICHE and the State Higher Education Executive Officers (SHEEO) organizations, both of which were located in Boulder, Colorado. He said the two organizations were well qualified to do the work and brought a great deal of experience, expertise and background to the higher education study. In existence since 1952, WICHE was the cooperative of the 15 western states and worked to expand access to high quality post-secondary education for the citizens of the west. WICHE provided direct services to the states through programs such as student exchanges, as well as policy and technical analysis with and for the states. Dr. Longanecker indicated WICHE was also known for its enrollment projections and work in financing post-secondary education, with a strong focus on the use of technology in post-secondary education.

Continuing, Dr. Longanecker said the SHEEO organization included the 50 heads of state higher education systems in the United States and was led by Dr. Paul Lingenfelter, who was slated to partner with Dr. Longanecker on the higher education project. SHEEO was well known for its work in higher education finance and provided annual finance information that most other organizations utilized when looking at comparisons of state appropriation and tuition revenues for the states. He thought the two organizations and the individuals involved brought great strength to the committee study. He noted that Dr. Lingenfelter and he were generally recognized experts in this area of work. Dr. Longanecker presented information regarding his education and work experience in various aspects of post-secondary education and finance, as well as the education and work experience of Dr. Lingenfelter. He said the project team would also include Dr. Brian Prescott (WICHE), Director of Policy Research working on data analysis, and Andy Carlson (SHEEO), Policy Analyst, working on higher education finance. Dr. Longanecker noted both organizations were familiar with the state of Nevada, were the contractors on the 2003 Legislature's higher education study implemented through Assembly Bill 203, and had substantial experience working with the Legislature and NSHE.

Dr. Longanecker thought WICHE and SHEEO had a particular advantage with the task of the national comparison of the states, which used funding formulas and those that did not use funding formulas. He said that SHEEO periodically collected data on the ways

every state used its funding formula and had done a survey two or three years prior. Part of the higher education study would include updating the survey to ensure the most contemporary information about how states appropriated funding through the use of a funding formula, how the states that did not use a funding formula appropriated funding, and information regarding the use of performance factors. In addition, he noted, WICHE would access its state higher education policy database, with eight domains, to gather information regarding post-secondary education finance and tuition policy. Dr. Longanecker said WICHE and SHEEO had exceptional connections within the community to get the level of detail required regarding policies and the way states practiced, especially since that was not usually captured in entirety in written documents. He and Dr. Lingenfelter were recognized leaders in performance funding and recognized for their work on performance funding activities and outcomes based funding. Both had served as faculty or advisors to the NGA Complete College of America, the NGA Complete to Compete and the Lumina Foundation for Education's Making Opportunity Affordable projects. Dr. Longanecker said performance funding in the past was considered enrollment funding, which equated to paying for enrollments. The new generation of performance funding focused more on the desired outcomes rather than the inputs, and focused on new ways of looking at productivity and funding strategies for states. He and Dr. Lingenfelter had worked with numerous states, but closely with three major performance funding models considered by the states of Ohio, Tennessee and Louisiana, as well as Washington's effort with community colleges. In addition, some newer ideas were being considered in the states of Arizona and New Mexico. Since WICHE did not have strong expertise in economic development, Dr. Longanecker said his organization would work with the Georgetown Center for Education in the Economy to utilize state-by-state data it had developed. He thought the NSHE Alternative Funding Formula Model was a very strong Twenty-First Century approach to funding, and WICHE and SHEEO would evaluate the alternative model. He proposed to use National Center for Higher Education Management Systems (NCHEMS) for the data analysis, but not the policy analysis of the alternative model. Dr. Longanecker disagreed with Chancellor Klaich's comment earlier in the meeting that the alternative model was a cost based funding formula and not a policy based formula. Dr. Longanecker said all formulas were policy based and the assumptions built into the formulas said a great deal about the values held by the System. He used completed courses, not initiated enrollments as an example from the NSHE alternative model and stated that was a strong policy statement about the value of course completions, which he thought was a positive value.

In conclusion, Dr. Longanecker said the circumstances that faced Nevada were as difficult as any of the states in which he worked. He said the "good old days" were gone and the state had to adjust to a "new normal," which meant working with the funding the state had and, within that amount of money, having a formula that had an equitable way of distributing those funds to the institutions. He thought the institutions would do the best job with whatever amount of funding was available and it was the states' responsibility to make sure that each institution got an equitable share of the distribution. The state also wanted a formula that would provide the right kind of incentives and, potentially, even the rationale for investing more money. He said if the

state was able to provide additional revenue in the future it needed to be spent in the most effective and efficient way possible. In the future, even if the state was able to return some funding to higher education it would not be enough to cover the increasing demand for higher education services in Nevada. Dr. Longanecker indicated Nevada had one of the largest growing and most disadvantaged populations. He thought the population would not be easy to serve, but was imperative to do so if Nevada wanted to be globally competitive in the future. Dr. Longanecker stressed that Nevada needed a formula that helped reinforce increased productivity in the higher education system in a way that was fair to the faculty and the institutions, but drove the institutions to change the way they did business for more productivity than in the past. He said WICHE and SHEEO's experience would be helpful to Nevada to meet that objective.

Chairman Horsford understood that WICHE worked very closely with the state of Nevada and other member systems throughout the West. He appreciated Dr. Longanecker being at the meeting to present the proposal from WICHE.

Mr. Wixom said it was indicated in the presentation that WICHE did not have as much experience in the area of economic development as it did with higher education, but would partner with another entity to address that issue. He asked for more information on that part of the proposal.

Dr. Longanecker did not want to underplay what WICHE had already done in the area of economic development. He said WICHE had worked closely with the states of New Mexico and Arizona as they developed outcomes based funding formulas that included economic development as a major component. However, WICHE would work with Georgetown Center, who he thought was doing the best work in the country on helping to assess the needs of states. Georgetown Center was progressive in building traditional workforce development projections into their analysis. They looked backwards at jobs and job requirements, but also at workforce development projections, which looked forward at retirements. From that information, Georgetown Center tried to match those needs. Dr. Longanecker said in almost every field of endeavor skill requirements had increased for people working in a particular area. He cited manufacturing as an example; running an effective manufacturing plant required employees with a higher skill level necessitating more training and education than was traditionally needed. He explained that Georgetown Center took the increases in skill level requirements that traditionally occurred in the past and built those into the future as well. Using that method of assessment provided information that nationwide 65 percent of the population needed to be educated with some form of post-secondary education, such as a high-value certificate, an associate's degree or bachelor's degree or above. Dr. Longanecker said the nationwide numbers for post-secondary education showed areas the nation would examine and he suggested for Nevada to do the same in order to become the state its citizens wanted it to be in the future. It would be important to explore the types of industries to build, and what it would take, as well as the incentives required, for the higher education system to develop a workforce. He noted the state would have to recognize that much of the talent needed would come from somewhere else and the talent created in Nevada would go somewhere else, but

overall it was necessary to have a higher education system that was strong enough to provide what was needed in the state.

Assemblywoman Smith asked him to address why he only mentioned the faculty and the institutions when he referred to fairness, but did not mention the students.

