

**NEVADA SYSTEM OF HIGHER EDUCATION
ad hoc COMMITTEE ON HIGHER EDUCATION FUNDING**

Legislative Building, Room 4100
401 S. Carson Street
Carson City, Nevada

April 26, 2024

Video or Telephone Conference Connection from the Meeting Site to:
Grant Sawyer State Office Building, Room 4401
555 East Washington Avenue
Las Vegas, Nevada

Minutes are intended to note: (a) the date, time and place of the meeting; (b) those members of the public body who were present and those who were absent; and (c) the substance of all matters proposed, discussed and/or action was taken on. While these Minutes contain verbatim excerpts of the meeting, they are not intended to be a complete verbatim report of a meeting. An audio recording of the meeting is available for inspection by any member of the public interested in a verbatim report of the meeting. These minutes are not final until approved by the Committee at its May 30, 2024, meeting.

Members Present: Justice James W. Hardesty (Ret.), Chair
Chancellor Patricia Charlton, Vice Chair
Senator Carrie Buck
Mr. Glenn Christenson
Mr. Richard Combs
Regent Carol Del Carlo
Senator Marilyn Dondero-Loop
Ms. Betsy Fretwell
Regent Stephanie Goodman
Assemblywoman Erica Mosca
Mr. Tony Sanchez
Ms. Yvette Williams
Dr. Kyle Dalpe
Dr. Peter Reed
Ms. Lindsay Sessions
Ms. Suzanna Stankute
Ms. Amy Stephenson
Mr. Chris Viton
Ms. Stacy Wallace

Others Present: Crystal Abba, Committee Staff
Heidi Haartz, Committee Staff
Lynda King, Senior Associate General Counsel,
NSHE

Chairman Hardesty called the meeting to order at 9:40 a.m. with all members present except for excused absences of Regent Byron Brooks and Assemblyman Ken Gray. The Chairman acknowledged NSHE Senior Associate General Counsel Lynda King.

1. Information Only – Public Comment

The Committee heard public comment from members of the public. Following is a verbatim transcript of the comments made during the public comment session.

Kent Ervin, Nevada Faculty Alliance, independent statewide professional employees at Nevada public colleges and universities we work to empower our members to be fully engaged in our mission to help students succeed.

We have submitted a set of principles to help guide the discussion. HCM Strategists is making good recommendations but also some that are not a good fit for Nevada. Specifically, base funding should not be put at risk for aspirational performance goals. And institutions should not have to compete against each other for funding rather than being funded and rewarded based on their own caseloads and performance.

In three minutes, I cannot speak to all the items on our list of principles. So, I hope you'll read and consider them. To emphasize a few points: The formula needs to consider three separate components based on first course enrollment with cost weightings head counts and infrastructure including facilities administration and research.

Quantitative enrollment measures such as weighted student credit hours should be funded to support qualitative standards for student to faculty ratios and a minimum percentage of full-time instructors, percentage of the courses taught by full time instructions. Set those standards first.

The head count funding should be based on targeted advisor to student and counselor to student ratios with higher ratings for at risk and underrepresented students. In other words, start with the actual cost of providing a high-quality higher education for students.

The enrollment head count and infrastructure components of the formula should be applied with inflationary factors to determine the base budget.

Implement the formula as an actual funding formula rather than as a distribution formula. Then have a policy setting the proportions to be funded from the state and from students by institution type.

For a successful implementation of any new formula, the Committee also needs to grapple with how it will actually be implemented in the state budgeting process.

CFO Viton is presenting today on NSHE's role in the process but what happens at the executive and legislative branches. I've also submitted a public comment documenting how since 2014 the executive budgets have kept funding for NSHE overall at a nearly constant percentage of 65% from the general fund and 35 % from student and other revenue.

The new formula must either work within that framework or alter the state's budgeting policy for NSHE. Thank you again for your careful consideration.

Chairman Hardesty thanked Mr. Ervin for his remarks. Continuation of verbatim remarks made during the public comment session follows.

Doug Unger, Nevada Faculty Alliance. Thank you, Chair Hardesty, and Vice Chair Charlton and committee members for your service. Regarding the HCM report, I appreciate the depth and detail and good recommendations to suggest funding for Pell and underrepresented minority students and to establish a guaranteed base minimum for operations and maintenance agrees with an MFA advocacy point which would add stability to budgets and avoid the anxiety of biannual appeals to the legislature to keep machinery running and the roofs from leaking.

One omission may be the calculation of research fund can only per square foot. Common practice but one that seems inadequate as a measurement on its own as though the spaces themselves and not the minds that work within them are the main thing. Overall, I detect that we are not incentivizing nearly enough the pathways to higher education funding.

Regarding research, I think we should look at quality publications and creative activities, evidence-based field impactful research and direct rewards for grant activity that includes denied grants as well as funded ones, better to incentivize applying for grants, which will bring more external funding to our universities. And forgive me if I've missed something, but I'm unsure of HCM's preference for straight head count over weighted student credit hours or combinations of them unless linked to faculty to student and student to advisor ratios, adjusted for underserved groups.

Head counts alone feel too blunt and non-nuanced. Like chopping a cabbage with an axe. Difficult to adjust one's aim, compared to shifting weighted edges around more strategically, better to align with social, structural workforce needs as they keep swiftly transforming in size and shape. Nevada is one of the most dynamically changing states. Areas of growth in change happen here almost overnight. So perhaps more nuanced combination of head counts with adjusted weights might suit us better.

In closing, please know that I always look at these budget documents thinking about what is immeasurable in them. I've been an English professor for 41 years, and I recall when I was new and young, which was before some of the members on this

committee were born, I used to show, toward the end of the semester, my class a Renoir's painting, The Reader. That blissful expression of the woman gazing intently into a book with fascination, discovery and love. I told my students that this is what I hope they get most from my class. That love of reading. These days, I talk about how rhetoric is the universal subject matter and if you learn how to be good communicators and good writers, you will never want for a job given the demands of industry and business for good communication, and the use of good language. Still, how might we measure the immeasurable outcomes in our funding formulas? I trust we will always keep them in mind. Thank you.

The Chairman thanked Mr. Unger for his comments and asked that he submit in writing suggestions on how to attack the headcount issue.

2. Approved – Minutes

The Committee recommended approval of the minutes from the February 12, 2024, and March 19, 2024, meetings.

Mr. Rick Combs moved for approval of the minutes from the February 12, 2024, meeting. Senator Marilyn Dondero-Loop seconded. Motion carried.

Mr. Rick Combs moved for approval of the minutes from the March 19, 2024, meeting. Ms. Yvette Williams seconded. Motion carried.

3. Information Only – Opening Remarks

Chairman Hardesty and Vice Chair Charlton provided opening remarks to the Committee. The following is a verbatim transcript of their remarks.

As you saw from the materials, we've got a busy day ahead of us. And so we'll do our best to try to stay focused and cognizant of the time limitations we've set aside for each of these agenda item presentations. Committee members in Carson City should place their lunch orders I presume they already have with Toni and I presume the same has occurred in Las Vegas.

As we begin today's meeting. I want to provide an update to the committee on the work that's been underway since our March meeting.

I want to begin first by thanking the staff. I'm sure many of us have served on committees before. I personally am very appreciative of the staff's support that we receive, and thankful for all the work and time they put in between meetings. So, much appreciation to our staff for their help.

We've received information from UNLV and UNR based on committee member requests for supplemental information during the February meeting committee members also received additional information from Great Basin and TMCC and

WNC based on committee member requests for supplemental information during the March meeting.

Also Mr. Viton had sent out supplemental responses to the committee members I believe last night or late yesterday afternoon. I'll call everybody's attention to those emails as well.

The committee members received a document that included each president's response to my request for institution-specific recommendations to improve the NSHE funding formula, including the performance pool, as well as a document that compiled all the president's recommendations into a single list.

For those who have had time to review that list, you can see that that was quite an undertaking by our staff, but I think very, very instructive on the overlap of some recommendations and the numerous I think 104 approximately suggestions that we received collectively from the presidents.

All this information has been shared with our consultants, HCM Strategists, who are with us today, so they could incorporate these recommendations into their evaluation of the current NSHE funding formula and compare the recommendations to best practices from other states and systems of higher education.

I found this summary document to be very helpful because it grouped together similar recommendations and I can see where common themes emerged as I mentioned in our last committee meeting.

I could also see institution-specific recommendations that have made really great suggestions. The challenge with all of these recommendations, not all of them, but many of them is the absence of data to be able to crunch numbers that will help guide us. I think one of the challenges for our committee going forward today and again in May will be to figure out how we consider some of those recommendations in the absence of data maintained by NSHE to actually run calculations and translate that into dollar adjustments. But that will be an issue that we'll talk about later today as well as in May. Today's meeting includes four areas, HCM Strategists will share their findings and recommendations for the Funding Formula; their work has included approximately 31 interviews, I believe it is. Review of recommendations from each of the presidents of NSHE teaching institutions, as well as the Funding Formula and mechanics and available resources.

Thereafter, CFO Chris will provide an overview of the state's budget building process and timeline because both impact how our forthcoming recommendations could be included in the NSHE budgets for the upcoming biennium. With respect to that item, I want to mention and remind the committee of our charge. I very much appreciate the suggestions, comments, advice and counsel we've received from public as well as from the presidents and others about the level of funding and its adequacy. That is not our charge as a commission. Our commission is to develop a formula that addresses what is funded.

I personally as chair am requesting the committee to include in our final report comments and suggestions regarding the adequacy of funding for consideration by the chancellor, the board and by the legislature.

The third item we'll have today is a presentation on behalf of NSHE students. We're delighted they're here and welcome them for their perspective.

It's important to hear their concerns and recommendations of the students relating to the funding formula. We'll have a work session on the recommendations related to self-supporting accounts that follows on from our previous discussion last meeting.

Vice Chair, are there any comments you'd like to add to our opening remarks?

Chancellor Charlton: Yes, thank you so much, Chair Hardesty. First, I want to thank everyone else for being here today, and I will keep my comments brief as we have a lot of work to do on our agenda today.

As the chairman indicated, we are going to spend a majority of our time today with HCM Strategists as they present their recommendations for the base formula and performance pool. Including the thoughts on the institutional recommendations for the funding formula that came from our presidents.

I appreciate the work that the presidents have put into their respective recommendations and the call for new investments in higher education is prominent across those recommendations.

As I have stated at prior meetings and the chair also noted, while the call for new money for higher ed is obviously very important, that is not why we're here. The committee's charge is specific and is about the allocation of general fund appropriations in the base formula, not about recommendations for enhancement requests.

I also want to be clear in my position. As we move forward relative to base funding, I'm very supportive of including student attributes in the funding distribution methodology.

I am also supportive of revising the small institution factor to ensure that our smallest institutions are adequately funded.

What I'm not in support of is eliminating the performance pool without an appropriate replacement. Simply asking the legislature for new money for the performance pool, in my opinion, should be aligned with establishing and requiring significantly higher performance targets than what we have today. Those are difficult conversations as we move forward.

Simply eliminating the performance pool in my opinion is not an option knowing what the best practices and even within our state is to ensure that we have accountability.

I urge the committee to consider all the requests for new money very carefully. Simply asking for additional investments in higher ed is not why we are here. And under agenda item five, as the chair noted, we'll hear from Chris Viton, our CFO, on the challenges we face as a state related to funding cola that will essentially leave the state with very little money, if any, for new investments.

Therefore, I believe that we must focus our meeting time left on the matter of the base formula and better understand how student attributes will shift money and if there is a way to improve the performance pool absent new money.

As they say, the devil is in the details, and this committee needs to understand how the addition of those student attributes are going to affect the distribution within the base. And finally, at our March meeting, HCM presented data on state appropriations per FTE and head count. Those figures showed their support to universities, which we're grateful for, as both our universities during this last formula period achieved their R1 status.

As we move forward in considering student attributes, it will mean changing the distribution of state funding towards institutions serving underrepresented populations, which I'm very much in favor of.

And Chair, that completes my comments.

Justice Hardesty: Thank you, Chancellor. Let's move on, then, to agenda item 4.

4. Information Only - Evaluation of NSHE Funding Formula

Martha Snyder, William Carroll, and Nate Johnson, representing HCM Strategists presented an analysis of the NSHE funding formula, including a review of the written recommendations provided by the institutional presidents, and their initial recommendations for the base funding formula and performance pool. The following is a verbatim transcript of the presentation, including comments and discussion with the Committee.

As the team from HCM Strategists comes to the presenters table, if they would, this one chair here on your far right, I can't see you. So, if you can either move that a little bit to -- that would be great. Okay. Thank you.

I want to point out we allotted 120 minutes for this agenda item. We'll be taking at least one, if not two, breaks during this presentation. This presentation is critical to our process of developing recommendations. We will have an opportunity to raise questions and provide feedback on the preliminary recommendations.

Our input will allow HCM to return to our May meeting with well-defined recommendations which we'll formally consider during our July meeting.

Committee members, please feel free to ask questions during the presentation and to offer your subject matter expertise.

Today's discussion will contribute to the May presentation and ultimately our recommendations. And Chancellor, I can't see all of the members of the committee on the screen. Particularly Senator Dondero-Loop and Toni. So, if you'll flag when somebody has a question or wants to interrupt, please let me know.

Chancellor Charlton: Certainly, and I think the Senator and Tony did that on purpose. I'm not sure. But that's okay. I'll certainly keep track of who has questions and let you know at that time.

Justice Hardesty: Maybe what I'll just do is after every slide I'll call on the senator.

[LAUGHTER].

Chancellor Charlton: I think that would be preferable.

Senator Dondero-Loop: Thank you, sir, I'm here to serve.

Justice Hardesty: Good to see you, Senator. Okay. You may want to reference the summary table which lists the institution-specific recommendations provided by each president.

The recommendations have been categorized, which allows for identification of common themes for ease and reference the recommendations have also been numbered so you can refer to the recommendations by their respective number.

As I mentioned earlier this morning, the table also includes available data sources and cost estimates as well as notes of additional information may be needed to generate data and prepare cost estimates.

NSHE staff shared this table with the NSHE budget officers so they're aware of the documents and the information included. Additionally, I requested each president be invited to today's meeting so they can be available to respond to questions from the committee following HCM's presentation regarding specific recommendations.

I'm not sure if all the presidents were able to attend outside, but we do have budget officer representatives present from all the institutions, I believe.

So once again, we welcome Ms. Snyder, William Carroll, and Nate Johnson with us today. Little known fact by Ms. Snyder, she coaches her daughter in flag football, and was drawing up plays during our break before the meeting got started. We were all suggesting plays she consider.

Okay, Ms. Snyder, are you ready to go?

