

**MINUTES OF THE  
COMMITTEE TO STUDY THE FUNDING OF HIGHER EDUCATION'S  
COMMUNITY COLLEGE FUNDING SUBCOMMITTEE  
(Senate Bill 374 of the 2011 Legislative Session)  
July 27, 2012**

The Committee to Study the Funding of Higher Education's Community College Funding Subcommittee (Senate Bill 374 of the 2011 Legislative Session) held its first meeting of the 2011-12 Interim on July 27, 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 123, High Tech Center, Great Basin College, 1500 College Parkway, Elko, Nevada; and room 308, Virgil R. Getto Hall, Western Nevada College, 160 Campus Way, Fallon, Nevada.

**COMMITTEE MEMBERS PRESENT IN LAS VEGAS:**

Senator David Parks, Co-Chair  
Michael Richards, Co-Chair  
Assemblyman Pat Hickey  
Chris Guinchigliani  
Michael Wixom

**COMMITTEE MEMBERS PRESENT IN CARSON CITY:**

None

**COMMITTEE MEMBERS PRESENT IN ELKO:**

None

**COMMITTEE MEMBERS PRESENT IN FALLON:**

None

**COMMITTEE MEMBERS ABSENT:**

Jeff Mohlenkamp

**STAFF MEMBERS PRESENT IN LAS VEGAS:**

Alex Haartz, Program Analyst, Fiscal Analysis Division

**STAFF MEMBERS PRESENT IN CARSON CITY:**

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division  
Mike Chapman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division  
Patti Sullivan, Committee Secretary, Fiscal Analysis Division

**EXHIBITS:**

[Exhibit A](#) – Agenda

[Exhibit B](#) – NSHE – Fresh Look at Nevada's Community Colleges Task Force Report

[Exhibit C](#) – NSHE – Community Colleges Fiscal Year 2012 Budgeted Revenues and Expenditures

[Exhibit D](#) – State Higher Education Executive Officers Association (SHEEO) - Annual Report on State Higher Education Finance (FY 2011)

[Exhibit E](#) – Education Commission of the States – State Funding for Community Colleges: A 50-State Survey (excerpt)

[Exhibit F](#) – NSHE – A New Model for Funding Higher Education in Nevada

[Exhibit G](#) – NSHE – Responses to LCB Questions from the Formula Funding Subcommittee, June 25, 2012 (excerpt)

## **I. ROLL CALL.**

Chairman Parks, called the meeting of the Committee to Study the Funding of Higher Education's Community College Funding Subcommittee to order at 9:09 a.m. and the secretary called roll. All members were present and in the Las Vegas location, except Mr. Mohlenkamp who was excused.

## **II. OPENING REMARKS**

Chairman Parks said the Community College Funding Subcommittee was established by Senator Steven Horsford as chairman of the Committee to Study the Funding of Higher Education. Chairman Horsford requested the Subcommittee to look at the issue of funding community college level institutions within the system, and outlined a number of issues that the Subcommittee would discuss at its first meeting. Chairman Parks noted that he and Michael Richards would serve as co-chairs to the Subcommittee.

Chairman Richards said community college funding was a topic of great interest throughout the state, and particularly in Southern Nevada. He looked forward to the discussion by the Subcommittee.

## **III. PUBLIC COMMENT.**

Nancy S. Stewart, former teacher, provided testimony from the Fallon location. She referred to the strategic planning section on page 12 of the Fresh Look at Nevada's Community Colleges Task Force report ([Exhibit B](#)) provided by the Nevada System of Higher Education (NSHE). She said the task force's observations on strategic planning were excellent and well written. She said the report laid out steps that should have been considered over the years, not only at the community colleges, but also at the high school level. She noted that the recommendations would have required committees to be formed at the high school and community college, and she asked whether any of those plans had been developed.

Alex Haartz, Program Analyst, Fiscal Analysis Division, said the document Ms. Stewart was referencing, Fresh Look at Nevada's Community Colleges Task Force report ([Exhibit B](#)), was not provided by the Subcommittee, rather it was provided by a task force established by NSHE Chancellor Daniel Klaich. Therefore, the Subcommittee could not answer questions as to the status of the strategic plans and their implementation.

Mark Rauls, Professor of Philosophy and Women's Studies, College of Southern Nevada (CSN), said he was the former chair of the faculty senate, and in addition to his teaching duties, he served as one of the two faculty ombudspersons for CSN. Mr. Rauls said the CSN faculty supported Chancellor Klaich's plan to redesign the funding formula. However, there was concern among the faculty that some of the discussion of performance based funding was focused too narrowly on research and degree completion.

Mr. Rauls said his home discipline of philosophy aimed to clarify meanings and concepts, while recognizing that certain terms do not have a single definition. He submitted that the term, "student success" was one such example. He said any set of performance measures must take into account the unique character, population and mission of the various NSHE institutions. Of course, many CSN students aimed to earn an associate's degree, and possibly transfer to four-year institutions. Others sought a certificate or specific credential necessary to their chosen careers. Still others simply hoped to take a class or two that will get them a promotion, a raise, and possibly a better future for themselves and their families. Surely, we cannot deny that these goals are worthwhile. He said attaining those goals improved the daily lives of CSN's students and benefited the community by creating an educated population, and putting more people to work.

Mr. Rauls said the lingering, down economy highlighted the historically unique role of community colleges. There has been a surge of displaced workers turning to CSN and similar institutions for retraining. They came to the community college for the same reasons such institutions attracted a higher proportion of underrepresented and first-generation populations; that is, community colleges are open, innovative, and affordable. He said the faculty was hopeful that the Subcommittee would avoid the obvious inequalities that would arise by endorsing a plan that was focused too narrowly, or attempted a one-size-fits-all solution. Instead, CSN faculty would urge the Subcommittee to recognize the diverse nature of the community college population, and the value of their goals, and endorse a funding plan that would reward the faculty and the institutions as they helped to further the full range of student achievement.