Dr. Longanecker said he absolutely should have mentioned the students. He thought the students who spoke during the public comment earlier in the meeting were very poignant in their presentations. He said almost all the work WICHE had done included trying to get states to think about the three legs of their financing stool as critically important. He pointed out that Nevada did two of the three well in its report, appropriation and tuition revenues. Dr. Longanecker explained that tuition revenue was both an affordability and resource issue. Absent adequate tuition revenue, the institutions could not perform the needed job but with too much tuition revenue, the students could not afford to pay for school. However, the third piece that states spent much time talking about was financial assistance. He pointed out that Nevada had a large merit-based program, but not a need-based financial aid program. WICHE considered affordability as a multi-faceted issue. The first issue was whether students could afford to go to college, not whether it was easy to go to college, and he said there was a difference. The second issue was how the system handled it for those students who could not afford to go to college and the third issue was if it was affordable to the state. In an ideal system, from a student affordability standpoint there would be infinite amounts of state resources so the system did not have to charge tuition and he pointed out to some extent that had been the case in the West until about 15 years prior. Dr. Longanecker noted that Nevada was no longer a small state, but rather a growing state with a much larger disadvantaged population. He said it would take smart public policy to be able to address the balance in what students can afford to pay, what the state could afford to pay, bringing that together, and assuring that the institution could afford to provide a quality experience.

Chairman Horsford made clear for the record that the Board of Regents passed and the Legislature required a set aside from any tuition increase based for needs based scholarships.

Assemblyman Hickey said Dr. Longanecker referenced in WICHE's response to the RFP a clear differentiation of mission between the institutions, which would result in discouraging unproductive competition between institutions. He asked for more information on that subject.

Dr. Longanecker said presently in America there was a sense that competition was always good and should be fostered, which held some merit. In the public arena where there was limited funding and the natural affinity for institutions to try to be something other than what they were, a state needed to manage that concept so there was mission differentiation. He pointed out there were three types of institutions in Nevada with different reasons for existing. The community colleges served an exceptionally key role both in terms of workforce development and in preparation of students to move on

to 4-year universities. That mission made financial sense from a production side, but it was important for there to be good transition points for students along the way and to make sure that those community colleges were not trying to become more expensive and not focused on their mission. Dr. Longanecker said Nevada State College was the second type of institution with an efficient production process for baccalaureate degree recipients and the state needed to make sure that fit into the mission. Finally, there were three research institutions, two with large instructional components. He thought the difficulty for Nevada was that UNR and UNLV were the state's access institutions originally and now that the state had grown it made logical sense for them to become more differentiated, but it was hard to change the past philosophy. Earlier in the meeting, the committee heard that 30 years prior UNLV was not a research university. He noted it was a baccalaureate college for all practical purposes and now it was a research university, which was a different roll and mission to be protected and reinforced. Dr. Longanecker thought it was very important to have clear mission differentiation.

Chairman Horsford asked whether WICHE had included a cost component for the optional deliverable on the alignment with the NGA.

Dr. Longanecker said was not included as an optional deliverable, but it would be provided at no additional charge. WICHE considered it an important component of the overall analysis, which would be incorporated within the work that they would perform.

Chairman Horsford inquired if WICHE was going to subcontract with the Georgetown Center on workforce development.

Dr. Longanecker said WICHE did not anticipate subcontracting with the Georgetown Center. He indicated the Georgetown Center had done a 50-state analysis of the workforce demands by field of study and WICHE expected that work would provide a strong enough foundation to utilize for the economic development part of the study. If more information was needed WICHE would see about subcontracting with the Georgetown Center within the price of the contract with Nevada.

Chairman Horsford wanted to understand if the State Higher Education Executive Officers (SHEEO) provided a baseline of data to every system and the information was readily available, because Chancellor Klaich was a part of that organization.

Dr. Longanecker said the information was readily available, but it was not entirely up-to-date. They intended to survey the 50 states regarding the financial systems they used and would perform the survey using the original survey questions, and add additional questions the committee asked for in the RFP.

Chairman Horsford asked when the last survey was performed and Dr. Longanecker replied in 2008.

Chairman Horsford wanted to know how WICHE would ensure a level of objectivity for this legislative study because NSHE was a member of WICHE and Chancellor Klaich served on SHEEO. He stressed that a great amount of objectivity was needed so that whatever findings were discovered they would be credible and not viewed as skewed one way or another. Chairman Horsford added that the state had a great relationship with WICHE and so it was a difficult situation.

Dr. Longanecker commented that the issue of maintaining objectivity was a legitimate and standard question whenever WICHE was working in a state, because generally they worked with all of the constituents in a state and had a relationship with many of the states. He said WICHE was committed to giving the committee an impartial analysis. Dr. Longanecker said WICHE tried to speak truth to power and provide the best analysis possible. That was the way WICHE built its reputation over the prior 50 years and he noted the only way to sustain that reputation was to provide an impartial analysis.

Returning to the subject of updating of the SHEEO data, Chairman Horsford inquired whether that data would be readily available for SHEEO to share with anyone else who wanted it after all the 50 states were updated in the course of the scope of work for Nevada's study.

Dr. Longanecker said the data the states provided would be available. It was a potential dilemma for both WICHE and SHEEO to provide such information in the public domain. However, the analysis, the perspective of how Nevada compared to the other states would be exclusive information only to be shared by the state if it wished. He thought it was going to be a unique work product that could be valuable to other states and could be valuable to Nevada to be known to be working in this direction. If it turns into a piece of legislation that WICHE could share and perhaps write a case study that would be useful to other states to learn from then that would be great, but entirely up to the state whether to do that or not. Dr. Longanecker thought this was a potential leadership role for Nevada.

Chairman Horsford called for a recess of the meeting at 12:31 p.m.

The meeting reconvened at 1:27 p.m.

After hearing all the presentations from the potential consultants, Chairman Horsford asked the committee members to provide their overall thoughts, along with any issues or concerns regarding the selection of one of the bidders as the committee's consultant for the study. He wanted to determine from the members if there was a consensus on a particular consultant before the actual selection. Based on direction from Legislative Counsel, Chairman Horsford explained it was intended for the committee to select a consultant as a first choice and to authorize staff to negotiate with that consultant on a contract. He said the committee also was charged with selection of another consultant as a second choice in case the contract negotiations with the first consultant were not successful.

Mr. Anderson said that as he listened to the presentations he reviewed the original intent of the committee. He thought the committee should make a recommendation that would be fair, transparent and defensible to students, faculty and administration, and ultimately effective. Mr. Anderson said the committee should focus on the work product of a potential consultant as the goal of the committee's decision, to provide a conclusion divorced from politics as much as possible. Lastly, the committee should focus on the desired outcomes as it related to education, a work-ready student graduate population and all the intended components the committee needed to address, including research and the community colleges.

As the committee made its decision on selection of the consultant, Mrs. Smith was concerned with the issue of potential conflicts or bias in order to be successful in the committee's mission. She also addressed the issue of the state potentially paying the consultant to gather information that was already available to Nevada and whether the information that was garnered as part of the study might be used by any of the contractors. Mrs. Smith stressed that the committee should keep the process of the selection and negotiation with the potential consultant as pure and clear as possible. She indicated reservations based on the proposals and cautioned the committee to keep those in mind when deliberating on whom to select.

Chairman Horsford agreed with Mrs. Smith. He said the issue of funding formulas and allocations was a sensitive topic along with people's perceptions, either real or perceived. Chairman Horsford stressed it was important that the consultant the committee selected be viewed as credible, third party and independent, otherwise the committee would be doing itself a disservice. He was concerned that whatever findings were determined there would be someone wanting to attack those findings, which was his experience from other studies of this nature. The current formula was dead and he thought the committee would decide on a revised or new approach so it was imperative to select a third-party provider to help the committee understand its options. Chairman Horsford noted much had been gained from work with the Governor, the Legislature and the private sector to create a more specific long-term vision for the state especially from an economic development standpoint related to the role of higher education and its programs. He said the study was not about the Nevada System of Higher Education, but rather about the students who attended Nevada's colleges and universities and the faculty at those respective institutions and the Desert Research Institute, which was why the system of higher education existed. Chairman Horsford thought the committee had a great opportunity to select a consultant who would balance those goals and for the study to be a fair and credible process. The study would help determine the future role and the goals of Nevada's colleges and universities, and how the state would support those goals.

