

**MINUTES OF THE
COMMITTEE TO STUDY THE FUNDING OF HIGHER EDUCATION'S
COMMUNITY COLLEGE FUNDING SUBCOMMITTEE
(Senate Bill 374 of the 2011 Legislative Session)
August 16, 2012**

The Committee to Study the Funding of Higher Education's Funding Formula Subcommittee (Senate Bill 374 of the 2011 Legislative Session) held its second meeting of the 2011-12 Interim on August 16, 2012, in room 4412, 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 ABSENT:

Jeff Mohlenkamp

STAFF MEMBERS PRESENT IN LAS VEGAS:

Alex Haartz, Program Analyst, Fiscal Analysis Division

STAFF MEMBERS PRESENT IN CARSON CITY:

Mark Krmpotic, Fiscal Analysis, Fiscal Analysis Division
Patti Sullivan, Committee Secretary, Fiscal Analysis Division

EXHIBITS:

[Exhibit A](#) – Agenda

[Exhibit B](#) – Resolution by the Elko County Board of Commissioners in Conjunction with Cities, Counties and Local Government Entities across Nevada in Support of Post-Secondary Educational Services Provided by Great Basin College to Nevada Citizens in Rural Nevada

[Exhibit C](#) – Work Session Document

[Exhibit D](#) – NSHE Responses to LCB August 1, 2012, Questions

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 9:06 a.m. and the secretary called roll. All members were present at the meeting and in the Las Vegas location, except for Mr. Mohlenkamp who was absent, excused.

II. PUBLIC COMMENT.

Mr. John Carpenter, former State Assemblyman, and Elko County Commissioner, provided the following written testimony:

Mr. Chairman and members of the committee for the record my name is John Carpenter.

I served 14 years as an Elko County Commissioner and 24 years in the State Assembly. Three of my former colleagues are here today.

I have been designated as the spokesman for a consortium of rural Nevada citizens who are very worried about the future of higher education in the rural counties of Elko, Humboldt, Lander, White Pine, Eureka, Churchill, Mineral, Nye, Pershing, Lincoln and Esmeralda.

I believe you have all seen a resolution drafted to explain our concern as to what will happen if reductions in the neighborhood of 34 percent are applied to institutions of higher learning in rural Nevada.

The resolution explains very well the great strides we have made in providing quality education to post-secondary students.

We feel educating our home grown kids is in many cases the preferred alternatives to sending them away to other centers of higher learning.

Nurses, schoolteachers, welders, electricians, law enforcement, and emergency medical personnel are in high demand in rural Nevada. Our mines, schools, hospitals, police agencies and ambulance services are continually looking for highly educated and a trained workforce to fill the demand for skilled workers.

This resolution is being emailed to the various counties, cities and community organizations for their approval and concurrence.

The officially approved resolution will be presented to the full committee when you meet in Las Vegas on August 29.

Education across the great expanse of rural Nevada presents its particular problems of distance, funding and coordination, which makes it imperative that all areas of rural Nevada band together to present a cohesive and united formula for success.

Citizens of Elko, Winnemucca and Fallon together with all our neighbors share the same common values of quality education for all our children. Access to this quality education is the most important and overriding issue of our generation.

Access to higher education must be provided to all who desire such an endeavor. This applies to all areas of our state whether in Las Vegas, Pahrump or Battle Mountain.

A large majority of our citizens believe now is the time for rural Nevada to unite under the umbrella of one designated community college. Great Basin College has been very successful in its mission to fill the needs of post-secondary education with satellite campuses in Elko, Ely, Winnemucca, Pahrump and Battle Mountain. I foresee the opportunity to expand this concept to Lincoln County and with the renewal of the Fallon Campus to provide satellites in Hawthorne, Lovelock and possibly Lyon County.

The President of the rural system would reside in Elko with a Vice President in Fallon whose primary duties would be to oversee the western expanse of our community college system.

Gold mining continues to grow in rural Nevada. Fallon is soon to receive a new milk processing factory and Lyon County a huge meat processing facility. An expanded curriculum and training facilities are needed for the basic economies of rural Nevada.

We ask that no funding reductions be made to Great Basin College and increased revenues be allocated to the Fallon Campus to enable them to reach the potential of their endeavor before the reductions were first initiated in 2009.

We have no problem with the Board of Regents defining higher goals and increased standards such as higher graduation rates. Just don't reduce our funding.

Your committee hired the firm of SRI to prepare a report on funding of higher education in Nevada. Their report was presented on June 8, 2012. I call your attention to a number of recommendations in this report. We need to pay particular attention to mid-level skills and institutional autonomy on pages 10 and 11. On page 12 under the heading of specialized institutions it speaks specifically of the specialized mission of Great Basin College. On page 13 it speaks of remedial classes and success in regard to community colleges.

This is our first attempt to present our vision of higher education in rural Nevada. On the 29th of August we will be presenting a more in-depth version to your full education committee. In early September a presentation to the Board of Regents and then the Governor and the Legislative Session of 2013.

