

**MINUTES OF THE
COMMITTEE TO STUDY THE FUNDING OF HIGHER EDUCATION
(Senate Bill 374 of the 2011 Legislative Session)
May 23, 2012**

The Committee to Study the Funding of Higher Education (Senate Bill 374 of the 2011 Legislative Session) held its fifth meeting of the 2011-12 Interim on May 23, 2012, in room 4401, Grant Sawyer State Office Building, Las Vegas, Nevada. The meeting was videoconferenced to room 3137, Legislative Building, 401 South Carson Street, Carson City, Nevada; room 121, High Tech Center, 1500 College Parkway, Great Basin College, Elko, Nevada; and room 102, Pennington Health Sciences Building, University of Nevada, 1664 North Virginia Street, Reno, Nevada

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

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

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Assemblywoman Debbie Smith
Heidi Gansert
Jason Geddes
Jeff Mohlenkamp

COMMITTEE MEMBERS PRESENT IN RENO:

Mike Dillon

COMMITTEE MEMBERS PRESENT IN ELKO:

None

COMMITTEE MEMBERS ABSENT:

None

STAFF MEMBERS PRESENT IN LAS VEGAS:

Alex Haartz, Program Analyst, Fiscal Analysis Division

STAFF MEMBERS PRESENT IN CARSON CITY:

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division

Brian Burke, Senior Program Analyst, Fiscal Analysis Division

Eileen O'Grady, Chief Deputy Legislative Counsel, Legal Division

Kristin Roberts, Senior Principal Deputy Legislative Counsel, Legal Division

Patti Sullivan, Committee Secretary, Fiscal Analysis Division

STAFF MEMBERS PRESENT IN RENO:

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division

EXHIBITS:

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

[Exhibit B](#) – University of Nevada, Las Vegas, Faculty Remarks and Information

[Exhibit C](#) – Magdalena Martinez, Ph.D. – Hispanic Students in Nevada Public Higher Education: Emerging Hispanic-Serving Institutions and Performance Based Funding

[Exhibit D](#) – Nevada System of Higher Education – Comparison of General Fund Support in FY 2012 to Proposed Funding Model

[Exhibit E](#) – SRI International – Analysis of States' Use of Student Enrollments and Performance Criteria in Higher Education Funding

[Exhibit F](#) – Nevada System of Higher Education – Appendix C (excerpt from A New Model for Funding Higher Education in Nevada)

I. ROLL CALL.

Chairman Horsford called the meeting of the Committee to Study the Funding of Higher Education to order at 9:02 a.m. and the secretary called roll. All the members were present at the meeting, with attendance in Las Vegas, Carson City, and Reno.

II. PUBLIC COMMENT.

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

There was no public comment.

III. APPROVAL OF MINUTES OF THE FEBRUARY 29, 2012, MEETING.

Chairman Horsford asked for approval of the minutes of the February 29, 2012, meeting.

ASSEMBLYMAN AIZLEY MOVED TO APPROVE THE MINUTES OF THE FEBRUARY 29, 2012, MEETING. SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chairman Horsford outlined his meeting timetable for the members. He proposed to start with Agenda Item IV, which included testimony from student representatives who attended the various institutions regarding their perspective on higher education funding and the funding formula. He then planned to ask for comment from faculty representatives as well as any other interested stakeholders. Agenda Item VII would follow regarding efforts to improve the number of Hispanic students who completed college, including efforts to attain Hispanic-Serving Institution designations for Nevada's institutions. Under Agenda Item VI, Chairman Horsford said the members would hear from Dr. Mario Martinez with a presentation on the Lumina Foundation's initiative regarding increasing the number of certificates and degrees. He intended to proceed to Agenda Item V, an update by Chancellor Klaich regarding progress on the Nevada System of Higher Education's (NSHE) alternative funding formula. Chairman Horsford said Agenda Item VIII would follow with information from NSHE on its Fresh Look at Nevada's Community Colleges Task Force report. The meeting would conclude with a presentation from the Committee's consultant SRI International on contract Deliverables #2 and #3.

IV. DISCUSSION REGARDING CHANGES TO THE HIGHER EDUCATION FUNDING FORMULA AND HIGHER EDUCATION FUNDING IN NEVADA BY NEVADA SYSTEM OF HIGHER EDUCATION STAKEHOLDERS:

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

Chairman Horsford started the discussion regarding changes in higher education funding and the funding formula by allowing student representatives to provide public comment to the Committee.

Deuvall Dorsey, President, NSC Student Alliance, Founder and Former President, NSC Visual Media Club, said his major was Visual Media with concentrations on digital editing and ethnography. He identified himself as a non-traditional student at NSC. After working nationally and internationally in visual media, he thought a four-year degree would offer access to opportunities beyond his potential than without formal education in his field. At NSC, Visual Media was one of the youngest programs on campus and a growing major. Mr. Dorsey indicated more full-time faculty was needed to work with students on projects outside of class, and more advisors and career counselors needed to guide the students' academic decisions. He said the faculty were

passionate about their work creating a program that provided real world skills. Mr. Dorsey explained students in Visual Media worked hard to succeed by maximizing the available resources; however, there were very few computers with degree specific basics housed in the library, which only offered limited access for students due to staffing and space constraints. He said the students in Visual Media also desired dedicated space on campus to set up equipment and work together. At NSC, Visual Media students got on the job training by working with the campus bookstore, IT Department, School of Education and College Relations. In 2012, students had the opportunity to work on professional television sets such as the CW Channel's *Remodeled*; the Learning Channel's *Extreme Couponing*; *MMA Fight Corner*; Fox Sports News Radio; and the Discovery Channel, where students were invited to shadow a camera crew. Mr. Dorsey indicated students in the major were actively working to double the number of Visual Media students by planning recruitment visits at local high schools and technical schools. He thought one of NSC's strengths was its faculty members who often taught in more than one department. When there were no Visual Media courses that suited Mr. Dorsey's needs he found that Dr. Paul Buck offered a cross-listed anthropology course entitled *Cultures Through Film* where ethnographic films were screened every Friday in that semester and open to the entire campus. That type of inclusive teaching method worked to include more students, than just those enrolled in the class itself. He and other Visual Media students were concerned if the recruitment of new students to double the size of the major was successful if there would be enough faculty to handle the increase and the workload. Furthermore, if the major were to double if it would be possible to offer the necessary classes, if students would be deterred from applying due to limited resources, and would future students in the major have the same positive experience. He said the students at NSC were supportive of the proposed alternative formula and would like to see it in effect as soon as possible because there was much more that enrolled students could do and more prospective students to reach.

Bentley McDonald, Student Body Vice-President, NSC, said he wanted the Committee to understand how NSC helped him and how it could help so many more potential students if the proposed alternative formula was approved and put into action. He explained high school was not important to him and at that time he was only worried about staying eligible to play high school sports. He was previously disengaged, but going to NSC changed his life and he credited the faculty at NSC as being committed professors who created a culture that was both inspiring and engaging. Mr. McDonald acknowledged going from a 2.3 grade point average and not a great student to becoming a "proud bookworm." During times when he struggled, the professors helped him to understand the curriculum in a way that was not published in a book, but rather with their passion for teaching. Mr. McDonald told the Committee he was a Communications major only because NSC Professor Chris Harris engaged him in Communications 101 class. He told me I could speak publically and took the time to meet with me after class to be an effective public speaker. Mr. McDonald had watched NSC grow possibly 40 percent in the few years he had attended. He was concerned that the other students who were disengaged coming out of high school were not going to benefit from the same opportunities he had and to understand that college work was

relevant in life. Mr. McDonald encouraged approval of the alternative funding formula. He thought additional funding for NSC through the funding formula was highly important and would have a huge impact on student success. The dollars represented faculty and staff positions to engage students just like him.

Senator Horsford asked Mr. Dorsey and Mr. McDonald to tell the Committee more about their background, including where they went to high school and why they chose NSC over the other institutions in the state. He also wanted their perspective on their peers who were either not enrolled in college or if enrolled were not completing their courses.

Mr. Dorsey attended high school in Bloomington, Indiana as well as in Atlanta, Georgia and before moving to Nevada in the previous two years had never considered going to college. He decided to obtain post-secondary education and investigated his options, including online schooling and attending NSC or CSN. Mr. Dorsey talked to advisors at NSC and realized entering the Visual Media program was an opportunity to further his talents in that field. He ultimately chose NSC expressing that the Visual Media program and the location of the college fit his needs. Mr. Dorsey said his choice to attend NSC was working well for him.

Mr. McDonald said he attend three or four high schools chasing a dream of playing basketball. Playing basketball became his main priority and he did not envision himself attending college. He was encouraged by a cousin who was attending NSC seeing the impact it had on his life. After enrolling at NSC, he said the professors through their passion for teaching helped him to see the importance of the work. He praised the culture of the college and said potential students heard about the great culture along with the great teachers at NSC and wanted to enroll. However, there were students who desired to attend, but were unable because their major of choice was not offered. He was worried that future students were not going to be able to enroll at NSC and have the same opportunities for learning as he had been given.

Aimee Riley, former Student-Body President, CSN, and Chair, Nevada Student Alliance thanked the Committee for allowing the students the opportunity to speak and share their backgrounds. She thought it was going to be useful to have a funding formula applicable to the NSHE that would be of benefit to all the institutions, especially in light of the fact the current formula had not been used in the last two Legislative Sessions. She indicated it was important to have equitable funding for all the institutions in the state, especially for CSN, which she said was the least funded. Ms. Riley reported that CSN completely transformed her life and after five years of attendance and balancing work, school, and family that she had recently graduated. She set an example for her children by working hard, showing hard work elicited good results, and with higher education, the future was limitless. She urged the Committee to support the proposed alternative funding formula.

Chairman Horsford said Chancellor Klaich released a new allocation of the breakdown of how the funding could be used if the model was approved. He asked Ms. Riley what

students understood about the proposed funding formula and why she was in favor of its approval.

Ms. Riley thought the proposed formula would be more equitable and functional for the Legislature to allocate funding to the System, especially since the funding formula had not been used in the previous two years. She added that it was important to maintain the rigorous quality standards of higher education in Nevada. Those standards helped shape her positive experience at CSN.

Michael Gordon, President, Graduate and Student Professional Association, UNLV, apologized for the lack of students in attendance at the meeting, but it was summer and school was not in session. He noted it was likely students were not present because they were working one or more part-time jobs in order to finance their next year's education. However, it did not mean that students did not care about the future of education in Nevada. Mr. Gordon thought one of the reasons students were in favor of the proposed funding formula was because out-of-state money would stay on each respective campus. He said UNLV had been a proponent of that issue for a long time so was pleased it was coming to fruition. Mr. Gordon urged the Committee to increase the research budget in the proposed formula. He contended that research in general and research at Nevada's universities was important, specifically for graduate students. Mr. Gordon stated Johns Hopkins University was invested in research and that commitment was shown by imminent construction of a 69,000 square foot research center. The center would comprise the following:

- Hopkins Extreme Materials Institute, which would study how materials behaved under intense impact.
- Johns Hopkins Individualized Health Initiative, which combined research from the schools of engineering, medicine, nursing and public health.
- The Systems Institute, which tackled goal-oriented challenges such as health care reform and childhood obesity.

Continuing, Mr. Gordon emphasized that in order to improve society research needed to be funded. In his opinion, if the state wanted to address the problem of funding higher education in Southern Nevada then there should be two different formulas, one that funded research at the universities and one for the community colleges. He thought students chose to attend different institutions based on the mission of the institution and to have a diverse experience. He cited the following analogy as an example: generally, people from New York were a fan of the professional baseball teams the New York Yankees or the New York Mets. Although, both teams were in the same town they provided different experiences for their fans. Mr. Gordon said there was a reason why people made such selections and thought it was important for the Committee to consider two different formulas to fund the different institutions. If Nevada was serious about moving forward as a state it was essential to fund research.

Sharon Young, Graduate Student, Department of Anthropology; Vice-President, Graduate and Professional Student Association; Chair, Grants Committee; UNLV, said

research was very important to a graduate students career. It not only prepared the student with a skill set and necessary experience to be proficient in their future career, but also taught how to disseminate the results of research for the public and the scientific community. In her graduate career, she learned to conduct research in a variety of different areas, to present at professional conferences, to prepare the results for publication and to deal with the media in cases where the results garnered attention. Ms. Young said a graduate education provided all of those components. She chose UNLV for its lab facilities because they gave her the opportunity to perform a variety of research, with faculty who were capable of training her in all research areas. Ms. Young had been fortunate with assistantships and was able to perform research within her department, with other departments, and with other universities in different states. Research at UNLV had provided her great opportunities that she thought would not have been available anywhere else. In her position on the Grants Committee for the prior two years, she had the unique opportunity to review the student applications submitted for graduate research to present at conferences, or to engage in actual research. The quality of the applications and the level of research that graduate students were performing at UNLV were impressive. Ms. Young noted there had been a record number of students in the past two years applying for the graduate and professional student grants, with 282 applications totaling \$235,000 of requests. The Grants Committee had been able to fund approximately 80 percent of the requests. She said students consistently noted on their applications of relying on the student grants because they did not have funding from their departments and they were not able to get departmental or university support, as in the past. Ms. Young thought that in order to keep the quality of research high and to foster the research environment where students had the ability to engage in meaningful research at UNLV, it was important for the Committee to consider factors regarding funding for research when making decisions on the funding formula.

Chairman Horsford wanted to invite a student representative to serve on one the subcommittees for the funding formula. He asked for Alex Haartz, Fiscal Analysis Division, to be provided with contact information of the selected student so they could be included in the process of examining the specifics of the formula.

Lauren Falvey, Graduate Student, Department of Anthropology, UNLV, said she completed her bachelor's degree at UNLV in 2008 and went to high school in Las Vegas. She credited positive experiences as an undergraduate at UNLV that she would not have had if she had attended a community college, as a contributing factor to her present status as a graduate student. While working on her bachelor's degree she was exposed to valuable opportunities that provided hands-on training necessary to be competitive in her field. Ms. Falvey noted as an undergraduate she was not just a consumer of classroom knowledge, but during lower division classwork, she established connections with individual professors and learned of research that was being conducted within the departments. She said Dr. Karen Harry and other research professors discussed their active research projects during their classes, which enriched classroom discussions and provided students with opportunities to get involved in the various projects. Under the mentorship of the professors, Ms. Falvey learned artifact

analysis techniques and improved her technical writing ability. She said these skills in combination with theoretical framework gained in introductory courses were instrumental to obtaining employment after completing her bachelor's degree. While the mentorship she received from research professors over the course of her undergraduate studies was important, she noted the experience was not singular or extraordinary. Upon returning to UNLV in 2010 to begin her graduate studies, Ms. Falvey said an undergraduate student in a lower division class expressed interest in Dr. Harry's research. To foster the student's interest, Ms. Falvey mentored her on a research project on experimental archeology where she was guided on appropriate methodology and laboratory procedures, which helped her gain critical reasoning and technical skills to see the project through to fruition. Ms. Falvey presented a portion of the research at a regional conference and the undergraduate student joined Dr. Harry and Ms. Falvey as co-author when the final results were published in a peer reviewed journal in 2011. The resources and opportunities for extracurricular projects and training offered by research professors to undergraduate students in lower division courses at UNLV contributed to where she was at present. Even though her experience was just one example, she represented the views of a number of students who had completed their undergraduate studies at UNLV and had gone on to be successful in graduate programs and subsequent employment. Ms. Falvey implored the Committee to recognize that lower division courses taught within a research institute created a unique cycle of opportunities, which were very beneficial to undergraduate students and to consider those issues when determining the funding allocation for those courses.

Brad Summerhill, Chair, Faculty Senate, TMCC, testified at the meeting and provided the following written testimony:

My name is Brad Summerhill. I am the faculty senate chair of Truckee Meadows Community College in Reno. As you know, Nevada is one of the most under-educated states in the union. We reside in the bottom five states when it comes to higher degrees of any sort per capita. If Nevada hopes to attract quality industries and businesses to the state, we need an educated workforce. The two-year colleges are the keystone in any effort to improve this situation. So, when it comes to higher education funding, we have an obligation to ensure that not only the universities but the colleges, among them TMCC, CSN, WNC and GBC, are adequately funded. It is important to understand the unique and differing missions of the various institutions within NSHE.

At TMCC, part of our mission is to offer degrees that lead directly to career paths in business and industry. We are able to respond to state and community needs, as can be seen in our renewable energy engineering degree and our nursing and allied health programs. At the same time, we have a mission to seamlessly transfer a large student population, a significant portion of which is under-prepared for college, from the college associate's degree onto the university.

The common courses that we teach-which cost us the same amount to offer as the university-ensure a student's opportunity for progress and success in Nevada public higher education.

We need a stable source of funding. NSHE institutions should not have to face a situation in which every two years our missions appear to be threatened due to the legislative budgetary process. The chancellor has put before you a proposal that provides stability. It is not a perfect proposal, but as the Jesuits say, the perfect is the enemy of the good. And we are in dire need of a good funding process for higher education in Nevada.