Continuing, Chairman Horsford thanked the consultants for their interest in the study and for travelling to Las Vegas to make presentations to the committee. He observed there were some consultants, which had a lot of knowledge or awareness of Nevada's higher education system because of doing work in the past with a particular

institution, with NSHE as a whole or with the Fiscal Analysis or Budget Divisions. Chairman Horsford thought that awareness and knowledge was positive; however, he was sensitive to the issue of not having too many direct affiliations and it concerned him personally because the study needed to be independent. Chairman Horsford provided the following observations on the various consultants. He said MGT of America had a wealth of knowledge and expertise in higher education, but he was not impressed with their alignment with the economic development goals. He viewed it as a weakness of MGT's proposal and surmised that MGT would use SHEEO as a data source, which was the same as was indicated in the WICHE proposal, but it was a matter of whether the state would pay to update the information. The PFM Group had much experience and background in public finance particularly with state and local governments and partnerships with some Nevada based firms. He did not feel strongly about PFM's explanation of their approach on the evaluation of either the current formula or NSHE's alternative model and thought it should have been a more aggressive approach. Chairman Horsford said SRI International's strength was on economic development, based on their work with the Governor's Commission on Economic Development, which provided a tool for Nevada to use to help position itself to compete for new industries and businesses. He thought that gave them an advantage because they knew where Nevada was trying to go from the cluster and industry perspectives. SRI assured the committee the firm had the expertise to perform the evaluation on the formula and to collect the data, but that would be the area of concern if the committee selected them for the study. Chairman Horsford did not find the Stillwater Group as compelling and thought it was problematic they were not interested in either of the optional deliverables on economic development or the alignment with the NGA. Chairman Horsford noted that WICHE was a well-known organization with a lot of history and since the state and the university system were members of WICHE there was a familiarity. However, he was concerned with WICHE's association with SHEEO because he viewed that Nevada would be paying to update the baseline data that was used in the course of SHEEO's mission and then that data might be used for purposes beyond what the state was potentially asking them to provide. WICHE was also the highest bid amount at \$200,000, which was over the budget for the study.

Dr. Geddes thought all the consultants possessed integrity and addressed the issues and was not as concerned as Chairman Horsford and Mrs. Smith regarding conflict of interest. He was interested in finding the consultant that was the right fit for the intent of the study, which was a study of the formula. SRI International did a great job in preparing the economic development study for the state and that information was being utilized to develop how to best implement the higher education component for the state. Dr. Geddes said the RFP only asked for economic development to be a component of the study and the issue was getting the right formula for distributing the funding with equity as the goal in making sure that funding is provided to the campuses and then using performance to incentivize moving forward for each of the economic development goals. He noted that the committee would want any of the consultants to validate numbers, but the decision would be up to the committee and the Legislature regarding policy. Dr. Geddes wanted the consultant to provide the best available data in order for the committee to make the best decisions and the best recommendation to the

Legislature. He thought MGT America or SRI International could do the work, but WICHE was the best fit because they had access to the data utilized by the Legislature and the Board of Regents. WICHE was asked by the Board of Regents in 2011 during its strategic planning to provide advice and Dr. Geddes said their representatives were frank and direct in information of what the system was doing right, what it could do better and what it was doing wrong. He appreciated their honesty and said the committee could take what MGT America and SRI International had done and build on it by going with WICHE as the consultant for the study.

Mr. Anderson said all the consultant presentations were exceptional and recognized the depth of experience, knowledge and practical application of their histories. For him, the SRI International proposal stood out in its elegance in terms of directly focusing on where the state wanted to end up. In relation to the issue of the development of the appropriate formula, he thought the committee would have the flexibility to implement it if the formula was comprehensible. Mr. Anderson recalled he was surprised to find out in the first committee meeting that the formula was not even being used because it was so badly broken. He said a well-conceived formula would be transparent and easily workable to manage according to the state's needs. Mr. Anderson thought the solution proposed by SRI had the most direct application to where the state wanted to end up and it was a compelling argument on their behalf.

Mrs. Gansert thought all of the different bidders were excellent but among them that SRI International and WICHE stood out. SRI did an excellent job with economic development and was very good at analyzing data and thinking big, which she appreciated. She said SRI's expertise was in economic and workforce development and the original intent of the RFP was for that component to be an optional deliverable. Mrs. Gansert said the committee's focus was on the formula, with the primary goal of analyzing where the state was today relative to other states, and information on other formulas. She thought WICHE had looked at that type of information for a long time and their expertise could not be matched. Although it had been suggested that the state would be paying for information that would already be gathered, she said the committee was asking for information that was beyond typical. WICHE primarily focused on the western states and the contract would dictate for the consultant to look at the entire United States, which required substantial data analysis and that was one of their strengths. She indicated her ideal pick would be WICHE for the main contractor because of their depth of knowledge and expertise on higher education and then bring SRI on for the economic development component because of their outstanding work in that area. Mrs. Gansert thought WICHE had the level of expertise needed for gathering and analyzing the data, especially on the limited timeframe, allowing the committee to make the policy decisions and recommendations.

Mr. Page pointed out the fact that only two of the five proposals came in at or below the amount budgeted for the study and it should be taken into consideration how much the consultants focused on how much funding the state had to spend on the study. He would select SRI in the case of the outputs they added value because it was about the students and getting jobs for the students and where their future was going. Then

he would select WICHE for their access to data, but his overall selection would lean toward SRI.

Mr. Wixom supported either SRI or WICHE, but leaned toward WICHE for the same reasons that were identified by other members. He said SRI was a very credible organization and would be very helpful to the committee. However, he pointed out the limited timeframe for conducting the study and thought WICHE provided the depth of expertise, which would be invaluable in dealing with formula issues. Mr. Wixom indicated that during the presentations there were two competing interests, economic and workforce development, and the formula study. He thought that economic and workforce development was one component of a larger issue, which was the formulaic study. The formula study was the committee's dominant concern and predominant interest. Mr. Wixom said if the formula study was the committee predominant interest then he thought that would lead the committee to WICHE.

Dr. Geddes thought SRI-Brookings did a fantastic job on economic development in preparing a roadmap for Nevada on how the state should integrate it with higher education. In the last Legislative interim study conducted by the Nevada Vision Stakeholders Group, which was tasked with crafting a vision for Nevada, many chapters were identified such as the economy, energy, environment, transportation, education, health and wellbeing and public safety. He said higher education dealt with all of those areas including training police officers, firefighters, first responders and teachers, which were not necessarily related to economic or workforce development around the clusters in the economic development model. Workforce development was a key component of what the state needed to build a better Nevada , but it was not the only component if the committee was talking about performing arts, teachers, environmental scientists and hydrologic engineers, which were not in workforce development. Dr. Geddes thought the state needed a bigger picture and WICHE would help to create the bigger picture of how the formula funded all of it when the state funding was equitably distributed.