Martha Snyder: I am. Thank you members of the Committee for welcoming us today as referenced we're building off previous discussions and certainly reflecting

back to you what we heard from institutional feedback as well as engagement and interviews with other stakeholders. And today we will start to one into and take those recommendations or that input provided, reflect on them and start to provide some recommendations that HCM has as it relates to potentially incorporating some of that feedback but also doing so in line with best practice.

As the chair noted, we are going to maybe take a break somewhere through our presentation. There are 95 slides in the document you have. We will not be going through all 95. Many of those are for reference and kind of as reference from previous presentations. But certainly, do have a good amount of content to go through.

Also, as the chair noted, we do welcome questions as we're going since each topic probably does require some questions and dialogue.

Just to go through our agenda today. We will provide a summary of interviews and institutional recommendations. As has also we know noted you do have the summary document that was provided by NSHE staff. The summary of those institutional recommendations are what is reflected here. The detail is what is in front of you.

We will then break each of those down into certain considerations, particularly considerations for including student attributes, considerations for how to potentially enhance the student weighted credit hours in the Funding Formula and considerations for the performance pool. We'll also spent a moment talking about mission differentiation and considerations there that were brought up but also how they could be incorporated or reflected in other components of the funding model and do a recap as we round out our day today.

Importantly, taking to heart one of the Chair's charge from the last meeting was to try and limit acronyms and use of acronyms.

We will certainly do that as we go, but wanted to have a reference document for you. So, we will certainly do our best to limit these in our presentation. Sometimes saying student weighted credit hour becomes a mouthful. If we do use a acronym, you have at least this reference guide to refer to.

All right. So, we did several rounds or there's been several opportunities for stakeholder input. In addition to hearing from each of the institutions throughout the last few committee meetings. The institutions each submitted recommendations that again are before you today in a more expansive summary document.

Those institutional recommendations, written recommendations, elevated 102 specific comments again, each of those comments, though, can be categorized into broader categories and summaries. The stakeholder interviews were conducted, 31, including each member of the ad hoc committee and institutional levels across

various levels and positions, some presidents, some CFOs as well as other policymakers, including individuals with historical perspective on the formula funding development dating back to the original existing Funding Formula.

These interviews focused on first and foremost first to gain understanding of the perspective on goals and priorities for higher succession as we discussed in our last presentation. Some of the principles around funding formulas includes at least being able to analyze a funding formula and the context of stated goals and priorities.

Absent kind of a formal goal and priority that we're able to clearly link to. We kind of wanted to understand different perspectives on the goals and priorities for higher education in the state of Nevada. Also evaluated how the current Funding Formula, with that, how the Funding Formula aligns to those goals and potential areas for improvement.

Getting into the key themes. Again we looked at and interviewed goals and priorities. Overall, interviewees noted that the state priorities and shared goals for higher education again are not clearly defined. So this should not be a surprise. There's certain processes and discussions underway to formalize a goal for higher education.

But generally speaking, the interviewees said it's not a clearly defined unified common agenda. However, asked what they believe primary goals to be there were common goals that were elevated. Certainly creating an educated workforce, fostering and supporting a diverse economy and increasing the number of individuals who earned degrees and certificates.

Those degrees and certificates were a reflection of high need and high demand nursing care and teaching and reference aware. There's current demand or need.

Additionally, certainly within the context of this particular personal priority was not just high demand high need but also ensuring that all students, that the individuals that have access to higher education is reflective of the state's population.

We also did ask interviewees about the overall funding and state support for higher education and as has been referenced both by the chair and the vice chair, not a direct charge of this committee, but certainly something relevant to the broader context of funding in Nevada is the belief that overall interviewees believe that state support is not adequate.

When we asked them to elaborate on some perceptions, particularly we'll see these reflected again in some way in the recommendations of the existing Funding Formula, that funding is not sufficient to the support underserved populations. Overall, though, state funding has implications for affordability and implications

for affordability for different access for different populations. A reference that funding was not provided or is not provided to support noncredit or summer courses and then funding is not sufficient to competitively recruit and retain faculty.

Getting into the key themes of the formula components, again these are probably most relevant to the remaining discussion that we have today and certainly those most relevant in the document you have before you. But the interviews and institution feedback really elevated some particular components for additional review and discussion and this will frame a deeper dive of our discussion today.

Those three kind of general areas that were elevated were student attributes that the formula does not reflect cost of educating students from underserved backgrounds, and again a whole variety of different populations that were specifically referenced. Weighted student credit hours notes that the weights do not accurately reflect cost. The every other year counting, the kind of different years of which funding is used for and the lack of inclusion of summer were the three most commonly elevated concerns in both the document before you as well as in our interviews.

And as it relates to the performance pool, overall there was little structure for the performance pool. There was a general notion that there should be a general concern that the carve out of the base has unintended implications and does not create true incentives for institutions to improve year over year.

We'll now take some time breaking down each of those three key components of the existing funding model and some of the common themes elevated from both the interviews as well as the institutional written feedback.

We'll start first with considerations for including student attributes. So again just to reiterate and put a fine point on the concerns that were elevated. Again, this came from both the interviews, institutional feedback and certainly reflective of the direct testimony provided by each or several of the institutions over the last couple of meetings.

The current funding model does not serve specific populations well and notably part time students was a frequent theme. And that there was a need to reflect the costs associated with the additional supports and services for nontraditional students, as reflected in the document before you and certainly emphasized in our interviews.

Some of those populations that were specifically elevated were adult learners, students from rural areas, first generation students, low income, academically underprepared, and underrepresented minority students.

When asked how best to address this aspect of the funding model, the suggestions that were elevated included somehow accounting for part-time students, as well as including weights in some way for priority populations.

Chancellor Charlton: Chair before we move on, we have a question from Las Vegas. Mr. Christenson?

Glenn Christenson: For the record, there's probably a number of student attributes we should be considering in this, but one group that is again overlooked what I'll call diverse learners and students with disabilities, not only physical but those learners who need accommodations in order to be successful in school.

We have disability resource centers, which I frankly object to the title because these are kids who when you say disabled means you can't do something. These are kids who can do it, but they need accommodations. I'm hopeful that there's some way that we could look at that as part of the attributes that are to be funded. Thank you.

Martha Snyder: As it relates to the student attributes and the conversation around student attributes, HCM's analysis, again both in terms of the context of the existing formula used for NSHE institutions as well as our contacts and our national perspective of best practices, we certainly actually agree with this recommendation in terms of the reflection that the current weighted student hour reflects costs and the variation across programs and the levels of instruction, but does not accurately reflect or account for the cost of serving students from different backgrounds including some sort of up-front support for institutions that factor in the costs associated with serving students is certainly a cost that institutions have to face and is something that's considered a best practice. Most specifically our recommendations is to create a separate enrollment component of the formula that uses both full-time equivalent or FTE as well as head count and incorporates weights for Pell recipients and underrepresented minorities. Certainly there are other student attributes as was referenced by Mr. Christenson as well as those reflected in direct facts from institutions in the interviews.

There are certainly other attributes that could be considered and weighted within this component of the funding model or this recommendation. However, a couple of considerations. One is that the Pell and URM are consistent with the populations reflected in the performance pool. So there's consistency there and obviously we'll get to separate discussions on the performance pool. But there's consistency there in terms of providing upfront weights that reflect the number of students served by different institutions that are either Pell or URM.

There's also the reality as has been referenced already, a consistency of data. And so starting with data that is consistently available, incorporating this component into the funding model is important. But ensuring, again, that there's consistent data available across the different populations that you are waiting for. And things like students with disabilities might be a data issue. Not to say that it should be discounted. If there is desire to include those additional populations, the discussion around the data should be one that follows.

Just other aspects of this particular recommendation. This would allow for inclusion and reflection of part time students when you have the head count that would include all students, both full-time as well as part time. So that addresses that comment that was received frequently both through the interviews and the direct institutional feedback and would also include those W students, those students that withdraw, which was a comment made by a couple of institutions that the current weighted student credit hour does not capture those students.

So, this would allow for a reflection of the actual cost to have students enrolled in an institution and not limit who was counted as is done. And quite honestly appropriate in the weighted student hour component. I believe at this point, Will, I'll turn it over to you to talk about the weighted student credit hours.

Chancellor Charlton: Before you transition, this is Chancellor Charlton for the record. In regards to the recommendation on the W students, I think my only caution would be that without additional funding to support that, it would basically reduce the amount of the value of the weighted student credit hour that we currently have so that would actually make it -- it would change the funding dynamic but without additional funding that would reduce the value of the WSCH.

Chancellor Charlton: We have a request from Assemblywoman Mosca.

Assemblywoman Mosca: Thanks so much Vice Chair and thanks for the great work. I wanted to put some comments on the record before we move away from this part, and I'm very grateful and excited that the student attributes are listed in the first meeting. That's where I said I wanted to be part of this committee. So I appreciate that.

The two things I just wanted to say on the record is I think we have to always think about that the work as our committee is not done in a vacuum. So I know we talked about we're trying to figure out what our prioritizations are, but if we could figure out what is the vision and values that I can get to I think it would be helpful. For example, number 16 number 87 from the presidents. 16 says can we measure students coming from low performing high schools. 87 says are we looking at job placement. If we think about the work being done and what is actually going to happen to students after they leave our system and where our students are actually coming from, those two things could be potential student attributes that we include, if we think about what is the vision of what problem we're even trying to solve in making formula.

I just wanted to say that on the record. And the second thing is I think it's really important -- and I acknowledge how hard data systems are, but even, like, number 14, if we can't measure first generation students, if our vision is social mobility, which we haven't agreed on what our visions are but if that's it we would have to figure out, yeah, we would want to include that student attribute and figure out the data for it. I think it's important. I really appreciate the student attributes but hope

that we can also think about what is our main vision, and how can we think about potentially others if we have that.

Chancellor Charlton: In response to that in the broad sense before we move on. Absolutely it is appropriate for the committee to put on the table considerations for other student populations and certainly as we discussed previously the principal notion starting first what are we trying to achieve, what is our vision for higher education in the state of Nevada is absolutely an appropriate starting point. If that does derive therefore other populations to be included in the funding formula, certainly that is something that the committee could put on the table. That being said, there is also an importance of ensuring that you have the data there to be able to incorporate it. Building in some sort of pathway for inclusion of those student attributes but starting first, perhaps, with these first two populations for which you know there's consistent, valuable, reliable data for.

So, with that, Will.

Chancellor Charlton: Before we move on, we have a question from Ms. Williams.

NEW SPEAKER: Yvette Williams for the record. Just staying with that theme around low performing students. With recommendation No. 16, low performing high schools, students from low performing high schools, one of the things that we have noted in our work over these years is that low performing students may not be at a low-performing school. So they could be at a high-performing school, for example, but they're still a low-performing student. How would we address those students to make sure that they're weighted in the formula as well, that they're not, you know, missed because they're not at low performing schools?

We have seen that throughout our district here in Clark County, I think it's true throughout the state, is that we have low performing students by student groups in all of our schools, and so I don't think it's that difficult for us at least in CCSD because we still capture performance by student, and so we can identify those students who are least proficient within the district. And I wanted to say that and put it on the record that that's something we should address because I want to make sure that all students who are low performing and need the resources have the ability to have that and not based just on ZIP code.

Chancellor Charlton: Thank you, Ms. Williams. A question from Ms. Fretwell.

NEW SPEAKER – Ms. Fretwell: Thank you, Chancellor. I just have kind of a quick question. I realize this first section of recommendations that are outlined in the table should be addressed by this recommendation. I wonder if the consultants could outline for us which of these 20 or maybe more, 27, even, of the base funding formula recommendations coming out of the presidents and out of the various institutions, you feel are maybe left unaddressed by your recommendation might be an easier way to highlight what's not included in your mind. It could be zero; I

want to know which parts you feel completely addresses this and which parts are unaddressed?

Ms. Snyder: I can attempt to answer that, maybe circle back as I do a little bit of a checklist here of what is addressed I would say the general notion obviously of reflecting the cost that institutions have to face for serving students from underserved and high need backgrounds. Those students that require additional student support both academic and nonacademic. I think generally speaking I think this addresses that broad concern, which again we agree with as a best practice for state funding.

I would say if we could go through each of the student attributes, I think, generally speaking, right, this also reflects the frequency within which certain specific student attributes put forward by institutions. Part time students was a frequent inclusion of the head count reflects addresses that particular comment as does some of the commonly elevated student attributes such as unrepresented and low income. It does not include or directly reflect some of the things that were actually just referenced around college readiness, economic need. Again, that was something that was reflected in various definitions and various ways in the institutional feedback and does not reflect certain attributes, first generation, for example, distance from a high school campus. Or other kind of very specific student attributes.

And does not reflect certain other student attributes first generation, for example, distance from a high school campus or other very specific student attributes. Again, our assessment was, are there ways to kind of not have so many student attributes, that is, effectively you're counting every student that an institution serves, because many of these attributes also are co related to each other. A student that is low income has a higher propensity of being academically underprepared or coming from a lower serving high school, for example, while also ensuring that we were taking into consideration the availability of data. And I don't know if you have anything additional to add.

Chair Hardesty: Any other questions in Las Vegas?

Chancellor Charlton: No other questions here in Las Vegas. Thank you.

Chair Hardesty: Okay. Perhaps if you could expand on Ms. Fretwell's question by identifying by number those that are included those that are excluded just to save the committee time in our discussion of those items. Okay. Let's move on, then.

Mr. Carroll: We'll turn to discussion of the weighted student credit hours. Will Carol for the record.

So, quickly summarizing some of the items elevated in the - okay - go ahead to the next slide.

Start by digging into some of the concerns elevated about the weighted student credit hour from our interviews with stakeholders as well as the institutional recommendations. These have been repeated at past meetings, but first on the list is the cost of programs not being accurately reflected by the weights. CTE and nursing in particular have come up. The second one is that the weighted student credit hour does not reflect the costs or capture all students. And part time students is certainly a common one mentioned here. Martha also highlighted the students who withdraw part way through the course so that weighted student credit hours don't capture enrollments and cost of all students.

Summer credit hours is the third item here. And currently the weighted student credit hour formula does capture nursing and education summer credit hours, but that is definitely not the majority of summer credit hours. So those summer credit hours do drive costs at institutions. So that was a concern raised. And then, finally, the every other year counting of weighted student credit hours and the sort of both disconnect and potential [*indiscernible*] that that can create was raised as a final one. And the specific suggestions around this area really follow along all those, counting all summer credit hours, doing the cost study to accurately assess and reflect the cost of different programs and levels, and then increasing weights, particularly on CTE graduate education and nursing. So, I'm going to start off by looking a little bit at how the weighted student credit hour formula is really operating currently. This is going to both one, these are some slides we saw last time but have gone back and refined them with more detail. We understand there were more questions about them, so we wanted to get the full breakdown of how the formula works in allocating funds by FTE.