Mr. Haartz read testimony that was provided for the Subcommittee by Jeffrey Fontaine, Executive Director, Nevada Association of Counties (NACO) as follows:

The Board of Directors of the Nevada Association of Counties is meeting in Ely today and, therefore, unable to be represented at your meeting. On behalf of the Board, I would like to express their strong interest in agenda item VI on your July 27, 2012 meeting: the Review of the County, City and District Level Funding Mechanisms that Contribute to the Funding of Community Colleges in other States and Discussion of the Feasibility of Implementing Such Approaches in Nevada.

We understand that the Subcommittee will be discussing a report prepared by LCB staff which became available today and that the item is listed on the agenda for possible action. Given the counties' substantial stake in this issue, I respectfully request that no action be taken today that

would impact Nevada's counties and that NACO and its members be given an opportunity to participate in future discussions about community college funding.

**IV. OVERVIEW AND DISCUSSION OF FISCAL YEAR 2012 APPROVED FUNDING OF THE NEVADA SYSTEM OF HIGHER EDUCATION'S COMMUNITY COLLEGES: COLLEGE OF SOUTHERN NEVADA (CSN), GREAT BASIN COLLEGE (GBC), TRUCKEE MEADOWS COMMUNITY COLLEGE (TMCC) AND WESTERN NEVADA COLLEGE (WNC).**

Chairman Parks noted that a handout related to this agenda item, entitled Community Colleges Fiscal Year 2012 Budgeted Revenues and Expenditures, was provided by NSHE ([Exhibit C](#)).

Larry Eardley, Vice Chancellor for Budget and Finance, NSHE, said the information on the table ([Exhibit C](#)) was for the four community colleges in the system: College of Southern Nevada (CSN), Great Basin College (GBC); Truckee Meadows Community College (TMCC); and Western Nevada College (WNC). He said the table showed revenues and expenditures by function. The revenues on the table were state-supported operating budgets and non-state-supporting budgets approved by the Board of Regents.

Mr. Eardley said the amounts in the state budgets column were funded by General Funds; student fees, including tuition and non-resident tuition; and, some investment income. The expenditures were for the functional areas of instruction; public support; academic support; and, student services. He said those functional areas supported the institutions' research, public service and instructional missions.

Mr. Eardley said self-supporting budgets are non-state accounts established for specific purposes or activities that generated funds through the sale of goods; the provision of services; student fees; gifts; investment income; and, indirect cost recovery funds. Some examples of self-supporting budgets are summer school, which is supported by student fees; Intercollegiate athletics; child care; resident halls; and many departmental self-supporting accounts.

Mr. Eardley said the table ([Exhibit C](#)) attempted to show for each college the revenue available for operations. He explained that grants and contracts, which are separately budgeted and monitored, are not included in the table. He said expenditure activities for those grants and contracts were restricted and controlled by the granting agencies. He said plant loans and endowment funds were non-current funds restricted to specific expenditure purposes, and were not available to support the primary and support missions of the institutions. Mr. Eardley said the table would give an idea for each of the entities how much was available for the instructional aspect. He offered to answer any questions of the Subcommittee members.

Ms. Guinchigliani asked if the student fees included the increase approved by the Board of Regents and Mr. Eardley said that fee increase was included in FY 2012.

Ms. Guinchigliani asked if the amount in the sales and services was sale tax revenue. Mr. Eardley explained that amount was from auxiliary enterprises, like the sale of goods or the provision of services, for example, intercollegiate athletics and event centers.

Ms. Guinchigliani asked for a description of the non-state budget miscellaneous revenues. Mr. Eardley said those revenues were transfers-in and gifts, most of which were transfers from other accounts. For example, the student access fee and technology fees were collected in the main accounts, then transferred to the self-supporting budget accounts when they were expended. Those revenues were shown as transfers-in as opposed to student fees.

Ms. Guinchigliani asked if there was a secondary document with information on bonding or capital funds. Mr. Eardley said such a document was not provided to the Subcommittee. He noted that grants and contracts were not reported in the annual self-supporting budget activity, because they were monitored separately and budgeted and controlled by the granting agencies. He noted there were annual reports with details on those expenditures and awards.

Ms. Guinchigliani asked if the granting agency was the federal government and Mr. Eardley confirmed that was correct.

Ms. Guinchigliani said she understood that the community colleges have not been designated as a Hispanic Service Institution (HSI), which would allow them to qualify for quite a few federal grant dollars.

Crystal Abba, Vice Chancellor for Academic and Student Affairs, said for the HSI designation, institutions must have, for two consecutive years, 25 percent of full-time equivalent (FTE) -- not headcount -- that are Hispanic or Latino students. At this time a number of institutions were considered by the federal government to be "emerging," because their FTE was between 15 percent and 25 percent. However, none of the institutions have achieved the benchmark required for HSI designation as of yet. She noted that would be discussed further under Agenda Item VII.

Ms. Guinchigliani said she would follow up when the Subcommittee discussed that agenda item. On another topic, Ms. Guinchigliani recalled that there was a statewide vote taken to allocate 2 percent for construction funding, but she was unable to find that in the *Nevada Revised Statutes*. She said she would take that answer later in the meeting.

Chairman Parks the ratio between the state budget and non-state budget was 3:1. He asked if that was a standard ratio and Mr. Eardley replied that it was.

Ms. Guinchigliani asked if the rural colleges received an allocation from the local governments from the net proceeds of minerals tax revenue. Mr. Eardley was not aware of any such allocation. Ms. Guinchigliani suggested to Chairman Parks that the Subcommittee look into the local generation of revenue as a potential funding source.

Chairman Parks said he would like further detail on what is included in the miscellaneous category. In addition, he said Ms. Guinchigliani had requested to know the percentage of bond debt. He asked LCB staff to follow up on those requests.