Mr. Aizley heard from the other members that WICHE would be the better consultant for the collection of data about what was happening today, but SRI was the better choice to take Nevada to the future. He pointed out that SRI mentioned the research triangle and if the state wanted to do workforce development, not just train workers, but to develop new business, new ideas and new jobs, the state needed to look to the science community where the state would get something new from it and that described the research triangle. The concept sounded like it leaned more toward the universities and less toward the community colleges, but Mr. Aizley thought the spinoff from the revenue generated by new research and new business would take care of that and improve all of education, including higher education.

Chairman Horsford said there seemed to be a consensus among the members for SRI and WICHE as the top two choices for selection of a consultant. There was some priority given to the ability of SRI to perform based on the limited timeframe and for consideration of WICHE because they were the entity that kept data or worked with organizations like SHEEO to capture information. Chairman Horsford commented that

he had a hard time using taxpayer resources to pay for something NSHE and Chancellor Klaich already received as a member affiliate of WICHE and SHEEO. In the committee's selection of a consultant, from a contractual standpoint, he asked legal counsel if there was any perception of bias where there was a direct affiliation such as the case with WICHE and SHEEO because Nevada already had direct affiliation with those organizations.

Brenda Erdoes, Legislative Counsel, said that was a difficult question. She thought there was a direct affiliation between NSHE and the organizations both because NSHE and the higher education institutions were members and that they paid for support of the organizations. Ms. Erdoes indicated there was a perception that there could be bias in terms of the organizations ability to act independently. She said it was something the committee would have to take into account in making the ultimate decision on selection of a consultant.

Chairman Horsford noted that the representative from WICHE said on the record during his presentation that there could be a conflict or at least a perceived conflict. He also heard in WICHE's presentation that the data would be updated and shared with other entities, except the data that was requested beyond the norm, which would be used for just this study. Chairman Horsford said it was important to be clear with any contractual terms out of protection of the state's interest because in using taxpayer resources it was imperative to keep things separate to the best of the committee's ability. He explained there were not any issues with WICHE and thought everyone supported WICHE as an organization 100 percent.

Chairman Horsford asked for public comment about any of the potential consultants before the committee made its selection, but no one came forward.

SENATOR PARKS MOVED TO SELECT SRI INTERNATIONAL AS ITS FIRST CHOICE AS THE CONSULTANT TO ASSIST THE COMMITTEE IN THE STUDY OF THE FUNDING OF HIGHER EDUCATION AND TO AUTHORIZE STAFF TO NEGOTIATE THE CONTRACT TO BE SIGNED BY THE DIRECTOR OF THE LEGISLATIVE COUNSEL BUREAU. IF TERMS OF THE CONTRACT COULD NOT BE AGREED UPON WITH SRI INTERNATIONAL, THE COMMITTEE SELECTED THE WESTERN INTERSTATE COMMISSION ON HIGHER EDUCATION AS ITS SECOND CHOICE FOR THE STUDY. MR. PAGE SECONDED THE MOTION.

Mr. Hickey voiced concern over possibly paying SRI for work they had done on economic development. He wondered if there was any interest from the committee for a hybrid relationship to use both consultants for the study. Mr. Hickey agreed with Mrs. Gansert regarding staying focused on the main task, which was a study of the formula and thought it was important to select the best group to help the committee with that mission. He suggested to possibly amending the bid(s) to include SRI to help with

the economic development information and utilizing WICHE for their expertise on the formula.

Chairman Horsford deferred to legal counsel but thought that the committee was at the point in the consultant selection where amending or modifying the bids that had been submitted was not an option. However, in the course of the negotiation or after the selection was made, he thought the committee was clear in its direction and intent of the important value of WICHE and SHEEO as data sources and that if SRI was selected they would have the ability to contract with those organizations if they chose.

Ms. Erdoes said the committee in making its selection for a consultant was bound by the proposals that were submitted as shown in the meeting packet ([Exhibit A](#)) starting on page 63. She indicated the flexibility came as the contract was negotiated with the selected entity based on their current proposals, but the selected entity would be free to enter into other types of agreements afterward.

Although, SRI and WICHE had strong merits and were both potentially good contractors, Mrs. Gansert was concerned about not picking WICHE as the first vendor because of the committee's short timeframe and WICHE's level of expertise. She really liked SRI, but because their expertise was not in higher education and in formulas was apprehensive about their ability to get the work done in the necessary timeframe. She thought it would be ideal if the two organizations could partner, but understood that was not an option at the meeting.

Mr. Anderson did not want to oversimplify the formula objective, which was the mainstay of the committee, but SRI was a data driven organization and the representative from the firm committed to the committee's timeframe. Agreeing with Mr. Aizley's comments earlier in the meeting, Mr. Anderson stated that it was time for Nevada to be bold, aggressive and to fulfill the big picture mission by laying the foundation to get that job done. It was all about the students who were entering the workforce in the coming years and the state needed to give them the brightest opportunity possible and he thought SRI could fulfill that mandate.

Chairman Horsford agreed with Mr. Anderson and said if Nevada did not have a positive track record with SRI he would be more concerned, but the work they did with the Governor's Commission on Economic Development clearly showed the firm had the ability to deliver and meet tight deadlines. He said the company's representative affirmed they have the skill set to do the work and understand the committee's charge. In addition, the committee provided the message that it wanted SRI to work with organizations like WICHE and SHEEO on the data element to make sure that requirement was met, which would be all the more beneficial to the end product.

Mrs. Smith thought the committee has allowed itself to get focused on the economic development component, but SRI's submitted proposal showed clear intent and capacity to carry out the committee's mission as stated in the RFP and was not based just on economic development. She thought the SRI staff listed in the proposal had

plenty of higher education experience as well as public policy experience. Mrs. Smith was comfortable with SRI as the first choice selection, noting that the committee had clearly outlined its expectations of SRI if chosen as the consultant.

Chairman Horsford asked for a roll call vote in favor of approving SRI as the committee's first choice consultant and WICHE as the second choice consultant. The voting was as follows:

Senator Kieckhefer	absent
Senator Parks	Yea
Assemblyman Aizley	Yea
Assemblyman Hickey	Nay
Assemblywoman Smith	Yea
Mr. Anderson	Yea
Mr. Dillon	Nay
Mrs. Gansert	Nay
Dr. Geddes	Nay
Mr. Page	Yea
Mr. Wixom	Nay
Chairman Horsford	Yea

THE MOTION CARRIED 6 YEAS TO 5 NAYS.

Chairman Horsford thanked all the bidders and the committee. He appreciated all the members input because it was an important part of the work the committee would do going forward.

Mrs. Gansert commented that SRI did an excellent job on Nevada's economic development plan and she had full confidence in their ability.