The key feature is tuition and fee retention with a consequent set-aside of those dollars. I've tried to explain it this way to my colleagues: I would rather have a guaranteed revenue of (let's say) \$85 so that I can plan out my budget rather than asking for \$100 every time and not knowing if I'll receive \$65, \$75 or maybe (if I'm very lucky) \$95 dollars. An institution cannot thrive in this budgetary environment.

The chancellor's proposal is like a woven fabric. If you start to tease out this thread of that (F's as completers, one size fits all), it won't hold together and it won't serve us as intended. As I mentioned, you simply can't fund the same common courses at differing levels at different institutions. There will be unintended consequences. And while it's not politically popular to offer support for a grade of "F," I believe that you all understand why it must be so. An institution expends the same resources on a student who fails the final exam as the one who passes the final exam. And would you encourage us to pass students who haven't mastered the basics for financial reasons? I predict an explosion in the "D-" grade if that's the case. And again, there will be unintended consequences.

Now all my cards on the table: I represent an institution that, frankly, would most likely benefit financially if the legislature chooses to ignore this reformation effort and stick with so-called flat funding in which no actual funding formula operates (as it has been for the past three cycles, I believe, where we find we can't use the funding formula and so go with a "special" formula). Even though my college stands to lose significant state support under this formula, I see beyond the immediate loss of state dollars to the greater benefit for the system, for the students and for the state. And in closing, let me reiterate that none of it holds together-none of these benefits will exist-without tuition and fee retention for the institutions and without a guaranteed set-aside. Thank you for your time and effort, and I would be happy to answer any questions.

Chairman Horsford said the one of the objectives of the study was to have a more equitable allocation of the formula, but it was also the funding of higher education generally. From a faculty perspective, he asked Mr. Summerhill, in order for the institutions to be funded at the proper levels, if merely moving the allocation from institutions to a more equitable basis would achieve that goal.

Mr. Summerhill thought the Chancellor's proposed funding formula moved the state in that direction. He emphasized that the various institutions had differing missions and that state needed to figure out how to honor the rural service mission without debilitating GBC and WNC and their ability to serve. Mr. Summerhill said the proposal was outcome based, with a potential for add-ons for performance and for degree completers, but the core of the funding formula was equitable, although equitable was not always fair. At TMCC, he thought if only the sheer dollar value was considered, that institution would probably be better off to proceed with the current formula. However, from a faculty perspective, having the formula based on outcomes provided stability, guidance, and the ability to plan and fulfill their missions, rather than the uncertainty of what might happen every biennium.

Chairman Horsford wanted to make sure that student and faculty expectations were clear because the proposed funding model took the total general fund appropriation and changed the allocation by institution based on the new approach, but it did not increase funding. Beyond the first objective, which was to create a more equitable allocation formula, he asked from a faculty perspective, if that was sufficient funding for higher education to fulfill their needs, or was it just the start to get to an equitable basis.

Mr. Summerhill said that was a key point and from a faculty perspective, there was never enough money to go around, but in reality, the trend nationwide was for a decrease in state support for higher education. He stated that was the new paradigm and under the proposed funding formula there would actually be a decrease in State General Fund; however, having a set-aside would provide a stability lacking in the current process. Using his previous analogy, he did not like the uncertainty of asking for \$100 and not knowing what would be given, but instead preferred the stability of having a guaranteed \$85 every time, which could largely be set aside for tuition and fees. Mr. Summerhill thought it would be beneficial for all; however, that concept was a little difficult for some of his colleagues to accept, but he would allow other faculty to address that question as well.

Angela Brommel, Chair, Faculty Senate, NSC, said the institution would be celebrating its ten-year anniversary in the fall of 2012, and in the spring of 2013, she would be in her tenth year as a part-time faculty member and ninth year as the bookstore director. She said when testifying for the Committee the students often talked about the culture, the environment, and the faculty at NSC. However, she wanted to tell the Committee about the students, because the culture at NSC was largely influenced by the culture that they brought to the campus and how they shared and supported the faculty. In 2003, when Ms. Brommel started working at NSC the Dawson Building did not have

completed classrooms so she taught English 100 to six students using a card table in the Office of the Vice-President for Student Experience. She said the bookstore looked similar with card tables and pastry racks for the books. At that time, there were 550 students and ten years later there were more than 3,000 students. The students' closest restaurant was the Texaco gas station down the street, there was no cafeteria or student union, yet students still applied and attended NSC. Ms. Brommel said the students attended because the faculty was passionate about teaching and because of word of mouth from other students. The NSC students were the greatest recruiters, and they had built a community of students, even though NSC did not have many of the traditional structures that a student would hope to have when attending college. What NSC had to offer worked for the 3,000 students because they believed in the mission of the college and the faculty believed in them. However, the college had gotten bigger and there were only one or two faculty members in any given area of study, which was not enough when there were already 100 students in a major and students were trying to recruit to double those numbers. She thanked the Committee for addressing the funding formula issue and the faculty at NSC appreciated anything that could be done in the funding of higher education, compared to the levels experienced in previous years.

Chris Harris, Vice-Chair, Faculty Senate, NSC, said the faculty supported Chancellor Klaich's proposed funding formula. According to the proposal, NSC was one of the only schools slated to receive an increase in funding and the faculty saw it as both fair and necessary. He stated that NSC's funding was severely cut the previous four years and more than any other NSHE institution. Since that time, NSC had lost a significant number of full-time faculty as well as advising and support staff, while experiencing a 50 percent increase in student population. Mr. Harris explained the increase in population resulted in decreases in both faculty-to-student ratios, advisor-to-student ratios, and a reliance on part-time faculty, who despite being excellent instructors were unable to provide the same level of mentorship as full-time faculty over the course of a student obtaining a four-year degree. He said research indicated that first-generation, non-traditional and underrepresented minority students generally required more faculty administrator and advisor support than any other demographic of students. NSC was a teaching college with student success as its primary focus; yet, while the faculty and staff believed it was providing the students with a quality educational experience every faculty and staff member had been severely stretched to maintain the quality with scarce resources. Mr. Harris emphasized that the current model was unsustainable and NSC needed more funding to continue offering excellent instruction and mentorship to its growing student body. The increased funding detailed in the proposed funding model was greatly needed in order to fill and add full-time faculty in rapidly growing academic areas, to hire more advising staff and invest in other areas of student support, such as writing tutors. Concluding his testimony, Mr. Harris said NSC had been underfunded since the current formula had not been used and the college would greatly benefit from a quick phase-in of the new proposed formula. However, he wanted the Committee to understand that NSC supported all Nevada students and wanted all NSHE schools to succeed. He said NSC knew that the Committee was actively trying to find additional revenue streams to ensure that all institutions were funded properly and for that, they were grateful.

Chairman Horsford wanted to provide context on some of Mr. Harris' information regarding the budget cuts at NSC so people were not misinformed. He explained that the current formula was based on enrollments and there was an enrollment projection for NSC that was not achieved; therefore, in the subsequent budget cycle an adjustment was made to the funding the college received. Unfortunately, that had a disproportionate impact to NSC at a time when the state also experienced across the board cuts to all of higher education. Chairman Horsford did not want it to be perceived that NSC was singled out.

Gregory Brown, Chair (2011-2012), Faculty Senate, UNLV; President (2011-2013), Nevada Faculty Alliance, testified at the meeting and provided the Committee with a collection of information from various faculty members ([Exhibit B](#)), as well as provided his own remarks in the following written testimony:

Mr. Chairman and members of the committee, thank you once again for the opportunity for faculty to address you on the funding formula. By way of introducing several of my UNLV colleagues and some of our students today, I'd like to report some of the reactions of the UNLV faculty expressed in several Faculty Senate discussions of this issue. Among the views that have been frequently expressed are **three significant points we support** in the proposal before you and **two additional issues that we would urge the committee to consider**:

1. We support that this process has generated enough public interest and new thinking that the Chancellor has pronounced **the old formula "dead"**. No one has felt more acutely than the faculty the loss of credibility that NSHE suffered from under the old formula, and we welcome a new formula, based upon outcomes, which rewards academic achievement.
2. We support the principle that has been frequently expressed as retention of student fees and tuition by the campus. While that formulation makes it sound as if the campuses would be retaining additional revenues, the real principle that has been proposed is that student fees and tuition should **continue to be retained on campus but no longer figure in the formula and thereby offset state support**. We believe **the formula should distribute Nevada general fund dollars according to Nevada's goals and respect student choice by allowing students to distribute fees and tuition through their enrollment choices**.
3. We support the principle of **allocating Nevada state dollars to support Nevada students**, and **keeping non-resident tuition**

outside the formula. Not only does this approach create an incentive for programs to achieve national and international prominence but it also clarifies the level of per student funding – Nevada allocation per Nevada student -- so that regional equity can be measured more clearly.

The two points that our faculty will urge the committee to address are **adequacy of funding for the entire System** and **mission differentiation among campuses, based upon student learning outcomes.**

1. The Chancellor's proposal, as you know, adopts the current fiscal year as its baseline and proposes only to redistribute that fixed sum among our campuses.
 - a. We believe that the **performance-based funding component**, which you will discuss today, should provide a clear rationale for the state to restore some of the public support that has been cut in the past 4 years – by directing incremental investment to those campuses that have shown efficiency and productivity in generating degrees.
 - b. We also believe that the proposed discussion of **local support for workforce development at community colleges**, which is a part of **how 29 of 51 states fund community colleges**, is a necessary piece of the long-term solution.
 - c. Moreover, we believe that the proposed **research factor for universities** is an essential first step (if financially inadequate in the current proposal) towards providing a stronger platform for the generation of new revenue from grants and contracts.
 - d. In short, UNLV faculty believe that while the Chancellor has understandably (for political reasons) presented his alternative funding proposal as revenue-neutral, the committee should not overlook how the formula might establish an adequate level of funding. Even as faculty embrace a formula built upon principles of efficiency and productivity rather than merely cost, the view from the classroom is that **adequacy of investment** to fund the services our students need has not been sufficiently discussed to date.

2. Finally and the topic that has generated the most intense discussion among my colleagues, and which several of them will address today, is how our policies differentiate among the different tiers of our System – especially at the level of instruction that is common to all our campuses, lower-division undergraduate courses.
 - a. To date, this discussion has been raised almost entirely about cost – whether or not lower-division courses are more costly at a university or college. However, as the Chancellor has repeatedly stated, **Nevada (unlike other states) has neither the resources nor the time at this juncture to undertake a cost study to answer that question**, so any answer is speculative. Moreover, to focus solely on cost does **not**, in any meaningful sense, lead us to a new approach to funding higher education based on educational attainment. To focus only on cost in a revenue-neutral environment necessarily pits one campus or tier against another, to the good of none.
 - b. If as Regent Wixom has stated, first at the Boards' strategic planning retreat last fall and then at this committee's most recent meeting, the purpose of this exercise is **to move from a formula based on cost inputs to one based on the value-added of our outputs**, then the real question the committee ought to ask is **not if it is more or less expensive to offer lower-division instruction** at a university or college – but, instead, **what are the student learning outcomes of a lower-division course at a university or college?** And, should we expect them to be the same?
 - c. Ms. Gansert noted, correctly, at the most recent meeting that “ENG 101” is the same on each campus. She was right to say so. Precisely because ENG 101 (and ENG 102) are the mandatory, introductory writing courses we offer on each campus for first-year students, and these courses **do have** identical learning objectives for the students in terms of what students should be able to do after they have completed the course. Consequently these courses have highly comparable syllabi, staffing, and student assignments. As a result, we would expect them to generate comparable learning outcomes were we to assess the results systematically. The same is true for the mandatory first-year Math courses (Math 120-131) and, by and large, for the mandatory first-year courses that fulfill

Constitution requirements (HIST 100, PSCI 100, 101). All these courses should be expected to have comparable learning outcomes on any campus. However, these courses represent less than 6% of the student credit hours achieved at UNLV.

- d. Nearly 50 % of the credit hours students earn at UNLV are in lower-division courses *other than* required composition, math or Constitution. Do we expect these lower-division first year courses in Sciences, or Business, or Urban Affairs, or Performing Arts, or History to have the **same student learning outcomes** at a university as at a college? Our faculty do not believe so.
 - i. We believe for instance that lower-division Science courses that offer opportunities for laboratory research have demonstrated outcomes, in terms of better preparing students for success in upper-division science courses and thus for completing degrees in STEM fields, especially for Latino and African-American students traditionally under-represented in the sciences. I have submitted a short article ("Learning by Doing") supporting that thesis, based on a February 2012 report from the Presidents' Council on Science and Technology, that undergraduates exposed to laboratory research in their first year of study at universities like UCLA and the University of Texas were more likely to major in a STEM field and more likely to achieve their degree in a timely manner. I have also submitted a short list of undergraduate summer research opportunities in the Sciences at UNLV that are available to students from their first year on campus. We will shortly hear from two scientists on this topic.
 - ii. We believe that lower-division courses which offer students the opportunity to conduct research in a research library result in specific and measurable learning outcomes, and we have many lower-division courses that for this reason build library research into the syllabus. I have submitted several examples of syllabi from different disciplines with the library research assignments highlighted, and we will hear more from a librarian shortly.

- iii. We believe that lower-division learning communities, in which small groups of students enroll for first-year courses in a block schedule of university courses, have achieved measurable improvement in learning outcomes for first-year Greenspun Urban Affairs majors. We will hear from the director of this program shortly.
- iv. We believe that the Lee School of Business Global Entrepreneurship Experience program, which offers students, from their first year, direct experiences in global entrepreneurship and in advanced economic research provides a learning outcome is distinct from lower-division courses in the same disciplines on other campuses.
- v. These examples, we believe, suggest that at the level not of cost but of policy priorities, the state and the System ought – through the new funding formula – to continue to discuss the major philosophical principle that has been articulated in this process, of a focus on student educational attainment. The formula should address what student learning outcomes are achieved, should measure those outcomes in qualitative terms, and should in the end find a way to encourage and reward the distinct achievements rather than argue about cost inputs.

Senator Kieckhefer asked if it was the position of the faculty at UNLV that the educational value of a lower level science course taught at UNLV and CSN, for example, was not equal between institutions and if the credits should be transferrable.

Dr. Brown said student learning outcomes did not just mean educational value, but identified what a student needed to be able to do and to know at the end of a particular course that the student did not know or was not able to do before taking the course. He emphasized it should be different for every single course and if that was not accomplished then the courses were not prepared properly. Regarding transferring of credits, Dr. Brown said that was a well-established policy decision in which an inordinate amount of time had been spent on a transfer agreement by working on articulation of common course numbering. He explained that if the Committee was philosophically seeking to move the higher education system and the state toward a focus on educational attainment on outputs rather than inputs then Nevada ought to figure out how other states had approached that change in focus. He said the faculty's point was for it to be part of the funding formula or at least a policy discussion because the issue had not been raised previously. He thought there was an important distinction between talking about educational value and talking about achievement of the specific

learning outcomes. If the state's target was degree completion and certain levels of competency, with competency translated into employability or economic contribution then he agreed those should be measured in different ways.

Senator Kieckhefer asked if that led to the argument of student credit hours being weighted differently at a four-year institution than at a two-year institution.

Dr. Brown understood student credit hours were weighted differently in many states that utilized a funding formula and some states had conducted a cost study. He said if the Committee was not able to consider cost, but rather outcomes, then if the weights were intended to reflect policy priorities they should also reflect some attempt to identify the outcomes.

Chairman Horsford said how higher education was measured and what was expected became the “rub” between the legislators, the Board of Regents and the System. As the Chairman of the Senate Committee on Finance he had to grapple with budgetary decisions. He was concerned with not looking at cost as a factor as well as student progression from institution to institution. In his opinion, cost should be evaluated, although not the determining factor. He thought the Committee (or the subcommittee to be formed) needed to discuss cost because it was discussed every Legislative Session as well as by the Board of Regents, but there needed to be a consensus. Chairman Horsford indicated the proposed funding formula changed the paradigm to an outcome-based approach that was a very significant policy decision of which everyone needed to reach consensus. He voiced his opinion so faculty, other stakeholders, and SRI International could give him more information on the subject. Chairman Horsford said Dr. Brown raised a good point which was how Nevada could have a cost discussion without a cost analysis, whereas other states had cost information which helped to inform their decisions.

Ms. Brommel said another point that Dr. Brown was trying to address was the funding based on the mission of the institution and the end goals. While more than one campus might offer a Biology 189 class, use the same book and have the same core competencies in subject matter, what an institution did with equipment, research or additional application of that material was unique to the mission of the institution. There were ways in which curriculum and objectives were similar among institutions and ways they were different because of the mission of the institution. Ms. Brommel thought it took different funding for a research institution and a teaching college than a community college, to achieve what the faculty and the institution was asked to accomplish.