Thank you for your attention and consideration and I would attempt to answer any questions you may have. Thank you again. John Carpenter

Hannah Brown, Chancellor appointee to the Nevada System of Higher Education Diversity and Inclusion Committee; member of the Nevada State College (NSC) Foundation Board and Diversity Council, the College of Southern Nevada's (CSN) President's Council, and the University of Las Vegas (UNLV) Diversity and Inclusion Council, addressed the Subcommittee. Ms. Brown said she has served on the President's search committees for NSC, CSN, and UNLV.

Ms. Brown said, through her involvement with the Urban Chamber of Commerce, she had the privilege of working with the Hannah Brown Scholarship Foundation, which provides matching scholarship funds for students to attend NSC, CSN and UNLV. She said she was a Southern Nevada higher education advocate.

Ms. Brown said she was speaking on behalf of other education advocates and concerned citizens to offer her support to the efforts being made regarding the redesign of the funding formula. As she understood, the NSHE proposed formula would create more equity in funding for students across the state, with an emphasis upon performance versus access. She was very supportive of that approach. She said the students that she provided with matching scholarships in Southern Nevada institutions deserved to be educated in a system that values student success – all students deserve this. She liked that the proposed formula recognized mission differentiation among the community colleges.

Ms. Brown said, in her meetings with the Chancellor's Diversity Committee, she heard about the challenges of institutions all across the state, and she hoped, by creating a pathway to distribute state funds on a more equitable basis, the formula would help all institutions. She said, Southern Nevada generated more than 70 percent of the state's funds. She understood that Southern Nevada received approximately 50 percent of the funding in return, although it has the majority of the state's population.

Ms. Brown said as an advocate of education in Southern Nevada, she was concerned about how past funding has impacted CSN in particular. She said the old formula never took into account population growth and increased student demand, and as a community member closely involved with CSN, it has been very troubling to watch. She heard the stories of students who struggled due to the limited resources available to them. She was currently helping three students with scholarship funding to attend CSN, and those children would graduate and stay in Nevada.

Ms. Brown said there has been talk about the rural factor and the research factor in some of the Subcommittee meetings. She wanted to highlight the growth factor and what that has meant for some of the higher education institutions, CSN in particular. At CSN, the ratio of staff to students in 2007 was 1:778. As of October 2011, the ratio was 1:2,267. In the spring semester of 2011, CSN had one advisor for every 1,800 students. The recommended national average for public two-year schools is one advisor for every 375 students. She said the statistics underscored how chronic underfunding of the fasted growing institution has created an anemic structure.

Ms. Brown said CSN was using increased student fees for the fall 2012 semester to fund additional advisor positions. She offered her support for any efforts to remedy that situation, and to fund all of the Nevada institutions of higher education in a fair-minded fashion. She said she appreciated the Subcommittee's efforts, and supported the new direction that NSHE was headed.

Dr. Santos Martinez, Vice President of Student Affairs, CSN, said his purpose in addressing the Subcommittee was to speak about the Hispanic Serving Institution (HSI) initiatives. He said he would provide some information on the process to move in that direction, and give an update as to what CSN was doing to become an HSI designated institution.

Dr. Martinez said the United States Department of Education used the term "HSI" to define an institution with an undergraduate enrollment of at least 25 percent Hispanic students. Another criteria is that the institution must demonstrate that 50 percent of the students show need, either by Pell grants or supplemental grants. He said CSN was working to demonstrate need, and had not reached the 25 percent FTE enrollment threshold, but was making progress in that direction.

Dr. Martinez said the HSI designation would allow for the expansion of educational opportunities for, and improve the academic attainment of Hispanic students in particular. The legislation has two focuses: 1) it addresses what the institution does for students, Hispanic students in particular; and, 2) the need to expand and enhance the academic offerings and program quality and institutional stability of colleges and universities that are providing services to that population. By doing that, the institution builds a stronger infrastructure, and therefore, all students benefit.

Dr. Martinez said attaining the HSI status would enable CSN to apply for Title V funding to provide and expand services for students. He said a bigger reason to pursue the designation was that CSN had a responsibility to increase the participation rate and the completion rates of those who had been underserved.

Dr. Martinez said there is a disparity in the graduation rates in the Clark County School District between the majority population and the Hispanic and African American students. He said CSN wanted to address that gap between the students who graduated from high school, but did not pursue higher education. He said, overall, 57 percent of high school graduates in Clark County pursued higher education. For Latino students, the rate was about 42 percent and for African Americans the rate was a bit higher. He said the HSI designation would allow CSN to address that gap by providing targeted services for those populations.