## **VI. DISCUSSION REGARDING FUNDING OF HIGHER EDUCATION FROM NEVADA SYSTEM OF HIGHER EDUCATION STAKEHOLDERS:**

- a. STUDENT REPRESENTATIVES**
- b. FACULTY REPRESENTATIVES**
- c. OTHER INTERESTED STAKEHOLDERS**

Tim Porter, Dean of the College of Sciences, Physics Professor, UNLV thanked and appreciated the committee, the Chancellor's Office and the Board of Regents for taking on the important task of examining the funding formula. His background was in science so his comments would primarily focus on science and engineering at UNLV, which was a research-intensive university, but the remarks would also be applicable to other scholarship-oriented disciplines within NSHE. He had the upmost respect for all the

institutions that comprise NSHE and their good work for the state of Nevada. Dr. Porter said a large component of a research university's mission was to invent new knowledge and in science and engineering, the conduct of research was expensive. The university must be at the cutting edge in terms of laboratories, instrumentation and equipment in order to participate meaningfully in the creation of knowledge. He thought that research was worth the investment. Dr. Porter indicated through the conduct of research performed in the laboratories primarily by students under the direction of faculty the university was able to contribute to the solution of scientific, medical, engineering and technical problems faced by the world, the nation and the state of Nevada. Every technology, medical device, form of transportation, type of energy, everything that defined the world was likely created in a laboratory in the last 200 years. Dr. Porter explained that all the new breakthroughs yet to happen in any field would probably be invented and developed by today's well-trained students. Research conducted by Nevada's students represented the highest possible form of student learning. He said the students trained on learning in the laboratory would leave Nevada's research universities with the investigative tools, the knowledge and experience needed to lead, grow and shape society in the coming decades. In his opinion, there was no higher form of learning than participation in research, but even outside the lab in the classroom, many students chose research-intensive universities such as UNLV to learn from professors who were creating the knowledge at the cutting edge of their fields. Dr. Porter expressed that research universities faced unique additional costs, including faculty costs. Research activities could be as high as 40 percent of the workload of a research professor. Other costs included maintaining a laboratory based physical plant, as opposed to simply a classroom based physical plant; the instrumentation within those laboratories; and the maintenance associated with the science and engineering. He indicated the students cost were also high and many of the students received assistantships in order to conduct their research. External grant production mitigated some of the actual costs of research and scholarship, but it did not pay the entire bill. The additional costs of research could run into the millions of dollars at some of the research universities. Dr. Porter asked that the funding formula the committee considered reflect not only the value of research to Nevada's students and to society, but that it actually modeled the costs of conducting research and scholarship at the state's research universities.

Tom Piechota, Civil and Environmental Engineering Professor, Associate Vice President for Research, UNLV, thanked the committee for taking public comment. He had been involved in research at UNLV for 13 years and had received research funding from various funding agencies, national science foundations, state agencies and local agencies over the years, with much of the support going to students at all levels of education. The four points Dr. Piechota intended to make were that research faculty strengthened the educational experience for students; research contributed to the economic development of the state; research had embedded costs associated with it; and the return on investment at research institutions was high. Dr. Piechota said students gained valuable knowledge from engaging with research faculty and faculty who were involved in research, which strengthened the educational experience for students. Through his research, Dr. Piechota was able to expose his students to

interesting issues regarding water resources and the lack of water in the region bringing that information to the classroom for his students to learn. He also said students were performing other sector related research and noted that students from UNLV had been selected as 1 of 20 teams from around the world to participate in the 2013 Solar Decathlon where collegiate teams were challenged to design, build and operate solar-powered houses that were cost-effective, energy-efficient and attractive. He stated that UNLV would not have been selected if the university had not been engaged in energy related research and not only would students be gaining valuable experience from the project but it also raised the university's portfolio. Dr. Piechota pointed out that UNLV students in the water sector worked for the Southern Nevada Water Authority Bureau of Reclamation gaining valuable research experience working in different places, and students studying national security issues worked for the Nevada National Security site on complicated issues that impacted national security of the nation. He thought all of these activities contributed to the economic development of the state. Dr. Piechota noted that UNLV was closely aligning what it did as a university with the economic development sectors of the state and faculty participation in relevant work in those different areas was also important for workforce development. The work and research also contributed to economic development by creating new technologies, new businesses and led to commercialization opportunities. Workforce development occurred at all the institutions, at different levels, and research was an important part of that experience for students to gain knowledge. However, there were embedded costs associated with research as students worked in the different labs; faculty needed time to mentor students, while focusing on their research and balancing the administrative loads; and the core facilities on campus that supported the research needed to be maintained. Dr. Piechota stressed that all of the institutional dollars invested in higher education had a high return. For every dollar invested, \$4.00 to \$5.00 went back into the economy and he thought that was a great case for further investing in higher education and research institutions. He asked the committee to consider his points as part of the evaluation of a new funding formula that reflected different institutions and their different missions.

Omar Quassani, Engineering Student, CSUN Senator for the College of Engineering, UNLV thanked the committee for thinking about the students. He thought the formula should reflect the quality of the education and the quality came from available resources on the campuses and time value of the student's education. Mr. Quassani pointed out that after not having much direction when he started college he chose Civil Engineering as his major and had learned so much about his field. Although he had not been a part of any research opportunities, he was aware of them, and some of those projects trickled down to the undergraduate students including himself. Mr. Quassani said students learn so much during college from all their classes and the resources they are exposed to and he thought the time students spent on obtaining their degrees should be reflected in the funding formula with respect to all the institutions. He was not trying to favor research institutions over all other institutions but he picked UNLV because it was a research institution and knew that he would have an advantage in his chosen career because of his experiences. He asked the committee consider his thoughts as a

student and when making decisions to think about the quality of the education and the overall benefits to students.

Casey Stiteler, ASUN President, read the following testimony:

On behalf of the Nevada Student Alliance I would like to take a moment to thank the members of the committee for their time and effort. We understand that evaluating the funding formula for higher education is no small task, and we appreciate the commitment you have made to this process. I would also like to take a moment to thank Chairman Horsford and the committee for providing students an opportunity to be heard.

With that said, I would like to share some of the concerns and thoughts that the Nevada Student Alliance has in terms of the proposed funding formula.

1. With regard to the cost of higher education for Nevada's Students: The Nevada Student Alliance would like to see extra care put into cost analysis for Nevada's students and families. While tuition in the state of Nevada may have been comparatively low to neighboring states, many of Nevada's students are not in the market for a higher education in another state and their needs and ability to pay for an education in the state of Nevada should be paramount in this process.
2. With regard to the retention of funds by NSHE institutions: The retention of student fees by NSHE institutions is widely supported by the Student Body Presidents. However, we are very interested in if or how this will change the role of the Board of Regents in budget appropriations at each institution. Specifically, will this have an effect on institutional autonomy in budget decisions? Will the retention of funds eventually cause need for changes in the NSHE and Board of Regents administrative structure?
3. With regard to performance based funding: While the Nevada Student Alliance understands the desire for performance based funding and the desire to incentivize the persistence, retention, and graduation of more students, we believe that this should be addressed with specific concerns in mind.
  - a. Performance factors must exist outside of granting degrees to students.
  - b. Nevada's community colleges and state colleges must have unique, specific metrics for success that can be met given their specific missions and goals.

- c. The committee should consider approaching the funding matrix with the individual institutional goals in mind. The diverse missions and goals of the institutions should not be a limiting factor in terms of funding for any institution. Further, the institutions should not be made to change or alter those goals in search of more funding. If this approach cannot meet the needs of each institution, the option of using different formulas for different institutions should be examined.
4. With regard to funding for graduate and undergraduate research: The Nevada Student Alliance does not feel that research can be adequately funded solely through differential funding as a result of weighting. The Alliance would like additional clarification on how state-funded research dollars will be allocated. It is our belief that state funding for research should not be limited to AB 449 and the state Knowledge Fund.

Funding for higher education in the state of Nevada has historically been a contentious issue. Perceived inequities and differences in funding have become both a partisan and regional issue in past discussions. We encourage the committee to set aside those regional and partisan arguments and to strive for a formula that will ensure the strength of the Nevada System of Higher Education. The system, as a whole, must meet the needs of Nevada's students, Nevada's economy, and Nevada's families in these difficult times and we want to thank you in advance for your thoughtful consideration of our concerns.

Chairman Horsford wanted to ensure that an opportunity was provided for the student alliance and the faculty alliance to connect with the consultant so many of the procedural items could be addressed.