**V. REVIEW AND DISCUSSION OF THE POLICY RECOMMENDATIONS CONTAINED WITHIN THE AUGUST 2011 REPORT COMMISSIONED BY THE NEVADA SYSTEM OF HIGHER EDUCATION (NSHE) ENTITLED “A FRESH LOOK AT NEVADA’S COMMUNITY COLLEGE TASK FORCE” AS THOSE RECOMMENDATIONS PERTAIN TO THE FUNDING AND GOVERNANCE OF NSHE COMMUNITY COLLEGES.**

Ms. Abba noted that the Subcommittee members have been provided with the report from the Fresh Look at Nevada’s Community Colleges Task Force ([Exhibit B](#)). She noted that Ms. Stewart asked about the status of the recommendations. Ms. Abba said she would go through each of the recommendations and briefly report on what the system was doing with respect to each.

Ms. Abba said in June 2010 Chancellor Klaich established the Fresh Look at Nevada’s Community Colleges Task Force to determine if community colleges were aligned with the employment and training needs necessary to support Nevada’s new economy. To that extent, they were given a specific charge and requested to develop recommendations. The task force offered ten recommendations as follows:

**1) Create a Strategic Plan Focused on Student Learning Outcomes**

Ms. Abba said on January 20, 2012, the Board of Regents adopted a strategic directions plan, which sets forth short-term and long-term measurable objectives, goals, strategies and plans, including timetables. She said most of the plans focused on student outcomes.

She said, in addition, Chancellor Klaich recently created a quality assessment working group charged with developing metrics specific to measuring the quality of the system’s programs. That group should submit its recommendations to the Chancellor by the end of the summer.

**2) Focus on Future Technology Needs**

Ms. Abba said phase one of the Integrate project resulted in a new student information system that was completed in 2011. The second phase of the project addresses finance and human resource modules and includes a comprehensive review and restructuring of NSHE business practices. In addition, Chancellor Klaich has secured a consultant that will examine existing online learning strategies going forward, among other things.

**3) Leverage Resources to Benefit Learners**

Ms. Abba said, recognizing the importance and growth in the field of online learning, the Chancellor has secured a consultant who, over the next six months, will go to each of

the community colleges and find what the institutions are currently doing in the realm of distance education (DE). The consultant will then develop specific recommendations for partnerships moving forward.

#### 4) Create Pathways for K-16 Learners to Succeed

Ms. Abba said NSHE was working with the Governor's Office to pursue a grant through the National Governor's Association (NGA) to focus, facilitate, strengthen and identify post-secondary policy actions necessary to support the Common Core State Standards (CCSS). She said the NGA expects to have an announcement by August 6, 2012, as to whether the state has received that grant. Similar to the NGA metrics grant award to the state in 2011, the grant will allow the state and key participants to collaborate on partnerships with K-12.

In response to a question from Chairman Parks, Ms. Abba reported that the grant amount was \$30,000, which would basically cover the travel costs for the team. She explained that the benefit was not in the amount of funds received, but the opportunity to access the subject matter expertise of NGA and other national organizations.

Chairman Richards said this recommendation focused on K-12 development and the implementation of the CCSS. He asked for an update on that implementation.

Ms. Abba said there is a chart on the Nevada Department of Education (NDE) website (<http://www.doe.nv.gov/>) that provided the status of progress within English language arts and mathematics, and the anticipated implementation date. She said much of that work has started, and the assessments will be in place for the academic year 2013/2014. The system will collaborate with NGA on those assessments and provide feedback with the Smarter Balanced Assessment Consortium (SBAC) consortium so that when those assessments are ultimately adopted, the assessments can be used for remedial placement. The Board of Regents' current policy for remedial education would be revised to accommodate those new assessments.

Ms. Guinchigliani asked whether the CCSS was intended to align the high schools to NSHE's expectations.

Ms. Abba said the issue of alignment was very different. She explained that the CCSS was intended to ensure that students in all states that adopted the CCSS were ready for college and the workforce. She said the NDE recently testified before the Legislative Committee on Education that there may be one score for high school exit, and another score for remedial placement.

Ms. Guinchigliani said remediation was the "eye of the beholder" and it was more often than not used as a way to generate revenue. There was a huge disconnect between what K-12 was required to do with its curriculum versus what the university system expected. She said individual professors in some cases could set their own standard, which could be unrelated to what the students had been taught. She asked for the status on the implementation of NRS 396.568, which requires that the community colleges' courses articulate to the four-year degree institutions within the system.

Ms. Abba said those provisions have been added to the Board of Regents' policy. She said Title 4, Chapter 14, included sections on course transfers, as well as a detailed policy concerning articulation of transferable degrees between the two-year and four-year institutions.

Ms. Abba added, on the issue of remedial testing, the Board of Regents sets the policy and those benchmark scores to provide consistency across the system. She said the faculty members did not set the scores for remediation, but they were involved in the discussions that led to determining those scores. Ultimately, the Board of Regents was responsible for approving the standards.

Ms. Guinchigliani said that was a change. She asked whether SAT and ACT scores were still used. Ms. Abba said for at least the last ten years those scores have been used, but the issue was the extent to which the scores were used. She explained that, in the past, the system used ranges of scores, but currently very specific scores were used. She said the system was reviewing those scores to make sure they were right. Otherwise, too many students would go into remedial education, which had a number of negative consequences, or students who needed remedial education would not be placed properly. The determination of that score was absolutely critical to the work of the Chancellor's steering committee on remedial math and English.

Ms. Guinchigliani asked about accommodations for special education students that had Individualized Education Plans (IEP) in high school. She said there have been difficulties with the university system accepting accommodations required for the IEP students. She noted many of the accommodations were related to testing.

Ms. Abba said students made requests for accommodation through the Disability Resource Center. The standard practice was for the Disability Resource Center to evaluate the extent to which accommodations are appropriate for the student, and to take every step possible to make that accommodation. She explained the process was required by federal regulations.

Ms. Guinchigliani said she had worked for an NSHE institution that did not accept IEPs. Rather, in many instances the student was required to be tested by a psychologist. The accommodations requested were not necessarily always implemented. She wanted to make sure students with disabilities were accommodated.