Dr. Martinez said CSN FTE enrollment for Hispanic students was currently 22 percent, which was a decline from 2010 levels. He said CSN was doing several things to address that as follows:

1. Achieving the Dream. Dr. Martinez said the designation would help CSN to focus on the participation and success of students of color, and developed data-driven strategies toward a more effective service model for them. He described the initiative as institution-wide and transformative.
2. Expanding Services to Veterans. Dr. Martinez said there are approximately 280,000 veterans in the Las Vegas valley. He said CSN's goal was to reach at least 2 percent of those veterans within the next 18 to 24 months. That would make CSN's veteran population about 5,000 per semester. He said, with the ethnic composition of the military, that would also work toward the goal of the HSI designation.
3. College Connections Initiative. Dr. Martinez said this initiative involved targeted recruitment efforts to high schools in particular. He said CSN would connect with high school seniors before graduation, and before they make a decision to not continue their education. He said one reason students did not participate in higher education was lack of financial resources. He said CSN was addressing ways to deal with that issue, and communicating to high school students the kinds of resources that are available.
4. Targeted Recruiting Efforts of Faculty and Professionals. Dr. Martinez said there were some minority faculty associations being targeted to increase the number of professional staff and faculty that serve the minority population.
5. Joint Efforts. Dr. Martinez said, together, CSN, the City of Las Vegas, the State of Nevada and NSHE were building a strategic pathway so that students who wished to pursue a four-year degree could transition to Nevada State College. He said the institutions were working together, and CSN was serving a segment of the population that was also being served by NSC. He said the institutions were building partnerships to allow them to be more effective, and to use public dollars in a more efficient way.

Jeffrey Fontaine, Executive Director, Nevada Association of Counties (NACO), provided public comments from the Carson City meeting location. He said NACO was unable to send a representative to the Subcommittee's July 27, 2012, meeting. However, testimony was read into the record requesting that no action be taken by the Subcommittee that would impact Nevada's counties, and requesting the opportunity to participate in future meetings about community college funding.

Mr. Fontaine said the Subcommittee could take action on proposed recommendations to the full Committee to Study the Funding of Higher Education specifically regarding community colleges. He reported that NACO has reviewed the national survey of community colleges that was discussed at the Subcommittee's July 27, 2012, meeting.

He requested that the Subcommittee not make recommendations that would have a fiscal impact in Nevada's counties. He asked the Subcommittee to keep in mind that there are other issues pertinent to the discussion of funding from local governments for community colleges; for example, counties in other states may not be mandated to provide certain services, or the tax structure may be different than in Nevada.

Mr. Fontaine said this was a very complex issue, and he urged the Subcommittee to take that into consideration. He said counties have finite resources, and are not in the position to take on additional financial burdens. He said counties have worked very hard, and have made difficult decisions to balance their budgets, yet, many remain on the edge of financial viability. In addition, since 2008, the counties have experienced significant additional cost as the result of unfunded mandates, cost shifts, and even revenue diversions to help the state balance its budget. He was concerned that placing more financial burden on the counties would create an unsustainable situation, is not in the best interest of our communities, and would eventually push some of our counties over the edge financially.

Assemblyman Pat Hickey asked Mr. Fontaine for his comments on the proposal from the rural areas regarding Great Basin College. Mr. Fontaine said NACO has not had a chance to review the proposal, but would discuss the proposal, as it involves 6 of the 17 counties.

Mary Walker, representing Carson City, Douglas County, Lyon County and Storey County, said she wanted the record to reflect the counties' support for Mr. Fontaine's comments. She did not know how it would be feasible for additional costs to be shifted to the counties. She said Nevada's rural communities were some of the most economically distressed areas in the nation, with the highest rates of unemployment, bankruptcy, and foreclosure. She believed that to shift the costs to the rural counties would result in failure. Secondly, if only certain counties were selected to support community colleges, that would probably run afoul of the 2011 Nevada Supreme Court decision regarding the Clean Water Coalition Act. Per that decision, the state cannot treat the counties inequitably. She was aware of the discussion at the July 27, 2012, Subcommittee meeting regarding the challenges this could bring upon the rural counties due to the tax caps, and she appreciated the Subcommittee taking that into consideration. In closing, she asked the Subcommittee to consider of the plight of the counties.

Robert Clifford, Chairman of the Restore Our College Campus Committee (ROCCC), provided public comment from the Fallon meeting location. Mr. Clifford said the ROCCC formed because the local community college campus had been significantly "wound down" even before the budget problems that started in 2008. He said the funding formula that was being considered by the Committee to Study the Funding of Higher Education threatened the viability of WNC and the Fallon campus.

Mr. Clifford provided the Subcommittee with the Resolution by the Elko County Board of Commissioners in Conjunction with Cities, Counties and Local Government Entities across Nevada in Support of Post-Secondary Educational Services Provided by Great

Basin College to Nevada Citizens in Rural Nevada ([Exhibit B](#)). He said the ROCCC supported the resolution and was part of the coalition of counties mentioned by Mr. Carpenter in his public comments.

III. DISCUSSION ON PROPOSED RECOMMENDATIONS TO THE COMMITTEE TO STUDY THE FUNDING OF HIGHER EDUCATION REGARDING FUNDING OF THE NEVADA SYSTEM OF HIGHER EDUCATION'S COMMUNITY COLLEGES.