Gregory Brown, spoke on behalf of the NSHE Council of Faculty Senate chairs, encompassing the bodies on each campus. Although his testimony was not a statement on which the campus Senates worked collectively together, he said these were principles on which they all agreed. The widespread sense outside of the community was that this was a largely regional fight and NSHE Council of Faculty Senate chairs thought it was really about being able to work together more effectively and more strategically than they had in the past. The following is Mr. Brown's written testimony:

I am Gregory Brown, chair of the UNLV Faculty Senate, and I am pleased to welcome the committee to UNLV and grateful for this opportunity to address you today. I speak today on behalf of the NSHE Council of Faculty Senate chairs and by extension the faculties of all 8 NSHE campuses.

I'm particularly honored to be able to speak to you in this role, in conjunction with my colleagues, Professor Tracy Sherman of the College of Southern Nevada and Joanna Shearer of Nevada State College, because it allows me to make a point that is essential for all involved in this process: NSHE faculty do not see this committee's important work - nor do we want others to see it -- as an expression of regional rivalry or political score-settling.

Indeed, after decades of working within the constraints of a structurally flawed formula, and in the aftermath of the past four years of unprecedented cuts in public support, we faculty cannot afford to withstand further the cost to our collective credibility and to our academic mission that would result from any attempt to "deliver" for one region or institution over another.

The existing formula has become a labyrinthine black box widely perceived to be politicized and which has cost us, as faculty, dearly in terms of our System's credibility with our students, with the state, with local governments, and with the community. Faculty have seen our programs and students bear the burden of the credibility crisis brought on by the old formula, and we urge you to seek as the highest priority for a new formula to restore to the System of Higher Education the credibility that our collective academic achievement deserves.

We as academics deal with each other by making our evidence known and subjecting our work to rigorous peer review; we believe the formula should be approached in the same way -- with transparency, clarity, comprehensibility as credibility as the utmost goals.

Credibility means in the first instance dealing honestly with our students -- and their parents -- when it comes time to pay tuition and fees. Considering money paid by students as "state support" for purposes of formula accounting has led to significant confusion. This can be ended by letting the formula distribute state dollars in support of only Nevada students -- letting campuses determine how many non-residents should pay their full fare and how many should be on scholarship without impact on formula funding -- and then, letting all students from in-state as well as out of state distribute their share of the cost of the education by their choice of campus and program.

Credibility also means prioritizing academic issues over the political. And indeed, the faculties of NSHE do not oppose, indeed we welcome, a formula that promotes educational attainment and degree completion. Despite what is often presumed, faculty do not fear these goals will create irresistible pressure to inflate grades (though such a fear, if it exists, is likely to be felt among contingent faculty on part-time or non-

continuing contracts). We take seriously – every week of every semester – our responsibility and our ability to be the guarantors of academic rigor and degree quality and of precise and nuanced assessment of student learning outcomes. (Indeed, at the suggestion of our UNR colleague David Ryfe, the Council of Senate Chairs have formed a faculty task force to advise the Chancellor on ways to measure degree quality for purposes of the formula and beyond.)

Above all, we welcome these new principles precisely because the perverse consequences of the old formula were so deleterious to our work as faculty. The old formula led campuses to push to grow enrollment above all goals; there were no incentives towards or safeguards of degree quality built into that formula whatsoever. So a new formula that encourages degree completion also represents an opportunity to improve our focus on rigor and quality -- rather than diminish it.

Another way in which the formula can restore credibility is to address, reasonably and realistically, but empirically, the cost of degree programs to determine adequate levels of funding. The purpose for which funding formulae were introduced in other states that have multi-tiered systems of higher education, beginning in Texas which remains the model nationally, was to determine the real cost or at least the ratio of costs among different degree programs on different campuses.

The flaws of our old formula are evident in that even in the best of years, Nevada provided only about 85% of what the formula calculated to be the cost of our programs. A credible new formula would not be one that simply presented a bill to the state for the costs of our programs. But a process that finds a way to begin studying real costs on an empirical basis, or at least builds the study of cost into how the formula will operate once in place, is a crucial step towards long-term credibility. Only in that way can the state, can local governments, can students and can the community understand what the faculty know – that we are operating highly efficiently, at lower cost than comparable institutions in many other states. We know that because our course loads and advising and research workloads are higher than national averages, at costs (primarily faculty compensation and infrastructure) that are slightly lower.

Determining empirically the cost ratios of our programs is essential to achieving another cardinal goal of the faculty for the new formula – ensuring each of our campuses can pursue and fulfill its distinct mission within the System's strategic plans, both current and future. The actual costs of research universities, of an urban access college that serves largely high-risk students, of one of the nation's largest community colleges that stretches across three campuses, and of two institutions

that serve large rural regions, all have distinct costs associated with those missions.

On behalf of the UNLV faculty, I can say there is significant hope that the new formula will better express the real benefit, and the real cost, that a research university brings to its students at all levels and to the region and the state.

Finally, a formula that respects and reflects mission differentiation is also crucial, because it is essential to our work together as a coherent System. We faculty do not fear or recoil from competition and indeed, a formula that allows each campus and program to retain student tuition and fees would reward excellence and prominence, by allowing programs that attract regionally, nationally and internationally to thrive and serve more students, both Nevadans and non-residents.

But as we compete among programs, we do not want performance-based funding to undermine the work we do together across campuses. We work on curricular issues such as course catalog articulation; we collaborate across campuses on research grants and contracts; we support joint efforts to facilitate faster degree completion; and we do not want the current process to become a competition among campuses. We believe that performance-based funding need not and should not pit campuses against each other in a fight to divvy up a smaller pie, but rather encourage collaboration and strategic partnership through additional investment, as reward for achieving an individual campus' mission.

A new formula cannot do everything to address the challenges facing higher education in our state, but a new formula can and, faculty believe, should be a platform from which a future blueprint for higher education in Nevada can emerge. The current strategic plan, suited to the current environment, is entirely about increasing the number of degrees conferred in Nevada; however, there are other imperatives for the state in higher education including research, including personal development opportunities, including rural and urban access.

The new formula can, and we hope, will allow future NSHE strategic planning to be based not upon one-sized-fits-all goals but to be based upon our multi-tiered, differentiated missions. Investment in higher education can, and we hope will, come to be seen not as a burden to be avoided or as political patronage; with a new formula, it will come to be seen for what faculty know it is: an investment in student learning, in innovative research that leads to economic development, and in an enhanced quality of life and a stronger civic engagement for our state.