John Farley, President, Nevada Faculty Alliance, UNLV Chapter, testified at the meeting and provided the following written testimony:

Thank you for the opportunity to address the committee. I'm John Farley, I'm a physics professor. I've been a teaching faculty member for 31 years, the last 25 years at UNLV, where I've won three awards for distinguished teaching. I teach introductory courses

for scientists, engineers, and pre-health professional students. I want to make some remarks about the differences between research institutions and non-research institutions. And I want to discuss the value of taking introductory science courses at a research institution. Research is obtaining new knowledge, not just transmitting existing knowledge from instructor to student. Research means operating on the frontier between what is known and what is not understood. In a research institution, instructors typically hold doctoral degrees, and a doctoral degree is a research degree. Instructors with doctoral degrees have been on the frontier, and they are more in touch with the state of the art in their discipline. Physics courses at UNLV are more demanding of students than courses taught at non-research institutions. Grading is more rigorous at a research institution. Physics courses are more difficult at UNLV for students than at other southern Nevada schools. Even (or especially) those students who are not taking their physics courses at UNLV are taking it elsewhere because the course is easier elsewhere. Students will tell you that. In addition to this anecdotal information, I'd like to tell you about a kind of controlled experiment conducted a few years ago. Many of our science majors at UNLV hope to enter the health-related professions: they want to be doctors, dentists, physician's assistants, etc. All undergraduate students who apply to medical school have to take a standard admissions test, the MCAT test (Medical College Admission Test). The MCAT test plays a big role in determining who get accepted into medical school and who gets rejected. A number of years ago several faculty from the UNLV Preprofessional Committee examined the MCAT scores of our students applying for medical school, over a two year period of time. The MCAT has a section specifically focused on Physics. The score achieved by students on the 'physics' part of the MCAT test was reviewed. Students who took their physics courses at a university showed a statistically significant higher score on the physics part of the MCAT compared with students who took physics at a community college. In conclusion: it's not the same course at a research institution and at a community college. For purposes of system articulation, it may appear in the catalog as if it were the same course. But it's not the same course. Students will tell you that it's not the same course. And statistics prove that it's not the same course. Thank you very much.

Michael Nussbaum, Professor, Department of Educational Psychology and Higher Education, UNLV, testified at the meeting and provided the following written testimony:

I am Dr. Michael Nussbaum, faculty senator and professor of educational psychology at UNLV. I teach courses for students studying to become teachers. I am also a leading researcher in

educational psychology, specifically in fostering productive on-line class discussions and in developing students' critical thinking skills. The point I want to make is this: many faculty at research universities are actively engaged and steeped in the latest research findings and problems, and when we teach undergraduates, we introduce students to this knowledge. In my case, in training teacher candidates, it is vital that preservice teachers become aware of the latest research on effective teaching techniques. I use and share my research on how to conduct productive classroom discussions with my student, and how to implement these ideas effectively in on-line environments. Moreover, I address common misconceptions about how to teach. There are many fads in education that are not supported by the research. Students are more likely to receive a more accurate and nuanced view on these topics at a research university than at a non-research-oriented institution. So my argument is that students do receive benefits from taking classes at research universities that they would be less likely to receive at non-research universities, and that these benefits justify the higher costs. Furthermore, many of our research professors teach lower-division courses and are outstanding teachers. Now there are individual differences among students, and some may prefer to enroll in community colleges rather than at UNLV or UNR. That is fine, but it must be recognized that these are lower-cost options. Community college faculty make far less than research faculty. That is dictated by supply and demand in the labor market. The Legislature could choose to fund 100- and 200-level courses at the same level at both types of institutions, but this would create a financial disincentive for UNLV or UNR to assign a research professor to a lower-division course; many more of these courses would need to be taught by part-time instructors or graduate students. That would be a shame, because there are benefits from research professors teaching these courses. Students are more attuned to the latest research, and, as my other colleagues have pointed out, research professors can better prepare students for upper-division work. I argue that is one reason that many students choose to enroll at UNLV or UNR in the first place.

Chairman Horsford asked if there was data that showed how many lower division courses were taught by tenured faculty versus non-tenured faculty or graduate students.

Dr. Nussbaum did not have that data, but he had compared International Relations, a 200-level political science course at UNLV, which was taught by a full professor who previously taught at UCLA and made \$90,000 a year, with the course taught at one of the community colleges by a professor who made \$45,000.

Chairman Horsford said it would be interesting to see the data if the System had the information available. He had heard those types of stories from many people although it was anecdotal without the hard data.

Dr. Nussbaum thought it would be interesting and it would probably differentiate the 100-level and the 200-level courses.

David Zeh, Chair, Faculty Senate; Chair, Department of Biology, UNR, thanked the Committee for the opportunity to speak on important higher education issues facing the state. He provided an overview of his testimony to include the following:

- State funding of higher education had to take into account both student demand and institutional performance.
- Nevada needed to provide incentives for educational excellence, due to increasing national and global competition.
- Some of the inherent weaknesses in the Chancellor's proposed funding model needed to be fixed, to achieve the states' educational goals.
- A biologist's perspective on what higher education meant to the future of Nevada, the future of national security, and to the future of the species.

Dr. Zeh said like many dedicated academics, he had very little time for life outside of teaching, research and service, and was passionate about higher education. He was particularly interested in an emerging field of biology called Epigenetics, which sought to understand how the environment interacted with the genome, the genetic material of individuals that influenced how genes were turned off and where genes were turned on. This field of study could provide a comprehensive understanding of human health and disease, and the reason why humans suffered from cancer, diabetes and aging. He indicated there were many emerging fields in science and engineering. Dr. Zeh said his personal experience as a professor and researcher for nearly 20 years indicated the funding formula needed to reward creativity, hard work and excellence. He had taught approximately 5,000 students in more than 100 course sections and his students pursued careers as physicians, physician's assistants, nurses, conservation geneticists, bio-technicians, and wildlife managers. Dr. Zeh said those jobs were important for society and the students pursuing those jobs should be given every opportunity to succeed, but the state should also hold them to a high standard. He told his students taking the course Introduction to Biology that it was his responsibility to educate them, but also to protect society from the students because a report by the National Academy of Sciences showed approximately 10,000 people died each year of medical mistakes. Those jobs were important and the state needed to think about the quality of its graduates. Dr. Zeh said a quality education could be provided by hiring a first-rate faculty with internationally recognized research programs. Students working with recognized scientists, engineers, economists, and sociologists performing research changed students in fundamental ways that course experience could not provide.

In addressing positive and negative aspects of the proposed funding formula, Dr. Zeh pointed out that tuition and fee retention were very important features of the new plan

because it was what most states were doing that were successful in higher education. He indicated having a transparent system of weighted student credit hours was a good idea, although student demand needed to be part of the equation. Dr. Zeh said a strict focus on the number of certificates and degrees awarded was misguided and he saw that as a negative side to the plan. There had to be some consideration of quality metrics such as student retention and six-year graduation rates. He thought a good compromise would be to include both the number of graduates or degrees awarded and some measure of institutional success, in order for students and institutions to be motivated to perform better. Dr. Zeh said the research adjustment that only took into account the number of graduate students or upper-level students was not adequate because it did not reward research excellence. His suggested compromise would be to include both graduate student credit hours and the level of competitive research funding. Lastly he said when presenting higher education to the public, legislators should point out that 90 percent of the world's scientists and engineers resided in Asia, which Dr. Zeh considered to be a major national security issue, a major issue for Nevada and a major issue for the United States. He said knowledge was power and if people were not provided educational resources, it could pose a large problem.

Chairman Horsford appreciated Dr. Zeh presenting specific pros and cons to the funding formula proposal.

Brendan O'Toole, Associate Professor, Mechanical Engineering, UNLV, testified about the importance of providing lower division courses for the engineering program at UNLV versus other institutions, as well as not separating lower division and upper division courses at a research university. First, he emphasized that there were only a few lower division courses offered at the freshman/sophomore level, but they were important because engineering courses were sequential with first-year courses as a prerequisite for second-year courses and then third-year courses. Dr. O'Toole also said the lower division classes were monitored and if a class did not go well in a certain semester adjustments were made for subsequent classes. He thought it was important to have strong feedback from upper division courses to the lower division courses. Second, Dr. O'Toole said the engineering department tried to build a community with strong on-campus student organizations, which competed in national design competitions. Upper division students recruited students from the lower division courses. It was important for freshmen and sophomores to start working on these projects to be better prepared when reaching senior level and graduate school. Third, he was concerned about the absence of laboratory classes at the lower levels. As the Director of the Mendenhall Innovation Program in the College of Engineering, Dr. O'Toole was pleased that a separate lab had been developed which allowed lower division students to work on assigned homework for self-paced independent lab projects. Those students would not have had that lab experience had they taken the course at a different institution beside UNLV. He relayed a story about two recent Ph.D. graduates who were local high school graduates from Las Vegas Academy and Cimarron Memorial High School. The two students started taking lower division classes at UNLV and during a sophomore level class Dr. O'Toole recruited them to work in his research laboratory. They each continued at UNLV earning a master's degree and then eventually a Ph.D. Both are

female, which he said was rare in mechanical engineering and were successful in their fields working for NS Tech in Las Vegas and Sandia National Labs in Livermore, California. He thought both would strongly attest that their undergraduate laboratory research experience was an important part of their undergraduate education.

Chairman Horsford said although it was great to hear about the wonderful work the faculty was doing in the programs, it was important to hear testimony regarding how the funding formula affected the work of the faculty. He reminded the audience they were testifying before a legislative committee that could not make decisions regarding curriculum or programs.

Ann Zald, Head of Educational Initiatives for the UNLV Libraries, UNLV, testified at the meeting and provided the following written testimony:

A research University emphasizes inquiry-based education for undergraduates. In addition to building collections research libraries have an educational mission as a learning laboratory. Librarians provide instruction to connect students with information resources and in particular the high quality, scholarly resources which are not freely available on the Internet. As you see on the handout, in FY2011 the UNLV Libraries instruction program provided 532 sessions for 12,525 students. 2/3 of those sessions were for lower division 100 and 200 level courses. The content of those sessions is tailored to the course assignment addressing critical thinking skills for the research process and address not only finding information and search strategies but also evaluating information and citing sources so that students use information within legal and ethical constraints. Since 2010 the University Libraries has co-sponsored Faculty Institutes that have partnered 80 academic faculty with library faculty to design and implement assignments and courses that integrate research collections into early educational experiences. As just one example, Science 101 is a first year course designed to foster understanding of scientific methodology, discourse, and ethics. One of the assignments for this class has students research a topic of scientific ethics. Students present their findings as a poster which is a common form of professional communication in the sciences. This project engages the students in defining an ethical question in the sciences and then investigating and communicating their findings. Students choose from a number of topics such as animal testing, falsification of data, organ donation, or may identify a topic of their own or local interest such as water resources and shortages in the southwest. Since first year students have little prior experience with scientific research literature Library instruction introduces students to the "anatomy" research articles, database search strategies to find articles relevant to their topic, and how to evaluate any information they may find. In addition to

providing instruction related to course assignments, the University Library sponsors an annual research award to recognize sophistication and originality in undergraduate research. Your handout provides the facts about this donor –funded program from which I'd like to highlight the eligibility of research conducted by lower division students. Eligibility of lower division students is an important aspect of the educational aspect of this award. Research needs to be pursued early and often during the undergraduate experience and this award encourages students to do that. Accompanying me today is Paul Kirsch, one of this year's recipients of the Calvert Award for Undergraduate Research. He will talk about what undergraduate research at UNLV has meant to him.

Paul Kirsch, Undergraduate Student, Psychology, UNLV, said he was an example of what a lower-level undergraduate student could achieve with the various resources at UNLV. Mr. Kirsch said reputable graduate programs in psychology required research experience during the student's time as an undergraduate. Since undergraduates were not permitted to practice therapy the students were limited to gaining experience through reading, writing and analyzing experimental data. As a junior-level student UNLV afforded him the opportunity for research in the library; the research lab, where he worked before and after classes; and the psych lab on campus, where he worked as a research assistant studying emotional intelligence. Mr. Kirsch explained emotional intelligence was the ability to identify and understand, utilize and manage emotions. His research group designed a measure of emotional perception and had the opportunity to present the research at the Western Psychological Association's 2012 Conference in San Francisco, California, alongside graduate and Ph.D. students. Mr. Kirsch emphasized that research experience increased the value of a student's education and positioned the student to work in the field post-graduation. Through a literary review and a written paper on self-injury, he had recently been selected for the Calvert Research Award. He said even though it was an undergraduate paper it was available for other researchers to access through the university's library online repository. Mr. Kirsch hoped to continue research on the topic in graduate school. While researching institutions in which to continue his education he was carefully considering the available library resources because it had been an important part of his education to date. He said UNLV's library set a high standard and because of UNLV's investment in undergraduate education, upon his graduation in 2013 he would have a diploma of value and meaning. Mr. Kirsch noted that research experience he attained at UNLV was the highlight of his undergraduate education and he was grateful for the people who supported undergraduate research education at UNLV. He thanked the Committee for allowing him to testify.

Helen Neil, Professor, Greenspun College of Urban Affairs, UNLV, supported the proposed funding formula because she thought it would make state more economically efficient. She said hard economic times in 2008 for all of the institutions across the state had required UNLV to do things differently. In response to the economy, Dr. Neil indicated there were many students in the Greenspun College of Urban Affairs and staff

in the college, who used creative ways to utilize available resources to respond to the demands of students and the community to be efficient with public funding.

Martin Schiller, Professor, Biological Sciences, UNLV, pointed out the importance of research by citing an example that the life expectancy of a human being had almost doubled in the last century, due primarily to research performed at institutions such as UNLV and others throughout the country. He said the proposed funding formula began to correct the disproportionate funding in his unit, but more funding was needed. The lack of funding had an impact on daily life because many students studying in the biological sciences graduated from UNLV and provided health care to the community. Dr. Schiller thought those students' education was diminished due to the funding formula. There were 20 faculty to teach 2,000 students and with that teaching load there was no opportunity to have a graduate class. Even though funding was received from those students as well as research funding brought into the program by faculty the graduate students had to be mixed into undergraduate classes. In his opinion, the graduate students were receiving a "fake" graduate program and were "shorted" on their education. Dr. Schiller stated that the faculty were doing their jobs, but the money was being spread around to other institutions and there was not enough money for his unit to function properly. He said the proposed funding formula was a great step in the right direction, but that graduate education and research needed to be valued in addition to undergraduate education. Dr. Schiller indicated his unit had strived not to make cuts in undergraduate education, but had been forced to make adjustments in critical areas of education that ultimately affected the community at large.

Karen Harry, Associate Professor, Department of Anthropology, UNLV testified at the meeting and provided the following written testimony:

I appreciate this opportunity to address the role that lower-division university courses play in education our undergraduate students. By way of introduction, my name is Karen Harry, and I am an associate professor in the Department of Anthropology at UNLV. I specialize in the archaeology of the American Southwest, and I have ongoing archaeological field projects in northwestern Arizona and southern Nevada.

As a university professor, I am fortunate to be able to conduct research on topics that I love, and I firmly believe that my research involvement improves my classroom teaching and benefits the students enrolled in my classes. As do my colleagues, I view introductory courses as "gateway" classes. These freshman and sophomore level classes provide us with the opportunity to reach out and engage students, at the start of their university careers, in the learning process.

In the classroom, I regularly integrate my research projects into my lectures. As a result, rather than simply asking students to memorize

facts from a book or from lectures, I am able to engage them in the learning process. Real life examples seem to bring the lessons home in a more profound way than simple examples from books can do.

More importantly, however, my research provides near constant opportunities for student involvement outside of the classroom. Although I do not require students in my lower level courses to participate in my research, I regularly offer them the opportunity to do so. Each time that I have called for volunteers, I have been amazed at the outpouring of interest. Our undergraduate students are eager for opportunities to participate in the creation of knowledge. Undergraduate students in my lower courses regularly assist with experiments, artifact processing, and artifact analysis in my lab. These opportunities are invaluable to students; they help students develop critical thinking skills and communication skills. Several undergraduate students have gone on to present papers at regional and national conferences on their work, and several others have published papers in nationally recognized journals and volumes. These opportunities have played a major role in helping students obtain jobs and get into good graduate programs. More importantly, however, they have helped students learn how to think and become passionate about their educations.

The research mission of a university is, of course, different from the teaching mission of a college. The point I would like to make is that this research mission does not just benefit the fields that we work in; it benefits undergraduate students as well. Research universities offer unique learning opportunities to students that go far beyond simply learning facts from a book or even from a lecture. It is these opportunities that will educate and inspire the students that will become tomorrow's leaders, and I encourage you to consider these issues as you strive to develop a funding formula that will best serve our state.

Anike Zalyte, Undergraduate Student, Cellular and Molecular Biology, had an opportunity to work in Dr. Schiller's laboratory that changed her education because she was able to take textbook learning to hands-on learning. She indicated the two types of learning were very different. When students learned from textbooks the information was sometimes taken as "face value," but working in a laboratory showed the student there could be varied interpretation of data. The student gained critical thinking skills and to determine their own conclusions through this type of learning experience. She said her original plan when starting college at UNLV was to attend medical school, but after having the opportunity to perform research had changed her path to getting a Ph.D. instead. Ms. Zalyte said she grew up in Nevada attending middle school and high school and wanted to stay at UNLV for graduate school; however, it was essential to

fund research in order for her to do that, be competitive across the United States and represent Nevada in a positive manner.

Shannon Sumpter, Professor, Department of Theatre, UNLV, told the Committee in lieu of testifying that she had submitted her comments in writing. However, her comments were never received by Legislative Counsel Bureau staff to include as part of the public record.