As we look at the distribution of funding across institutions, it will help highlight some of the reasons for the recommendation and that first part Martha just covered about needing an enrollment and headcount component of the formula as well with student attributes included. So, this is a chart showing the state funding per FTE at each institution. The idea is to show here how the formula is currently distributing its funding. So, the funding that's included here is the general fund appropriations, and you can see we've broken it out now between the funds allocated based on weighted student credit hours, the small institution factor, the O&M research adjustment and also the premium for upper and graduate credit hours to reflect the research mission. So, this also does include capacity enhancement funding, which is part of the general fund appropriations. So, you can see the impact of that. That's the orange bar on top of the five colleges to the right there. The FTE figures we're using here are derived from eligible student credit hours in the formula. So, it is not all students, it is just those that are counted for purposes of formula, so it excludes out of state, summer, withdrawals, et cetera. So, that is how we derived these numbers. And I think the purpose here is to give you a picture of, this is the formula as it was designed to work. The weighted student credit hours being the vast majority of Nevada's currently funding formula is really an FTE type of allocation and the gaps in the different levels of funding per FTE across different

institutions in that blue section, weighted student credit hours, really are driven by the program mix at the institutions. This is not necessarily there's no value judgements associated here about whether those weights in the weighted student credit hours are wrong based on this chart. This is just an accurate depiction of what that means in terms of how funds get allocated to each institution based on their program mix. And I will just note that I think also another takeaway here is that we see the small institution factor, the O&M research adjustment, are pretty small impacts on the overall relative to the weighted student credit hours.

Next slide.

So we do want to look at it from a different lens. The current funding formula is very focused on that FTE or weighted student credit hour lens. And looking at it from different lenses, in this case headcount, can give us an assessment of the impact of the formula for costs and types of students that are not currently accounted for in the formula. You can see the gaps have grown significantly between the R1 universities and the other institutions. And this is because there are far more part time students enrolled at the two-year institutions and Nevada State. Again, this is kind of a reflection of the formula is designed to operate this way. This is how the formula is working. The emergence of the gap is a result of using students credit hours instead of headcount in the Nevada funding formula. We do know FTE is a big cost driver for institutions. Instruction is most of what institutions do. Certainly, makes a lot of sense to include FTE and weighted student credit hours in the funding formula. We certainly support that. But headcount is also a big cost driver for institutions. Students use financial aid, registrars, admission staff, academic advisors, career service sort of regardless of their enrollment intensity. Students are drawing on those service at similar levels. So, building headcount or part time status into the funding formula is one way to get at those costs and close some of the gaps here.

Chancellor Charlton: This is Interim Chancellor Charlton. Just a comment, I think, as you look at those two slides, I think what's really important for particularly the community colleges and Nevada State is that capacity funding is no longer part of their appropriation. And so you see quite a difference, and especially with those institutions with such a high headcount to full-time ratio.

Will Carroll: Thank you.

Chair Hardesty: We have a question here.

Mr. Reed: This is Peter Reed for the record. So, I'm just curious, can you talk more just about the inputs that you used for these? Because I know you noted on the first chart that that excluded out-of-state students and other students that wouldn't otherwise be eligible for the weighted student credit hour calculation. Is that same method used for the headcount as well or does that headcount actually account for all of the students being served on campus? And also, what's the role of the

weighting within that when you look at the model in terms of graduate students, upper-level classes, et cetera. Dig in a little deeper on that for me. Because I'm seeing some inconsistency between these charts and other charts that have been provided and I do suspect it's about the inputs and the methods.

Will Carroll: There are a number of ways to pick the numerator and denominator in these charts, and we wanted to pick one we felt best reflected the funds going through the formula and students counted in the formula. And so, both the FTE chart and headcount chart are using the same funding levels, that amount going through the funding formula. It's the total general appropriations, so that includes the capacity enhancement. The denominator on headcount is still the headcount of those students who are eligible in the funding formula.

Mr. Reed: Thank you for that. So that would exclude not only out of state students, but you also mentioned summer and also online enrolled students?

NEW SPEAKER: *Defer to the online audio (indiscernible).*

Mr. Viton: Chris Viton for the record. It would include any online students part of the formula count, so you have in state online credit hours as well in state online credit hours. And I guess just to be comment, also, while it's excluding the summer credit hours to the extent students are included, headcount is headcount.

Chair Hardesty: Chris, can you speak up? I appropriately had an admonition that I need to speak up. I'm soft spoken and so are you. So we'll need to be louder.

Mr. Viton: Sorry. Chris Viton. Just one thought in terms of headcount when we're excluding credit hours, it's each credit hour, but when you convert a student to headcount, now they're headcount. So, they're if a student is continuing through summer, that headcount may still be reflected.

Vice Chair Charlton: This is Chancellor Charlton. Do you have a comment, question? All right. I thought I heard my name.

Chair Hardesty: I did. I wasn't so sure you could hear Chris's comment and explanation about the online students.

Vice Chair Charlton: We did. And we do have a question from Senator Buck as pertains to dual enrollment.

Chair Hardesty: Great.

Senator Buck: I was wondering how dual enrollment is funded. Because from the K 12 perspective, we write a check to CSN or the university for tuition for the student. And so is this potentially triple dipping, I guess, or a double dipping type of situation? How's that funded? Or what's the recommendation for that?

Mr. Viton: Chris Viton for the record again. The dual enrollment student credit hours, to the extent they count toward the formula, they would be included in these credit hours as [inaudible] students. We do have a special rate on the tuition side.

Senator Buck: So, they can be part time students and as well as dual enrollment students and then as well as tuition driven students?

Mr. Viton: Chris Viton for the record. So they would be part time based on their credit hour load which most likely none would be at a 15-credit hour load on a semester basis. So, I suspect they will all be reflected as part time.

Chancellor Charlton: This is Chancellor Charlton for the record. Just for clarification, some of our students, for example, our dual enrolled particularly in our college high school programs, may be full time. And, again, just to echo Vice Chancellor Viton's comments, it depends on their credit load, but they would be potentially FTE, full time equivalent, as well as headcount students.

Senator Buck: Would you also look at the demographic information also, and be able to coordinate with high schools, say, that are having dual enrollment students?

Mr. Carroll: Will Carroll for the record. I think for our recommendation on that enrollment portion that we're recommending adding to the funding formula, using student weights for different student characteristics could be a decision for the committee about whether to incorporate dual enrollment students into, that but given that they are currently counted in the formula for weighted student credit hours I think it makes sense to continue that practice, stay consistent.

Vice Chair Charlton: The only difference that might be a little bit of a challenge is the Pell eligible, because high school students are not eligible for financial aid. And so that attribute would not be factored in. So that would eliminate the Pell and/or low income which is our classification for determining that.

Mr. Reed: This is Peter Reed again. I just want to ask for kind of your interpretation of the implications across these two charts because on the first, you have a bullet point that says that the variation you're seeing in the bars does not inherently imply inequities, and that's because you're using the weightings and that's accounting for graduate students and upper level, et cetera, and on the second chart where it converts it to headcount, it's saying the model is working as it should, with the student weighting, but the headline is there's a huge gap. And so that implies there is an inequity. So, I'm curious, are those two different messages based on the nature of the data or are those not maybe just interpreting those incorrectly.

Mr. Carroll: Will Carroll for the record. Thanks for the opportunity to clarify. So I think the intent on the first slide on FTE is to say that for a funding formula that is designed to purely reflect weighted student credit hours, the gaps that you see

there by institution are not sort of inequities in the formula per se because they're just reflective of if those cost difference for programs and level are accurate and sound, then that's what you're aiming for with that type of formula. This is now looking at the headcount is now looking at it and saying there are other cost drivers that institutions face. And once you look at it through that lens, headcount lens, then you may need to actually close some of these gaps a little bit to account for that headcount cost factor. The next slide goes to another lens in terms of student characteristics, and this one sort of looks at the average spending at excuse me, average state appropriations at institutions attended by the average adult underrepresented minority and Pell students. We chose these three categories because the data is most easily available. We used some federal data for the populations here. And so you can see that here funding is not equal between these different groups of students and, again, that's not necessarily an inequity. It is currently a reflection of a lot of attendance patterns that underrepresented minority students in Nevada are more likely to enroll at community colleges, adult students are much more likely to attend community colleges, and, actually, the R1 universities have higher rates of Pell students attending them. And that's something we actually see across the country, that community colleges certainly enroll lots of low-income students. A lot of them also choose not to or don't know to file the FAFSA, and so don't receive the Pell grants, and therefore aren't captured in this. And so that is something that I think gets reflected here. It is not low-income students are less likely to attend, it's just that Pell recipients those students who do file a FAFSA are more likely to be at those R1's.

So, again, this is in a funding formula where you do want to account for program level cost difference and level of degree difference, level of instruction, you won't necessarily close these gaps either because you're still going to incorporate program differences because I think that there's a desire that we've heard from interviews and from the institutional recommendations to close these to some extent, given that there's a need to incorporate student attributes into the funding formula. And that would take a step towards closing some of these gaps.

So, we're going to dive into a handful of recommendations we're bringing on the way to the student credit hour. We want to flag there were a couple recommendations that came forward that are already incorporated or fully in the existing weighted student credit hours formula. So, CTE, there were a couple recommendations that it received 4.5 weight. The four weight for CTE is currently in the weighted student credit hour funding formula, graduate education credits are weighted higher. They have that 10 percent premium. They do also tend to generate higher tuition rates, which is a revenue source that is available to those courses. So, the recommendations we've brought are, one, in response to some of those gaps in the charts we looked at, adding this enrollment portion of a formula, two, to hone in specifically on nursing program costs in order to evaluate the weights for those programs.

We're recommending including all summer credit hours in the weighted student credit hour portion of the formula, and then to even out some of the even out the every other year counting of weighted student credit hours by using a three year average. So, we're going to dig into each of these a little bit as we go. I'll turn it to Nate.

Vice Chair Charlton: I think the only question I would have, again, is without the influx of additional funding, your recommendation as it pertains to summer credit hours would actually reduce the value of the weighted student credit hours, and that's a significant amount. And as you had referenced earlier, also inclusion of the W between the weighted student credit hour and the W's being added, that represents technically that's a new component to the formula. That's \$70 million combined for those two items. So, I just want to be mindful that without additional investment, that could be quite challenging, and I would not want to see something that disadvantages specifically those institutions, community colleges and Nevada State, where they're strained already. And so, a reduction of the value of the WSCH could be a challenge. I wanted to highlight the career and technical education value of 4.0 to 4.5 only represents a small factor of the weights provided to CTE. I think it's in the manufacturing, automotive and transportation field only, and there are other CTE programs at our institutions across the system that that would have to be looked at what that would calculate as a cost as well.

Mr. Johnson: Thank you. This is Nate Johnson for the record. I'm just going to briefly talk about recap of the cost study and the context of our recommendation to look at nursing costs in particular. Unfortunately, the headings on these two items are transposed, and one goes with the other. But we talked about this at the last meeting, and there's some more slides at the end of the deck, but we're not recommending a general statewide cost study at this time, opening-up the weights and the weighted student credit hours, but we do think there may be a need to look at specific cases where there's pain point and we highlighted nursing here. The case the Chancellor mentioned may be another such instance where you're not getting the results that you want. But in general, the limits of the cost studies as a tool outweigh the potential benefits in terms of opening-up more questions than we think it would probably answer for you given the weights you already have in place.

If you want to go to the next slide.

If you do want to look at a particular area, again, where there's a pain point where you're not getting the number of students that you want or the number of graduates in a particular area or where graduation or retention rates are low or faculty retention rates are low or there's some particular problem that you're having, then we do recommend doing a detailed analysis of all the factors involved in that. And in the comments that we've had heard in this meeting and some of the interviews, nursing seems to be the area where there's the most consensus that that is a pain point around the state. So, what we would recommend is, in a case like this, that you start from a specific goal as in we want to have a thousand more nurses or a

thousand more nurses a year or a thousand more nursing students or something along those lines and then build cost estimates related specifically to that goal. And those would involve not just determining what the costs are but determining who can or should pay for those costs, which is something that a cost study by itself cannot tell you whether it should be the State, the student or possible employers or outside funders. If we go to the next slide.

So nursing in particular, nursing is an especially expensive discipline, so it's understandable that that is a pain point. It's typically more expensive than other undergraduate health profession programs. Not all, but many of them.

It's typically more expensive in all the studies that I've seen at institutional and state levels than non-health profession programs. And registered nurse training programs are also more expensive than other undergraduate nurse programs which are typically like the registered nurse to bachelor's degree model where the student already has their registered nursing credential. The drivers of cost, if you're looking at this, the cost study, again, doesn't necessarily tell you the different factors which would affect what you would want to do about this. The main drivers in the case of nursing and it shares two of these with other disciplines but the third is more unique. One is faculty compensation. Nursing, as in other fields, the institutions have to compete with the nursing salaries outside the institutions to hire someone who can teach the field that they're an expert in, and those salaries have been quite high. There are small class size for both accreditation reasons, and just for pedagogical reasons it's kind of an apprenticeship model of program, so you can't have that many students per faculty member in nursing programs. That tends to drive up the cost. And then the third factor that is more unique to nursing, although there's some other disciplines that have them, is that there are required clinical placements which used to be relatively easy to come by when we weren't in the kind of crunch with nursing that we're having now. But now some private institutions, some public institutions, are actually having to pay for clinical placements, which makes it harder for public institutions, especially low-cost public institutions, to come up with those placements. So, coming up with a solution for that is another cost factor. And then the last piece of this is figuring out how the cost, if you want to get those additional nurses or whatever the goal is, how should those be shared. Can you ask students to pay more of the cost or is affordability already a limiting factor in student demand and a student's ability to complete or is there a possibility to get some student share for that through differential tuition.

Should the State pay through whether that's through formula weights, which is one way to do it, because it's important to the State, or through possibly financial aid to students. That's another way the State can support it. Or should institutions support it through cross subsidizing from less expensive programs, which is also a common thing that institutions do when they have some high cost and some low-cost programs, although that may be at the expense of other programs that you would not want to see underfunded. Or is there some possibility if there is a pain point

for nursing with employers as well for employers or healthcare systems to help fund some of this, whether that's through funding institutions or helping especially with the clinical placements issue or allowing their employees to serve as faculty or other ways that they may be able to chip into the equation.