## 5) Remake Remedial Education

Ms. Abba said steering committees on English and mathematics, made up of faculty from each institution, were established in 2011 to review the practices at the institutions for remediation, and ultimately adopt best practices. Both committees would provide a full report to the Board of Regents at its September 2012 meeting. She anticipated a policy proposal would be discussed at the December 2012 Board of Regents meeting.



## 6) Implement Variable Tuition Pricing

Ms. Abba said the Legislature and the Board of Regents adopted a provision authorizing the institutions to put into place differential program fees. All institutions, including clinical and allied health programs at the community colleges, may adopt differential program fees as they see appropriate, with the approval of the Board of Regents.

Ms. Abba said, in addition, somewhat related to the issue of variable tuition pricing, the Chancellor established a committee to study access and affordability. That committee released a report as to the affordability of the NSHE institutions. The charge of that committee was to make recommendations in the context of tuition, fee and financial aid policies aimed at encouraging full-time enrollment and degree completion among students. This supports the Board of Regents' strategic direction, and NSHE's involvement in Complete College America.

## 7) Increase Meaningful Certificates

Ms. Abba said efforts were underway through the community colleges working with organizations such as Dream It, Do It, to identify nationally portable and stackable career and technical credentials. She said the community colleges issued one to two-year certificates, but did not issue the nationally portable and stackable credentials for which the community college provides training and The Manufacturing Institute provides a certificate. She said NSHE was working with the institutions to identify all of the certificate programs so that they can be counted in the metric, and potentially used for performance funding.

## 8) Expand Dual High School and College Enrollment

Ms. Abba said that all NSHE community colleges had opportunities for prepared high school students to enroll in college-level courses for instruction either online or on campus. It is anticipated that the consultant hired by the Chancellor to study distance education would recommend further expansion of those opportunities.

## 9) Change the State Funding Formula for Community Colleges

Ms. Abba said the Subcommittee was aware of the work NSHE was doing with the Legislative Committee to Study the Funding of Higher Education.

## 10) Move Governance to the Source

Ms. Abba said the recommendation to move governance to the source was being reviewed, and the Chancellor was open to exploring those options.

Ms. Guinchigliani asked how many dual credit courses were offered to high school students, and what model was used. Ms. Abba did not have that information, but offered to follow up after the meeting.

Regarding the second recommendation to focus on future technology needs, Ms. Guinchigliani asked whether there was a standard numbering system for students within the system.

Ms. Abba said a policy for a new universal student identification system was approved about two years ago. She said protocols for the new system were being adopted and phase one of the system was in place.

Ms. Guinchigliani asked if that system ID would be linked to the ID numbers of Nevada high school graduates. She said that would help track which students completed degree, or returned to college after a break. Also, it would help Latino students, particularly those whose further education was affected by an undocumented status.

Ms. Abba said the new system used a universal NSHE ID. She said what Ms. Guinchigliani was referring to was a universal state ID. Ms. Abba said that was anticipated to come through the development of a statewide longitudinal data system (SLDS). She said the P-16 council, through an executive order issued by the Governor, has been specifically charged with developing a vision, mission and governance structure for an SLDS for the state. She said the state was recently awarded a \$4 million grant for two purposes: 1) a feasibility study that will help to provide us with an action plan for moving forward for the complete development of an SLDS; and 2) the development of a matching hub. That matching hub would enable the creation of unique IDs for individuals through NSHE, NDE and the Department of Employment, Training and Rehabilitation (DETR).

Ms. Guinchigliani asked for the names of the P-16 council members for future reference.

Chairman Richards asked for copies of the access and affordability committee report referred to in recommendation 6 (page 18, [Exhibit B](#)) for the Subcommittee members.

Assemblyman Pat Hickey commented on the recommendation to move governance closer to the source (page 21, [Exhibit B](#)). He said there were concerns among the community colleges about the possibility of substantial reductions to their funding. He said it was noted in the report State Funding for Community Colleges: A 50-State Survey ([Exhibit E](#)), that NSHE received next to nothing in local community support. He was happy to hear that the Chancellor was accepting to the idea of moving governance closer. He suggested that feasibility committees study new funding sources, such as changes in local property tax. He said local stakeholders elected from the communities that the local community colleges are serving would need to be involved. He hoped that the Subcommittee would recommend that local communities discuss with their stakeholders how they might fund things locally, and in the process, give themselves more governance.

Ms. Guinchigliani said shifting the duties and the expense of higher education to the local government was just pushing the problem of funding NSHE elsewhere, and creating a whole other problem. She said part of the problem was due to how NSHE was established, and where that authority came from. She said there has not been

much case law, however, there was an Attorney General's opinion, that said, not only for the colleges, but all of the other branches of the university system, including the state college are not contemplated by the constitution. She thought a discussion of the structure should take place before a recommendation on governance at the local level is discussed. She said the local governments that she spoke with were hesitant to take on an additional burden that was not necessarily their charge, and for which they did not have funds. She did not think there would be much appetite for local governance and funding in Southern Nevada; it was hard enough to deal with the county hospital and the airport. She thought it might also be worthy of discussion to consider a K-16 model as a better methodology for funding. She said a K-16 funding model would also improve alignment and connectivity between the high schools and the colleges.

## **VI. REVIEW OF THE COUNTY, CITY AND DISTRICT LEVEL FUNDING MECHANISMS THAT CONTRIBUTE TO THE FUNDING OF COMMUNITY COLLEGES IN OTHER STATES AND DISCUSSION OF THE FEASIBILITY OF IMPLEMENTING SUCH APPROACHES IN NEVADA.**

Alex Haartz, Program Analyst, Fiscal Analysis Division, said the Subcommittee was provided with an excerpt of the report, State Funding for Community Colleges: A 50-State Survey ([Exhibit E](#)). He said the report provided some qualitative data, and general percentages of operating expense and capital outlay funding, in addition to the funding provided at the state level compared to the county level. He said it was unfortunate that the information was rather dated. There did not seem to be any one national source that systematically maintained an updated database of the local funding component for ready use.