Horacio Guerra, Undergraduate Student, Cellular and Molecular Biology, testified he worked in Dr. Schiller's laboratory performing undergraduate research. He stressed the importance of funding for laboratories for lower division classes, especially at a research university. Mr. Guerra said a student needed to learn basic skills including how to interpret data. He noted that most graduate schools would not even look at a resume that did not include undergraduate research experience, but a student could not get that experience if the laboratories were not funded and not available for use. He understood that one of the states' goals was to increase degrees, however, it was important to make sure those degrees were comparable to other universities in other states.

There was no further public comment.

Chairman Horsford appreciated all the comments from the students and faculty representatives. He encouraged them to stay engaged in the process because there were many important policy issues embedded in the proposed formula. Chairman Horsford said many of the students and faculty touched upon key policy decisions that the Committee would have to make in its final recommendation to the 2013 Legislature, the Governor and the Board of Regents. Those policy decisions included course completion issues, whether grades that were not passing were counted, and cost issues, both differential and weighted as proposed by the Chancellor based on the approach used by NCHEMS. Chairman Horsford asked for the students and faculty to continue monitoring and participating in the Committee and the subcommittee meetings in order to provide input on those issues. He anticipated the policy decisions would drive the outcome of the process, but the Committee would not recommend a new process without making the policy decisions along the way.

VII. PRESENTATION AND DISCUSSION REGARDING EFFORTS MADE BY THE NEVADA SYSTEM OF HIGHER EDUCATION TO IMPROVE THE NUMBER OF HISPANIC STUDENTS WHO COMPLETE COLLEGE, INCLUDING EFFORTS TO ATTAIN HISPANIC-SERVING INSTITUTION DESIGNATIONS.

Chairman Horsford requested information regarding efforts to improve the number of Hispanic students who completed college. He thought there was opportunity in Nevada to help position the higher education institutions, particularly the access institutions, to better serve some of the new emerging and growing populations, especially the Latino community. Chairman Horsford was interested in learning from the presenters what could be done to support the efforts of the institutions in attaining status as a

Hispanic-Serving Institution (HSI), which would help the Committee members to better understand the required criteria and the process for achieving the designation. He was concerned with the number of students who applied, but were not accepted into college, or those who were accepted and enrolled, but only attended for one or two semesters without completing enough classes to attain a certificate or degree. He said if Nevada did not provide access for those students it would have an impact on the state and communities for years to come. Stating that Nevada State College (NSC) had achieved the HSI designation, Chairman Horsford wanted to make sure the college was able to maintain that status. President Obama had made HSI a priority together with obtainable federal funding for HSI designated institutions. Chairman Horsford thought it was important to position Nevada's institutions to attain the designation in order to receive federal funding along with serving as an access point for those students to go to school. The Committee was charged with exploring ways to properly fund Nevada's higher education institutions and this was an area with an opportunity for funding.

Chairman Horsford introduced Assemblywoman Lucy Flores who presented information on HSI's. He also noted Ms. Flores, along with Assemblywoman Debbie Smith, had been involved with a forum in May 2012 on Latino college completion conducted at CSN through the National Conference of State Legislatures.

Assemblywoman Lucy Flores, representing District 28, testified that Chairman Horsford had brought up many of the points she intended to cover in her presentation, including the reasons why she had started looking into HSI designations for Nevada's institutions. However, she needed to correct one of his points regarding NSC achieving an HSI designation. Ms. Flores said that NSC did not have an HSI designation and none of the colleges in Nevada had the designation; although, there were five institutions considered "cusp colleges" who had near the 25 percent requirement of full-time equivalent Hispanic population in order to be designated as an HSI institution. Ms. Flores had known for several years that CSN had fluctuated between 20 percent and 25 percent of Hispanic students and having institutions that were close to the status was her main reason for exploring the issue. While attending a higher education forum through the National Conference of State Legislatures she learned the Conference was offering to sponsor forums to explore Latino college completion in different states, especially states with high proportions of Latino populations. She was excited about the opportunity and thought it was important to talk about HSI's, especially since an institution with the designation was eligible for federal funding. Ms. Flores worked on the forum with Mrs. Smith, and CSN President, Dr. Richards and in May 2012, the National Conference of State Legislatures in partnership with CSN co-hosted a Nevada HSI convening to discuss the status of HSI's in the state. An important point denoted at the forum was that demographics were not destiny, which meant that even though there was a large growth of the Latino population in Nevada it did not mean it would naturally grow the numbers of students at Nevada's institutions. Ms. Flores stated there needed to be extra effort put forth to work with Latino students at Nevada's institutions to ensure their educational success. Nevada's economic success was intricately linked with the success of the Latino community among other communities and that idea was the impetus of the forum. She said once an institution was eligible for the federal dollars it

would be able to fund different student success programs to help all students at that institution, not just Latino students. Ms. Flores was encouraged by the recent hiring at CSN of Dr. Edith Fernandez, who was overseeing some of their success programs and Constance Brooks in Government Affairs, who was overseeing diversity programming. She said an HSI designation was a good way for Nevada to receive additional funding for its institutions. She thanked Chairman Horsford for putting it on the meeting agenda.

Chairman Horsford thanked Ms. Flores for her leadership. He wanted to work with her in any way possible to help promote HSI designation in the state. He said it was great to hear about the commitment of resources, but as discussed earlier in the meeting, most importantly it was about the outcomes.

Ms. Flores said there were a number of legislators interested in ensuring this effort was pursued, including Assemblywoman Irene Bustamante Adams and others in the Nevada Hispanic Legislative Caucus

Irene Bustamante Adams, Chair, Nevada Hispanic Legislative Caucus, testified from a business perspective because her background was in business where she spent most of her professional career in the gaming industry. However, she was grateful for her colleagues who had other specialties, like Ms. Flores in education. One distinct memory in her career was at the beginning of the recession when the Chairman and Chief Executive Officer of the company where she worked spoke about how the domestic traveler numbers were down. The staff was told that domestic travelers were not traveling to Las Vegas and if the company only focused on that group, it would have disastrous results. The company needed to shift its focus to the international traveler, who was still coming to Nevada and spending money. Ms. Bustamante Adams said the company increased and enhanced its tools to recruit the international traveler, and to retain them as long as possible during their visit to the state. While attending Governor Sandoval's kickoff event in April 2012 to increase international relations and trade, the Las Vegas Convention and Visitor's Authority announced that 16 percent of visitors to Las Vegas in 2011 were international travelers, which equated to more than 6.2 million visitors. In addition, the international visitor spent approximately \$1,200 per visit, per person, compared to \$600 per person, per visit for the domestic traveler, which generated 29 percent of the total tourism revenue. Ms. Bustamante Adams thought the Committee might be wondering what information on tourism in Las Vegas had to do with higher education. It was the realization that the new market in tourism was centered on the international traveler, and the shift in focus along with the revenue generated was critical for the recovery of Nevada. She said the Nevada Hispanic Legislative Caucus considered institutions becoming HSI's a critical tool for viable revenue for the state. The student population demographics had changed and those students were Nevada's future workforce to create a sustainable market to meet the demand for business. She said the Committee would hear in subsequent presentations from experts serving in the institutions on what it meant to seek out the federal dollars. Ms. Bustamante Adams said the members would learn that experts in this area were already working in the state so there was no need to hire consultants. She thought it was imperative for institutions to seek out an HSI designation and the ensuing federal funding as a revenue option

going forward. In closing, Ms. Bustamante Adams summarized that the international visitor was contributing \$7.6 billion to lodging, dining, shopping and entertainment, which directly supported over 65,000 jobs equating to \$2.5 billion in wages and salaries. She and the Caucus anticipated that future community leaders would embrace the change in demographics as a viable option to provide the funding that was needed for the higher education system.

Ms. Bustamante Adams also provided the following written testimony:

Latinos represent the largest minority population in Nevada, and in southern Nevada make up close to 50 percent of the population in grades K-5. Under educating the Latino population has major economic and social implications. At a time when our state is re-prioritizing our policies to meet state goals in the most efficient, effective and equitable matter, it is imperative that policymakers have a clear understanding of the effect a performance model for funding higher education can have on the educational outcomes of Latino students.

An often-cited problem for the underrepresentation of Latinos in higher education is the disproportionately elevated high school dropout rate. Further, according to the Nevada accountability report, for those Latinos who do successfully graduate from high school, fewer than half go on to some form of higher education. Of those who do go on to some form of higher education, over half enroll at a community college. Community colleges provide excellent entry points to all students. We know from research and experience that Latinos attend community colleges because these colleges are more affordable, flexible and diverse. However, we also know that Latinos attending community colleges graduate at very low rates. Studies have indicated that a major reason for this is that a great majority of Latinos enroll at community colleges with the intent to transfer to a four-year college. Unfortunately, this often is not the case and many Latinos are lost in the shuffle. In fact, at a recent education forum hosted by the National Conference for State Legislatures at the College of Southern Nevada, we learned that five Nevada public post-secondary institutions are identified as emerging Hispanic serving Institutions (HSI), three of which are community colleges. Given these facts, as policy makers we ask that the committee consider the following:

- Future performance funding discussions consider the demographics, specifically Latinos, and the 'educational attainment of the population.
- Do not disadvantage community colleges affecting Latino students. Therefore, include in funding discussions the outcomes

that facilitate Latino college attainment. For example remedial education, transfer functions, and retention services. Consider adding additional weights for these outcomes given the demographics of the state.

- Call to action a transparent and task oriented statewide task force on how Nevada emerging HSI institutions are preparing for HSI status.
- Incorporate benchmarks for Latino participation and graduation per institution as part of the funding model.

We respectfully request that an ongoing dialogue continue between policymakers, the Nevada Hispanic Legislative Caucus and the Nevada System of Higher Education system office on these issues.

Mrs. Smith said the forum was very informative and tied directly to the Committee's work regarding completion rates and performance. In the forum, one topic that resonated with her was the importance of collecting data about the students and using that data in instructive ways. Another important area of discussion was about using the student data in staff development so staff at every institution could be prepared to teach according to their student demographic, which was lacking on many campuses across the country. Mrs. Smith said various speakers pointed out that data were not collected and utilized to inform staff to work with students in the best manner possible for increased graduation rates and performance. Mrs. Smith appreciated the opportunity to participate in the forum.

Dr. Magdalena Martinez, Assistant Vice Chancellor for Academic and Student Affairs, Nevada System of Higher Education

Dr. Martinez thanked the Committee for inviting her to speak about HSI and the potential implications for performance funding. Referring to her brief, *Emerging Hispanic-Serving Institutions and Performance Based Funding* ([Exhibit C](#)), she intended to highlight three areas including:

1. The status of Hispanic students in higher education.
2. The definition of an HSI and its importance.
3. The implications for performance funding models in regard to HSI's.

Dr. Martinez said as Nevada policy makers considered performance funding and other policy levers to align with state goals, workforce needs and productivity it was important to consider the demographics of the state. She indicated the brief ([Exhibit C](#)) highlighted the growing Hispanic population and policy considerations for emerging HSI's. It also highlighted current higher education reforms in Nevada that focused on student success and how those set the stage for performance funding. Addressing the first area in her brief on the status of Hispanic students in higher education, she reported that according to census data, by 2020 Latinos would represent almost one-quarter of young adults nationally, aged 19 to 29. Nevada was one of seven states

(page 2, [Exhibit C](#)) where the Latino population represented more than 20 percent of the population. In 2010, Hispanics comprised over 26 percent of the total Nevada population and were a very young population with the median age of 26, compared to 38 for White/Non-Hispanics. She indicated for all Nevadans, in particular Hispanics; post-secondary attainment was a prerequisite for economic stability. She acknowledged that community colleges were gateways to Hispanic post-secondary attainment. In 2010, 21 percent of Latinos nationally held a two-year college degree or higher compared to 44 percent of white students. In Nevada, 13 percent of Hispanic adults held a bachelor's or higher degree compared to 31 percent of White/Non-Hispanic population, and she thought that was an indication of the continuation rate from high school. For the Fall of 2009, in Clark County, of the students who successfully graduated from high school less than half (42.4 percent) of Hispanic students continued to some form of secondary education immediately after graduation. In 2010, Latinos represented 12 percent of all undergraduate students enrolled in higher education around the country and close to 60 percent of Latino enrollment was at two-year colleges. Dr. Martinez pointed out that studies confirmed 50 to 87 percent of Hispanic students enrolled in community colleges intended to transfer to a senior institution or a four-year institution. What was known from research was that Hispanic attendance at community colleges could adversely affect their chances of transfer, persistence, or completion of any degree. However, she said that needed to be put into context because Hispanic student degree completion was also likely a function of socioeconomic and academic under preparedness on the part of the students, as well as chronically underfunded two-year colleges. The NSHE, 2010 Diversity in Nevada Public Higher Education report, specifically showed the following data:

- Fall 2009 – 19.1 percent of the total student enrollment was Hispanic.
- Fall 2009 – 67.8 percent of Hispanic students were enrolled in two-year colleges.

Dr. Martinez thought those statistics had serious implications in terms of performance and academic outcomes.

Addressing her second topic area, Dr. Martinez defined an HSI (page 4) as a post-secondary institution with a Hispanic population enrollment full-time equivalency of 25 percent or more. Over the previous 30 years, HSI's emerged as a result of shifts and growth in the Hispanic population. She said that unlike black colleges and universities, which were developed with a mission to serve African-American students, or tribal colleges and universities, HSI's were an outgrowth of just the Hispanic population growth. According to the Department of Education, in 2002 there were over 230 recognized HSI's representing 5 percent of the institutions in the country; however, those institutions enrolled over 50 percent of Hispanic students around the country. She noted that in 2002, HSI's enrolled over 54 percent of all Latino undergraduate students and nearly 10 percent of HSI's enrolled over 20,000 students or more who were low-income and first in their family to attend college. In a report by Excelencia in Education entitled *Finding Your Workforce: The Top 25 Institutions Graduating Latinos*, of those awarding associates degrees, 20 were HSI's; of those awarding bachelor's

degrees, 14 of the 25 were HSI's; and those awarding master's degrees, 13 of the 25 were HSI's. Dr. Martinez said there were five emerging HSI's in Nevada, which were institutions with 15 to 24.9 percent of the student population as Hispanic. The list of emerging institutions (page 4) and the percentage of Hispanic student full-time equivalent (FTE) enrollment as of Fall 2010 included:

- CSN 24.1 percent
- NSC 21.9 percent
- TMCC 19.0 percent
- UNLV 17.5 percent
- WNC 16.1 percent

In order for an institution to achieve an HSI designation and be eligible for HSI federal funding, Dr. Martinez explained there were at least two steps that needed to be fulfilled. However, it was important to understand that a result of HSI designation did not automatically qualify an institution for HSI funding, rather the funding was in the form of competitive grants. She said that initially the institution had to apply for Title III and Title V program designations from the U.S. Department of Education, which would then allow an institution to apply for competitive grants under Title III and Title V. The second step in becoming an HSI was for an institution to have achieved an FTE Hispanic population of at least 25 percent. Dr. Martinez indicated that some institutions in Nevada had obtained Title III and Title V designation, which made them eligible for other types of programs or competitive grants, which were listed on page 5. She said HSI was one of the many types of programs that institutions were eligible to apply for once they were a designated institution and the competitiveness varied depending on the institutions that applied.

Chairman Horsford asked if the five emerging institutions in Nevada listed on page 4 were receiving Title III and Title V designated funding.

Dr. Martinez said the institutions had to first apply for the designation and then apply for the competitive grants.

Chairman Horsford asked which of the five Nevada institutions had applied for Title III and Title V designation because that was the first step to HSI designation.

Dr. Martinez indicated of the five institutions, two had applied for Title III/Title V designation and it had been granted to NSC and UNLV.

Chairman Horsford asked what it took to apply and wondered why CSN had not applied for the designation since it was the closest to HSI designation based on the percentage. He stressed that without meeting the first step of the process there was no way to get to step two.

Dr. Richards clarified that the 25 percent of Hispanic FTE enrollment had to be met for two consecutive years. He noted that CSN met that in Fall of 2010, but dropped to

24.1 percent in 2011 so the institution had to start from the beginning to demonstrate its eligibility for Title V. Dr. Richards indicated that CSN could not declare eligibility with the federal government for Title V until that target was met. He said the college was eligible for Title III, but had not applied because of the competitiveness of those grants. The Obama Administration had created the Community College and Career Training Grant (C3TG) program and CSN had focused its energy on applying for those grants having been successful in getting some funding. Dr. Richards said even though CSN was eligible for Title III it was not eligible for Title V.

Chairman Horsford asked why CSN was not eligible; however, NSC and UNLV were eligible. Dr. Martinez said it was her understanding that NSC and UNLV were designated for Title III and Title V, but that in itself did not qualify an institution for HIS designation. The second step, which Dr. Richards accurately described, was the 25 percent Hispanic FTE enrollment.

Chairman Horsford asked her what it took to become Title III and Title V designated and the criteria. Based on what NSHE had been able to review, he wanted to know why CSN had not received the designation, but NSC and UNLV had received the designation.