Okay. I guess that's the end of the recommendation about nursing. In some ways this is specifically about nursing, but if there is another specific field or type of student, and it may not be a discipline, it may be students from a particular part of the state or whatever the goal is to focus in specifically on that, and identify the cost related to trying to move the number up to the level that the state wants as a matter of policy priority. Thank you.

Vice Chair Charleton: Before we move on, we have a question here in Las Vegas. Mr. Christenson.

Mr. Christenson: Glenn Christenson for the record. This kind of all goes to the whole concept of the talent pipeline we're trying to build in the state. My recollection from some of the materials that we got is there are other programs that are underwater, too, in terms of not being able to cover all the costs associated with it. I know we're trying to get things like more engineers, get more research here, teachers, so I'm just seemed to me that part of the effort around developing our talent pipeline should be tied into what we're doing with the funding formula, and those things should probably come from the legislature or somewhere.

Mr. Johnson: This is Nate Johnson for the record again. I would agree in the sense that if there are other areas that the legislature or the board or the State wants to prioritize, then looking at those and doing an analysis of the costs that it would take to get where you want to go would certainly be appropriate.

Mr. Carroll: Will Carroll for the record. I'm going to discuss the summer credit hour.

Chair Hardesty: Excuse me, if I may. Are there studies maybe the Chancellor knows or others indicating the level where there's been a discussion about what is the level of teachers needed for Nevada? What are the number of nurses needed for Nevada? Do we have resources like that?

Chancellor Charlton: For the record, Patty Charleton, Interim Chancellor. I would say yes, there are. We worked closely with GOED as well as the legislature, and I did want to add onto the record, I think what you see in the funding that we do have for counting summer courses specifically in the nursing pipeline as well as this last session to include education, it does represent that investment. And then we also have specific legislation and funding that has come across for increasing the nursing pipeline. You're going to hear about that a little bit more in agenda item 5 as one of those continuation requests that NSHE has asked for. We received 20 million last legislative session specifically around nursing education and then, again, on

multiple strategies and multiple approaches on how we can increase the education pipeline. And I know we have several presidents here that are dedicated to that and are participating in that process. And so we do work closely with not just the Department of Education but also with GOED, looking at where we need to be from the employment pipeline and what we're producing currently. So I would say, yes, there's data around that, and we work closely with the state, but, yes, there's more to be done.

Chair Hardesty: Ready to proceed?

Mr. Carroll: Thank you. So, in discussing I think the summer credit hour is a nice follow on to this conversation, because a little bit of my impression is that some of the idea of counting nursing in education in the summer was a policy priority of the state to sort of put more generate more nurses and educators. And I think our view on the lack of counting other summer credit hours is that it creates an incentive that does not advance the state interest. Certainly, there can be policies that incentivize institutional decisions about which programs to offer, but when to offer them is something that we don't think is a particularly strong state interest and in fact can actually counter students' interests in terms of completing as quickly as possible. And we heard testimony and interviews that not counting summer credit hours can affect decisions about when to offer courses, and that's just not a factor we think should be driving those sorts of institutional decisions.

And students really, in terms of thinking about the value of higher education these days and whether to stay enrolled or to go get jobs, really are looking for flexible quick pathways to a degree and to the workforce. And being able to have more opportunities to enroll year-round, I think, is an important contribution to that. So, we'll look at some data on that in this slide. So, the impact of supporting year-round enrollment has been studied in context of the Pell grant, and I think the results are pretty compelling that Pell grant, which as many of you probably know, provides financial aid to low-income students, was expanded to cover courses year round back in 2017. And that really did have some significant impact on students who took advantage of it. You see increases in retention, pretty large jumps in completion of degrees, even increases in wages for students that used the year-round Pell grant compared to those who didn't. The Pell grant is obviously a financial aid program and for the funding formula we're talking about state operating dollars, I think the point is still salient in that it creates the right incentives to offer more courses in the summer. And therefore, we suspect more students would end up enrolling year-round the schools would offer more courses year-round, students would enroll more year round, and would generate some of these types of benefits that we see in the Pell grant program.

We did do some analysis of what would be the impact of counting summer credit hours in the WSCH. And so, this table gives a picture of how many of the schools summer credit hours are currently counted in the funding formula.

And for pretty much every institution except for Nevada State, it's in the 80s and nineties not being counted right now. Nevada State has a large portion of nursing credit hours in the summer, so those are counted.

And then the second column looks at how much do those uncounted summer credit hours make up of a total of weighted student credit hours. So, you can see ranges from 1 to 14% across different institutions. And so, it is clear, despite financial disincentives, institutions still offer a number of summer courses not being counted in the funding formula, but it is very possible, potentially very likely, there might be even more offered in the summer if those disincentives were removed.

We looked at what the impact on the funding formula would be in terms of distribution of resources or distribution of the share of weighted student credit hours. And it is a fairly marginal on every impact on a change in the share of the total weighted student credit hour formula for institutions as nothing more than a half of a percentage point change. So, this is I think to the vice chair's point, it is a little bit of a reallocation of the weighted student credit hours, adding more to the total denominator of that weighted student credit hour count, but we think it is still an important policy change in that it does sort of better align institutional and student incentives with the state policy preference. This could be funded as an enhancement. And total cost is estimated at \$48 million to fund these weighted student credit hour summer hours separately. But our recommendation would be that it's important for students to pursue this policy regardless of new funding or not. And we understand there may be this type of policy change may also require some consideration of the implications of the treatment of revenue for state budgeting purposes, and those implications could certainly be further explored. That is our recommendation for the summer credit hours. And I will pause there to see if there are any questions.

Chair Hardesty: Any questions in Las Vegas?

Vice Chair Charlton: Yes, Chair, there's a question.

Regent Del Carlo: Thank you, Chancellor. I just want to put some context on here. Back on slide it talks about in 2017, the federal Pell grant was expanded. And I'm the vice chair of the association of community college trustees, and one of number one priorities is to fund workforce Pell. And as we advocate year after year after year, we do get things. And this is a perfect example. We also were able to have a federal government fund Pell for prison education. So, it's really important that we just keep at these things that are this is in this context, and it's not a question, but I just want you to know that we're really out there advocating, advocating, advocating to even out some of these inequities. So, I just wanted to bring that up. Thank you.

Chair Hardesty: Yes. Chris, did you have a question?

Mr. Viton: Chris Viton for the record. More a comment than a question. I think I just wanted to reiterate the Chancellor's earlier comment about the concern diluting the weighted student credit hour value if the suggestion was to add summer without funding.

NEW SPEAKER: Excuse me. We can't hear you very well. If you could . . .

Mr. Viton: Chris Viton. I was saying more comment than a question. I wanted to reinforce the Chancellor's earlier comment that adding counts for summer credit hours without additional funding only serves to dilute the weighted student credit hour value, which I don't I'd be concerned about that. I agree with the importance of summer. I think the notion of counting it, for me, and talking about the importance, is necessarily connected to funding it. Counting it without the funding seems I'm not sure how that helps in terms of demonstrating support for summer. And I think that's reflective.

BROADCAST PERSON: I'm so sorry to interrupt. This is broadcast. We seem to be having an issue with the speakers in the room. If you can hold on for just one moment.

Chair Hardesty: Can you hear me in Las Vegas?

Chancellor Charleton: Very faintly. It's very difficult.

Chair Hardesty: We're taking a break before we jump in the performance pool.

Vice Chair Charleton: We'll take a break. It's 11:10.

Chair Hardesty: Reconvene 11:20.

Vice Chair Charlton: It's still very difficult to hear you. We'll take a break, and we're paused until 11:20. Thank you.

The meeting recessed at 11:10 a.m. and reconvened at 11:21 a.m. with all members present except Regent Brooks and Assemblyman Gray.

Chair Hardesty: Chancellor, can you hear me all right now?

Vice Chair Charlton: We can hear you crystal clear. Thank you so much.

Chair Hardesty: Great. Then we will convene the meeting.

Vice Chair Charlton: We're going to start; resume our meeting, members, if you can please be seated. Chair, if it's okay if we could pick up with Vice Chancellor Viton's comments, that will be helpful for us. Thank you.

Chair Hardesty: I was intending to keep that a secret. He was echoing your earlier concerns. Go ahead, Chris.

Mr. Viton: Chris Viton for the record. So, yes, I did want to echo the Chancellor's earlier comments about the concern regarding diluting the weighted student credit hour value by counting the summer credit hours if they were not funded. And I wanted to note, I fully support the interest and the importance of summer, and I recognize that's why where you're coming from and the recommendation to count them. It's just that counting them without the funding doesn't seem to provide that level of support that's needed to expand the programs and achieve the results.

I think the Pell example is a good example where funding was allocated to summer under that change with Pell, and it achieved the results, and I think you see the same results in the system with the steps the legislature has taken by providing funding for nursing and summer and teaching in the summer as well. So, I think I definitely endorse the importance of summer. I think it has to be, has to come with funding as well. And I appreciate that it's challenging with the dollar amount that's associated with that.

Chairman Hardesty: So if I could follow up on that question to Chris as well as to the Chancellor, this is the second item where the funding formula would be would create problems in what's effectively an enhancement in funding.

Our charge was to develop a formula that would be utilized, apparently in light of existing funding, without reducing the amount of that funding. It seems to me that we ought to give some consideration, though, to highlighting these points so that the legislature and the board can make choices and make and not just walk away from these. It seems to me very important policy suggestions to be added to the formula, but they come with a price tag.

And the Committee is not really in a position to make a determination about the price tag, but the price tag, I think, has to be chosen by first the board, when they have to make a plethora of enhancement priority decisions, and then the legislature. But it certainly squares up the point. If you want to improve education and summer education, plug some money into this thing. The same is true with respect to the comments that were made about the weighted student credit hours. So, I don't want to walk away from these things just because they cost money and really look more like enhancements. I'm suggesting but I'd like to get everybody to noodle on this so when we get to the agenda item where we have a general discussion, we can make perhaps a recommendation that suggests modification to the funding formula under the scenario that it doesn't add funding, but make additional suggestions recognizing that it would add funding and let those policymakers make those decisions. But I think they're important enough, we should highlight that. That's my view.

Vice Chair Charlton: So, Chair, thank you so much. For the record, Chancellor Patty Charlton.

And I know think your point is a good one. As we've talked, and I think I mentioned in our first meeting, all of these ideas and strategies are very important, and they certainly advance education within our state. Our process is going to be a parallel one. We will be building our budget, and you'll hear about in agenda number 5, and I'm grateful that the Director of the GFO is with us as a member of the advisory committee. So, we will be moving in parallel, but I think it's important to look at those items that may be noteworthy and considerable for advancing education, and that will help with the board as well, as we move forward to setting priorities.

And in item No. 5 you will also be reminded of some of the priorities that have come forward from our institutions already.

And so I want to ensure that we are giving all of us that perspective so that as we move forward through our submission of the 2025 2027 budget priorities, that we are not that we're mindful of competing priorities between this committee as well as what the institutions have put forward. We've had an opportunity our Presidents shared some of that information along the way, but we also recognize that as it goes forward through the Governor recommended process for the budget and then for the legislature, that these are tough decisions, but we have to have a set of priorities so that the legislature is aware of what those are and we can advocate consistently. But recognizing that I don't want to see us competing between the committee and the institution and board priorities, but we can come together in some way and just recognize that there are some structural challenges. And we'll hear about that a little bit more in item No. 5, but I think your point is a good one. We need to keep all of these ideas on the table, prioritize those, and then align those with the institutional requests and the budget priorities that are established by the board as well. So, thank you.

Chairman: With that . . .

Vice Chair Charlton: Ms. Fretwell has a comment and then I'm sorry about that.

Chairman: Go ahead, Ms. Fretwell.

Ms. Fretwell: Thank you, Mr. Chair. So I've had to in my prior life, work through a whole host of distribution formula challenges at a state level as a city manager, both in the recession, which this was a product of that first great recession that we dealt with, and just because things were out of whack and not achieving what they were intended to achieve or responsive to the demands.

I'm a little bit challenged, and I just think we should have a conversation about this at some point if the committee is up for that and the leadership wants to have it, but we could go through this whole process and be funding agnostic, like don't run the

cost accounting component of it and what the impact of these changes are. Let's look at what the outcome is of these changes without respect to who's getting what.

So, when you look at something like this \$48 million, that would need to be adjusted among all the institutions. If we were in a zero-sum game, then we just, as a committee, if we're not allowed to look at the funding impacts or make recommendations for enhanced funding or anything else, then maybe we just don't even look at it.

It does feel a little bit of a problem to the Board of Regents and then on to the legislators. I just have trouble believing that the governing bodies that authorized appointed us to this board don't expect us to look at what the financial impact is to these things, but that because we're not here to ask for enhanced funding doesn't mean we shouldn't say this is the right or what we're recommending as the right elements of a formula that now adapts.

And if we continue to have a conversation around, we can't talk about it because it might fly in the face of enhanced funding and that's not our purview, I'm not sure what we're doing here, to be honest, because no matter what, we're going to be shifting money if we change the formula. And there may be a decision that based on the formula shift, that there's enhanced funding. That's somebody else's job, not ours. But I just feel like it's really important for us to be clear that if we're going to achieve our mission, we be agnostic about it, ignore it, but there's still impacts. I just feel like it's important for us to be blunt with each other. There are going to be impacts if we recommend a new formula. There are always winners and losers. It's just about how you absorb those changes that matters.

Chairman: So that's what I was trying to get at to start that dialogue, Ms. Fretwell. Because I'm of the view that we need to at least identify that a particular formula adjustment is a prudent thing to do. And if it costs money, we should highlight that. And how it's divided or how it's funded, leave to the policymakers.

I also think it's important for each of the institutions to have an understanding, the way I understand the system budgets, of what the impacts would be on them so that they can have input and participate and comment on that, and they can get that by the calculations that are made here.

So, I don't think we should just say this is a good idea without associating ourselves with the costs, and if it's an enhancement, we highlight that, and then let the policymakers make the decisions.

But I think our recommendations, frankly, I don't think will be able to be fully appreciated without attaching the calculations to it. That's my own view. But we'll have that conversation in greater detail in the last agenda item today.

Vice Chair Charlton: Thank you Chair. We have two comments here in Las Vegas. Regent Goodman and then followed by Ms. Williams. Thank you.

Regent Goodman: Thank you. I just wanted to put on the record that I couldn't agree more with what Betsy said. I think it's very important for us to look at both of these aspects; at least acknowledge it so. I just wanted to put that on the record.

Ms. Williams: Yvette Williams for the record. Ditto that also, your comments.

But, also, in my work of almost two decades now in the arena of equity and inclusion, funding is such, I mean, you can't have equity if you don't address funding because at the end of day, we can put all the great policies we want around equity and inclusion, but without looking at funding and how it's going to be funded, then there's no value in it.