Sarah Saenz, CSUN Student Body President, UNLV thanked Senator Horsford and the committee for the work they would be doing and for holding the meeting at UNLV, as it was an honor to have the members on campus. She said the Chancellor had been very open about the proposed funding formula and transparency that had already come from the committee and the Chancellor regarding the proposal was appreciated. If there was another proposed funding formula or changes to the Chancellor's proposal Ms. Saenz requested for students to be able to receive the information prior to the committee meeting. She thought it was important to give students time to review and analyze it so the students could respond and bring their discussion to the meeting. Ms. Saenz indicated the students wanted change that was fair and equal throughout the state of Nevada. The students needed a chance to see what effects the formula would have if and when it was implemented, she commented if a test run of the numbers had been done, the students had not been shown the result. Ms. Saenz said students liked charts, graphs, timelines and colors – they wanted to know where their lives would be in two years or five years with the proposed funding formulas. All those tools would help her to take the information to her constituents. She said students cared but not all understood because they had not been through the process. It was important for the freshmen to know what would be happening in the future with their money and the budget. Ms. Saenz thought it was crucial for all the institutions to work together when advising students about their path to graduation. With the proposed research component there might be some gaps between the community colleges, the state college and the research institutions, which was fine except the students wanted advising in order to be prepared and make it easy in the event they wanted to transfer among the institutions. She indicated she had talked with President Smatresk and was told one advisor had been hired between CSN and UNLV, which was great, but there needed to be more advisors. Ms. Saenz understood what the students were asking for was not easy, but Nevada was unique and something that separated its institutions was distance and space, but something that united the institutions was one NSHE, one Board of Regents and one funding formula. She said if there were not going to be three different formulas for the various institutions – she quoted Chancellor Klaich “we need to generate a pool of money for each institution to use as they see fit,” – then she hoped the new formula would allow institutions to look at their weak points in order to focus on such issues as retention, graduation rates, advising and programs to keep students. Lastly, Ms. Saenz wanted to see keeping fees on campus in the formula and for out-of-state tuition made part of the formula so that campuses kept the money that they generated. It was important to strive for equality and fairness between Nevada institutions. She thanked the committee for their time and offered for the members to contact any of the Student Body Presidents for help or information.

Chairman Horsford informed Ms. Saenz that the agenda and the timeline for the committee was set; however, as the deliverables and the presentations from the consultant were made available for review of the committee they would be made public on the legislative website in advance of the committee meeting.

Michael Gordon, Graduate and Professional Student Association President, UNLV, thanked the committee for meeting on campus and for bringing the government to the

people, making democracy real. He echoed the points that Casey Stiteler, NSA Vice-Chair had made, but wanted to add two points. Mr. Gordon pointed out the value of research and thought the 1.1 research component in NSHE's proposed formula funding model did not adequately fund to align with the goals in the SRI-Brookings report. That specific report identified the lack of a top tier Carnegie ranked university as a weakness in Nevada, while identifying that infrastructure for innovation was in place at UNR, UNLV and DRI, it was not sufficient. Although this was not new information, it needed to be addressed especially to ensure that Nevada moved in the right direction in the future. He said research at lower division, upper division and graduate level courses needed to be funded. Mr. Gordon's second point was regarding blindsides and he thought the committee's blindside was to hold four out of the seven committee meetings when the colleges and universities were not in session – January 11, May 23, June 27 and August 15. He indicated when the committee was going to be making its major decisions affecting students and faculty there would not be representation at the meetings.

Chairman Horsford said Mr. Gordon had a good point, but unfortunately, some things were out of the committee's control due to the Legislature only meeting every other year. The interim committee only had a limited time to meet in advance of the 2013 Legislative Session and the findings produced by the study had to be turned into bill drafts along with other processes that took time. He thought that the information could somehow be shared with the faculty and the student leaders for review and then they could disseminate it to the other interested parties.

Tracy Sherman, Faculty Senate Chair, CSN, provided the following written testimony (read by Judy Stewart at the meeting):

If you have taken your pet to the vet in Las Vegas, chances are - a CSN student or graduate helped care for that important part of your family. If you have enjoyed an evening of gambling in this gaming mecca - you likely came into contact with a CSN graduate, not only dealing the cards, but tinkering with the machines. If you find yourself ill while playing - the odds are, a CSN graduate will pick you up in the ambulance and deliver you to a patient representative at a local hospital who may have been in that paramedics English class.

For 40 years CSN has been a part of Southern Nevada, funded by a murky formula that only our fantastic mathematicians could unravel. I presume you have all experienced a world class meal in Las Vegas? It is highly unlikely any of you have not eaten food prepared by an award winning CSN graduate. If you should find yourself near our Cheyenne campus - perhaps on a date to our amazing planetarium or to hear a concert, watch our dancers, check out our artwork, or see a great play (for example) - know that some of the Las Vegas greats started with us - you might be looking at a future star. Be sure to take your glasses - the lenses of which you can probably thank a CSN student for.

Please note that the majority of our faculty members over the years have been part time faculty and while we have done very well with these teachers, think of how much further we could go with more full time, dedicated faculty members instead of the 60/40 ratio we have been working with.

Health care in Clark County is extremely dependent on high quality graduates from the Nevada System of higher education. And while several institutions have a few of these programs – no College has as many as CSN, nor has anyone produced as many graduates as we have. From Respiratory Therapists, to nurses, radiation therapists, ultrasound technicians, to dental assistants and hygienists and many, many more ...CSN has produced more healthcare individuals than any place else in Nevada - during times when we have NOT been funded equitably as compared to our sister institutions. The message to the students may not necessarily have been the one that was intended.

If your Southern Nevadan children can read, if they have played a fun video game - CSN probably helped. If you have enjoyed a good article in a magazine and perused the accompanying photos in a local publication - CSN was there. If those same children can play in safe streets - we helped. If those children have used reverse psychology on you and convinced you to take them on a trip you might not be able to afford ...we can help you! From travel plans to economics and finance we can help you figure out how to pay for it - then you'll need to study marketing and geography, right? Along with anthropology, global studies, and a foreign language, to be on the safe side.

It would make things more comfortable if the funding formula assured we had safe, comfortable learning space. In return for the funding for operations and maintenance - we will train people to keep buildings cool, up to building code and should the tragic happen - our guys will know how to put out the fire.

We admit that research is important for the future of Nevada, we promise to educate research assistants in hard sciences, math and social sciences so they are ready to help. In the meantime though - let CSN help put Nevada back to work - this is front line stuff we offer you. We are your ticket to winning the next election. In high school, I asked my grandmother what she remembered of FDR - she said (50 years later) "OHHH RooooSevelt - he gave all the people jobs!" She would have voted for him a dozen more times.

CSN has been very good to Southern Nevada - we are everywhere - a million strong and growing. THANK YOU for finally recognizing we may

be worth more than you have been giving us. We will continue to grow stronger - and as we do that Cardiorespiratory Sciences program won't be just the 9th best in the nation ... we will be the very best before long!

Please fund our equity problem. Please give us equal funding for an equal course, please allow us to keep our tuition and please - above all - allow NSHE to create a new formula that will allow all NSHE institutions to become stronger in the future - taking Nevada with us.

Judy Stewart, Interim Chair, Biology Department, CSN, was a biologist with a research background. She strongly believed that research was critical to the future of a strong Nevada. Ms. Stewart asked that the committee, when deciding on the funding formula, to consider the unique aspects of the community colleges including access and workforce training, which contributed a great deal. As long as the state asked the community colleges to be open access institutions she wanted to be sure that could be accomplished with research addressed in multiple places in the funding formula. She also asked that the committee consider the community college's access mission and job training mission in the funding formula. Ms. Stewart said many jobs were required to keep the economy strong and the community colleges contributed a large amount to the economy. The community colleges would do their best in whatever the state asked them to do, but she asked the committee to do the best it could on the funding formula in order for the colleges to succeed in those areas.

Matthew Mahrt, President, CSN Chapter of the Nevada Faculty Alliance, Biology Professor, CSN provided the following written testimony:

I am Matthew Mahrt, President of the CSN Chapter of the Nevada Faculty Alliance. Like my preceding colleagues, I wish to thank the committee for the opportunity to speak on the need to replace the current formulas used to fund the Nevada System of Higher Education.

There are two major points that I want to address. The first of these is that current formulas are too complex, and thus contain hidden biases. The second is that the current practice of offsetting the general fund money allocated to an institution by student tuition and fees paid to that institution is fundamentally unfair to students. In combination, these features give the current formulas a decided lack of credibility among students, faculty, administrators, and the public we serve.