Mr. Haartz noted that the report contained information on the breakdown of operating funds. He said the year 2000 report contained information from 26 states with a local component in terms of federal, state, and local tuition, fees and other. He said the report provided some information on the types of local tax revenues that were self-reported as being used to fund the local appropriation for the community colleges.

Mr. Haartz said another handout, the Annual Report on State Higher Education Finance – FY 2011 ([Exhibit D](#)), was provided by the State Higher Education Executive Officers Association (SHEEO). He said SHEEO, in partnership with other higher education systems, asked the higher education systems to report annually on budgeted appropriations and budgeted support. He said, for FY 2011, the year for which the most recent report was available, SHEEO provided information that showed 30 states budgeted for and provided funding to the systems of higher education at some level. He said the main limitation to the report was that SHEEO did not specifically ask the systems to clarify the funding source that supports the local appropriations. He said SHEEO presumed the funding was from local tax appropriations, but did not know for certain. Second, it was presumed that the column, Local Support for Higher Education, was almost exclusively funding provided to two-year community and technical colleges rather than four-year institutions. Although the information was clear for states such as Arizona and California, for the most part, that piece of qualitative information was not captured. SHEEO reported that the funding was likely to be local tax appropriation provided exclusively to two-year technical and community colleges. However, that cannot be said with guaranteed certainty.

Chairman Richards commented that when the report on page 12 of the State Funding for Community Colleges: A 50-State Survey ([Exhibit E](#)) was compared with the Local Support for Higher Education column of the Annual Report on State Higher Education Finance – FY 2011 ([Exhibit D](#)), the complexity and nuances in the local support issue became clear. He said there was not only an issue of financial support, but it also involved local and state tax policy, governance, and a number of other things. He said the Subcommittee could discuss and find solutions to these issues, but to do that in the next five or six weeks would be extremely difficult if not impossible.

Chairman Richards said the issues have not been discussed with governing boards. He referred to Mr. Fontaine's statement that implied that the counties have not been involved in such conversations. He wondered if the Subcommittee's charge was possible, considering the complexity of the issues.

Chairman Parks agreed that it would be a significant challenge.

Ms. Guinchigliani said it would be interesting to see the different funding structures of the other states. She said we have to acknowledge that Nevada's constitution is very different. She explained that in other states, K-12 is funded by local revenue rather than state funding. Nevada was unique in the United States in that respect. She wondered how the term, "local source," was defined, and about the mix of funding for K-12. She said that information would give a clearer picture of the total funding, especially if the Subcommittee was to consider local involvement in the funding.

Mike Alastuey, Director of Public Policy, Applied Analysis, an independent consulting firm that performed fiscal and economic analyses for both public and private sector clients, said he was in attendance at the request of Michael Brown of Barrick Gold Corporation, a member of the Chancellor's business advisory committee. In particular, that request encompasses the local funding issue, which was a significant facet of the Subcommittee's charge.

Mr. Alastuey said he has been in touch with Chancellor Klaich, and has been welcomed to the process and provided with volumes of material. He appreciated the depth and breadth of discussion, because the intertwined relationship between funding and governance was very important. One of the preliminary findings in looking at other states, particularly the immediately neighboring states, is that those with a principally local property tax funding component had those systems in place prior to the tax constraints that were passed as Proposition 13 in California, Ballot Measure 5 in Oregon, and as statutory caps in Nevada and Idaho. He said Utah, like Nevada, used a statewide system with no local tax revenue to fund its higher education system. He said the Subcommittee wisely recognized the relationship between the two.

Mr. Alastuey said there were a number of features, including the Nevada Constitution, that would require study if the Subcommittee wished to proceed in that direction. To the extent called for, Applied Analysis was available to assist the process for the local funding portion of the Subcommittee's discussion. He said Applied Analysis has offered to point out some of the mechanical features of the constitution, statutes and our education governance model for both K-12 and higher education that may bear on the Subcommittee's decision.

Mr. Hickey said he was glad that Applied Analysis was representing the concerns of Barrick Gold Corporation. He said everyone knew that Barrick Gold Corporation was a great community and corporate partner, especially for Great Basin College in Elko. Mr. Hickey said, when much is given, something is expected in return. The funding formula recommended by the Committee to Study Higher Education Funding and passed by the 2013 Legislature, could reduce some of the community colleges' funding to a degree that there is serious concern, particularly at Western Nevada College and Great Basin College. Certainly if local entities and community partners were going to give more, they would have to consider how to broaden governance to include those communities.

Mr. Alastuey said he appreciated Mr. Hickey's comments. He added that the tax constraints passed in 1979, the tax abatements in 2005, the relationship between those limitations, and the ability of local governments to tax themselves has brought a very crowded system to bear today. He said he would be pleased to examine any of the information that is required for the Subcommittee to complete its process.

Ms. Guinchigliani said Mr. Alastuey's comments regarding the tax constraints were well taken. She added that tax constraints were added in a variety of ways, including initiatives and the two-thirds vote required in the Legislature. She said the review of school funding arose due to the disparity of Southern Nevada sending its tax dollars around the state for Medicaid and a variety of different things. That said, it does not mean there should not be a conversation about structural changes. At some point, it is the government's responsibility to fund education regardless of where the schools are located. She said the state's constraints on taxes do not allow the Legislature to support increasing taxes if that is necessary to fund K-12 and higher education.

## **VII. IDENTIFICATION AND DISCUSSION OF STRATEGIES TO IMPROVE NSHE COMMUNITY COLLEGES' SUCCESS IN COMPETING FOR FEDERAL AND NON-FEDERAL GRANT FUNDING OPPORTUNITIES INCLUDING FEDERAL HISPANIC-SERVING INSTITUTIONS FUNDING.**

Crystal Abba, Vice Chancellor for Academic and Student Affairs, NSHE, said she would like to briefly provide some general information concerning what was necessary to receive the Title V Hispanic serving institution (HSI) designation, and describe the institutions' progress with respect to receiving the designation.