And so, I would agree wholeheartedly that there should be some recommendations tied to funding and priorities set from this body. Thank you.

Chairman: Go ahead.

Mr Combs: Thank you, Mr. Chairman. I have a two-part thing, one for HCM and one for the Chancellor or Vice Chancellor having to do with this.

The first is I'm not seeing this as an either/or recommendation. It seems to me and this is going back in my past life working for the legislature that if I, as NSHE, wanted to demonstrate to the legislators and the Governor, the bodies that are going to fund NSHE in the future, that something is important to me, one way I might do that is to change the formula so that I'm addressing that in some way.

So in this particular case, to say that we're going to start counting the summer credits as part of the weighted student credit hour in and of itself doesn't add any money to the budget, but it sends a message that it's important to us that that be counted because we want to encourage institutions, to the extent they can, to provide summer school courses.

And I just wanted some confirmation that once you make that decision, then if you want to submit an enhancement to actually provide funding for the institutions to provide more classes, you can do that as well. And I just wanted some confirmation from HCM that I'm not looking at that in an incorrect manner.

Mr. Carroll: That's how we intended the presentation of this recommendation to be, that it is counting them in the weighted student credit hour calculation is an important policy move, and it could also make the case for an additional \$48 million investment to support that, but it would be wise to do even if that doesn't follow.

Mr. Combs: Mr. Chair, I'm just having trouble. This is an area I don't fully have my arms around, this idea of diluting the weighted student credit hour and what the impact of that is, because I don't see weighted student credit hours as having anything to do, really, with the total amount of funding that's provided to the higher education system.

So, what is the practical effect of diluting the weighted student credit hour and why is that a really bad thing for the system?

Mr. Viton: Chris Viton for the record. Thank you for the question.

You're correct in that it does not enter into the equation in many ways, but the one place that it does come into play is in the annual caseload adjustment. So that value is used for the caseload adjustment in the maintenance adjustment.

Mr. Combs: So, what we would be saying in this particular instance is caseload didn't used to include a lot of summer school credits, but going forward, it's going to. Is there another impact that I'm not seeing or is that it?

Mr. Viton: I think those are details perhaps that would have to be worked through, and I think HCM's suggestion earlier that there are including the credit hours without funding, there would probably be some complications around addressing how revenue is allocated or whether the revenue related to summer should be allocated to state supported budget or not and how exactly the credit hours are what impacts it may have on the caseload or otherwise. So I think we could work through details like that if that recommendation were made and summer hours were counted but not funded.

Chairman: I'd like to follow up on that discussion because I have a request of HCM. On the summer school recommendations, you've quantified that, 48 million, roughly.

If you go back to slide 16 talking about the weighted student credit hours, the Chancellor pointed out those adjustments would have a fiscal impact, but that's not quantified. I'd like to get that quantified so that we're looking at these with a dollar amount attached so that the extension of your remarks can be followed through. Follow that? Okay.

Ms. Snyder: We can work on that between now and the next meeting. And I think just broadly, before we dive into the next section, I think the comments that were just made, there's kind of two pieces and two aspects of this process. One is reviewing the funding model kind of agnostic of level of funding, what is what are the priorities that should be reflected in a state funding model. Certain student attributes, certain instructional costs, perhaps priorities for certain areas of instruction or programs as well as perhaps as we'll get into in a moment certain

outcomes. Then you have the conversation around whether that's this committee or a different committee, how is that funded, at what level does it need to be funded.

But the first step of a good funding policy practice is to take a principled approach around what is it we're trying to support as a state for a higher education system, and that should both reflective the students as well as the programs that you are trying to enhance or support.

So just as a for the record statement, I think absolutely we want to understand the cost of this, if fully implemented, and that is something we can model out in the next coming months leading towards the final set of recommendations for this committee. But from a principled approach of how we're approaching our recommendation and our review, it is for more that policy aspect than it is necessarily from the fiscal aspect of this process.

Chairman: Thank you. So, let's dive into the performance pool.

Ms. Snyder: So the other area that came up and has been a frequent discussion throughout this committee's deliberation as well as obviously reflected pretty significantly in the direct institutional written feedback and our interviews with the ad hoc committee and other members is certainly the considerations of the performance pool.

A couple of things just in terms of dividing this into the particular concerns that were elevated from the interviews and institutional feedback, again, in written form as well as through interviews and discussions. A couple of generally things that came up, very specific things grouped into these categories.

One is the earn back concerns, that institutions have to earn back money that they've already earned through the weighted student credit hour base funding. It gets pulled out, and they have to earn that back by meeting the particular growth estimates.

There's also the note, as has been discussed, that there's an incentive limitation. This has to do with the fact that not only is it a carve out but also it does not perform or does not reward enhanced performance. And that certainly relates to this next comment, which is that the institutions that are meeting targets or exceeding targets, there's no benefit to that, there's no additional reward or bonus. And so, this other grouping of comments relates to that in terms of ensuring that there's incentives for continued growth, not just for meeting a target of which there's no incentive to exceed that estimated or projected growth.

Some very specific suggestions that came up again from the institutional feedback that is in the documents before you and the interviews specific to model changes, overall, quite honestly, as should not be a surprise, based on the discussions to date, institutions want to pretty much eliminate the performance pool or, at the very least, make it new money only. So, make it something that has a separate allocation or

separate appropriation, separate and apart from the current weighted student credit hour base.

There are also some discussions around structural changes. So, there were certain, particularly through the interviews of the ad hoc committee members, felt there's absolutely a need for performance or outcomes to be reflected in the state's funding in some way, but the current structure of the performance pool could perhaps be improved to address some of the unintended incentives or limited incentives that are currently reflected in the performance pool. In terms of our analysis, HCM's analysis and options, again, our analysis is based on looking at what is happening with the performance pool in the context of Nevada, as well as bringing in our perspective of funding models nationally. One is that the metrics are generally fine. So when you look at the metrics within the performance pool, the outcomes that are directly reflected, completions, weighting of certain student attributes, overall those metrics are fine and pretty standard practice and what we see other states including in their performance or outcomes components of funding models.

The institution specific nature does create a kind of does have challenges in terms of this target recapture approach where you're pulling out each institution's or portion of each institution's base for them to earn back. That does have challenges that, again, have been kind of reflected already in terms of the actual implementation of this aspect of the funding pool overall. Our recommendation we do have several recommendations for consideration, but as noted on this slide, our recommendation is that best practice is that performance or outcomes should be incorporated into the core base of each institution's formula. The change that we would recommend is that this be done based on share of outcomes or relative growth.

This does a couple of things. One, it eliminates the challenges of target recapture that is currently, again, has been cited as a challenge and promotes continuous improvement. So it promotes improvement beyond any kind of specified target.

But that being said, so although this is our recommendation, what we heard indicates that these types of structures, so this outcome of a share of outcomes or relative growth is not necessarily of interest to the institution, to be discussed and considered around the committee, and that direct competition with each other as relates to outcomes is a red line for particularly the feedback received from the institutions. That being said, we wanted to put it forward as our leading recommendation, again, based on best practices, and based on building a funding model that fully aligns with what we would perceive to be the State's priorities and as it relates to funding higher education.

The second option is tweaks to the existing performance pool, and this was something we discussed and put forward in our last presentation to you. And fundamentally that would be to re-baseline the targets.

Option 3 is more reflective and more consistent with the institutions' preferences, and that is to have no performance pool or to only fund the performance pool with new money. And again, this is an institution's preference. We do want to be on the record from our national expertise and work in other states, this is not a best practice. This is certainly understandable why institutions would prefer this, but from a State priority perspective, this is not a best practice. It's hard to achieve the goal of increasing overall funding for NSHE and for institutions when you take away a part of the formula, likely from the legislators' and policymakers' perspective, that provides the greatest transparency and accountability. Just doing another assessment of the performance pool, again, the performance pool meets many of our criteria as it is currently structured in terms of that recurring funding. So it is a recurring funding stream. It's a carveout of each institution's base, which is something we can discuss further.

It does have a fairly significant level of funding. 20% of each institution's base is carved out and earned back. It does reflect institutional mission and given the variation of the different weights of the different metrics that are included, includes credential completion. So, it is the overall funding model, when you factor in weighted student credit hour, which is a little bit more of an enrollment driven aspect, not fully, along with the outcomes at the state needs, it has that balance within it, it does reflect underrepresented student success and has obviously been implemented in a sustained way for two or more years.

All of that being said, the earn back target design, as has been stated numerous times, does not encourage continuous improvement because it has there's no incentive or no reflection or reward for institutions that over exceed their designated target.

Vice Chair Charlton: We have a question in Las Vegas. Ms. Williams.

Ms. Williams: Thank you. Yvette Williams for the record.

In the performance pool assessment that you just were speaking about, I have a question under underrepresented student success prioritized. We all know in the federal government's mandate, it requires us to prioritize historical students who are under performing, historically underperforming, but we always seem to struggle with that word prioritize.

Can you give a little more explanation as to what do you mean by prioritize? Secondly, would your recommendation also be to make sure that when you're talking about outcomes, that those outcomes would be determined by each student group. Otherwise, under underrepresented, if you're reporting that or capturing the data as one group, you're leaving out a lot of underserved, underrepresented minority groups.

And so, I have a concern with how you will assess that basically. Can you clarify on that for me? Thank you.

Ms. Snyder: So, to the first point I might ask for clarification on your second question. But on the first question, in terms of our assessment here, there is additional weight provided for the success of lower income and underrepresented minority students. So, there's additional kind of emphasis on ensuring that those students are prioritized or at least additional weight is provided for achieving success with those students.

That is what this particular assessment reflects.

In terms of your second question, I don't know if Nate or Will . . .

Mr. Carroll: The way that I understood the question was about the current definition for the weights in the performance pool is underrepresented minority students as a large group. And I think I heard you expressing some interest in disaggregating that further and, and I think our recommendation is to just the committee can certainly revisit some of the metrics or definitions used therein, but we would just recommend carrying forward the current performance metrics into a different structure. But would be happy to support the conversation of disaggregating that further.

Vice Chair Charlton: There's a follow up, and Regent Goodman has a question to follow.

Ms. Williams: I want to be clear what my concern is, and it's not just I shouldn't say my concern. I should say the concern of those who are left behind. Because if we're looking at outcomes but we continue to group underrepresented groups as one group, then underrepresented groups within an underrepresented this bigger underrepresented umbrella, continue to be underrepresented.

So, again, very concerned with the metric, however we address it, but very concerned about that, because that is something that we continue to struggle today. I mean, after all the work you do over the years and advocating to get policy and you try to pick the right words to make sure everyone is clear, it gets very frustrating because when the policy is actually implemented, we don't see the change. And so this is really I'm concerned with outcomes, and we could fix that right now in this process. Thank you.

Regent Goodman: So, my question is based on this. It looks like you're recommending option 1. Are you recommendation option 1 with the earn back, that earn back target gone? Because right now it's part of that full amount. Is this additional monies or I'm wondering, this earn back target design does not encourage continuous improvement which I agree with, so I'm wondering what your recommendation is.

Ms. Snyder: We'll do that in just a moment in terms of what the mechanism of this could be. But, yes, it would not be it would be more of a formulaic distribution of outcomes, and it would be specific to each institution's projected target and then earning that back. And we'll get into the particular formulaic implementation of that in just a moment.

If I can just respond quickly to the previous comment in terms of disaggregating, so to speak, or breaking out the compiled URM category, as Will said, that's something we're more than happy to support if the committee would like us to pursue and understand what that would look like. That is something that we have seen states increasingly move towards is not just having a broad category for underrepresented minority but really understanding the different access and different success of populations that are currently captured within that definition and really trying to be more specific in the additional supports both on the front end, which is our current headcount adjusted measure, as well as on the outcomes side of funding formula. So, something we're happy to support.

At the very least, the URM definition should certainly be carried forward in any additional conversations or adjustments to the performance pool.

Chairman: To follow on to that point, does NSHE have data that disaggregates the URM and puts it into smaller categories or separate categories?

Vice Chair Charlton: Yes, we do disaggregate data, particularly and each institution does that as part of their accreditation process as well. So, I do want to add that and I appreciate the comments that have been raised where we look at the performance pool on how these measures and these weights are calculated, this is not the only accountability metric that our institutions use. They also provide reports on an ongoing basis to the board. We are resetting that process in this current year, and so I do want to add they do track that information, they actually do that also for the purposes for accreditation purposes on student achievement, student outcome, and use that for a continuous improvement process.

And so, I want to make sure we're not just limiting these factors to this conversation on the performance pool because there are other elements that our institutions do on a recurring basis, and we can also get more information from our presidents on that. So just wanted to be clear on that point.

Ms. Snyder: Just to dive in . . .

Vice Chair Charlton: We have a question, Senator Buck.

Senator Buck: Thank you, Vice Chair. It's my understanding that the professional schools may have a different rubric. Is that correct? Or different performance model?

Ms. Snyder: I'm not sure I know that.

Vice Chair Charlton: I'd like to turn to Vice Chancellor Viton to see if he can address that. If not, we can get that information for you. But I would say when you look at the performance metrics as they are now, it is specific traditionally to undergraduate education. They have other fields that each of the institutions weigh, but the professional schools are actually in separate appropriations than the general operating budget. So they actually do different components, and they get funded separately. And that's outside of what we're talking about here today.

Senator Buck: I wanted the committee to be aware because I didn't realize that UNLV constantly had to ask for more funds for their medical school as opposed to UNR or just immediately gets that. So, I don't know. I know that may be outside of that, but just to put that on the record.

Mr. Viton: Chris Viton. I can add a comment for clarification. I think that both of the medical schools are receiving base funding going forward. I think UNLV's request recently have been in order to expand the school to grow to larger class sizes.

And just confirming Chancellor Charlton's comments, the professional school metrics are not part of the performance pool measurements. They are the performance pool measurements are consistent with the student population and the formula budgets.

Ms. Snyder: This is something we walked through previously, but just to ground some of the challenges that we identified with the existing construct of the performance pool, this first challenge here is a just a notion that you actually limit the possible reward for an institution that's low enrollment, quite honestly more than just low enrollment, but linking it to the weighted student credit hour calculation. So, the pool, that 20% pull out, is naturally smaller for institutions that have different mixes of programs than it is for other institutions. So just as kind of a using the weighted student credit hour and each institution's allocation as the 20 percent pull out, again, limits that possible reward for an institution that's low enrollment but might be high success.

The second challenge is kind of that earn back aspect, that target recapture of having to have earn back what institutions have already been designated for the institution through the weighted student credit hour calculation. Similarly, again, the lack of incentive for exceeding the 100% of targets, and there's been several institutions that have done that over time.