Dr. Martinez could not answer that question specifically and deferred to Dr. Richards. She indicated it was a very complex process and that Title III and Title V were programs with a purpose to help fund eligible institutions that served needy students. A needy student was described as an undergraduate student who received financial aid under one or more of the following federal programs:

- Federal Pell Grant
- Federal Work Study
- Federal Perkins Loan
- Federal Supplemental Education Opportunity Grant Programs

Dr. Martinez said there were two thresholds an institution had to meet including 50 percent of its students receiving some form of federal grant. If that threshold was not met, there was another opportunity to apply if they went beyond the medium federal grant threshold for their public institution. For example, according to the U.S. Department of Education, for a two-year institution, the threshold was 32.3 percent and for a four-year institution, the threshold was 30.1 percent. If an institution did not meet either one of those thresholds of 50 percent of the median compared to a comparable institutions an institution could apply for a waiver. Although she did not have all the details, Dr. Martinez said there were waivers to the needy student requirement. Next, Dr. Martinez explained what institutions were doing to prepare themselves for HSI status, which was broken down into four areas. The first step was to have applied for or in the process of applying for Title III and Title V designation from the U.S. Department of Education. The second step was to have developed or in the process of development of an HSI taskforce. Dr. Martinez found in her research that many institutions as early as two years prior intentionally developed an HSI taskforce to

lay the foundation for applying for the HSI status. Third, the institution had to have implemented or scaled out promising college literacy and financial aid programs that specifically targeted the Latino population. She said the final step was to join HSI organizations such as the Hispanic Association of Colleges and Universities to help build institutional capacity.

Chairman Horsford had been under the impression that NSC had the HSI designation; however, he now understood that was not true. He wanted to understand the specific steps better for each Nevada institution to become eligible for HSI status. He thought it was imperative for Nevada's institutions to pursue eligibility and not waste any time starting the process. Chairman Horsford likened the HSI designation to the same issues the state went through with Race to the Top for K-12, where specific recommendations that Nevada needed to take had to be passed by the Legislature in order to even apply to become eligible for the funding. He said Nevada applied; but did not get funded because of inadequacy in other areas of K-12 funding. However, if the process for Race to the Top for eligibility had never been pursued, the state would not have been able to make progress. Chairman Horsford stressed that the state was "leaving federal dollars on the table," and even worse, not serving Nevada's largest demographic, Latino students who were primarily newly enrolled at the community colleges.

Chairman Horsford asked Dr. Richards to have the Community College Funding Subcommittee address HSI designation and report to the full Committee with a set of recommendations specific to the eligibility of CSN, TMCC, WNC and NSC. He thought it was up to the Committee to explore a broad base of higher education funding and the Committee needed to be informed if legislative recommendations were required to move forward on HSI designation for the state's institutions.

Dr. Richards agreed to have the Subcommittee address the fundamentals for HSI designation. He said one of the reasons CSN enthusiastically supported the forum sponsored by the National Conference of State Legislatures was that it raised awareness of the requirements to become a Title V institution, both demographically and programmatically. Dr. Richards noted that all the elements had to come together for success as an HSI.

Addressing Chancellor Klaich, Chairman Horsford asked from a policy perspective where the System was on HSI designation and wanted to know if the System was still in the due diligence, data collection and evaluation stage. Chairman Horsford was seeking easily obtainable funding opportunities and ways that would better position the institutions, sooner rather than later, to receive funding.

Chancellor Klaich said the reason the institutions could get the money was because of the increased challenges of properly serving that particular population. He indicated the System had primarily left the work to the institutions, but the System would take a more active role. Chancellor Klaich did not want the Committee to be confused in thinking

that any grants that might be received in the future would supplant state or student funding to higher education.

Chairman Horsford said as with Race to the Top for K-12, the idea was about adding to, not supplanting or replacing funding. He thought that Nevada's institutions, in general, were having a hard time serving the state's most at-risk populations and should be getting the funding.

Chancellor Klaich said the System would take a more active role and noted the forum at CSN along with research by Dr. Martinez and Dr. Fernandez provided at great start.

Continuing her presentation, Dr. Martinez reiterated that the National Conference of State Legislatures in partnership with CSN and Assembly representatives Debbie Smith and Lucy Flores co-hosted the first ever HSI convening. She said recruiting and retaining Hispanic students was a prerequisite for HSI status and of high priority to emerging HSI's in Nevada. However, equally important was the commitment from college and university leaders to create institutional policies and practices that facilitated welcoming campuses, relevant and clear degree programs, and need-based financial aid programs. These policy levers allowed for a significant amount of change, particularly as it related to the NSHE reform efforts that could be categorized into six policy areas (page 6), including public funding. Dr. Martinez said institutions also recognized there were other factors to focus on such as strengthening student first-year experiences; facilitating policies and practices that incentivized full-time attendance, and need-based financial aid; and increasing diversity among faculty and professionals. While an HSI status opened up opportunity for additional external funding it was critical to understand that HSI competitive grants accounted for a very small overall percentage of institutional funding. Therefore, she indicated a discussion of performance-based funding must include a careful examination of institutions with large Hispanic or underrepresented populations. Included in her brief on page 7 was a summary of research that had taken place by researchers from Teachers College at Columbia University, which looked at the impacts of state performance funding systems on higher education institutions. They found that tying funding to outputs or performance had immediate, intermediate and ultimate impact. It was also noted that there were obstacles that institutions faced as well as unintended consequences, some of which Dr. Martinez indicated had been brought up in previous meeting testimony by students and faculty. She said the Columbia University study (page 8) identified inappropriate performance funding measures as an issue, with many institutions disadvantaged because graduation rates did not take into account transfer rates. In addition, graduation rates did not account for the differences between the institutions in terms of the academic preparation and degree ambitions of the students. As an example, Dr. Martinez cited the state of Washington community colleges, which served a large number of low-income and underrepresented students, perceived itself as disadvantaged because its students tended to need costly wraparound services in order to succeed. She noted other barriers that institutions found in serving large minority populations was the inequity of institutional capacity, the colleges differed in their ability for data analysis,; and at several colleges in the study there was a shortage of

institutional research staff with the skills and time to rigorously analyze performance data in order to make them competitive. Dr. Martinez said there were two unintended impacts found in the study with regard to institutions serving a large minority population. The first impact was described as a narrowing of institutional missions where community colleges transfer function was not an indicator of success for funding purposes. She explained that community colleges were the stepping stone for more than half of Hispanic students most of whom intended to transfer. In terms of cost implications she thought that was area that could be further explored. The second unintended consequence was the restriction of student admission. Performance funding could lead colleges to restricted missions of less prepared students, which could lead to further limited enrollment in high cost and high demand programs, thus creating a less diverse student body for specific academic programs.

In summary, Dr. Martinez said as policy makers examined public higher education funding and state priorities it was increasingly important to understand the state demographics and the implications of a diverse population. She noted that while HSI's educated a large minority population it was important to understand there were many steps that had to be followed to achieve HSI designation. In Nevada, there were five emerging HSI's. Although none had reached the 25 percent FTE, she thought they would eventually. Nevada higher education reform efforts, which focused on student success and state priorities would continue to influence institutional policy and practice, and would set the stage for emerging HSI's.

Edith Fernandez, Interim Director, Student Success Initiatives, College of Southern Nevada

Ms. Fernandez provided an overview of the Nevada HSI convening co-hosted by CSN, the National Conference of State Legislatures, Assemblywoman Smith and Assemblywoman Flores. She said Dr. Michael Cline from Rice University was the first presenter who delivered an overview of Latinos within Nevada and across the nation. Dr. Cline highlighted how intricately woven the economic well-being of the state was with the educational attainment of Latinos. He also noted the overall Latino population was very young and that the number one issue among Latino parents for government to address was helping them understand and navigate the educational system in order to better the lives of their children. Ms. Fernandez said it was an honor to have Deborah Santiago from Excelencia in Education, a Washington D.C. based policy and research business, who gave an overview of the role HSI's played. Ms. Santiago said that in order for Nevada to reach its educational attainment goals of 2020, the state needed to close the education gap between Latinos and Whites and she provided specific data that showed where the equity gap existed. She encouraged the state to look at model HSI's, such as the University of Texas at El Paso, for programs that had been successful, which could be adapted to Nevada. Ms. Santiago reported how Excelencia in Education had done extensive research in studying specific HSI programs that were evidence based, which had helped increase Latino graduation rates. She also talked about the need to prepare faculty and administrators on how to collect and

use data, so when the time came to become eligible, the ideas were already formed and the faculty trained to compete aggressively for the grants. Ms. Fernandez said the forum concluded with a discussion on the next steps for Nevada for improvement of Latino college completion presented by panelists, Dr. Magdalena Martinez, Assistant Vice Chancellor for Academic and Student Affairs, NSHE; Dr. Santos Martinez, Vice President of Student Affairs, CSN; Assemblywoman Smith and Assemblywoman Flores. Ms. Fernandez said the panelists pointed out that demographics were not destiny and Nevada needed to be intentional and leverage its resources to help Latino students increase their educational attainment. There was also a common theme about the urgency to create a K-16 pipeline to make sure that Nevada's school districts and institutions of higher education were seamless and had collaborative efforts. She indicated that the institutions had to think creatively on how to incentivize completion, collect good data, and to understand the different subtypes of students attending individual institutions.

Dr. Richards reported that one week before the Conference of State Legislatures forum CSN was invited to become an Achieving the Dream Institution, which was a reform movement that allowed the college to make decisions based on data to help it build better profiles for the success of CSN's students. He said CSN was delighted to be a part of that national initiative. Updating the Committee with information from the U.S. Department of Education, Dr. Richards said the department had developed new rules and methodologies for looking at completions to include transfers so that Integrated Postsecondary Education Data System (IPEDS) reporting definitions included both graduation, completion of certificates and degrees, and transfers.

In Chairman Horsford's opinion, it was the community college's mission to serve the Latino students. In the context of the proposed funding formula, he thought the performance pool should include some of the performance indicators that had been discussed about serving that group of students. Regarding the drop in the Hispanic population of FTE students at CSN from 25 percent to 24.1 percent, Chairman Horsford asked Dr. Richards how many students were involved to cause that shift in population.

Dr. Richards recalled it was approximately 2,500 Hispanic FTE students, but he would get the exact number.

Chairman Horsford said he would like to know the exact number. He commented that the budget impact was probably a contributor to CSN's ability to maintain the needed 25 percent Hispanic student FTE number and some of the state's resources during that time may have gone to campuses that did not have a high percentage of Hispanic students. He thought the consequence of decisions made and approaches taken caused loss of resources for higher education that could have better served the students overall.

Dr. Richards said that CSN chose to focus its attention on the C3TG grant process, along with many other community colleges across the nation, and that investment had paid dividends at CSN. He explained that C3TG was a major initiative instituted by the

Obama Administration to invest in community colleges and the program was still underway with the current review of part two of the initiative.

Chairman Horsford asked Chancellor Klaich if under the proposed funding formula and the adjustments made for CSN if that got the college any closer to the goal of being eligible for HSI status. He asked if it helped any of the other emerging institutions such as NSC, but thought that looked like it would impact WNC and TMCC. He told the Chancellor that the Committee needed to understand it before decisions were made, because those decisions would affect many students. Chairman Horsford thanked the presenters for their personal commitments and work in moving the higher education system forward on those issues. The presentations had been extremely informative and hoped their professional expertise was being fully utilized to benefit the students.

The Committee recessed for a break at 11:33 a.m.

The Committee reconvened at 11:46 a.m.

VI. PRESENTATION AND DISCUSSION ON THE LUMINA FOUNDATION'S INITIATIVE RELATING TO INCREASING THE NUMBER OF CERTIFICATES AND DEGREES AWARDED BY HIGHER EDUCATION INSTITUTIONS.

This agenda item was taken out of order.

Dr. Mario Martinez, Professor, University of Nevada, Las Vegas

Chairman Horsford appreciated Dr. Martinez taking time out of his schedule to present on the Lumina Foundation's initiative; a national study that he thought might provide some relevant information for the Committee. He said Dr. Martinez focused on higher education policy and was pleased to have someone with his expertise working in Nevada.

Dr. Martinez wanted the Committee to understand clearly that his intention at the meeting was not to be an advocate for any particular institution, system or the state, but rather to offer an objective look at what he found through his research and what that evidence suggested. He was a researcher who happened to be situated at UNLV spending 17 years studying state systems and examining policy and performance and their connection. Dr. Martinez thought there was good work happening within Nevada's system of higher education, within the institutions, and within the state, but wanted to share some observations or raise some questions that could enrich the discussion in his own state. In all that he had learned, he did not believe there was one measure or one practice that was going to be the answer for higher education performance or the results it achieved.

Starting on page 64 of the meeting packet ([Exhibit A](#)), Dr. Martinez provided an overview of his presentation, which included the idea of productivity and the national attention it had received across the country, particularly with the onset of the great recession of 2008. He intended to talk about the idea of policy priorities, because there was a connection between the ideas of strategies and policies and research with much evidence that suggested a connection. Dr. Martinez said he would enunciate Lumina Foundation's strategies for productivity and end by addressing common concerns raised mainly by people in higher education as the result of one particular strategy, performance funding.

Dr. Martinez said the idea of performance funding was about maximizing the achievement of goals and priorities through the strategic use of available resources. This was the notion of connecting some identified priorities, deriving strategies and closing the gap between the two. He indicated productivity had been a hot issue in higher education across the nation because the idea that states did not have an unending stream of resources meant that systems needed to strategically target and use available resources. It was necessary to figure out what the priorities were and derive strategies that would help achieve the priorities. Dr. Martinez said the Lumina Foundation with all its efforts and influence had announced the following four different strategies (page 66):

- Performance Funding – targeted how institutions were funded
- Student Incentives – targeted how students were funded directly
- New Models – new ways of delivering education to make more services available for the student and giving them more options
- Business Efficiencies – a private industry term embraced by many states around the country

Dr. Martinez commented that the Bill and Melinda Gates Foundation had funded many initiatives on the strategies, particularly regarding student incentives and new models. He said a major assumption of underlying productivity strategies that were funded by foundations and many states was that states had defined their policy priorities for higher education. As a test to determine if a state truly had policy priorities, he suggested polling 10 to 15 leaders across the state in business, government, higher education and K-12 education asking them to list the top three priorities for higher education. He wondered about the outcome of the answers on the lists and if the priorities would be similar, different, or not known. Dr. Martinez said the idea was simple in that state policy priorities were antecedent to defining the strategies and Nevada needed to understand where it was going. For example, he said the Committee heard testimony about graduate education and the importance of the Latino population. Both were ideas that resonated with him as a faculty member; however, he said Nevada had to make choices and target its resources strategically, whether the focus was aimed at the Lumina advocated strategies or other strategies invoked due to the uniqueness of the state. On page 70, Dr. Martinez pointed out the necessity of defining policy priorities, which incorporated the concept that organizations, including states, were not successful if priorities and goals were not established. Without priorities, any strategy was going to

be short-lived and energy wasted. Dr. Martinez defined priorities as the “ends” and strategies (funding, incentives, etc.) were the “means.” He recognized the good and important work already done in Nevada, but raised the question whether Nevada had state goals and priorities for higher education and if the goals and priorities coalesced around multiple stakeholder input (page 71). Dr. Martinez noted that over years of research of various states he had seen policy priorities developed for higher education in different ways. In some states, policy processes were driven by a coordinating board or a state system. However, he stressed it was key to involve legislators and the Governor’s Office in order for the policies to have a lasting effect. Other states where the Governor did not have higher education as a priority it was key legislators who worked in collaboration with higher education system officials to define a coherent policy agenda, strategies and productivity. Dr. Martinez cited in some states there was a powerful Chief Executive who defined the agenda, but still included system level officials in order to guide the process in the right direction.

Chairman Horsford said Nevada was unique in its elected Board of Regents and their constitutional role within the governance structure. He explained that some policy for higher education came from the Governor and the Legislature, but most of the governance and the policy for higher education was set by the Board of Regents whose elected members hired the Chancellor and set the tone. Part of the reason there were Regents as members of the Committee was the Legislature was not able to act alone and needed participation and input from the Regents.