Alex Haartz, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, noted that the Subcommittee members had been provided with a work session document ([Exhibit C](#)). He said supplemental information was provided in the attachments.

Mr. Haartz said the Subcommittee members were also provided with the NSHE Responses to LCB August 1, 2012, Questions ([Exhibit D](#)). He said he would go through the work session document, and if the issues were related to the response from NSHE, he would note that for the Subcommittee members.

Mr. Haartz said the work session document reflects the four major areas of discussion by the Subcommittee, and briefly summarizes that information, as well as the system's response to questions from the Subcommittee. The Subcommittee would then have the opportunity to discuss, propose or adopt a recommendation on that particular subject area for the full Committee to Study the Funding of Higher Education at its meeting on August 29, 2012.

Mr. Haartz said the first topic on the work session document dealt with the current and proposed funding of the community colleges. He said the table "Attachment A" displayed the four community colleges' budgeted revenues and expenditures for the state budgets, referred to as the state supported operating budget, as well as the non-state budgets, referred to as the self-supporting budgets.

Ms. Guinchigliani asked how many students attended each of the institutions shown on the table (Attachment A of [Exhibit B](#)). Mr. Haartz said the Subcommittee requested the per-pupil funding based upon General Fund appropriations as well as total funding, which was provided as Appendix D of the NSHE Responses to LCB August 1, 2012, Questions ([Exhibit D](#)). He said that information was provided for FY 2010, FY 2011 and FY 2012, and for each of those fiscal years, the Annual Average Student Full-Time Equivalent Enrollment (AASFTE) was provided. He clarified that AASFTE was not a headcount, rather 15 credits per semester represented one full-time undergraduate student.

Ms. Guinchigliani asked for the status of the report from the consultant hired by the Committee to Study the Funding of Higher Education. Mr. Haartz said that SRI International provided the four reports it was required to produce. It will provide one final revised version of the report to the full Committee on August 29, 2012. He noted that SRI International was also performing work for the Funding of Higher Education's Funding Formula Subcommittee. In response to a request from Ms. Guinchigliani, Mr. Haartz said he would provide the reports to her electronically.

Ms. Guinchigliani said that the Subcommittee was reacting to a bifurcated component, and she did not want the original challenge of the equity of the funding to get lost in the proposals submitted by NSHE and the community colleges.

Mr. Haartz returned to the first work session topic regarding current and proposed funding of the community colleges. He said the first question on which the Subcommittee requested additional clarification was whether there were General Fund appropriations that were previously or currently available to the institutions with regard to ongoing support of capital improvements. He said the answer on page 1 of NSHE's response ([Exhibit D](#)) indicated there was no dedicated General Fund appropriation provided. He noted that there is a biennially dedicated amount of \$15 million in Higher Education Capital Construction Funds (HECC) and Special Higher Education Capital Construction Funds (SHECC) for deferred maintenance which is funded through the annual excise tax on slot machines pursuant to statute.

Mr. Haartz said the second question of the Subcommittee regarding funding of NSHE institutions in general was whether NSHE institutions received revenues from mineral rights. The answer on page 1 of NSHE's response ([Exhibit D](#)) indicated that only the University of Nevada, Reno, received mineral rights payment of approximately \$90,000 annually based upon property owned in the state.

Mr. Haartz said the third area of interest was regarding the types of revenue included in miscellaneous revenue shown on Attachment A ([Exhibit C](#)). He said testimony was provided at the July 27, 2012, meeting of the Subcommittee that the revenue included transfers and other revenue. The Chancellor's Office has clarified that the other revenue was made up of international program fees, loan repayments, rent and lease payments, etc.

Mr. Haartz said the Subcommittee also asked questions about the proposed small institution factor contained in the Chancellor's Office proposal for the new funding formula, and requested to know how that factor would work, and the amount. That was clarified on page 7 of NSHE's response ([Exhibit D](#)). He said the small institution factor was proposed to address issues of economies of scale in which projected enrollments and credit hours upon which the new formula would be based would not be sufficient to generate enough General Fund appropriations or student fee revenues to support certain institutional infrastructure costs, mainly administrative, at either GBC or WNC. The proposal was a base proposal inasmuch as that it would provide a starting point of \$1.5 million in General Fund appropriation, which would be decreased on a graduated scale based upon the increases in student credit hours occurring at each of the two institutions.

Mr. Haartz noted that on August 15, 2012, the Committee to Study the Funding of Higher Education's Funding Formula Subcommittee approved the small institution factor in the system's proposal as a recommendation to be presented to the full Committee to Study the Funding of Higher Education at its meeting on August 29, 2012.

Ms. Guinchigliani asked what defined a small institution. Mr. Haartz said he had not seen a strict definition of small institution, and believed that it was a comparative definition. In the funding formula previously used, which has been suspended, it was functionally defined as an institution with fewer than 3,000 FTE students. This particular

factor, while not directly tying to institutions with fewer than 3,000 FTE students, was functionally defined as an institution with less than 100,000 weighted student credit hours.