On the contrary, for institutions that have not and there has been a couple more recently that have not met their targets, some of that is simply due to various up front aspects of that, and without the targets being re-baselined, enrollment declines

could drain funding, and it becomes a cycle of missed targets, less revenue and fewer resources to achieve higher outcomes and higher targets.

So, with that, resetting various lenses of our analysis of the challenges as well as starting to lean into what our recommendations are, I will turn it over to Will. Enrollment declines could drain funding and it becomes this cycle of missed targets, less revenue and fewer resources to achieve higher outcomes and higher targets. With that resetting of lenses of our analysis of the challenges as well as starting to lean into what our recommendations are, we'll turn it over to Will to walk through the mechanics of our recommendation as it relates to the share of outcomes and relative growth approach.

Chancellor Charlton: Chair, my apologies. We have a question here in Las Vegas, Ms. Williams.

Ms. Williams: Really quick. I wanted to tie my remarks to the metrics recommendations in the summary, Item No. 33 and 84, reference, I should say reference No. 83 and 84. I would like to point out also that we do say completion awards confirmed by ethnicity and enrollment by ethnicity. We could easily add their race, of course, which should be included. I don't know why that's not. Also add the additional breakdown, and it's already been recommended sort of. So we could easily make that adjustment there in that metric. I just wanted to point that out. Thank you.

Mr. Carroll: As Martha alluded to, we would recommend restructuring the performance pool as something that uses a share of outcomes relative growth approach, and we'll walk through an example of how you could implement a relative growth model, and we think this is one that might suit the state best. The table on the right here does sort of illustrate that the performance pool would be a little bit of a pre-weighted student credit hour allocation pullout, sort of a set aside similar to the small institution factor or research O and M, the amount the size of that could be determined, recommended by the committee, but it would be something that is sort of set aside before the weighted student credit hour given some of the problems that Martha highlighted in terms of linking it to weighted student credit hour.

This is sort of a recommended approach because in order to maintain some of the strengths of the current performance pool the robustness of the size of it, the ability to keep all those metrics, make it a base and a recurring portion of the funding formula, it's helpful to pull this out as a set aside before you do the weighted student credit hour allocation.

A relative growth model would adjust the share of the total performance an institution gets based on how much it is increased its metrics over its own the baseline. This allows sort of three I think positives that we'll highlight here. So, one it accommodates the different metrics across the different institutions. If those

metrics changed in future years for more mission differentiation or anything, it can adapt to that.

It does create the incentives for the continuous improvement every year. So, the larger of an institution's improvement, the greater the share of the total funding that we'll get. And it is able to be implemented pretty immediately in a way that would not cause any major swings in the amount that institutions are getting from their performance pool right now.

Vice Chair Charlton: If we could please come to Las Vegas, we have a question from Senator Dondero Loop.

Senator Dondero Loop: I don't know if this is exactly the right spot for this question, but I'm listening to all the performance pool information, and I know that we're talking about best practices. I know that HCM supports the performance pool. I'm just wondering how you factored in that I know all of our institutions came in oppose this. So, I'm just trying to balance this out. And even though you may not agree how we balanced this out with what the institutions think might be best for their institutions in Nevada.

Mr. Carroll: Sure. Will Carroll for the record. I think our intention here is to provide you with as much information about how this could work in what we consider the best practices possible for your consideration. We hope to take any questions about how this might work, just give you the best information you can. We do have a little bit of a discussion later on about some of the recommendations for the performance pool that we heard in our interviews and the institutional recommendation.

We absolutely do want to treat those as well, but just wanted to sort of give a little bit more detail on what we see as the best practice.

Senator Dondero-Loop: Okay. And then as we move through this, and I may be way jumping ahead, but will there be any discussion, if, for example, this isn't put into best practice or into place, will there be any discussion on how it could be done in a different practice, I guess?

Mr. Carroll: Yes, we'll follow the committee's sort of direction and be able to provide more analysis based on the path forward.

Chairman: We have a question, doctor.

Dr. Dalpe: Kyle Dalpe for the record. I have two questions on slide 29. I'm willing to be corrected on this, so I'm looking at Mr. Viton, I'm looking at the consultants. Performance pool should come out of base funding. My operational understanding is that it already comes out of the base funding. It's already a carveout, which means

that if you take it out, then the allocation that is remaining will get distributed on the weighted student credit hours becomes less.

Mr. Carroll: That's right. This would sort of, I believe our tables show about \$100 million gets distributed based on the 20% carveout out right now. If you stuck with the 20% performance pool, that would be allocated based on this relative growth and, then whatever is left, 400 million or so, would be allocated based on weighted student credit hours.

Dr. Dalpe: So rather than allocating it as a double earn, which is what we're doing now, it would be a single earn. But that's kind of like to me, from an operational standpoint, that's a worse idea. I know you guys are just putting suggestions the table but that would be a bad idea.

Slide 29 that also has the grid on the right, are you suggesting pulling research O and M and small institution factors to fund that, or is that just a sample of where money goes?

Mr. Carroll: That's right. This is an illustration at the current levels on small institution factors and research O&M, are set aside from the total provision first. Then remaining is allocated based on weighted student credit hours.

Dr. Dalpe: Those are examples of set asides?

Mr. Carroll: Yes.

Mr. Reed: I'm curious, I know you've said it's not best practice to not have a performance pool. Acknowledging that, one of the key discussions here is whether the performance pool should remain part of the base funding which is essentially having people having institutions demonstrate certain metrics to earn their full funding versus what brings us back to the earlier conversation of adding the performance pool on top of the base funding to actually incentivize performance and growth over time, but I recognize that would require additional funds and investments, but it seems to me that that should be part of the conversation that we're having very clearly because I just get stuck on the logic that any organization would be expected to perform at a certain level with 20 percent of their budget being removed.

The logic to me just doesn't make sense in terms of we're going to cut your budget and expect you to hit metrics, then return the money to you if you achieve those metrics; rather than, if we want to incentivize performance at the institutional level, really providing that funding on top, it's separate and apart from the base funding as something you can aspire to. That's just a comment about the logic. I hope we can have that conversation about where at that baseline funding level line does the performance pool go, above or below.

Chancellor Charlton: Chair, we have a question here in Las Vegas to follow up. Regent Goodman.

Regent Goodman: Thank you. I don't mean to beat a dead horse but the whole earn back target is what the issue is. It doesn't sound like I'm going to put President Pollard on the hot seat here, but from what her recommendation in here is, the performance pool should be eliminated in its current form and redesigned to be a true bonus for performance which is what we're all talking about.

If we in fact still believe in a performance pool, doesn't sound like it needs to be eliminated, sounds like it should be a true incentive. So, I think the earn back is the issue. If we're going to sit here and talk about what we think is ideal pertaining to Betsy's comment earlier, maybe this is something that we add to I don't know if it's a wish list or whatever it is but keep those monies where they are, don't remove them, but at the same time create incentives so that we have a true performance pool that rewards our institutions for success.

Chancellor Charlton: Just for the record, Patty Charlton. I think one of the other components we might want to consider is the term performance pool versus accountability. I think looking at that, in follow up to the comments that had been made regarding the challenge of carving out the funding but really making sure that I know our institutions are committed to accountability. I think it's something that obviously the state requires of us as well. So perhaps reframing the conversation as accountability and keeping those measures in place, and I think those are robust and they're strong, and then looking at what that could be through either one of the special items for consideration for some funding.

We're not saying that is off the table but just need to put it in a place where we can prioritize it for consideration for both the governor's office and the legislature.

Ms. Fretwell has a question.

Ms. Fretwell: When you decided and explored and are potentially recommending that the prior performance pool be taken out first, was that because of the committee guidance at the beginning of this process that there would be no enhanced funding as guardrails? That's question one for me, because if you're only including this second bullet point on page 32, which I know is a little further ahead, if you're including that because of the guardrails, I think it's important for us to know. If in your best judgment but for that direction you never would have put that bullet on here, that would be really good for us to know.

Mr. Carroll: Happy to respond to that to jump around the slides as much as is helpful to the conversation right now. No, our recommendation would be that outcomes-based funding, whether you call it a performance pool or anything else, be part of a base amount of funding that the state appropriates regardless of whether there is an increase in funding or not.

So, on I think slide 34, Martha, if you could jump to that. One of the recommendations that came forward was to fund the performance pool or the outcomes portion of the formula just with increases in funding every year. And that's something that we do not view as a best practice.

We see many states we see some states that do that and they're often they put less into outcomes-based funding than they've actually seen in state cuts over the years. So it's a very infrequent sort of incentive that ends up driving institutional behavior.

It's a very infrequent part of the state budget. Institutions have difficulty sort of knowing whether or not to plan for it, and so the best practice that we recommend is that an outcomes-based component should be built into the funding formula, whether there's new funds for it or not.

Ms. Fretwell: Quick follow up, Chancellor. So, you're saying that in your description you have said that you acknowledge that the takeback component should be eliminated? Maybe I'm copying what Stephanie Goodman was saying a moment ago. But simultaneously, we're saying build it in as a first cut of any allocation of funding for higher ed, and then their base budget would be established from that based on weighted student credit hours or whatever the formula is here in Nevada. In effect, we're saying the same thing, except you're saying take the takeback first and have the weighted credit hour application of the formula second. So I'm a little confused because I feel like we're just moving the takeback to the front of the line instead of at the end of the line.

Mr. Carroll: I think we've heard near consensus. It seems that most want to eliminate the earn back nature of the performance pool. And then I think if you're going to do that, still have an outcomes-based component to the funding formula, it is either going to be funded with increases and new funding only, or it is going to be funded with some portion of the general appropriation, some percentage to be determined. And so, I think I tend to look at this formula not as the weighted student credit hour is the based funding for institutions. That is also an allocation mechanism that can change widely from year to year, just like the outcomes portion could.

So, I think it would be sort of splitting the allocation between one that is weighted student credit hour focused versus one that is outcomes focused. And we also have recommended enrollment portion as well. And so it is, I think, just I think splitting up the way the total pie is allocated in those three different components, enrollment, outcomes and weighted student credit hour.

Chairman: Committee, I'm going to request we hold our questions until we get through slide 35, and then we'll circle back because I think that we should hear the remainder of HCM's suggested replacements, if you will, for the holdback portion

of the performance pool. Does that make sense? Would you proceed with that, then?

Ms. Snyder: We'll definitely proceed and make it through. But I also want to clarify that if we are bringing to you recommendations based on again best practice, trying to work with the state to align how it allocates all of its funding to meet state priorities. And again, those state priorities are supporting the enrollment of access of students, particularly underserved students, supporting and reflecting the cost of instruction that institutions have, as well as supporting outcomes, outcomes broadly but prioritized certain degree areas as well as outcomes for certain student groups.

So that is what this recommendation is grounded on is aligning the whole of your funding policy to broad state objectives and priorities. If the direction of the committee is to move away from that and to treat performance separately, we can certainly take that direction and come up with something like this for distributing a separate pot of money. I want to be on the record of where these recommendations are coming from, and again just recognizing, yes, we can certainly take and we heard loud and clear the institutions would prefer it be a separate amount of money and we can take that if that is the direction of the committee and come back with specific recommendations related to that at our next couple of meetings.

But again, this is us taking steps to reflect broadly where we see the current funding model aligned to priorities of the state and where we see it, perhaps areas that could be enhanced to reflect a broad funding policy that achieves outcomes of access, instruction and outcomes with priority of outcomes of certain areas and certain student demographics.

Chairman: What I was trying to get through is slide 30, 31 and proceed with the rest of these so at least from my standpoint I have a better understanding of what you're recommending as a substitute or replacement for the holdback. Let's get that finished and on the table so we have a full understanding of that. Then we can ask questions about it.

Mr. Carroll: So again, we are recommending a relative growth model that would change the share of the performance pool, which would be a separate pot as we discussed.

Change each institution's share of that pot based on its growth over its own metrics. And so, this slide, the table, illustrates how that would have played out in fiscal year 2021 based on the metrics we saw from institutions in that year. So, columns A and B just get you the share of we took the actual performance pool funding, that 20% of each institution's weighted student hour allocation, column A, and calculate the percentage of total. That's what column B is.

That percentage will change in fiscal 2021 based on the change in columns C and D. Those are the weighted points that the institutions got from their outcomes

metrics. So, you can see, for example, Great Basin had an increase of 9.9% in its metrics. UNLV had an increase of 11.2%, for example.

That percent change is then applied to the share of the performance pool in column B. That gives you the result in column F. Now you've got this new level. You can see for example, College of Southern Nevada decreased from 21.1% in column B down to 20.6%, because it had a 2.3% decline in outcomes metrics.

Then you can see the total of that column is over 100%. So, we need to readjust that. You basically take the share of the total and that's what you get in column G. You've got 19.5% for College of Southern Nevada and that 19.5%, applied to the next year's performance pool, which is \$97,996,312, which gives you total appropriation of 19,076,874.

So, institutions that increased a lot in their metrics gain a larger share of the performance. And those that see declining share in performance pool. That will continue to change over time.

Going to the next slide. This is one, if you put enough into that performance pool, it provides a large enough incentive and it does provide that continuous improvement incentive. Institutions will continue to try to increase their metrics as much as possible in order to see the growth over their baseline relative to others. But we also recognize and certainly heard that this is creating competition between institutions for this funding, but it does require a large enough set aside from that base as opposed to funding it through new money only.

So, if that is not appetizing for the committee, our next recommendation would then be sort of to maintain the general structure but with some small tweaks. We've talked about the need to re-baseline institutions' target sheets here. Martha walked through the example of the spiral of missing metrics and losing funding and having less resources to meet your ever-increasing targets.

There's also this sort of effect of institutions that have vastly exceeded their metrics because of enrollment growth that well outpace the 2% target growth. Those institutions have this buffer that means that they may not need to sort of be as focused on the improvement side of things because they've got that buffer over their target.

So, re-baselining the target every year would be a way to make that sure you're sort of rewarding institutions for the growth that they make from year to year and have that continuous improvement. It doesn't fix the issue of there's still a 100% target, as long as you hit that, you get your full funding. That's the drawback to this piece why we prefer the relative growth model.

Final options here. The recommendations we heard are either to get rid of the performance pool entirely or to use new funding, increases in funds to pay for that

performance pool. We caution both of these as departing from best practice. A well-balanced funding formula in our view would include the enrollment component and adjustments for student attributes, weighted student credit hours, and a robust enough portion of outcomes-based funding to emphasize student success.

We think it's particularly important in the committee's discussion about making sure the system as a whole has enough funding and has the ability to make a case for more funding that significantly reducing the outcomes based portion of the funding formula will make it harder to make that case for increased funding, as we do see in other states that it's a key component of making a case for additional funding to legislators.