Dr. Martinez pointed out that the 50 states in the nation had 50 different higher education systems, but the commonality was the collaborative effort to first define priorities and then focus on productivity type strategies that fell in line with the idea of defining the policy priorities. He said there was a level of understanding in those states where higher education was conceived as the fourth branch of government, in which building relationships between policymakers and higher education officials for definition of policy priorities was more important than just following the “letter of the law.” It was also important to look at what other states had done to serve as an example of how choices were made and policy was implemented. Referring to page 72, Dr. Martinez said Texas was “closing the gap,” as it emphasized that prestige in research funding should be the emphasis of its system. Many groups had said that was the wrong direction for the Texas system to take; however, there had been a general consensus with policymakers and higher education officials around four policy priorities and the strategies were set to achieve the priorities. Kentucky had different priorities and its number one priority was to increase the number of college ready Kentuckians. This was different in that it was on the input end of higher education, rather than the output or completion side. Dr. Martinez said once policy priorities were set (page 73) then effective strategies could be detailed. The Lumina Foundation had developed four strategies to improve productivity. The first was the idea of performance funding (page 74), which had raised much interest, much research, and much acrimony around states because there were varying opinions about what sort of priorities should be funded and built into performance funding. Ohio, Pennsylvania and Indiana had explicitly defined completion as important to their states to target the creation of a more

qualified workforce. Therefore, those states placed a lot of emphasis and their performance funding on completion. Dr. Martinez noted that might or might not be the direction that Nevada wanted to go, but those other states served as examples for a learning opportunity for Nevada. Another strategy to improve productivity was student incentives (page 75), which targeted the student. The thinking was that states should not just incentivize and hold institutions accountable, but also to do the same for students. Many states were implementing student incentives in the form of tuition and aid, targeted at course and program completion. For example, Louisiana offered scholarships to low-income students, but payments were spaced out and provided after the student achieved certain milestones. Florida offered merit scholarships, but required students to refund money if they withdrew from the class after the deadline. States were promoting accountability systems that would apply to organizations, institutions, systems and students. Dr. Martinez said Lumina also had strategies related to new models (page 76), because new populations were not as receptive to traditional ways of doing things. Some states were doing work to investigate alternative approaches to increase capacity to serve students, which often took the form of online delivery and technology, such as in Colorado where Colorado State had a global online option for many of its programs. Dr. Martinez pointed out that Washington, Texas and Indiana chose to adopt policies that allowed it to implement a Western Governor's University state model to serve adult learners, and the University of Maryland was systematically analyzing competencies and knowledge attained through work and life to count for college credit. Dr. Martinez indicated the last Lumina strategy was business efficiencies (page 77) where savings were realized through efficient institutional business practices. He said higher education systems in Ohio and Maryland worked together with their policymakers to keep them informed about the efficiencies and targeted areas in which they wanted to save money to prove the system was a good steward of public monies.

In concluding his presentation, Dr. Martinez referred the Committee to pages 78 and 79, which showed a listing of common concerns adapted from Dr. Nancy Shulock's Policy Brief: *Concerns About Performance-Based Funding and Ways that States are Addressing Concerns*. Dr. Martinez said she was a good friend and colleague of his at California State University, Sacramento, and she told legislators around the country that every state thought it was unique, but at the base, every state had common concerns that had to be addressed. Dr. Martinez had also discovered many of these concerns through his research and discussion with colleagues around the country although he did not particularly advocate a particular concern or response. The first concern on Dr. Shulock's list addressed performance funding and he indicated that public officials and higher education officials were concerned about utilizing performance funding as a strategy. They thought the funding should be generated from new funding sources instead of the base, but unfortunately, that was not the fiscal reality of the times. In utilizing performance funding as a strategy he said it was important for success to be built into the core of an institution and how it was funded. He explained that if the funding of institutions shifted directions from the norm that it did not have to be immediate, or all, or nothing. Dr. Martinez pointed out using implementation approaches that instituted the measures "stop-loss" or "phase-ins" would not

immediately penalize institutions. Another common concern was that rewarding completion penalized some colleges, especially those who served the underserved. He thought multiple measures with multiple ways to look at different types of institutions who served different functions and missions was needed. The response to that from around the country was to award institutions based on baselines; measuring an institution against itself instead of benchmarks. The institution would not be compared against a benchmark or model organization in the state or country, but its progress would be compared against itself and rewarded for improvement. It was a reasonable approach that Dr. Shulock said was working around the country. He finished his presentation with a quote from theorist Kurt Lewin who said, "The only way to understand a 'system' is to change it. Then you can understand the dynamics that are preventing or keeping it from changing." Dr. Martinez said in order to change systems, states must decide on how it was going to change, what it was going to do, define the priorities and start the change process. He acknowledged there were always going to be unintended consequences, and people who were going to be happy and unhappy with that process, but once a state started the process there were always changes that could be made along the way to "fine tune" the direction that was predefined.

Dr. Geddes appreciated Dr. Martinez speaking to the Committee; however, he would be remiss if he did not mention the Board of Regents had been taking many steps in that direction. Referring to the report on strategic visioning, Dr. Geddes explained over the previous year the Board of Regents looked at all the efforts that the System was doing in areas such as Complete College of America and the National Governors Academy. He also noted the Board had worked on several initiatives, looked at what many other states were doing, adopted policies, and sent senior staff to Maryland to explore methods of business efficiencies as part of the Board's efficiency and effectiveness efforts. Dr. Geddes reported the Board had taken the Governor's Office of Economic Development document from the 2011 Session and had been working with the seven clusters it developed, as well as the visioning report from the 2010-11 Interim documenting what Nevada needed. He also said the Board had studied the Lumina Foundation report. Dr. Geddes appreciated Dr. Martinez's input, but thought the Board was already addressing many of the issues brought up at the meeting.

Chairman Horsford thought no one should misconstrue the comments as if Nevada was not working on the issues. He thought it was important to be reminded of the guiding principles and touching base on some of those elements.

Senator Kieckhefer addressed one of the concerns and responses (page 79) regarding incentivizing completion would lower standards and pressure faculty. He said the Committee had discussed whether to use a failure as a component of the output formula toward completion and the response was that it would result in grade inflation and professors passing along students. Senator Kieckhefer asked Dr. Martinez if his research indicated if that had happened in other states.

Dr. Martinez responded that his view, as written in several editorials for the Las Vegas Sun, particulars of funding discussion as a strategy, which should come after broad

agreement of state priorities. He said Dr. Shulock indicated it had been a common concern and many states assumed that faculty would not inflate grades and trusted in their ethical and professional standards. The faculty would continue the jobs they were hired to do and abide by a code of conduct instead of passing students through. He thought the issue was raised particularly by four-year programs.

Senator Kieckhefer understood there was a concern, but asked if there was any data or research that indicated it was a reality. Dr. Martinez said there was not any research.

Referring to Dr. Shulock's research on the concern and response relative to the use of baseline versus benchmarks, Dr. Mosier asked if Dr. Martinez personally saw any reason why those in higher education should look at national competitiveness, graduates or other activities within the universities, but not look at the national benchmarks for some part of the metric for performance.

Dr. Martinez said part of the problem with performance funding that started in the 1990's and then abandoned by so many states was precisely because of the use of benchmarks and the disheartening results that followed. While benchmarks could be phased-in, in his opinion, he thought it was good to keep them in mind as a context, especially since he had broadly researched statistics on Nevada's access, completion rates and other related information. Dr. Martinez's personal judgment was that the baseline was a realistic starting point so that leaders did not become disheartened by trying to reach a baseline that could not be achieved even in a two-year period. Systems took a while to change and to adapt to new strategies.

In his perspective as a policymaker, Chairman Horsford said the state had dealt with the same problem on No Child Left Behind program in K-12, which was currently being dismantled. Governor Sandoval called for Nevada to get a waiver because part of what the state was measuring was not what was needed as a state and it set up a false comparison. The 2011 Legislature replaced No Child Left Behind with a growth model encompassing year-to-year improvement in student learning, which was what the state wanted to see. The adoption of the growth model was not suggesting to discount other national comparisons, such as ACT or other national testing, but he said most importantly it was how the benchmark was measured or if it fit into the state's system.

Dr. Mosier said he was Dean of the UNR College of Business and pointed out that the college taught competitiveness in local, national and international markets. He did not think that Nevada was in a microcosm so the state did not have to deal with external issues and pressures that might be out in the world. Dr. Mosier said Nevada competed in its university system on a national level with regard to athletic programs with much success at UNLV and UNR. Nevada also competed internationally and nationally in terms of research agendas, such as when it got funded sponsored programs. Dr. Mosier thought by not putting benchmarks on the forefront, about how the state's students actually competed in a national and international economy seemed to him that Nevada was "selling itself short."

Dr. Martinez agreed with Dr. Mosier in that it was acceptable to be aware of benchmarks, but he thought a possible trap the state could get caught in was either/or thinking. He thought that if state leaders decided together to integrate benchmarks as a component then it was the state's decision and that strategy was fine as long as there was consensus. Dr. Martinez said often times higher education was a mixture of exploring practices that helped enact policy, understanding what worked in the state along with benchmarks and integration of practices that seemed to work in other states around the country.

Mrs. Gansert commented that the National Governor's Association Grant Committee had been studying performance funding. She said most states utilized current funding and then took a percentage of the funding (typically 5 to 25 percent) out in reserve for performance, rather than adding funding to the base allocation. Mrs. Gansert thought using a portion of the base for performance was a way to change outcomes and making sure it had a strong effect on the institutions on the outputs.

Dr. Martinez said Mrs. Gansert was correct and it was a growing trend occurring across the country in higher education funding with regard to performance funding; however, he disclosed to being neither for nor against the trend.

Chairman Horsford said he invited Dr. Martinez to the Committee meeting because the policy had not yet been determined and thought the performance pool was the most undefined part of the Chancellor's proposal. He reported that the benchmarks and the criteria had not been set; as a Committee it was important to learn how other states were approaching it and what would make sense for Nevada. Responding to Dr. Mosier's point, Chairman Horsford said the state might want a very hard competitive baseline comparison for certain programs, but for other programs a different protocol might be preferred. He thought that one of the purposes of the Committee was to determine what was right for the different institutions. He indicated wanting five things specifically for the community colleges because of their unique service and student population. Chairman Horsford said best practice was important, but equally so was to help people understand the reason for moving in a certain direction. It did not make sense to change from a formula that concerned people to adopting a new formula without a clear understanding of the reasoning. He stressed that the performance pool was one of the biggest areas that needed work.

Senator Kieckhefer thought the dynamic of the performance pool was important and critical to finding the state's goals and needed to be incorporated into the base funding. He said if funding outputs, rather than inputs, was preferred then that was a change to a more performance-based funding mechanism. Senator Kieckhefer viewed the performance pool as a way to incentivize success at the institutions, thus having successful students, through a model that included performance-based funding utilized as an add-on or incorporated into the base.

Chairman Horsford restated Senator Kieckhefer's point that moving toward funding based on outcomes was a performance approach. He added that the Chancellor and

others had talked with the Governor about having a performance pool of funding for research, economic and workforce development, and improving college completion rates that might be augmented funding based on another set of criteria. He agreed that was the direction, but the criteria and benchmarks would have to be determined.

Dr. Martinez thought there was great work occurring in the state. In reference to access rates and completion rates, he said Nevada had a good profile and most people were aware of the current state of the System.

Chairman Horsford appreciated Dr. Martinez and the Committee would rely on him for insight, opinions and information.

In regard to performance funding and approaches other states were using, Mrs. Gansert had a document from the National Governors Association she wanted to share with the Committee members. She said much of it was in agreement with Dr. Martinez and thought it might help with the Committee's process of gathering information for making decisions on the performance model. She asked to send it to Legislative staff for distribution.

Chairman Horsford said Mrs. Gansert could send it to Mr. Haartz for distribution to the members. He asked Dr. Geddes to let him know when the Board of Regents was ready to provide the Strategic Plan report to the Committee. He asked Chancellor Klaich to inform Mr. Haartz when he was prepared to give the Committee an update on the Complete College of America initiative so it could be added to a future meeting agenda.

V. PRESENTATION AND DISCUSSION REGARDING THE ALTERNATIVE HIGHER EDUCATION FUNDING FORMULA PROPOSED BY THE NEVADA SYSTEM OF HIGHER EDUCATION.

VIII. PRESENTATION AND DISCUSSION REGARDING THE WORK AND RECOMMENDATIONS OF THE NEVADA SYSTEM OF HIGHER EDUCATION'S FRESH LOOK AT NEVADA'S COMMUNITY COLLEGES TASK FORCE.

Agenda Items V and VIII were addressed together.

Chancellor Klaich said in the essence of time he would not be speaking about the Community College Task Force; however, he had provided written information for the Committee (page 111, [Exhibit A](#)). He had prepared written comments, which he would make available to the Committee members through submission to Mr. Haartz for distribution after the meeting. Chancellor Klaich also provided a document entitled *Comparison of General Fund Support in FY 2012 to Proposed Funding Model* ([Exhibit D](#)), which he thought was relevant to the equity theme behind the proposal. He concluded his remarks with a comment on testimony earlier in the meeting. Chancellor Klaich acknowledged that everyone heard different things when listening to

others speak and admitted to being offended by testimony that he thought demeaned the teaching at the community colleges and the state college in Nevada. He emphasized those colleges did a spectacular job and the state could not have a strong system of higher education and strong universities without having strong colleges. Chancellor Klaich said everyone needed to understand the state was dealing with limited funding and with the economic outlook, the funding could be affected for several more years. He thought if the state's objective was working toward serving all Nevadans then the System needed extremely strong colleges to achieve that goal.

Mr. Hickey taught part-time at the community college and appreciated Chancellor Klaich's remarks. In regard to the funding formula and the differentiation in teaching at the various institutions, he asked if Chancellor Klaich was inferring that "one size fits all." Mr. Hickey acknowledged it cost much less to employ part-time faculty at the community college versus tenured faculty at the university.

Chancellor Klaich said the proposed funding formula was certainly not a one size fits all model. He was referring only to the lower division courses where the actual coursework and compensation for the coursework were proposed to be the same at all the institutions. At the upper division and graduate levels heavier weighting was proposed, which would provide greater state funding.

Mr. Hickey understood that the Committee's legislative responsibility was to create a fair funding formula reflective of all the differentials and not necessarily an equity plan. He thought it was everyone's intent to have a funding formula, which was fair and helped with some of the inequities.

Chancellor Klaich said that in creation of the proposed funding formula, equity was a critical consideration; however, deciding if that approach was in the best interest of the state was also important. An equitable formula might not be right in all situations, but he was relying on the judgment of the Committee, the Governor and the Board of Regents to determine what might work or not work for certain segments of students or advancing certain goals.

Dr. Mosier said he had an associate's degree and members of his family were Presidents of two-year institutions. He did not feel the earlier testimony was derogatory toward the two-year schools and appreciated the value that those institutions brought to the system of higher education. Dr. Mosier thought the points that were made had to do with concern over mission differentiation based upon the public they served relative to access and the relative cost.

Chancellor Klaich said he appreciated the comments.

Chairman Horsford said people interpreted things differently and indicated when people testified at the meetings that it was important to select appropriate language. Generally, people spoke from their own perspective and their own institutional experience, but he wanted comments to be kept relative to students in general and the system as a whole,

instead of about parts of the system. He said Dr. Mario Martinez maintained that people needed to understand the goals and where they fit in relation to those goals. Expanding on Dr. Martinez's idea, Chairman Horsford added that if people better understood the goals and the mission of the institutions they would not feel so threatened.

Chancellor Klaich thought that was good advice.

Senator Kieckhefer asked Chancellor Klaich to explain the changes on the updated chart ([Exhibit D](#)) he provided for the Committee and the definition of recharge as shown on the chart.

Chancellor Klaich explained a recharge was an intra-institutional billing, which allowed for the portions of an institution that were outside of the main instructional formula to be billed back to the main campus.

Senator Kieckhefer asked if the updated chart took the place of the baseline amount included in Appendix C ([Exhibit F](#), as shown in NSHE's A New Model for Funding Higher Education in Nevada, from the April, 23, 2012, meeting) in NSHE's original document. He noted that in the original chart when the weighted student credit hour was applied it compared FY 2012 to FY 2014 and the updated version was a FY 2012 to FY 2012 change. Senator Kieckhefer asked if the updated chart needed to be plugged into FY 2012 in Appendix C and then the change to FY 2014 recalculated. He asked if that thinking was correct.

Chancellor Klaich said the numbers provided on the updated chart were all the same as was the General Fund appropriation amount of \$362,537,004. The updated chart merely provided a new comparison of how FY 2012 General Fund appropriations would have been distributed if the proposed funding formula had been used.

Senator Kieckhefer noticed how the numbers were spread out between institutions changed on the updated chart.

Chancellor Klaich said that was not exactly correct. He explained that Appendix C ([Exhibit F](#)) provided an overview of the model and how funds would be allocated under the proposed model, which continued to be a solid analysis. While the bottom line amount did not change, the chart was not intended to replace Appendix C, only to provide more information.

Senator Kieckhefer said he was still unclear in understanding NSHE's updated chart ([Exhibit D](#)).

Noting there were many internal components and supporting documents to the spreadsheet ([Exhibit D](#)), Chairman Horsford decided to hold the Committee's discussion until a future meeting. He asked the Chancellor to ensure his staff and legislative staff agreed on the information that made up the document, and requested the Funding Formula Subcommittee review and discuss it when they met.

In regard to the Community College Task Force, Chancellor Klaich said that NSHE was methodically working through Chairman Bruce James' recommendations. One of the challenges Chairman James posed was for the System to explore alternative means of delivery of education. Chancellor Klaich thought the Committee would eventually have a discussion on that topic before the end of the Interim Study.

Chairman Horsford asked for the Committee members and especially those assigned to the Community College Funding Subcommittee to review the recommendations in the Fresh Look at Nevada's Community Colleges Task Force report (page 111, [Exhibit A](#)). He did not want the information to be lost in the process because there were many worthwhile elements in the report that deserved discussion.

Mr. Aizley thought the faculty at the community colleges did a remarkable job and he did not hear any demeaning attitude of the teaching at the community colleges in earlier testimony. He asked Chancellor Klaich if he thought a high school Calculus class was the same as a college or university Calculus class, and if the value for the student was the same or if the output was the same in both cases.