I am a biologist that specializes in modeling complex biological processes such as animal behavior. One of my graduate degrees is in statistics, and I have worked as a statistical/mathematical consultant. I also have experience with resource allocation models in other states, most notably Oregon.

A fundamental principle in mathematical modeling and statistics is Occam's razor - i.e., given a choice between competing models, the simplest model is typically the best one. While the current formulas are superior to the methods used to fund academic institutions in Nevada used prior to 2001, they are extraordinarily complex. Indeed, the current formulas are so complex that I cannot predict, *a priori*, what they are supposed to do. I can only see what they actually do when realistic enrollment numbers are run through them.

An *a posteriori* analysis shows that the current formulas are biased in a number of ways. For example, student support formulas have size break cutoffs that provide CSN with fewer dollars per student than any other institution in NSHE. The long term result has been a significant decline in student services that are critical for many of our students to succeed. This problem is exaggerated by limitations that the current formulas impose on where allocated dollars can be invested - i.e., the current formulas do not allow CSN to invest its dollars where they are most needed.

The fact that general fund dollars allocated to CSN are offset by tuition and fees paid by our students gives the impression of purposeful dishonesty to the types of biases noted above. In effect, the money that students pay to CSN cannot be used in the ways that provide the greatest benefits to them. More importantly, the discounting of general fund dollars by student tuition and fees means that college students are effectively subsidizing the other functions to which general fund dollars are allocated. In short, college students are being selectively taxed in an effort to help Nevada deal with its continuing financial crises. Arguments to contrary are simply arguments of semantics. A rose is still a rose by any other name.

In closing, it is time to do away with the current funding formulas and replace them with a system that is simple, transparent, and fair. In particular, any new system should allocate general fund dollars only. Student tuition and fees should be retained by the institutions they are paid to; and institutions should have a greater degree of flexibility in where they invest their money. CSN, not the legislature or NSHE, knows how to distribute in a way that will most effectively benefit its students.

Carolyn Collins, Chemistry Professor, CSN, provided the following written testimony:

Chair Horsford and members of the committee. Thank you for the opportunity to speak this morning. My name is Carolyn Collins and I have been a faculty member at CSN for more than 30 years. During that time I have been very involved in the Funding Formulas logging many hours on money committees at both the institutional and system level.

Over the last 5 years, my efforts in spearheading the push to get the "EQUITY" issue at CSN recognized and addressed has led me to dig deeply into the arcane and convoluted world of our funding formulas in search of what is wrong that has resulted in CSN being underfunded to the tune of 15 - 25 million dollars depending on which year, which study and which yardstick we use. In this process, I have learned much about what is broken and what I think needs to be fixed in the higher education funding formulas and I would like to share a couple of these points.

What I discovered was that the current funding formulas did not create the Equity problem. Much of it was a legacy of older funding models which had not kept up with growth (hurting the southern institutions) and had woefully underfunded student services (all the things you hear the students talking about today). When the current formulas were adopted in 2001 to address these historical inadequacies, CSN was already underfunded by an estimated \$15 million mostly in the areas of student services and instructional support. The current formulas were a big improvement but they are by no means perfect. Their complexity obscures many built-in biases that continue to perpetuate some inequities across the system, and serve to undermine their credibility. But our biggest problem was not the formulas but the way the formulas were implemented in 2001. A critical decision was made not to redistribute system resources in alignment with the new formulas -- thus locking existing inequities into the base budget. Since our only hope of improving things was based on new dollars and we haven't seen many of those over the last 5 years, the way the funding mechanism now works has us trapped in a hole with no way out.

We at CSN have been eternally grateful to Chancellor Klaich, the Regents and to many legislators like Senators Lee and Horsford for recognizing the fact that we have this EQUITY Problem and for trying to take steps to fix it. After several legislative sessions of trying, I believe it is highly unlikely we will resolve this problem without some fundamental changes in how we fund higher ed.

1. Student Fees must be retained by the institutions. This is the cornerstone. The funding formulas developed should work on top of that to allocate state funds. Students and colleges should not be punished for increasing fee by receiving less state dollars.
2. Base Funding Formulas should be simplified to a matrix that provides the same state funding for any student taking a course like EN G 101 no matter where it is taught.
3. CSN Equity needs to be addressed. We are encouraged by attempts to create a more equitable funding formula. But we have been severely underfunded for many years and our students have

suffered. We hope that when new formula are implemented that there will be the needed redistribution of resources to address our long-awaited equity issue. We do not wish to repeat the mistakes of the past in the implementation process.

Jennifer Reed, Ph.D. student, Sociology, Graduate and Profession Student Association representative, thanked the committee for revisiting the funding formula and being willing to address an outdated formula. She wanted to see the funding formula changed to keep the student fees on campus and funding for a research component. Ms. Reed said there were 5,500 graduate students at UNLV and thought the 1.1 factor for research included in the NSHE proposed formula did not represent enough funding. She thought funding for a research component could be considered an upfront investment which could generate more long-term revenue and future revenue in research because it could generate more research to help businesses grow and launch them in a new direction. Ms. Reed expressed concern with the performance and output measures in the proposed funding formula because the institutions needed to have enough resources in order to perform. In terms of performance, she said graduation could be a way to look at things, but students may not be able to get to the point of graduating because of fewer classes, full classes, eliminated classes or affordability. Ms. Reed said as much as she understood the change from enrollments to completion at some level there had to be a support structure in place for students to be able to complete their education. She noted that the graduate students were pushed into taking higher teaching loads because there were not enough tenured professors to handle the amount of students, which then did not allow the graduate students to make quick progress to finishing their degrees. Before the budget cuts, the Sociology Department had 17 full-time professors and currently there were 11 full-time professors. Ms. Reed explained the student enrollment was the same so with the reduced amount of professors the bulk of the teaching load fell to graduate students. She asked the committee to consider her points when deciding on the funding formula and thanked the committee for their work.

Chairman Horsford thanked staff and said the committee had accomplished its work at the meeting. He noted the next meeting was scheduled for April 25, 2012, and the first set of deliverables would be reviewed. Chairman Horsford told the members to contact staff if they had any presentations or ideas to explore at the next meeting, beyond what the consultant was working on, to decide whether to add it to the agenda. In order to provide some direction to the consultant, he thought the committee should discuss factors related to the community colleges in regard to measuring performance differently than what would be expected at other institutions.

Mrs. Smith reiterated for students and faculty to be intimately involved in the process and did not think there was enough available information for them. She encouraged Chancellor Klaich to develop a formalized process to involve faculty and students as much as possible and provide as much information as possible in advance because the months ahead were going to be critically important to build support for the outcome of

this work. Anything that can be done during this time would be important to the success of the study.

Chairman Horsford wanted people to understand the role of the committee and its recommendations to the Board of Regents, the Governor and the Legislature and how that was very different from the implementation, once the allocations were made. He noted that sometimes the legislators heard comments regarding what were management decisions made at the institutional level so having a greater awareness among faculty and students was important. Chairman Horsford pointed out the committee meetings were a venue for ideas, but the real decisions were made at the institutional level in many regards. He appreciated everyone's time and thanked UNLV for hosting the meeting and for the videoconferencing at the other sites.

**VIII. PUBLIC COMMENT.**

There was no further public comment.

**IX. ADJOURNMENT.**

Chairman Horsford adjourned the meeting at 3:08 p.m.

Respectfully submitted,

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Patti Sullivan, Committee Secretary

APPROVED:

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Steven A. Horsford, Chairman

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

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