Ms. Guinchigliani asked whether the Committee to Study the Funding of Higher Education's Funding Formula Subcommittee had also recommended a large institution funding formula. Mr. Haartz said, other than the formula proposed in general, which was for all other institutions, there was no other recommendations for institutions of other sizes. Ms. Guinchigliani said the small institution factor appeared to be a form of a hold harmless clause. Mr. Haartz said it could be defined as a form of hold harmless clause for the two smallest institutions, which also served the rural areas.

Ms. Guinchigliani noted that this approach was recommended by NSHE; she asked about the recommendation from SRI International. Mr. Haartz said SRI International had not prepared specific recommendations, rather they studied other states' formulas, and identified best practices. In addition, SRI International compared Nevada's existing suspended funding formula to the formula proposed by NSHE, and provided contrast and recommendation based upon their analysis.

In response to a question from Ms. Guinchigliani, Mr. Haartz said, other than the \$90,000 mineral rights payment to UNR, there were no minerals revenue devoted to higher education funding. Ms. Guinchigliani asked whether there was discussion among the rural communities as to whether mining revenues could be used for higher education, and whether there was anything to prohibit mining dollars being allocated for higher education. She noted that Eureka County received lots of funding from mining revenues.

Mr. Haartz did not know whether that conversation occurred among the rural communities, nor was he aware of a legal prohibition or permission required to use mining revenue to fund higher education. Ms. Guinchigliani suggested that a K-16 model, or a model with a workforce component, might be a natural nexus with the mining revenues.

Mr. Haartz said the final major issue under this agenda item that the Subcommittee discussed was the allocation and distribution of General Fund appropriations to the four community colleges based upon full-time student equivalent and how the new formula as proposed by the Chancellor's Office would change that. Referring to Appendix D of NSHE's response ([Exhibit D](#)), Mr. Haartz said the first of the three tables represent straight General Fund appropriation by the Legislature to the four institutions: CSN; GBC; TMCC; and WNC for 2009, 2010, 2011 and 2012. He said the change in the resulting funding for FTE was based upon actual enrollments.

Mr. Haartz said the second table represents all revenues within the state-supported operating budgets, including student registration fees, non-resident tuition, miscellaneous student fees, and other revenues contained within the state-supported operating budget, such as investment interest earnings included in the budget by the Legislature. Naturally, those amounts are larger, because other non-General Fund revenues are included.

Mr. Haartz said the third table represents the funding per AASFTE based on several assumptions. The first assumption was that the General Fund appropriation was equal to the appropriation currently being received by the institutions. The second assumption was that the formula was based upon the projected weighted student credit hours per institution, plus, for example, the small institution factor that was discussed for GBC and WNC.

Ms. Guinchigliani asked if the General Fund/AASFTE 2012 column in the third table showed the base funding. Mr. Haartz said the amount in that column included the projected number of weighted student credit hours; the small institution factor; and a level amount of General Fund appropriations as a starting point before weighted student credit hours and the small institution factor are calculated. The resulting per AASFTE would be \$4,156 for CSN; \$5,434 for GBC; \$6,351 for TMCC; and, \$4,447 for WNC.

Ms. Guinchigliani said CSN would receive less than the other institutions based on the new matrix. She asked if the performance pool was included in the calculation, and Mr. Haartz said performance was outside of the calculation. Ms. Guinchigliani asked how a full-time student was defined. Mr. Haartz said a full-time student is defined based on credit hours. He explained that, at the undergraduate level, one full-time student was equal to 15 credit hours per semester, or 30 credit hours per year; and at masters level 12 credits hours per semester, and 24 credit hours per year; and, at the doctoral level, 9 credits hours per semester, and 18 credit hours per year.

Ms. Guinchigliani said the first table showed CSN with AASFTE of 22,153 and FY 2012 General Fund appropriation of \$90,154,454. She said, although they had fewer students, the other three community colleges were being funded more, at the expense of CSN. She said the new formula put the rural community colleges at risk, and still did not treat CSN in an equitable manner. She said CSN had been stuck with a bad formula for over 30 years, and she did not want to repeat that. She added that underfunding of education in the state should be discussed as well as how funding is distributed.

Ms. Guinchigliani asked whether it would be permissible to create an in-state HSI while the campuses were proceeding toward qualifying for the federal HSI designation. She said that would help the community colleges to prepare for that grant, and acknowledge that the state's definition was different than that of the federal government.

Chairman Parks asked the Chancellor's Office to address those questions.

Chancellor Dan Klaich said there was nothing that prohibited an in-state HSI program, but there was no funding for such a program. Regarding the question of equity, he said it was important to emphasize that was one of the driving motivations behind the new formula. The reason it was a minor change was that the table displayed current data using the former formula's definitions. He said NSHE has proposed an allocation of State General Fund dollars based on work completed weighted student credit hours at the rate of \$132.56 per weighted student credit hour. Every institution would start with that amount. The weighted student credit hours allocated to GCB and WNC are slightly above that, because of the small institution factor. However, if the table showed the allocation by weighted student credit hour, it would be the exact same allocation for CSN and TMCC, and an amount slightly above that for the other two rural community colleges.