Chancellor Klaich answered he did not think the classes were the same and he assumed that as students progressed in their education value was added along the way.

Mr. Aizley thought it posed a problem. For years, he saw students who had taken Calculus in high school repeat the course again at the university and thought it was a tremendous waste of resources for both the high school and the college. He posed the question of whether the Chancellor thought it was necessary for the student to retake the course because the level of teaching from high school to college was inferior, or whether it was unnecessary because the course could be deemed comparable.

Chancellor Klaich indicated the Community College Task Force report addressed expanding dual-enrollment type courses, which could assist students in moving more quickly through programs. Although the system already had some of those types of courses, Chairman James suggested for the System to be more aggressive.

Mr. Dillon understood one of the primary goals of the new funding formula was to include entrepreneurship and for each institution to keep its own tuition and fees. Referencing the spreadsheet ([Exhibit D](#)), Mr. Dillon asked if that information was represented somewhere on the chart to include the current funding and the proposed funding utilizing the new funding model. He wanted to make sure the Subcommittee discussed that information.

Chancellor Klaich responded no; however, his staff would provide an expanded Appendix C ([Exhibit F](#)) that not only showed the distribution of state funding, but also added in tuition and fees so that the Subcommittee could see the full picture.

After the meeting, Chancellor Klaich provided the following written testimony to the Committee members and for the public record:

I appreciate the opportunity to present written comments to the committee in lieu of testimony at your May 23, 2012 meeting. I will keep my comments at a very high level regarding the revised model for funding, what it means for the institutions and how it impacts the policy decisions highlighted by SRI for the development of a performance pool.

For the three decades that I have been actively associated with Nevada higher education I have heard about the disparate treatment of institutions in this state and all of the causes, some real some imagined, for it. I believe we are at a very special point in time where so many people have come together to acknowledge that this issue must be dealt with and have committed to solving it. The opportunity imposes a very special burden on all of us not to squander this moment.

In preparing the alternative model for consideration that the System has offered to the committee, a more equitable distribution among institutions has been a primary driver. To illustrate the extent to which that has been accomplished, we submitted to the committee a chart (attached) showing the allocation of state funding pursuant to the current formula and also under the proposed formula. As I attempted to explain at the meeting, the chart shows the same dollars – just a different presentation. The left hand grid on the chart displays state funding on both an FTE and WSCH basis for current funding. The right hand grid shows the same distribution as it would result under the alternative proposal from the System. Under the alternative model and looking at FTE funding, the research institutions receive the highest level of funding, the state college next, and then the community colleges – just what you would expect. Minor differences in the WSCH funding result from the small institution factor and the allocation of O&M for research facilities to UNR and UNLV. With these minor differences, however, funding is remarkably equitable based on WSCH. That was a primary goal of the proposal which we believe has been achieved.

Another critical issue to be dealt with is mission differentiation. This issue has been addressed through recognition of the generally higher cost associated with upper division and graduate education in the expanded matrix, together with research funding for the first time.

Other critical features are tuition and fee retention, encouraging campus specific and campus based entrepreneurial behavior,

together with performance funding. All of this is accomplished while being remarkably simple and transparent.

The goal with this proposal was not to create the perfect formula, an impossible and frustrating quest. Rather, I started this process by asking the campus presidents what their main goals were in this process and what the major flaws in the current formula were. Working with the presidents over the past four months, we believe we have offered a significant improvement over the status quo and one which I can represent to you meets the major goals given to me by the presidents and coincides with the goals set by the State.

We made a conscious decision to present our work to you within a revenue neutral environment. The point was not to imply that current funding was adequate, but to assure the committee that the exercise was not a method to simply argue for greater funding. However, when major policies are changed within a fixed appropriation context, serious negative impacts can occur. That is the case here, and the committee must wrestle with implementation issues before its work is done. As indicated in the submittal to the committee, the impacts on the small and northern community colleges call into question their ability to continue to meet their mission to their respective communities. The committee will have to consider both a reasonable time period for implementation of changes and mitigation of cuts that may be determined to be too onerous.

For years, the funding model in Nevada has been driven by access, and the NSHE met that goal as set by the state. While the population of Nevada sky-rocketed the NSHE provided the opportunity to attend college to Nevadans. Times have now changed, and the critical workforce needs of the state have changed. The state requires a more educated citizenry to achieve its goals for economic development and diversification. That has changed the orientation of the funding model from not only access, but also success.

As recognized by SRI the NSHE proposal is a work in progress - components have been identified but policy decisions and specific directions are required to fine tune. SRI has highlighted the potential pitfalls in structuring a performance pool:

- Need to ensure structure of the pool recognizes and awards previous performance of institution in determining baseline for performance
- Need to make sure institutions aren't penalized for improving or rewarded for failing to improve – reward improvements

- Identification of outcomes (completion and institution-type-specific)
- Consider if metrics should match NGA metrics – add efficiency and effectiveness?
- Consider the proposed weighting of outcomes – are degrees the most important thing to reward?
- Consider external funding component
- Consider rewarding program completion by at-risk students

The system model is grounded in giving greater autonomy and flexibility to the respective institutions, while requiring and empowering them to be more entrepreneurial and self sustaining. The question should immediately arise, “Has the system demonstrated the leadership and responsibility that would justify this treatment and trust?”

As noted by SRI, the Board of Regents, the system and the presidents have already begun undertaking significant change initiatives and implementing best practices that contribute to success and are in alignment with current trends in higher education funding. Many of these reforms are highlighted in the Board of Regents Strategic Directions document, and include:

- Efficiency & effectiveness
- P-20 collaboration
- Access & affordability
- Quality assessment
- Revamping e-learning
- Revamping remedial education
- SLDS in conjunction with public education and DETR
- Public Accountability

And, of course, taking a leadership role in formula funding reform is an important overall strategy designed to ensure the financial structure necessary to accomplish these reforms.

I believe that the philosophical basis for the proposed alternative NSHE funding model is both sound and fair. It is consistent with best practices in higher education and the desires of the institutional presidents for change. It matches the changing priorities of the State. It rewards performance and student success. We appreciate the collaboration with SRI to this point and look forward to continuing to partner with them to bring a common recommendation to the committee.

IX. DISCUSSION REGARDING THE PROVISIONS IN THE CONTRACT WITH COMMITTEE CONSULTANT SRI INTERNATIONAL RELATING TO STATES' USE OF STUDENT ENROLLMENTS AS A BASIS FOR HIGHER EDUCATION FORMULA FUNDING (CONTRACT DELIVERABLE #2) AND STATES' INCLUSION OF PERFORMANCE RELATED COMPONENTS IN HIGHER EDUCATION FUNDING FORMULAS (CONTRACT DELIVERABLE #3).

Alex Haartz, Program Analyst, Fiscal Analysis Division, referred the Committee to page 150 of the meeting packet ([Exhibit A](#)) to the contract between the Legislative Counsel Bureau and SRI International. He explained that SRI International would present their contract Deliverables B (#2) and C (#3) in the following agenda item, and their report was included in the meeting packet ([Exhibit A](#)) starting on page 171. Mr. Haartz said SRI International was required to provide information on the following four points in Deliverable B, *States' Use of Student Enrollments as a Basis for Higher Education Formula Funding* (page 150):

1. Provide a report on the use of input measures such as full-time student enrollments and course completion and how those were employed elements in state funding formulas, including information on Nevada's existing funding formula, as well as the proposed NSHE alternative formula.
2. Provide definitions of what was considered a full-time equivalent student, a completed course, and student success.
3. Identify and analyze the strengths and weaknesses of those measures, specifically student full-time enrollment and course completion, and focus on both desirable and perverse incentives, created by the operation of student-based formulas.
4. Identify best practices and lessons learned by states that used those measures.

Mr. Haartz then identified the following five points that SRI International was required to provide information on in Deliverable C, *States' Inclusion of Performance Related Components in Higher Education Funding Formulas* (page 150):

1. Provide a report analyzing the use of performance criteria in higher education funding formulas inclusive of Nevada's existing formula as well as the alternative funding model proposed by NSHE.
2. Analyze the strengths and weaknesses of different approaches and identify the trade-offs that might exist between types of measures that SRI International was able to identify.
3. Report on the experience of states currently using performance criteria in addition to those states that had adopted them, but had subsequently abandoned them due to budgetary issues or other concerns in those states.
4. Compare states' use of performance criteria with the metrics developed by the National Governors Association through its Center for Best Practices, and by the Board of Regents in its "Strategic Directions for the Nevada System of Higher Education" document.
5. Identify best practices and lessons learned with regard to the use of performance related components and higher education funding formulas.

Mr. Haartz reminded the Committee of their responsibilities, as per the contract, for accepting the reports submitted by SRI International. As listed on page 154 of the meeting packet ([Exhibit A](#)), the following options were available for the Committee's consideration:

1. Accept each of the deliverables outright and not request any modifications.
2. Accept the deliverables and request that certain aspects of a deliverable be reworked or revised to meet contract specifications.
3. Reject one of the deliverables outright because it failed to meet contract specifications and SRI International would be required to rework that deliverable to meet the contract.

Mr. Haartz concluded his presentation.

X. PRESENTATION AND DISCUSSION REGARDING SRI INTERNATIONAL CONTRACT DELIVERABLES #2 AND #3:

- a. **STATES' USE OF STUDENT ENROLLMENTS AS A BASIS FOR HIGHER EDUCATION FORMULA FUNDING (CONTRACT DELIVERABLE #2).**
- b. **STATES' INCLUSION OF PERFORMANCE RELATED COMPONENTS IN HIGHER EDUCATION FUNDING FORMULAS (CONTRACT DELIVERABLE #3)**

Roland Stephen representing Committee consultant SRI International presented Deliverables #2 and #3 (B and C), which comprised SRI's evaluation of existing and proposed funding mechanisms for the Nevada System of Higher Education. The deliverables addressed states' use of student enrollments as a driver for higher education funding as well as states' inclusion of performance-related components. Mr. Stephen indicated he and colleague Christina Freyman would present a more substantial final report at the June 2012, meeting encompassing the findings presented at both the April and the May meetings into one complete document. Many of the topics he planned to cover in his discussion of the deliverables had been referenced in other conversations during the meeting. Dr. Stephen found the question regarding strategic priorities, posed by the Lumina Foundation, to be a key discussion topic because the state's priorities were the starting point of the process. He thought Nevada had done considerable work on its strategic priorities through the SRI/Brookings report, the 2011 Legislature's visioning document and the Board of Regents strategic plan, which provided a foundation for the Committee as it contemplated a new funding formula model. However, he said the new model for higher education was much more than just the formula. There were questions that had to be addressed, which would be off formula, but would help implement it and create the infrastructure for success. Dr. Stephen thought it was important to commit to collecting individual level longitudinal pre-K through 20 student-based data, which allowed the state to judge success in a differentiated way. Investing in various resources was going to be critical in making the formula and other efforts successful.

Referring to page 2 of [Exhibit E](#), Dr. Stephen provided an overview of his presentation on the Analysis of States' Use of Student Enrollments and Performance Criteria in Higher Education Funding. He said the current formula for instruction was mainly based on student-to-faculty ratios using full-time equivalent (FTE) student counts for both in-state and out-of-state students (page 3). Dr. Stephen indicated using FTE's for the formula calculation was a direct method and it was how many states still funded higher education. He said that by policy to date, publicly funded higher education in the United States was governed by an ethic of access, which was enrolling more students in college to produce more degrees. There was population growth that warranted creating access and so as a result, a simple way of funding was to count students enrolled. Referring to page 4, he said there were 29 states (colored blue) that used full-time enrollment as a funding base and 1 or 2 other states with different mechanisms. Currently, Nevada (colored white) also utilized full-time enrollment for its formula; however, he said Nevada was different because the legislation showed an FTE driven formula, but that formula had not been employed in the previous two biennia.

Dr. Mosier asked if there were any other states in a similar position as Nevada, full-time enrollment driven yet exploring other options.

Dr. Stephen responded yes and cited the state of New Mexico was thinking about new ways of calculating its funding for higher education and were discussing what defined a course completion. Page 5 of [Exhibit E](#) included information on states that used course completion rather than just full-time enrollment as its basis for funding. Dr. Stephen indicated that the states of Louisiana and New Mexico had been implementing end of course completion in their funding formulas, which counted the student as long as a grade was received (withdrawals were not counted). The proposed NSHE formula was also based on course completion, including F grades. Other states including Ohio and Tennessee utilized successful course completion as another method of funding, where a letter grade above an F grade was needed. Ohio and Tennessee used this approach as the driver of their formula for four-year institutions. He explained there were several kinds of F grades, and he provided stylized examples of two different types. The first example depicted a student who came to class, tried hard, the faculty tried hard, and at the end of the term the student had not passed the course and received an F grade. Another case had a student enrolled in too many classes, with the idea of dropping the one that suited them the least, but the student missed the deadline for dropping the class so was now enrolled in a class they did not want, and consequently decided not to attend class, which warranted an F grade. He acknowledged that the latter case was the most common cause of F grades, but it would take administrative practices on withdrawal dates to change the prevalence of those types of F grades.

Continuing, Dr. Stephen addressed the use of enrollment versus the use of successful completion (page 6). He said use of enrollment was an incentive for access because it effectively got students into higher education and was immensely successful as a general, federal and state policy goal for a half century. United States higher education was greatly recognized among industrial nations with high-ranking institutions that

people paid out-of-state and out-of-country tuition to attend. Dr. Stephen said use of enrollment was also an incentive for access, acceptance of under-qualified students and mission creep. However, higher education was at an inflection point because there had been problems with completion, especially in Nevada. He indicated there were plenty of students enrolling and starting college, but there were many not completing, which was an effect of funding through enrollment and rewarding an institution for increasing the student population. Conversely, if just successful completion was used as the measure then more progress from students would be evident, but there would be less incentive for an institution to be an access institution. An institution could decide to only enroll those students they were confident were going to be successful, essentially increasing the standards for admission. Dr. Stephen said if an institution was penalized for students who did not do well, it was more productive for it to enroll students who would succeed and the institution did not have to put a lot of effort into the process. He likened that practice to the "Ivy League strategy." Dr. Stephen acknowledged that using successful course completion as an incentive could encourage grade inflation. However, there were alternative measures of quality to prevent grade inflation and he thought that the professional ethics of the faculty would outweigh that concern. Turning to the next item, Dr. Stephen addressed performance-related funding criteria (page 7). He said past practice in other states incorporated counts of inputs and/or outputs into the budget and there were agreements between institutions and states regarding performance improvement in exchange for state appropriations. There were also performance set asides outside of the core budget, which were a separate portion of the state appropriation awarded to institutions on a competitive basis. Dr. Stephen said it was clear that set asides on top of existing General Fund resources were first to disappear whenever there was any stress on the state budget and was a primary explanation for removal of earlier initiatives in the area of performance funding. He thought the Lumina Foundation summarized it well when indicating that if a state thought performance funding was the core of its mission, then it should be at the core of the funding mechanism, because money was policy. Referring to pages 8 through 10, Dr. Stephen said there were many types of metrics including: 1) output metrics (degrees awarded, graduation rates and research incentives); 2) progress metrics (transfer rates, successful course completion, time and credit to degree, student progression, and progress through remedial and adult education); and 3) outcome metrics (metrics linked to economic development goals such as job placements, earned research dollars, degrees associated with workforce development goals and degrees to at-risk students). Dr. Stephen pointed out there were dozens of states that had adopted or were contemplating performance metrics. Although he acknowledged there were various reservations regarding performance metrics among faculty, administrators, policymakers, taxpayers, and students and their parents, Dr. Stephen said the performance criteria would be transparent for policymakers and for consumers.

Although not sure how the issue could be addressed, Mr. Wixom voiced a concern he had since becoming a member of the Board of Regents. He explained that tuition had been increased at Nevada's institutions due to budgetary restrictions, and because of other issues developed through the budget crisis access was unintentionally limited. Mr. Wixom thought that one of the perverse outcomes of limiting access over time was

that Nevada could effectively improve its numbers, but by limiting the pool of students the state's numbers only looked good as a result of not serving a broader pool of students. He asked Dr. Stephen to provide insight on that issue. He also wondered if access could be a factor in the performance pool funding for certain institutions. Thinking about the HSI's, he asked if the state wanted to reach out and extend access to a particular group of students if it was logical to include a performance metric for those institutions to meet that certain criteria.

Dr. Stephen acknowledged Mr. Wixom had a critical point and said the answer was differentiation. He said access institutions were very important, although the institutions needed to achieve attainment goals for graduates in the student population, which required solving the problem of the underserved, minority, first-generation and adults with some college, who needed remediation. He stressed Nevada had to solve that problem first in order to be successful in its strategic planning. It could not only be achieved by differentiating institutions by access institutions, but identifying ones that received more assistance and then providing "wraparound" services to those groups of students. Dr. Stephen noted that Nevada's higher education system was making an effort to determine the best practices for remediation and other related services; however, at present the system was not succeeding. He thought when the best practices were determined it would take more people and more money at the access institutions in order for attainment. Dr. Stephen said differentiation might be unwelcome, but it was needed for balance in the state even though it would be a challenge to accomplish.