Ms. Abba said, from a financial standpoint, NSHE institutions are very motivated to get the HSI designation, because it opens doors for funding that can be used in a number of ways. Many of the grants are awarded on a competitive basis to colleges and universities, and can be used to improve the quality of Science, Technology, Engineering and Math (STEM) programs in particular through curriculum revision and development, and through faculty development.

Ms. Abba noted that a press release was issued by the NDE on June 26, 2012, when the federal government announced grant awards for \$12.2 million to institutions with the HSI designation that had appropriately applied for the grants that require the designation.

Ms. Abba said to be eligible to receive HSI designation an institution must have enrollment of undergraduate FTE of at least 25 percent Hispanic students at the end of the award year for two consecutive years. The federal government indicates that emerging institutions are those identified as having FTE between 15 percent and 25 percent Hispanic students. Currently, five NSHE institutions are considered to be emerging HSI institutions. She reported the fall 2011 FTE for Hispanic students for the five emerging institutions as follows: College of Southern Nevada, 21.8 percent; Truckee Meadows Community College, 19.8 percent; Western Nevada College, 15.5 percent; Nevada State College, 20 percent; University of Nevada, Las Vegas, 18.8 percent.

Ms. Abba said the percentages were frustrating, because the demographics of the institutions were tracked by headcount rather than FTE. She explained that the figures showed that in many cases the institutions were already at the 25 percent level by headcount, but the federal government required that the FTE for those students to be 25 percent. For example, the fall 2010 headcount for CSN was 25.3 percent, and for fall 2011, 26.6 percent. The challenge was that many students attended part-time, Hispanic students in particular, making it a greater challenge to reach that FTE mark; however, institutions are moving in that direction.

Maria Sheehan, President, Truckee Meadows Community College, said she has been tracking this issue very carefully. She said she was the former president of an HSI institution. In that capacity she sat on the review board for institutions seeking the HSI designation, the Hispanic Association of Colleges and Universities (HACU). She said the HSI designation was a wonderful opportunity for the institutions, but it was highly competitive. She said 20 years ago it was fairly easy to receive the HSI designation, but more institutions have achieved the status and it has become more and more competitive. She said each of the emerging institutions within NSHE was making preparations to be in a position to receive very competitive grants.

President Sheehan said TMCC has put more emphasis on grant writing. She said, over the last two years, two additional positions were added in order to be ready when the opportunity comes forward. She said the TMCC strategic plan major gifts campaign aimed to raise \$10 million in grants. She said TMCC was moving forward aggressively for every federal grant opportunity. She said presently there were proposals worth \$3 million from TMCC to federal agencies. She noted this area was being given special attention by all of the institutions.

Ms. Guinchigliani asked for a brief written explanation as to the process for a school to move from emerging status. She asked, since the HSI designation was tied to FTE rather than headcount, has there been any conversation legislatively at the federal level to make a change to recognize our diversity, which is not just within the Latino community.

Ms. Guinchigliani asked if the students identified themselves as Hispanic for the purpose of the headcount. Ms. Abba was not certain, but she thought that the HSI used FTE figures reported by the institutions to the National Center for Education Statistics in the Integrated Postsecondary Education Data System (IPEDS) database. She clarified

that she would check to make sure that information was correct after the meeting. In terms of whether having the status of emerging institution benefited the institution, she believed the answer was no, but she would like to confirm. She would be happy to provide a summary of the technical aspects of the HSI designation.

Ms. Guinchigliani said Title V was very specific in that the HSI was not a scholarship program; rather it was for the institutions to develop programing needs to make sure Hispanic students were graduating. Ms. Abba confirmed that was correct.

Ms. Guinchigliani asked the mechanism to determine whether a student was identified as Hispanic. Ms. Abba said the student designates their ethnicity during the application process.

Ms. Guinchigliani said that the students could opt to identify themselves as Caucasian. She said some students might feel that they were acclimated, and not identify as Hispanic, not realizing that designation could help the institution receive grant dollars. She suggested that the student councils work to make sure students were documenting their ethnicity properly on the application forms.

Constance Brooks, Director of Government Affairs, College of Southern Nevada (CSN), reported that CSN was in the final stages of submitting a draft of its HSI plan to the Legislature and the public. She said CSN was using a two-pronged approach: 1) an aggressive recruitment strategy, which would help CSN to reach its FTE goals; and 2) initiatives toward maximizing retention to make certain that students were aligned with CSN's performance goal standards.

#### **VIII. REVIEW AND DISCUSSION OF THE ALTERNATIVE FUNDING MODEL PROPOSED BY THE NSHE AND HOW THE ALTERNATIVE FUNDING MODEL SUPPORTS AND PROMOTES THE MISSION(S) OF THE COMMUNITY COLLEGES AND THEIR ALIGNMENT WITH NEVADA'S ECONOMIC AND WORK FORCE DEVELOPMENT NEEDS.**

Crystal Abba, Vice Chancellor for Academic and Student Affairs, NSHE, said the Subcommittee members received an excerpt of the response from NSHE to LCB's questions from the Committee to Study Higher Education's Formula Funding Subcommittee meeting on June 25, 2012 ([Exhibit G](#)). She said the question was regarding mission differentiation. She would highlight the aspects of the response specific to the community colleges, and would do her best to answer any questions of the Subcommittee.

Ms. Abba said the Subcommittee members were aware that each community college had a unique mission that was approved by the Board of Regents. However, within the missions of the four community colleges there was a great deal of commonality. Those institutions essentially offered two tracks toward degrees or credentials: 1) an academic track that includes transfer to the four-year institutions; and 2) remedial education. In addition, they provide technical degrees. In the base funding model there is additional weighting in the technical and allied health fields, in addition to the "small institution factor," which provides additional funds in support of mission and recognizing the size of certain institutions.