Referring to Appendix D of NSHE's response ([Exhibit D](#)), Chairman Parks asked for clarification on the three tables. Mr. Haartz said the third table showed the distribution to the four institutions and the resultant per-student FTE appropriation. He said the first table was General Fund only, and FY 2012 was the most current year. He said the tables cannot be compared "apples to apples," because there were many caveats and assumptions behind the numbers. One table was based upon a prospective formula approach, and the other was based upon a funding level that the Legislature provided for each year of the biennium. He said the tables were similar in that the numbers represented General Fund appropriation per student FTE.

Mr. Haartz said he had described the main issues of the Subcommittee in its prior meeting. He noted that the Subcommittee was tasked with producing recommendations for consideration to the full Committee if it so chooses. He said the Subcommittee may wish to formulate recommendations with regard to the funding of community colleges that could be adopted and forwarded to the full Committee.

Mr. Wixom expressed concern that, to some degree, the Subcommittee was responding to its charge in a vacuum, because it was not yet known what the full Committee would decide at its meeting on August 29, 2012. For the Subcommittee to put forward recommendations that would have immediate impact becomes problematic, because we do not know the context within which our recommendations will be made. He said, in that regard, it would be extraordinarily ill-advised for the Subcommittee to put forward recommendations that are specific in nature without knowing how those recommendations would fit into the larger context.

Mr. Wixom said funding for community colleges was very important to him, and for several years he had been thinking about how to best approach the issue. He said there was a larger governance issue with respect to the community college funding. He said some individuals in our community colleges that came from institutions in other states noted the advantages of Nevada's system relative to other systems in that it has provided some degree of stability. He said although stability was not always a good thing, and should not be the main goal, the Subcommittee does not want to inadvertently create instability through its recommended changes in the funding model.

Chairman Parks said he appreciated Mr. Wixom's comments and shared his concerns.

Chairman Richards suggested that the current and proposed funding issue be deferred until it can be considered in the full Committee on August 29, 2012.

Chairman Parks was concerned that because there were three subcommittees considering different options, a deferral could create complications for the full Committee.

Ms. Guinchigliani said she would like to discuss Item 4, Community Colleges' Access Mission and Alignment with Economic and Workforce Development. She asked if it was presumed that the formula may include a performance based tie to economic development for the community colleges.

Mr. Haartz said the formula methodology proposed by NSHE and discussed by the full Committee and the various subcommittees had two main components: the base funding component and the performance funding component. He said there had been much discussion in the Subcommittees regarding alignment of the NSHE mission with economic and workforce development. There was discussion about the existing missions of the institutions, in particular the community colleges, with regard to workforce development.

Ms. Guinchigliani said the mission of the community colleges was to get people, young and old, to come into a system to refresh their skills by taking courses and earning certificates and/or degrees. She said any discussion about performance must take that into consideration. Some of the community colleges students do not want anything other than an update of skills. The community colleges would be at risk if their performance was compared to the four-year institutions. She said she has never bought into the idea that both of the four-year institutions should be research based. She was told that Nevada did not have the statewide population to handle more than one research based institution, yet it was embarked upon that approach over a period of time, which skewed funding as well.

Ms. Guinchigliani said it made sense to tie economic development to funding. She said state's economy becomes more diversified, and the community colleges would prepare workers for the new job markets. However, that should not be the only mission of the community colleges. She would like for the Subcommittee's recommendation to be a more generic. She said a fundamental issue to be dealt with was tuition transparency. She suggested that rather than add various fees for the students to pay, include those fees in tuition. The second issue was that there was not true articulation. She said the system was in violation of state law that grants articulation from the community colleges to the universities. The system requires that students take classes over again, because they do not accept the other NSHE institution's credits, even if the course was taught by the same professor, or with the same textbooks and curriculum.

Ms. Guinchigliani said she knew there was a problem with the amount of funding of the system, but she was not sure that the system of funding was broken. She said the institutions within the system reacted differently to the growth in the state. She did not favor the approach of shifting the funding for higher education to the local governments. She said that the state does not adequately fund its schools. She suggested that the base amount be figured out equitably, because she was tired of sending Southern Nevada dollars to Northern Nevada and rural Nevada, but she recognized that was necessary.

Ms. Guinchigliani said the student ID system should be put into place so NSHE would know whether a student finished school, took a break from school to work, or met their goals without a degree. She did not feel comfortable making a recommendation on dollar amounts to the full Committee. If she did make a recommendation, it would not agree with the NSHE proposals. She suggested that the Subcommittee report on its discussion, and reconvene after the August 29, 2012, meeting of the full Committee for additional consideration of the recommendations. She said the system itself was not broken, but the factors that made up the system, and how people moved through the system, did not work well.