In quick summary, the relative growth model, setting aside a significant enough portion from the main appropriation, and I do think it is important to clarify that we don't view this as necessarily increasing the level of competition between institution. Right now institutions are competing for weighted student hours the way the current formula is designed.

This sort of changes, in some ways diversifies the things that they are competing for. And I think Martha alluded to this in the challenges. Right now their ability to sort of be rewarded for success is still limited by the use of weighted student credit hour. So having a separate performance-based funding section, using the relative growth model, would allow institutions that are succeeding very well but with lower enrollment and enrollment in lower cost programs within the weighted student credit hour matrix would have a chance be to compete more competitively for those funds.

I'll pause there.

Chairman: Let me begin with just a general question. Is there any other state that has as part of its performance pool or accountability measure a holdback of 20 percent?

Mr. Carroll: The relative growth model we present here is one Tennessee uses. Tennessee allocates 85 or 90% of its funding through that portion.

So that is essentially what they consider to be their entire formula. So, it's not really framed as a hold back. It's just their funding formula.

Chairman: Gotcha. But to my question, is Nevada the only state that has this 20% holdback? There are other states that use relative growth as well.

Mr. Carroll: Are you speaking to the current structure of the performance pool?

Chairman: Yes.

Mr. Carroll: There are two states that use that sort of here's your target to reach for. If you make it, you get that funding. One of those states, Montana, I believe, uses a similar structure of the performance pool, like it changes your allocation based on enrollment if you hit that performance target.

Chairman: What percentage do they use off the top, if you know.

Ms. Snyder: If I can pull it up, I'll get it to you shortly.

Chairman: Nate, did you want to comment?

Mr. Johnson: Just a comment, when we talk about percentages, the other main source of funding for institutions for instruction is tuition, and states vary quite a bit in how much funding comes from tuition or from state appropriations.

If you're in a state where only 10% of funding comes from state appropriations, then having 50% tied to performance is the same as having 5% of an institution's funding where 100% of the funding is coming from the state.

And the tuition is in itself a form of performance funding in the sense that it's tied to credit hours, typically, and you have to compete for students to get that as well. So, while we're talking about the state funding here, it's important to think about the incentives and resources that are tied to the main source of funding for institutions as well.

Chairman: The reason I posed the question, I'm trying to test the issue of best practice. I'm not personally convinced enough to know that our formula represents best practice. At least the way in which we approach.

Ms. Snyder: Martha Snyder for the record. I think we would agree with the approach in terms of the target recapture. I think having where we are coming at from best practice is having some aspect of how the state allocates its core funding core general appropriation institutions being based on outcomes. That's the best practice we are recommending. So having this kind of target recapture, this carve out that institutions then have to earn back, we agree that that's not aligned with best practice. Our recommendations still ensure that that funding, funding for outcomes, funding for student success is still prioritized as a component of what the state funds but eliminating the target recapture aspect of the current model.

Chairman: That's why I wanted to pose the questions because I don't think any of the institutions have advocated we aren't going to be transparent, we don't want to be accountable. It's the manner by which we impose consequences for not being accountable or not meeting performances that I think is really the issue here for me at least.

And so, in examining the alternative that you suggested, what would you perceive to be the drawbacks under either one of these, the institutions are competing. So, I don't know that that really changes the consequence, but I'm trying to understand what would be the drawbacks to the relative growth approach that you're suggesting?

Ms. Snyder: I think one of the aspects of relative growth or any sort of formulaic distribution is each institution is getting something. So, the chair might be changing. But that's true again of any funding formula where whether it be enrollment based, weighted student credit hour based or outcomes based, the share might change. But you're ensuring delivering it through a formula that each institution gets some portion of the funding that is allocated versus again the current structure, which is basically carving it out of the base and there might be institutions that don't get that carveout back because they haven't met that target.

So, a formula that again kind of [*indiscernable*] dollars across a different aspects or metrics ensures that each institution is sharing in the overall pie but whether or not that's based on enrollment, based on student credit hour or based on outcomes again is a policy discussion that the state needs to have and that this Committee needs to probably weigh in.

Chairman: I want to contextualize that with the graphs and the other data that we have received. To the credit of our institutions, almost all the institutions have met all of their performance expectations almost every year with maybe one or two exceptions, from what I saw, over the course of the last eight, nine, 10 years.

There's an incremental difference in the success of one institution over another institution. Does the relative growth approach penalize that institution where the current one wouldn't?

Right now everybody's got their money back, couple of minor exceptions. If we go to a relative growth approach, and we say one institution meets their target at 164% which was the case in several graphs that we saw, where another institution achieved maybe a 26% success, does the relative growth approach end up penalizing that institution that was 20%, met its growth by 20%, but now its funding gets harmed by using this approach? That's my concern. Do you see that? Do you understand the question?

Mr. Carroll: Yes. You could go back to the table because I think it illustrates that. In the relative growth model, institutions that improve their metrics could still see a reduced share of the performance pool because they haven't improved over other institutions. You could see it on the table, TMCC, that appropriation, they improved by 7.1% in their metrics but their share of the pool remains exactly the same at 7.4%. I think that is frustrating to sort of have to budget around that because you don't know the impact of other institutions. I think that's the potential.

Chairman: What I'm concerned about, is as problematic as the clawback is or the holdback is, this proposal might even create a worse situation for somebody who actually meets the performance but loses money in the process.

And so, I think we need to revisit this is my own observation.

All right. I didn't mean to dominate these questions. I apologize. Are there any questions by other members of the committee?

Mr. Combs: I'm going to speak for just a minute at the risk of alienating all my friends on the committee. But based on my past experience, I'd say there are probably three dangers that are associated with changing to a model where the performance pool is new money. And I think HCM hit on them briefly in their slides but I want to go back to when this was first added when the last formula change was made.

At that time, we were in a period coming out of a recession, and I'm going to be honest with you, there was no money. So, they could have put forward a performance pool that was in addition to NSHE's budget at that point in time, and it likely would have gone nowhere because there wasn't any money to be funding enhancements for just about anyone.

First of all, I would say, when you consider that this was put into a place at a time where there wasn't going to be any new money available and that here we are a decade later and we've got experts in the field that we have valued their opinion enough that we paid them to do work for us saying that that pool is one of the better ones in the country in terms of meeting the goals of the pool.

I think you kind of have to kind of look at that, do we want to go backwards and do something that's not going to be considered to be one of the best ones in the country.

The three dangers I would say is that I wholeheartedly agree with the statement in the slides that if you do this as a bonus, that it is going to be one of the first things that's going to get at any time there's a cut to be made to the budgeting.

I think we could all say that there's a turn to me economy as we go into recession. But I would argue when you get to the part where our state is funded, the economic forum makes projection of revenues that the governor has to build his budget recommendations on. And then few months later it's updated and the legislature gets the number it needs to balance the budget. Didn't happen this past biennium, but it wasn't that long ago the number that the governor submits goes down by the time when legislature balances the budget. You may not be in a period of recession but there's going to be a need to cut the budget by a certain amount and you've got a month left in the session to do it. I can guarantee you it's top of the list of things to cut to help balance that budget.

Then you run the risks, I think HCM's materials pointed this out, if that happens, then you have no accountability provisions left as part of your funding formula anymore. That would be, I think, a step backwards.

The other issue I think that needs to be thought of is if you go to a bonus system, is, can you use that money on ongoing expenditures, given what I just said about the fact that it could be cut at any point in a biennium. That is, am I going to want to hire people with that money, start new programs with that money if I don't know if I'm going to get it two years from now. I think that's a danger. Finally, I would just throw out there that right now most of the institutions, historically, are meeting the metrics, and I don't want to say that's a bad thing. I think that's a great thing. But I guarantee you if you go to a pool where you're earning extra money, the government and legislature are going to demand these metrics be a whole lot more difficult to obtain than they are under the current system.

So, I just wanted to get that on the record, Mr. Chair, that I sense that there are reasons why this was done the way it was as illogical as it seems to people now, and even to me back then I felt it seemed illogical. There were reasons that it was done the way it was done. We don't want that to get lost if we decide to go in a different route and this committee is in the form of recommendation.

Chairman: I appreciate the historical context. Thanks. Any questions in Las Vegas, Chancellor, then we'll take questions up here.

Chancellor Charlton: Yes, we have a question from Regent Del Carlo.

Regent Del Carlo: Thank you. I want to go back to the presidents. Now that HCM is recommending the relative growth model because they wanted to completely get rid of it, not compete against each other. Could we have a few presidents speak what they think of the relative growth model, please. What's your recommendations now are.

Chancellor Charlton: We have President Pollard in Las Vegas and I see President Hilgersom remote. And Kyle is also at the table from Western.

Dr. Pollard: Good afternoon, everyone, thank you for the opportunity to offer a couple of observations. I'll certainly defer to my colleagues who are certainly on who have been in the state longer than me. Something told me I should have left at noon. But since I did not do so, I offer just a couple of observations.

I am not familiar enough with a number of models that the recommendations have come from our consultants. I think there are multiple ways in which a state can incentivize what it is trying to accomplish. I think it can accomplish it by having articulated vision. I wanted to go back to something that Ms. Mosca said earlier. I'm unsure if the state has clearly articulated a set of goals that it's having us work toward and subsequently the Board of Regents, what are their expectations in that

space. In the macro level, that appeals to me greatly. If you're able to say now if you have met these sets of goals, then we're going to actually incent you or reward you for that work. Use of different verbs are interesting. Accountability is an important one. I think all of us want to and believe we should be held accountable for what we do. We believe in taking that very seriously.

Secondly, there's the one I've also heard around incentivize. There's also the notion of recognition of work that's already been done. I think that we are using these terms interchangeably and I think that if there's clarity around what the goal is, is the goal to say here is a model that then articulates the preferred vision for the state and then the institutions align themselves and their work accordingly. If they meet those goals, they may receive a set of resources to support their outcomes. If they exceed that, here's another set of resources because it drives the state's goal in the long run.

I just conceptually maybe I'm not bright enough I can't understand the notion of saying I appreciated the commentary about the context when the state was operating when this particular performance funding model was put in place. But I don't understand the notion of saying this is what you need to do your work. We're going to hold back 20% of that though and then we're going to come back and give it to you if you exceed what it is you're supposed to have been doing on 80% of the resources that were there. It just doesn't make a lot of sense. Maybe it's the way we define it. Maybe it's the way we explain it, but I think there's a way to actually say here's the base dollars you can do your work. Here are the dollars we can add on top of that. But we're not going to give you on top of that based on taking away what we said you need to do the work up front. That's my observation. I'll defer to colleagues, Kyle and Karin, Dr. Dalpe, Dr. Hilgersom, I know if you would like to offer some perspectives, and I can play off of that as well.

Chairman: Who would like to go next? Dr. Hilgersom.

Karin Hilgersom: Dr. Hilgersom for the record. I think I agree. Can you hear me okay?

Chairman: Yes, ma'am.

Dr. Hilgersom: I agree with my colleagues, I'm glad they started us off. I'd like to start with a question because what I think I heard the consultants say is that this model is like the Tennessee model. And so, one question I have is, what is it about Tennessee's outcomes that we can use, what's the relative completion rates in Tennessee at two-year colleges, for example? I'd like to understand and unpack with the consultants a little bit more why they're gravitating towards this model which I think I see as clearly as a stick not a measure, a stick that I have not heard that it's working anywhere. And so, I'd like to know some data about Tennessee.

Dr. Dalpe: If we could, go back to 35. Could I make an example on that slide, the one that has the numbers. That one right there. 31.

So, I agree with what's been said and the concern over this. One of the problems having worked with this, and Mr. Combs stepped out, and I do understand the history because we all lived and breathed it together being here for the last round of this. If you look at this table, WNC, we have a negative 10.4, if you look at the number that says 776.4, that was our metric for that year FY20. That represents 128% of our goal for that year. So, the next one, the 695.4, represents 119% of our goal. In both instances, one of which we had a boom year of 128% of our goal and the next year came down to 119%, interestingly enough, the previous year to that 776 was only 109%. In a three-year period we hit performance by 109 percent, 128%, 119%. All those years we got 100% of our funding. We did not get the extra.

I look at it as, my gosh, we're going to take a \$400,000 hit off this scenario, the incentive was to hit it 100 percent. I know you're providing that based on the guardrails of no new money and all that. I really think a performance pool should be above and beyond like I know we did the interview, and it's in my notes a performance pool should be above and beyond the base funding.

To the comments about where the state might, I would rather cut a bonus pool then cut base funding in a year when we won't have time to recover from it, when the state needs us the most. If this state as it has in the past, which most states are the same, cut state funding for higher education or for the state, that's the economic downturn. That's the exact moment when we need to put more money in education to train up for new diversified economies. We can't weather the storm of a cut.

Question to fellow committee member and Regent Del Carlo how we feel about this. I'm still very much in the space of, if we're going to have a performance pool it needs to be something that's above our base, like President Pollard said, where we know how *[audio.]*

Like President Pollard said we know how we can operate and this gets us a little bit extra. If something needs to get cut or overfunded the state may say performance we want you to excel at that we'll put more money at it. That's the opportunity for that.

It was back in the day a negotiation as part of this formula, but it's something that operationally we look at it every year. That big number 776 is because we implemented a new certificate program for our apprenticeships and we awarded a large number in that year yet we don't get any extra for that.

Under the model we wouldn't. But the following year came down only because we're only shooting for that 100% target. Thank you, Mr. Chair.

Chairman: Let's add one factor to this discussion while the presidents are weighing in. And that is to a point that Mr. Combs made. If this is incentivized by new money, how do you feel, though, about hiring staff and then losing that that seems to me to present a whole new set of budgetary problems for an administrator.

Mr. Dalpe, do you want to start.

Dr. Dalpe: Thank you, Kyle Dalpe for the record. We are currently experiencing a 12% growth this spring which is over our 17% growth in the fall, and because of the way the formula is set up right now and the way that funding is distributed, we don't see any new money until we ask for it in spring of '25 and it goes in effect July 1. I can't hire new people unless I can squeeze it out of registration fees. It's tough to do. The formula itself hurts us on the distribution mechanism, which I think is probably in the remaining slides somewhere that gets discussed.

I don't know if I answered your question. The first part of your question was . . .

Chairman: You did answer my question. If you want to add to it. But that's why I asked the question. I wanted to illustrate the other side of this.

Dr. Dalpe: Yeah, it's too much of a moving; the other thing I keep thinking back of my mind I've been in hearings it's not been in this room but it's a room like this during the session where legislators have asked if we gave you more funding what you would do with it. Many times we sit there say oh, my gosh we've been trying to get just what we asked for, not more.