Ms. Abba noted in the performance pool recognized the mission differentiation of the community colleges. She said a number of the outcomes identified in version 19 of the matrix (page 10, [Exhibit F](#)) were specific to the missions of the community colleges. She noted points were given for “gateway course completers,” defined as students who completed an initial college-level English or math class after having completed remedial education in the prior year. Also, there was a provision for transfer students with at least 24 credits, or an associate’s degree. Further, in the performance pool there are additional points for STEM and allied health graduates, which were specific to the community colleges.

Chairman Richards asked for a recap of the model document ([Exhibit F](#)) to illustrate where those elements come forth. He asked for an explanation of the performance pool.

Ms. Abba noted that page 4 ([Exhibit F](#)) included a description of the small community college factor. She explained that it became clear in the development of the model that certain institutions, by virtue of their size, would need to be protected in some manner. She said the funding would provide a cushion so that the small institutions were not substantially harmed by the reallocation of funds under the proposed model.

Ms. Guinchigliani asked how the base amount of \$1.5 million for small institutions was determined.

Mr. Hickey noted there was obviously interest and concern about the new formula, because there were a number of community members attending the meeting through videoconference in the Fallon meeting location. There is concern that the new formula would impact economies of scale. He said certain costs, such as staffing, cannot necessarily be reduced by distance education. He hoped there would be a hold harmless provision. He noted the rural colleges were not represented on the Subcommittee. Mr. Hickey added that the rural community colleges were also concerned about O&M, but that discussion would take place in the larger committee.

Mr. Hickey said if the state was unable to fund the rural colleges, then other avenues including “home rule” may have to be considered. There are serious overarching issues of concern to the folks in Fallon, Pahrump and Elko.

Ms. Guinchigliani asked if the model took into account the trend toward distance learning. She said some of the institutions used distance learning not only as an accommodation for students in the rural areas, but also in the urban settings. She noted that increasing the use of distance learning would not eliminate the need for faculty. She said the new formula should not require the institutions to do everything with fewer people. That would serve neither the students, nor the faculty.

Ms. Abba said distance learning was not accounted for in the performance pool, but it is included in the base funding, which is driven by the discipline for the purposes of funding, but they are not treated in different manner. She noted within the old formula those courses were specifically flagged for additional support.



Ms. Guinchigliani asked if the model would reduce the disparity of the funding to CSN and UNLV, or move incrementally toward that.

Ms. Abba said to some extent she believed it did address that inequity because CSN's allocation benefited from the model.

Vic Redding, Vice Chancellor of Finance and Administration, NSHE, explained that the model does not include tuition or fees in the funding distribution. Each institution received the same amount for each weighted student credit hour taught, so the funding was equitable by weighted student credit hour.

Ms. Guinchigliani expressed interest in how the formula worked. She said the genesis of the Committee to Study the Funding of Higher Education and its subcommittees was to study a solution to the continued disparity of funding. She said CSN and UNLV had always been at the lowest end of funding, and that everybody recognized that. She said the other parts of the system should not be hurt by the new formula. She noted that 73 percent of the state's population was located in Southern Nevada, that was where the majority of the students were located, and that was where the funding should be allocated.

Ms. Guinchigliani said, despite not including tuition and fees, which allowed the institutions to keep what they generated, she would like to see the model applied for CSN and UNLV to show what disparity still remains.

Mr. Redding said the proposed model prepared by NSHE was provided as Appendix C of A New Model for Funding Higher Education in Nevada (page 10, [Exhibit F](#)), which is based on FY 2012 projected credit hours and includes the small institution factor.

Ms. Guinchigliani asked for clarification of the FY 2014 outcome of the funding model for CSN.

Mr. Redding explained that the projected weighted student credit hours shown on the table for FY 2014 do not include non-resident student credit hours. The spring 2012 credit hours were not available, so the fall 2011 credit hours were doubled. He said the model was cost neutral. The total weighted student credit hours of 2,669,282 divided into the current General Fund in the operating budget resulted in \$132.56 per credit hour. He said the same amount was provided to the institutions for teaching the same course. For example, English 101 was a three-credit class, so it would receive three times the \$132.56 per credit hour in General Fund, plus the tuition and fees generated by the institution.

Mr. Redding added that the model included a small institution factor, as well as acknowledgement of research space at the universities, which was part of the formula budget, but did not generate credit hours. He noted that certain facilities at DRI do not have students, so they would not generate credit hours.

Mr. Redding said the FY 2014 General Fund distribution column (page 10, [Exhibit F](#)) could be compared to the FY 2012 Operating Budget General Fund column. The General Fund Increase/Decrease over FY 2012 column shows the change from FY 2012 to FY 2014.

Ms. Guinchigliani asked if the performance pool based programming was anticipated in the funding model. Mr. Redding said the base budget on page 10 ([Exhibit F](#)) did not include the impacts of the performance model. Ms. Guinchigliani said that the colleges had a variety of different missions. Due to the lack of articulation from coursework to coursework within the system, an institution could be “dinged” for not graduating a student if the four-year university did not accept a certain class. There were other relevant issues to be dealt with, such as the technology and automotive certificates. She said students of all ages took advantage of the certificate programs. The average age of the community college students in Southern Nevada was approximately 28 to 30. She told the Subcommittee members that she has not bought into the funding model presented by NSHE, or the performance pool matrix, although she believed it was a good start.

Ms. Guinchigliani asked for a comparison between the funding to the institutions for the past two biennia and what would be provided under the proposal. She noted more of Southern Nevada’s tax dollars were going to other institutions. She said the genesis of the Committee to Study the Funding of Higher Education was to equalize funding, not just make it a bit better. Mr. Haartz said he would provide the past funding information.

Chairman Richards said it was very helpful to have the explanation of the proposed model. He said it would also be helpful to see a comparison of the dollars per weighted student credit hour and dollars per FTE in the new formula compared to the old formula. Mr. Redding said he would prepare that comparison.

In response to the comments of Ms. Guinchigliani, Mr. Hickey said he understood that the Subcommittee was primarily looking for a fair funding formula. That did not always result in an equitable process. He noted there were emerging markets of students and voters, and the demographics in the state were quite obvious.