Ms. Guinchigliani suggested that Nevada create its own in-state HSI, even if there was no funding at the moment. If some of the NSHE institutions qualified for the in-state HSI, an argument could be made to the federal government that the institutions meet the HSI criteria. She said the institutions did not support minority-based students with counseling to advise them about which classes to take. She said that affects all students, but the minority youth may not have a family background in higher education.

Mr. Wixom said, based on his experience on the Board of Regents, he believed there were specific actions that the Subcommittee could take. It would be enormously helpful to the Board if there was legislative support with respect to seeking federal and non-federal grant funding opportunities. He said it would be supportive for the Legislature to direct NSHE institutions to seek out HSI designation. That would show a collective objective as a state to move in that direction.

Mr. Wixom said it would also be helpful if the Subcommittee could make a specific recommendation to align itself with the state's economic and workforce development efforts. He said those specific recommendations from the Subcommittee to the full committee would be enormously beneficial.

Mr. Wixom made another observation with respect to funding and governance. He said the local governments would not provide funding to its institutions without governance, which created a couple of issues. First, the Board of Regents was structured in such a way that to change governance would require an amendment to the Nevada State Constitution. He said that Nevada's Board of Regents was one of the only institutions in the country that has aligned the governance the community colleges, state colleges and universities into a cohesive system. He said NSHE has never taken full advantage of its unique and potentially advantageous structure. He agreed that the system must be adequately funded.

Ms. Guinchigliani asked Mr. Carpenter about the Resolution by the Elko County Board of Commissioners in Conjunction with Cities, Counties and Local Government Entities across Nevada in Support of Post-Secondary Educational Services Provided by Great Basin College to Nevada Citizens in Rural Nevada ([Exhibit B](#)). She said she understood that it requested no budget cuts that would impact the rural colleges, but it also mentioned the creation of a rural community college system.

Mr. Carpenter said the entities that wrote the resolution felt that rural Nevada was better suited to be under one college. He said 11 counties would be included in the rural model. He said GBC was very successful, particularly in workforce development and economic development, by educating and training its students to go directly into the workforce. He said the GBC president would remain in Elko, with a vice present in Fallon.

Assemblyman Hickey noted that the Fallon campus was managed by WNC, which has reduced the number of faculty and classes offered through the Fallon location. He asked, if there was no funding, but the rural college proposal included the Fallon location, would those funds be taken from the Elko campus or another satellite campuses for transfer to the Fallon location?

Mr. Carpenter said the rural communities that produced the resolution realized that and intended to have those discussions with WNC and the Chancellor's Office. He said GBC was doing a great job of educating the students in its service area. The current funding cannot be taken away, because there has already been an approximate 20 percent reduction in funding. If the Fallon campus was to become the institution that it was before the budget cuts, there would have to be more funds put into that campus. Mr. Carpenter said that discussion among the rural communities would take place before the August 29, 2012, meeting of the full Committee. He said that Lyon County was also considering become part of the rural higher education group. He said the rural communities had similar industries of ranching, farming and mining. Since the mining industry activity has increased, the rural counties have added a great deal to the economy of the state.

Assemblyman Hickey asked whether Chancellor Klaich would prefer that the resolution from the rural communities be discussed in the full Committee, or by the Legislature during the 2013 Session.

Chancellor Klaich said he would not pre-empt the role of the Board of Regents in the governance of NSHE. He said Mr. Carpenter has appropriately identified the Board of Regents as the body to address. Second, there is nothing in any proposal that the system has made, or that the Board of Regents has considered that, does not consider higher education to the citizens in rural Nevada as a critical mission of our system.

Chancellor Klaich said NSHE has provided to the larger committee a proposal based on simplicity, transparency and equity, which is aligned with the goals of the State of Nevada. He noted that some policy considerations were changed, which, when implemented within a revenue neutral model, would account for a reallocation of dollars. He said from the first time this proposal was put forward, he has indicated that the last work of the full Committee would be to consider the results of its policy decisions and to consider phase-in and mitigation proposals.

Chancellor Klaich said he has been in the system for almost three decades, has participated in building every one of the colleges throughout the state. He was very proud of them, and had no intention of destroying them. By the same token, he was very mindful of the critical needs of educating a population in Clark County that is poor and disproportionately minority with many first generation students. He those students need to be moved to the workforce through education, at whatever level of education was necessarily for the workforce and economic development in Nevada. He said if that was not done, we will have accomplished nothing for the state. He said any proposal that was put on the table, including the rural communities' proposal, deserved serious consideration. He expected the Regents on the Subcommittee and Committee would take those concerns back to the Board of Regents, and he would as well.

In response to a question from Ms. Guinchigliani, Chancellor Klaich said he believed the base was absolutely equitable. He explained that tuition and fees were the first dollars in, and General Fund dollars were the last dollars in. The more an institution raised in tuition and fees, the less it would receive in General Fund dollars, which, over time,

created an enormous disparity. He said NSHE has proposed a General Fund only model in which the state provides equal support to institutions of like kind. The tuition and fees would remain on the campus that earned it. Second was the weighted student credit model, based on completions, which valued work done at the same level. He said the same state funding would be provided for the same class, whether it was offered at a community college or a four-year university.