Mr. Wixom asked for the Committee to analyze and determine how the state could use the performance pool to extend access. Extending access was one of two critical issues he thought were facing the system. Since 2005 when he started on the Board of Regents the institution of admission standards was an important area of discussion and the other critical issue he wanted to address was mission differentiation related to admission standards and how those standards affected the various underserved populations. Mr. Wixom indicated the Board of Regents had information that by as early as 2016 or by the year 2020 the majority of Nevada's population would be Latino. If those issues were not addressed the higher education system would fail that group. He did not find it productive to have that population of students enter the system only to have failure as the outcome.

Dr. Stephen said there were metrics that could be used to incentivize access, but more importantly, the state wanted to incentivize success. He indicated by incentivizing success once the students were enrolled then they had to succeed. Nevada could strongly consider and build into its performance pool model some established metrics regarding remediation as part of the performance funding for an access institution.

Chairman Horsford said that Dr. Stephen's presentation referred to other states' practices in very broad terms, but the performance criteria for each institution might be different. He asked for SRI's final report to provide clarification regarding mission and a full listing of performance criteria broken down for different institutions including

community college, state college, university and research with different types of metrics the Committee could discuss for each level. He thought the same metrics were not applicable to every institution.

Dr. Stephen said SRI could provide the requested metrics; however, he cautioned the Committee not to adopt all of them because many states had fully separate community college and four-year institution systems with different metrics and funding formulas.

Chairman Horsford emphasized that students of color or non-traditional students were a large part of Nevada's market and the state needed to adapt to its customer. He thought for people to have deficit thinking that somehow doing more for those students created a problem was incorrect. Chairman Horsford professed it was not a problem and it was up to the college and university presidents and faculty to serve those students. He thought it was imperative for survival.

Dr. Stephen said non-traditional students were the "raw material" for the future. He also mentioned that the term non-traditional would be referenced in SRI's final report, which did not just describe a certain category of people, but also new models of delivery. Today's students expected new models of delivery in pursuing their education, which differentiated from the highly conventional models of past years. Dr. Stephen said the future was completely different in that regard. He asked hypothetically if Nevada was willing to fund the system to take course credits that were obtained elsewhere in the course of the student's career given that it was a premium to incorporate that into their transcript. It was a cheap way to get a degree; however, it did not pay for faculty salaries. Dr. Stephen said those were big policy related questions.

Returning to his presentation, Dr. Stephen addressed the types of performance-related criteria (page 8) starting with output metrics. The first output metric was degrees awarded, which equated to a summary number that people could understand. He provided an example of an institution that graduated 3,000 students in one year and then 3,300 graduates in the subsequent year, which was progress that was easily explained. Another output metric involved graduation rates, also known as time to degree, which was the number of students seeking a certificate or a degree who graduated in a predetermined length of time. He thought there could be a certain amount of gaming that could occur on the way those numbers were managed. Then there were progress metrics (page 9), which included transfer rates. Dr. Stephen said that community colleges were in the business of providing critical input for the four-year colleges and it was important to devise a performance pool in which those colleges received credit for their transfer rates. Another progress metric was successful course completion; a course for which a letter grade above D- or pass was entered. The next progress metric was time and credit to degree, which comprised the average length of time in years or average number of credits earned. However, he preferred other ways of catching student progression such as the credit accumulation metric, where students were weighted more for funding purposes after passing certain credit hour thresholds such as progression through remedial and adult education. The last type of performance-related criteria was output metrics (page 10), which included job

placements, earned research dollars and degrees linked to workforce development. Dr. Stephen indicated the final report would include interesting ideas about output metrics and degrees to at-risk students.

Chairman Horsford said that Dr. Stephen had used the term “degree” and the Chairman wanted to clarify that in the context of the community colleges that he actually meant certificates. He wanted everyone to understand the terminology and not misinterpret the intent of the discussion. If the community colleges were successfully completing students with a certificate level award, Chairman Horsford hoped they would have the same ability to compete for performance pool dollars as the other institutions if it was separated from the base funding.

Dr. Stephen said when utilizing the term “degree,” he was referring to certificates, associates degrees, and bachelor’s degrees or higher. In regard to performance pool dollars, he added that a community college should also be rewarded when it was aligned around local workforce needs even though a certificate associated with it may not have been awarded. He explained that in the case of workforce development, the student may have only been attending the community college for continuing education or part-time education, but recognizing it as achievement was critical.

Moving on, Dr. Stephen referred to page 11 ([Exhibit E](#)), college completion metrics from the National Governors Association (NGA). However, the page showing those metrics did not reproduce properly and aside from the headings, the page was blank. He explained the page should have shown a listing of the NGA’s progress metrics and the outcome metrics in which their headlines and categories matched the previous meeting discussion on types of performance criteria used for performance metrics. He said the NGA had been a leader in the performance funding debate and it was wise for Nevada, the Governor’s Office and NSHE to be involved in their academy to work on a performance criteria. Dr. Stephen said whatever performance criteria Nevada decided on there would be some unintended consequence; however, that was not a good reason not to incorporate it into the funding process. He thought Nevada should choose applicable metrics and then fix the issues as necessary over time. Dr. Stephen pointed out that pages 12 through 14 showed the states which were using output metrics, progress metrics, and outcome metrics. Page 15 listed the states which currently used or had a definite plan to switch to performance-based funding along with states considering performance-based funding. He indicated that five years ago there would not have been any states listed in the category of states considering performance-based funding. If Nevada wanted to move from an idiosyncratic system of funding higher education and become a leader, he said the state needed to be doing everything all the other states had and were doing in that arena. Dr. Stephen noted performance funding was not a new concept (page 16). In the past, the idea was abandoned because there was a lack of support, not enough stakeholder engagement, and there was not enough money to change behavior.

Chairman Horsford was interested in more detail on how much of the listed states’ criteria were in the base allocation part of the funding, and how much was new and

competitive funding. He said Nevada had not arrived at a decision about how much funding was going to the performance pool, versus how much needed to be embedded into the base level of state support.

Dr. Stephen noted that past experiments provided for a 5 percent incentive, but it was found to be too small an amount to alter behavior and double digits were needed to incentivize a change in behavior. He said that as tuition became a larger share of the institutions overall support then the piece carved out of the state support became a smaller share with a less powerful incentivizing effect. Dr. Stephen pointed out that page 17 addressed enrollment incentives and page 18 listed six policy considerations performance funding could incentivize. The policy considerations should align with the states policy and economic development goals and he indicated the decision-making on the performance metrics selected should start with those goals. He was unclear; however, how equity played a part in the discussion. Equity might be desired, but was not itself a goal and actually could be a constraint. Dr. Stephen explained the goal was a system of higher education that was aligned around the purposes of economic development and the societal needs of the state, which was the goal Nevada defined in its various strategic documents. He thought equity was a constraint along the way to get to that goal and utilizing attainment – the number of graduates – was a better metric. Attainment was commonly defined as the percentage of the adult population under the age of 24 with a two-year or four-year degree and was one of the strongest measures of the economic success of a region in the country. Those regions of the country reaching high levels of attainment were characterized by significant economic success, and home to world competitive businesses. Those areas had approximately 40 percent of its adults over age 24 with a bachelor's degree. For comparison, Nevada currently had 30 percent of its population with a two-year certificate and a bachelor's degree.

Chairman Horsford thought there was a large opportunity to increase the 30 percent level of attainment in Nevada because there were many individuals that started college, yet not completed. It was a chance for the System, along with the Complete College America initiative, to identify those students and figure out what they needed in order to elevate Nevada's ranking. He did not believe that other states had the ability to do that in the same manner as Nevada.

Dr. Stephen said it was a testament to the community colleges that Nevada had a high level of associate's degrees and a high level of the adult population with some college education. He thought both represented "raw material" to be used by the state to elevate its level of attainment. Moving to page 19, Dr. Stephen said the current formula used in Nevada reflected access and like many formulas in the United States in the last half century, institutions were rewarded for enrolling students, but that was not linked to any larger policy goals. The current formula contained no economic development criteria attached to research funding; performance funding was incorporated, but never adopted or properly defined; and no consideration of quality in the form of skills and competencies. Dr. Stephen said the NSHE alternative formula (page 20) contained a commitment to a performance pool, and focused heavily on the number of graduates, which showed success. He understood it was a work in progress, but there was too

little on progress metrics in the alternate plan. Dr. Stephen pointed out that some progress metrics in the performance pool were incorporated that applied to the community colleges and none for the four-year colleges. He said that a metric for learning outcomes should be adopted in the future and data collection begun immediately. Therefore, in the future, student growth could be shown across time and validated by comparison with other matched cohorts of students in other parts of the country. He remarked that the metric Nevada chose should also be capable of being compared with others elsewhere. The students in the state would be getting their education from many different directions and it was no longer true that one institution would provide everything. He thought in the future students would attend a community college and then go to a four-year college bringing credits from one to the other. Dr. Stephen said it was important to have independent measures of what students knew at any given point in time. He liked the collegiate learning assessment, which was a voluntary metric used by many states and systems of higher education for specialized data collection.

Chairman Horsford recommended that the subcommittee assigned to economic and workforce development issues address the topic of data collection and assessment. He said individuals using the JobConnect system through the Department of Employment, Training and Rehabilitation were given a national skills assessment. He thought it was important to find out what type of assessment the university system was using in order to have a comparable product, which showed the skills possessed by Nevada's university and college students.

Dr. Stephen said if the state had tracked the students individually from pre-K to Grade 20 then it would provide a large amount of data that was highly granular on those student's performance. Using that data, the state would be able to figure out the strengths and weaknesses of the different institutions, and within each of the institutions. The data would also provide information on which students were or were not succeeding. The last recommendation for the alternative formula was additional weight to be assigned for remediation. He pointed out that remediation was not incented accurately and SRI had reservations about the way remediation was treated in the conclusions of NSHE's *Fresh Look at Nevada's Community Colleges Task Force* in which the idea was cast off to a not yet fully thought through set of arrangements. Dr. Stephen thought remediation was too important for Nevada, given the incoming student population, to be left to chance or experiment.

Mr. Aizley commented that every Registrar's Office did an evaluation of courses for students coming to campus and transferring credits. He asked Dr. Stephen what was different presently, and if it was the way courses were developed, or where they were taken.

As an example, Dr. Stephen imagined a student who was already enrolled in a Nevada institution decided for a relatively low cost to take a course at Stanford University. He wondered if a Nevada institution would accept that class for credit.

Mr. Aizley thought if the class was on the acceptable list of classes, the institution would give the student credit.

Dr. Stephen said surprisingly that was not always the case and he thought the formula should have some incentive to encourage the acceptance of credits from wherever they were generated. He understood there were mechanisms in place for accepting the credits, but incentives were needed to say yes to the credits, rather than to say no.

Dr. Mosier asked if in future reports there was going to be more information on the chart on page 5 ([Exhibit E](#)), which was about the use of course completion. Although there was anecdotal information about the states of Louisiana and New Mexico using or implementing course completion and Ohio and Tennessee successfully using course completion, he wondered what was happening in the other states.

Dr. Stephen responded that most states were still using enrollment as the driver for their funding formulas and he clarified not enrollment by course, but enrollment at the beginning of the semester. He thought it was virtuous of NSHE to move to completed credit hours, even though the Committee may not like their definition of completion. Dr. Stephen noted there were a few states that were working with successfully completed student credit hours as a basis for their funding model.

Dr. Mosier asked how many states were considering counting F grades and incompletes.

Dr. Stephen said Louisiana and New Mexico and possibly a few more.

Dr. Mosier remarked that did not solve the question about whether or not to use it and therefore the information was not relevant to the Committee in that discussion. Dr. Stephen concurred.

Dr. Richards thought it might be helpful at a future meeting for the Committee to look at the way the federal government defined a successful completion because much of the financial aid came from the federal government through the Department of Education, Veterans' Affairs and other entities.

Mr. Dillon commented on several subjects including his difficulty in understanding how the proposed definition of a course completion was going to be a measure of success. He thought a more accurate description would be a "course attempted" and did not think the public would think the alternative model definition was a proper definition of a course completion. He also touched on the subject of national benchmarks and stressed that Nevada should compare itself to other states and not just focus on internal performance in order to take higher education to the next level. He thought it would be wrong to oversimplify the funding formula in regard to maintaining the facilities at each institution and wanted to make sure everyone was looking at long-term maintenance. In his final comment, he stated that because student population and the goals of the community

college system were different from the four-year institutions their funding formula needed to be determined separately.

Chairman Horsford thought the Committee members provided great comments, which addressed key policy issues. The Committee would need to reach consensus on those issues and then forward the information to the Legislature and the Governor along with any appropriate issues to the Board of Regents.

Chairman Horsford asked for a motion whereby the Committee accepted Deliverables B and C from SRI International with rework based on the direction by the Committee.

SENATOR KIECKHEFER MOVED TO ACCEPT DELIVERABLES B AND C FROM SRI INTERNATIONAL WITH REWORK BASED ON THE DIRECTION OF THE COMMITTEE. SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Chairman Horsford thanked Dr. Stephen for his hard work and looked forward to having him present the next deliverable. He informed the Committee about his intentions regarding the formation of the three subcommittees. He asked for each subcommittee to meet not more than three times and for the last meeting to be held before the Committee's final meeting at the end of August 2012. He also indicated it was acceptable to meet less than three times if the subcommittee chairman did not think it was necessary. Chairman Horsford asked for the subcommittees to discuss their topics thoroughly and make recommendations to the full Committee. The first subcommittee was the Performance Pool, Economic and Workforce Development and Research Subcommittee to look at the augmenting of funding, (not from the base funding) and for the performance pool to be discussed in terms of economic development and workforce development and research. He assigned Mr. Aizley as Chairman with Senator Kieckhefer, Dr. Geddes, Mr. Dillon, Dr. Mosier and Dr. Stewart as members. He added that Steve Hill, Director, Governor's Office of Economic Development offered to support the work of the Subcommittee and would also serve as a member. The second subcommittee was the Community College Funding Subcommittee, which would address the funding of the community colleges and the state college including the issue of the Hispanic-Serving Institution designation. He asked the Subcommittee to discuss the issue of local support for the community colleges with the possibility of funding generated from bonds for capital, county support and the C3TG grants referred to by Dr. Richards. Chairman Horsford thought it was important to identify potential opportunities to support the community colleges. He asked Dr. Richards and Senator Parks to be Co-Chairman and Mr. Hickey, Mr. Mohlenkamp, Mr. Wixom as members. In addition, Commissioner Chris Giunchigliani from Clark County had agreed to serve as a member. The third subcommittee was the Funding Formula Subcommittee, which would discuss the state supported portion of the formula specifically including the SRI International recommendations to the current funding formula and any modifications to be made to NSHE's alternative model.

Chairman Horsford was to be the Chairman and Mrs. Smith, Mrs. Gansert, Mr. Anderson, and Mr. Page as members. He also asked for a student representative to participate on the Subcommittee as a member. Fiscal Analysis Division staff would be contacting the members to coordinate the subcommittee meetings and determine the members' availability. He appreciated the hard work of the Committee members and the members for also serving on the subcommittees.

XI. PUBLIC COMMENT.

Aimee Riley testified that the study was a worthwhile endeavor and thanked the Committee for their time and dedication. She thought the community college system was vitally important and it had served as an access point for her to get involved in education. Going to community college had transformed her life and her goal was to obtain a doctorate degree. Ms. Riley asked the Committee to consider making the pathway from community college to the university smoother and easier for students. Even with common course numbering and other factors, she cited it was difficult to take a community college class, have it transfer to a university, and counted as credit toward the student's degree program in order to subsequently graduate. She was pleased that CSN and UNLV had recently formed a task force to help that process. Ms. Riley said the state needed to keep its best and brightest students in Nevada and not incentivize them to leave. She looked forward to being involved in the process in the future.

Jennifer Read, graduate student, UNLV, thanked the Committee for its work on the funding formula and for including students in the subcommittee process. As part of her graduate assistantship she was teaching undergraduate lower-level courses at UNLV, as were most other graduate students, due in part to budget cuts to make up for deficits from the loss of professors to teach those courses. Ms. Read advocated a strong focus on research, but that graduate students having to teach courses hindered progress on their research. She reported that UNLV had lost 16 percent of its graduate students between the fall and spring semesters of the 2012 school year because of the lack of focus on research. Ms. Read also supported funding for research at the university level and allowing the community colleges and the four-year colleges to increase instruction at the lower levels.

Chairman Horsford pointed out that the issues Ms. Read addressed were not the charge of the Committee, nor would they be included in a formal recommendation. He suggested that she attend a Board of Regents meeting to present her ideas.

There was no further public comment.

XII. ADJOURNMENT.

Chairman Horsford thanked the Committee for their time, attention and hard work at the meeting. He also thanked LCB staff, SRI International and Chancellor Klaich and his

staff. There was no further business to come before the Committee; Chairman Horsford adjourned the meeting at 1:36 p.m.

Respectfully submitted,

Patti Sullivan, Committee Secretary

APPROVED:

Steven A. Horsford, Chairman

Date: _____

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