Mr. Hickey said if O&M was excluded from the base formula, the rural communities and certain Northern Nevada institutions would not experience a large decrease in funding. He asked whether the Chancellor’s Office has adequately vetted the question of O&M. If not, he said it would need further discussion in the larger committee before a vote could be taken.

Mr. Redding said Mr. Hickey has pinpointed a significant issue that the Chancellor’s Office spent an enormous amount of time discussing. He said the document presented to the Subcommittee ([Exhibit F](#)) was the model that the system felt made the most sense. The model tied not only O&M, but the things related to education, such as instruction, institutional support, student services, to student credit hours. As student credit hours rise and fall, the need for services that support student credit hours rise and fall as well.

Mr. Haartz noted that the Funding Formula Subcommittee spent the majority of its July 11, 2012, meeting discussing the O&M issue, and reviewed several scenarios provided by the Chancellor's Office in which the budgeted O&M costs were broken out per institution, and therefore not included in the concept of the \$132.56 weighted student credit hour. He thought the Funding Formula Subcommittee would ultimately provide a recommendation to the full committee as to how that should be treated.

Ms. Guinchigliani asked how DRI was currently funded. Mr. Haartz said DRI was included under the non-formula budgets, using a base plus incremental approach, with the exception that O&M would be funded on a formula basis. Ms. Guinchigliani asked why DRI was separated, and Mr. Haartz explained DRI was a different type of institution that did not have students, and did not generate student credit hours that could be used in the model.

Ms. Guinchigliani noted that UNR already was a research institution, and UNLV was becoming one. She had heard that there were funding problems because the state could not support two research institutions. She wondered if there had been any discussion about merging DRI and UNR.

Mr. Redding responded that the Funding of Higher Education's Performance Pool, Economic and Workforce Development, and Research Subcommittee was working with DRI and SRI to create a model that acknowledged DRI's primary mission of research, and the research dollars that are brought into the state as a result. He said NSHE staff was studying DRI's base funding model to find a way to tie funding to growth of the research function.

Mr. Redding said research was included in the metrics of the performance model that was discussed at the Funding of Higher Education's Performance Pool, Economic and Workforce Development, and Research Subcommittee. The research metric was included in an effort to address the very issues brought up by Ms. Guinchigliani -- to incentivize that behavior.

## **IX. PUBLIC COMMENT**

Robert Clifford, representing the Restore Our College Campus Committee (ROCCC), provided public comment from the Fallon meeting location. Mr. Clifford thanked Mr. Hickey for pointing out that the committee members were from either Clark County or Washoe County, and there was no representation from the rural counties. Secondly, on the topic of local communities providing more funding for higher education, Nevada's tax model was different than other states' tax model. If the funding for higher education was shifted to the local governments, then the tax revenues from the counties to the state General Fund would need to be reviewed.

Mr. Clifford suggested that the K-12 funding model be compared to other states' models in regard to how much of the higher education funding was from local governments, and how much of the local government revenues were put toward the state General Fund.

Mr. Clifford pointed out that the local funding would be complex at a county level. He said if the county was to provide more funding, that funding should be allocated to the Fallon campus, not to the General Fund to be allocated to WNC. He noted some counties did not even have a campus, which would add to the complexity of determining the model for local funding.

Mr. Clifford pointed out that the rural factor was repealed in the 2011 Legislative Session, which has devastated the rural campuses. He said there was nothing in the new model that dealt with distance or rural locations, and if the objective was to provide higher education to all Nevadans, the model, as proposed, did not address that at all. He said, perhaps the rural factor could be adjusted in the weights to address that.

Mr. Clifford said the weighting recommended by the Committee to Study the Funding of Higher Education's Performance Pool, Economic and Workforce Development, and Research Subcommittee was based on cost factors from other states, but the actual cost factors from the other states have not been provided, and the weights were all even, whole numbers. He would like to see that raw data used to determine the weights.

In addition, Mr. Clifford said, calculations did not consider the amount coming from tuition. He believed UNR and UNLV would benefit from higher non-resident tuition rates, which were not accounted for in the analyses of the formula and its impact on the various schools. He would like to see the tuition portion addressed in the analysis.

Nancy Stewart provided public comment from the Fallon meeting location. She reminded the Subcommittee that the Fallon campus has lost 75 percent of its classes, which was devastating to the community and the students.

Maria Sheehan, President, Truckee Meadows Community College (TMCC), provided public comment from Carson City. She said all of the community colleges were working hard to address the issue of achieving HSI eligibility. Specific targeted efforts toward underrepresented students were part of the TMCC strategic plan to reach the HSI status, and incorporated in the plans of the other institutions as well. For Latino students, the biggest disconnect was the community demographic versus the TMCC enrollment. That gap has been reduced based on very specific interventions. She said of the seven strategic efforts underway, the Summer Bridge and success first program has brought the greatest success for TMCC's Latino students. She said TMCC was grateful for the ability to have control of its summer school dollars. The summer school dollars, matched by private donations, have allowed TMCC to aggressively serve the population whose enrollment does not reflect the demographic.

Ms. Sheehan said TMCC's biggest feeder for Latino students was the Washoe County School District (WCSD). She said seven years ago TMCC captured 21 percent of the Latino students from the WCSD, and currently the rate is 36.2 percent. We are making progress, but as previously mentioned by Ms. Abba of the Chancellor's Office, over 80 percent of the TMCC students attended school part-time, so if FTE was measured rather than head count, it would take more time to reach HSI status.

Mark Curtis, President, Great Basin College (GBC), provided testimony from the Fallon location. He said every iteration of the ever evolving new funding formula showed between \$2.4 million and \$4.5 million reduction of the GBC budget. He said he came from the state of Michigan, which has suffered from financial difficulties as well.

## **X. ADJOURNMENT**

Chairman Parks adjourned the meeting at 11:00 a.m.

Respectfully submitted,

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Becky Lowe, Transcribing Secretary

APPROVED:

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David Parks, Co-Chair

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

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Michael Richards, Co-Chair

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.**