Ms. Guinchigliani said if the base was not working, any formula would be distorted. She asked whether the term "revenue neutral" meant that the funding was still within the amount that the Legislature had appropriated. Chancellor Klaich noted that Ms. Guinchigliani has raised a concern about adequacy at least twice during the work session. He noted that was not included as part of the NSHE proposal. Ms. Guinchigliani said she appreciated the formula and the work that went into it, but if the base is not adequate, then the disparity will continue. She hoped that the discussion in the full Committee meeting would include funding adequacy.

Chancellor Klaich expected to be asked by the Legislature whether the NSHE proposal would allocate the funding in a fair manner. He said this fundamental change in how NSHE asked the Legislature to allocate funding would be followed by a request for more funding for higher education.

Ms. Guinchigliani said the proposal might include an asterisk noting that it does not infer that the funding provided for higher education in Nevada is adequate.

CHAIRMAN RICHARDS MOVED THAT THE SUBCOMMITTEE RECOMMEND TO THE COMMITTEE TO STUDY THE FUNDING OF HIGHER EDUCATION THAT THE BOARD OF REGENTS REVIEW ITS POLICIES AND PROCESSES TO SEEK FEDERAL GRANT OPPORTUNITIES TO SUPPORT COMMUNITY COLLEGES.

Ms. Guinchigliani asked for clarification on the purpose of the grant funding. Chairman Richards said the Board of Regents had a number of policies and processes to help institutions get federal grants. Ms. Guinchigliani expressed concern that the Regents may believe that the community colleges would use the grant funding in replace of current state funding. Chairman Richards said that was not the intent.

THE MOTION WAS SECONDED BY MR. WIXOM.

THE MOTION CARRIED UNANIMOUSLY.

Chairman Parks asked Chairman Richards whether there was a second recommendation.

CHAIRMAN RICHARDS MOVED THAT THE SUBCOMMITTEE RECOMMEND THE COMMITTEE TO STUDY THE FUNDING OF HIGHER EDUCATION DELIBERATE ON WORK SESSION DOCUMENT ITEMS 1, 3, AND 4, AT ITS AUGUST 29, 2012, MEETING.

THE MOTION WAS SECONDED BY MR. WIXOM

Ms. Guinchigliani said she did not believe that Item 3 of the work session document ([Exhibit C](#)) had been discussed thoroughly. She questioned whether the Subcommittee would recommend a district-level funding mechanism. Mr. Wixom believed the motion was for a general discussion, because the Subcommittee could not discuss specific items in a vacuum. He did not believe that the Subcommittee was recommending any of those items by any stretch of the imagination. Ms. Guinchigliani asked Mr. Wixom whether he believed the topic deserved further discussion. Mr. Wixom said that if the topics are going to be discussed, that would be done in a larger context.

Ms. Guinchigliani asked that it be noted for the record that she would not recommend work session document Item 3, but would agree to a discuss on the topic in a larger context.

Chairman Parks said that if Ms. Guinchigliani wished to support work session Items 1 and 4, she could make that part of her vote.

THE MOTION CARRIED WITH OPPOSITION FROM
MS. GUINCHIGLIANI, WHO SUPPORTED WORK SESSION ITEMS 1
AND 4, BUT DID NOT SUPPORT WORK SESSION ITEM 3.

Mr. Wixom clarified that he was not voting in support of a recommendation, rather he was recommending a discussion in a larger context. He was not currently in support of that concept. Chairman Parks said he shared Mr. Wixom's concerns.

Ms. Guinchigliani asked if it would be appropriate for the Subcommittee to convey to the full Committee that there was discussion of the idea of full articulation, tuition transparency, dual credit programming and same student ID. She said those components should be part of the future discussion of any funding formula.

MS. GUINCHIGLIANI MOVED TO RECOMMEND TO THE FULL
COMMITTEE THAT, AS THEY CONSIDER THE FUNDING FORMULA,
THE STUDENT IDENTIFICATION THROUGHOUT THE SYSTEM, DUAL
CREDIT OPPORTUNITIES, TUITION TRANSPARENCY, AND FULL
ARTICULATION OF TRANSFER OF CREDITS BE CONSIDERED AS
WELL.

THE MOTION WAS SECONDED BY MR. WIXOM.

Mr. Hickey said he would vote against the recommendation, because he believed the Subcommittee was expanding its discussion beyond its original charge. He was not necessarily opposed to the individual concepts included in the motion.

THE MOTION CARRIED WITH OPPOSITION FROM MR. HICKEY.

IV. PUBLIC COMMENT.

There was no public comment.

V. ADJOURNMENT.

Chairman Parks adjourned the meeting at 10:53 a.m.

Respectfully submitted,

Becky Lowe, Transcribing Secretary

APPROVED:

David Parks, Co-Chair

Date: _____

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.