We just defined through this process a whole lot of things we would do if we had additional funds.

And I know that's not in the scope as it's been said, but it is the pieces that make sense. The final thing I'll note is that embedded in the weighted student credit hour, because we don't get funded for Ws, the incentive is to keep students in classes to get a letter grade because we don't get funded for Ws. Would I like to get funded for Ws, yet another discussion point because we spend sometimes. I started in the classroom. You spend more time on a student who is likely to be at the lower end of the grade scale than you do the A students, that means they've used and you've provided resources that if they drop out of the class and get a W, we don't get funded for that. And that's kind of sneaks up behind you at the end of the semester. So, the incentive is to provide those services so a student gets a letter grade. That's built into the weighted student credit hour driver, which to me is at the same level of piece of performance.

Chairman: Do either of the other two presidents wish to weigh in on the question I posed?

Chancellor Charlton: President Hilgersom or Dr. Donnelly from Great Basin?

Dr. Hilgersom: Agree with you that it creates issues if you take your performance base or accountability when you hire staff [*inaudible*] and that just creates uncertainty. It creates an inability to plan appropriately and it's bad for students also bad for underrepresented students who often have extra programs and extra support for them, and that's not good either. Thank you.

Chairman: So, I just wanted to wrap up this portion and then we would break shortly so that people could grab their sandwiches. If you don't mind a working lunch, ask everybody to be back in 15 minutes. If that's objectionable, of course we can do something different. But that's what I propose so we can continue to work through this.

I did have one other point I wanted to make, which relates to this issue. The performance the accountability issue well, I believe in deciding issues on the basis of evidence that we have in front of us. And the evidence that we have in front of us is that the institutions, our institutions have performed above 100% by and large all day every day.

That tells me that we don't need to have a significant penalty in place to make sure they continue to do what they've been doing over the last decade. That's just my view. So, what I'm asking is, do we have to have some kind of financial penalty inserted into the performance pool. This is totally different than the phase of the performance pool that expects certain accountability, certain performances, but do we have to have a financial penalty in there in order to assure that they do what they've been doing for a decade? Just a rhetorical question.

So, let's take a short break, Chancellor, if that's okay, unless you wanted to comment.

Chancellor Charlton: Well, we have a couple of questions here in Las Vegas, comments regent good man and Dondero Loop. And Dr. Donnelly had a comment did you want to pick it up before our quick break.

Chairman: Let's get their questions and comments now.

Chancellor Charlton: Okay. If we could start with, perhaps, Dr. Donnelly.

Amber Donnelly: Hi, Dr. Amber Donnelly, for the record. I was just going to say as a small institution, we're never going to see huge increases in volume in our rural colleges at all our locations. When we look at the performance pool and what we're meeting and also I agree with president Hilgersom, the fact that it's very risky for us to play this game of if we have even just a dip in some of our numbers. And sometimes we don't have a goal over that. If there's the ebb and flow I've been here since 2006 so I've been on that roller coaster for some time. And we know that it

can happen. And with that, it would mean impacts to all of our locations that do have smaller numbers, and so I really worry about a performance pool where we're taking that chance of anything that we try and grow, we're really at risk of it pulled back.

We see that with the money that we pull in through grants, if we ever add faculty to that, we know that we're usually asking for two to three years of a salary just exactly for that reason so that we don't have that kind of cliffhanger at the end where we're not able to have increased enrollment enough to support that program.

So, I concur with all the other presidents, and I just wanted to add that small rural factor comment in. Thank you.

Chancellor Charlton: Regent Goodman. Senator Dondero-Loop.

Regent Goodman: I'll make this quick. We keep saying how education is a priority for this state. I want to take this to bare bones. I run a nonprofit. When I hit my numbers and we do well I get a bonus, I get 100% of my salary and I get a bonus if we do better. I guess I feel we're making this so difficult. If our institutions are reaching what they need to do, they should get 100% of their funding. And I don't really look at it as a bonus. I think it should be if they do well, then they get 110% or 115%, whatever that number is, this group can decide. But that's the purpose of the bonus, when you perform, you get a bonus. So, my whole thing is we just take this to bare bones, it should be you get 115% or whatever that number is of your allocated funding if you perform.

Chancellor Charlton: Senator. She's good right now. Thank you.

Chairman: So maybe we take the break and approach this by a working lunch, if everybody would grab their lunches, we'll reconvene in, let's say, 20 minutes. So right now, it's almost 1:00. Let's just reconvene at 1:15, please.
[Lunch recess.]

The meeting recessed at 12:56 p.m. and reconvened at 1:20 p.m. with all members present except for Regent Brooks, Mr. Gray, Mr. Sanchez and Ms. Williams.

Chancellor Charlton: For the record, we have lost a couple of members. Ms. Williams had to leave and Mr. Sanchez.

Chairman: So, we'll reconvene the meeting and invite HCM to kind of wrap up their presentation and then what I want to do is defer item 5 and move to the student presentation to make sure that gets in our meeting today. Ms. Snyder, are you ready to go.

Ms. Snyder: We appreciate all the comments and insights on the last section. We will certainly reflect them back in our next presentation to the committee with some

additional options and observations and certainly respond to some of the questions that were raised. But one other item that was reflected in the comments that were raised through the interviews, but particularly in the institutional feedback as well as some of the comments made by their testimony in previous meetings was the need or considerations for institutional mission differentiation or ways to enhance that.

So just to elevate the particular concerns was just a reflection that universities and community colleges have different missions and serve different populations making the case for some form of mission differentiation and a notion that the current funding model does not support community colleges well. Particular suggestions elevated from the interviews was one to create at least two separate formulas. Another was to adjust the formula to be more inclusive and reflective of costs beyond those that are. Currently reflected in the weighted student credit hour, particularly in student attributes enrollment. That's something we already covered earlier in this conversation as a way to enhance the funding formula, to reflect again those additional costs.

As it relates to HCM's analysis and suggestions or recommendations, we believe and we shared this earlier, that there are two few institutions to warrant separate formulas. There are ways to enhance and ensure that the formula serves all institutions and supports not just the institutions but the students that institutions serve without creating separate formulas. And some of those things are recommendations that we have already discussed today. Also just looking at the current funding formula, there are several mission differentiation features that are included in the current construct of the funding formula. The O and M for research weighted student credit hour. The weights for graduate and professional degrees again reflect the missions of particular institutions that offer research as well as institutions that offer higher level degrees and then the differentiated metrics by institution at least in the current construct of the performance pool.

There are also other funding sources that create mission differentiation. So outside of the how the state funds institutions or other revenues that institutions have to support their particular missions and again we can get into that further. But just an important observation to make. And then just finally there are ways that we do think mission differentiation could be enhanced without creating two separate formulas.

In addition to the construct are those elements that currently exist in the funding model and many of those are things that we've already discussed today. So, the inclusion of head count of student attributes on the front end again would enhance the mission differentiation already reflected and be more inclusive of the full scope of missions represented across public institutions. This is consistent again with some of the feedback we heard from institutions but is also consistent with what we would consider to be a best practice for reflecting certainly the costs associated with instruction and instruction of different programs, but also the costs associated with

serving students and particularly students from underrepresented populations as well as the costs that are associated with serving part time students.

Just a recap of our major takeaways. And this will be where we conclude and can have any final inputs or comments.

The current student weighting credit formula is working as designed. So, the intention of the weighted student credit hour funding formula again based on the analysis that Will shared earlier certainly is achieving its objectives but it can be improved and to recap some of the ways we believe it could be enhanced is certainly to include summer enrollment to ensure that all students are being counted regardless of what when they enroll or when they are receiving instruction. We do think three-year averages should be considered and we will certainly bring more insights into this in our next presentation, but the three-year averages could be considered to reduce odd incentives of having current year of measure approach. Basically, every other year of measure.

And focus any cost analysis on the specific priorities of the state such as nursing, teaching was raised earlier, et cetera. But really setting a goal for what the state might need as it relates to certain areas of nursing, teaching, et cetera, and figuring out what increased investment is required to achieve that goal.

We also noted that improvements could be made to reflect the costs associated with serving part-time students and underserved populations. Again, recognizing those students also have costs that are not currently reflected in the student weighted credit hour component of the funding model and ways to address that would be that head count enrollment factor with adjustments for at least URM and Pell students. As noted, there were other populations that were recommended for inclusion, but at least starting with these two as a way to be consistent and to where there are data readily available. This will improve, we believe, the equity of the funding formula from a student perspective in particular and is certainly more student-centered depiction of the costs faced by institutions.

As we have discussed just momentarily before the break, the final summary of recommendations is overall the performance pool metric. So, the metrics within the performance pool are strong. The structure and application can be improved. Our recommendation is a relative growth but our recommendation option is to keep it as a carve out of each institution's base but certainly reset the baseline each year so you don't end up with institutions not achieving their targets but then having that cycle of not resetting the baseline, so it becomes kind of a continuous cycle of not meeting a target not receiving those resources, et cetera.

So that is a summary again of our recommendations overall and we are open to any additional comments or questions before we conclude.

Chairman: Committee members, any additional questions at this point?

Vice Chair Charlton: No questions in Las Vegas. We asked them as we went along.

Chairman: I don't see any additional in Carson City. We thank HCM for your input and presentation and look forward to seeing you again in May. As I mentioned, I'd like to move to agenda item No. Six and invite the representatives from the Nevada Student Alliance Suzanna Stankute, Chair of the Nevada Student Alliance and Kevin Osorio Hernandez, Vice Chair. They have a presentation for us, and I appreciate their being here today.

6. Information Only – Nevada Student Alliance: Student Perspective of the NSHE Funding Formula

Suzanna Stankute, Chair of the Nevada Student Alliance (NSA) and non-voting member of the ad hoc Committee on Higher Education Funding, and Kevin Osorio Hernandez, Vice Chair of the NSA, presented the student perspective on the NSHE funding formula, including students' recommendations for revising the funding formula calculation. Following is a verbatim transcript of their remarks.

Ms. Stankute: Thank you. Give us one second to get set up. Good afternoon. First thank you HCM for the detailed presentation today and their recommendations. For the record my name is Suzanna Stankute, president of the Associated Students of Western Nevada and Chair of the Nevada Student Alliance.

Mr. Osorio Hernandez: And I am Kevin Osorio Hernandez, president of the Nevada Student Alliance from Nevada State University and vice chair of the Nevada Student's Alliance. And today we're very excited to have the opportunity to present the student opinions on the NSHE funding formula.

So we'll be covering the following topics to give you a better understanding of how the funding formula affects students from our conversations. I will be talking about who we are, the Nevada Student Alliance, our method for gathering data. President Stankute will provide her northern report and I'll my southern report. Then President Stankute will provide a different perspective on how the funding formula feels to students.

It's a privilege to present before you today alongside my good friend, and apart from our titles and leadership roles, it's important to share other parts of our identity that also resemble many students in our system.

I'm a first-generation Latino student, born and raised in east side of Las Vegas, and a proud Guatemalan American. I am also studying the foundation for my sisters to achieve their higher education. I'm also a proud Trio student in high school who, without that access in high school, I don't think I would be here today before you. That's a little bit about who I am.

Ms. Stankute: My name is Suzanna Stankute. I'm the student body president at Western Nevada College and Chair of Nevada Student Alliance, made up of all of the student body presidents in NSHE, and honored to be a member of this committee. Outside of my positions at NSHE, I'm a first-generation college student and born and raised in the Carson City area, a home-schooled dual enrollment student, and started my education at a community college when I was 14. My experience in higher education is rooted out of community college, and I believe they are the foundation for many of our student success. Before we continue, please note this report is not from the Nevada Student Alliance as a body, rather, it's a compilation of different student government associations' opinions on the funding formula which we gathered through our positions in NSA.

And the NSA meets from June to March and takes a break in April and May. Because of this, NSA as a body does not have a position on the funding formula. We are presenting student opinions that we gathered through interviews with the student government association presidents and trends between their answers and individual suggestions. Ultimately, we're here to present the students' general opinions on funding formula.

Mr. Osorio Hernandez: We utilize our positions and our connections with the student body across the state presidents to conduct a series of interviews. We held these one on one so as to not break open meeting law, and we sat down and determined a series of questions to ask the student body presidents, and these relate to student issues, State priorities regarding higher ed and other suggestions and thoughts students had about the funding formula.

Ms. Stankute: Suzanna Stankute for the record.

The Northern Student Government Associations are the associated students of the University of Nevada, Reno, the associated students of the UNR School of Medicine, Graduate Student Association, TMCC Student Government Association, Associated Students of Western Nevada and the GBC Student Government Association. We recognize the GBC SGA has a unique voice and position within the Nevada System of Higher Education, but unfortunately, we were unable to meet with their student body president for this presentation.

On this slide are specific statements that stood out to me after we did these interviews. A common one was the funding formula doesn't take into account the different demographics of our students and generalizes them. Our institutions are so complex and serve so many different populations of students; institutions like UNR have three different student groups, all in needed of specific support. And as I conducted these interviews, I learned how many non-traditional, part time and first-generation students our institutions have and how they support them. First gen and non-traditional students often are part time, but the funding formula doesn't fund them the same as a full-time student despite their prominence in higher ed. Our institutions strive to support these populations through summer classes, night

classes, and different initiatives, but through the formula, institutions ultimately rely on full time students for weighted student credit hours. Some of the SGAs had some specific suggestions, and while these are attributed to specific SGAs, others might agree. From the graduate student association, the Association of Students of University of Nevada, Reno, and Associated Students of Western Nevada, their suggestions were the institutions should receive funding for different awards or accommodations they receive, like R1 status and great colleges to work for. Additionally, instead of square footage, research institutions should receive funding based on certain benchmarks like research grant funding, how many researchers are working, and how many hours those students are working.

From the GSA the current model is based on how many students an institution has in a count year. The GSA suggestion is it should be based on projected student growth. If the projection is wrong, they should give the money back, but institutions are always playing catchup with their current enrollment as measured through weighted student credit hours. For research operations and maintenance, equipment and space costs should be factored in as the cost of different programs and supplies vary. Square footage may not be entirely accurate or equitable. Deferred maintenance should be included in the funding formula and not as a separate allocation. From the associated students of Western Nevada, funding should be distributed yearly, not every two years. For example, WNC just got a bump in enrollment, but we won't see the effects for two years. We need some way to receive funding for the students we have now. The funding formula should also have a small class size adjustment. Large classes are not the mission of a community college. Institutions who have a class cutoff or average size of 30 students should receive funding for that. Small institution factors should also be based on headcount, not weighted student credit hours. And finally, funding W's support part time students even if it's only partially funded through the funding formula. They all offer some really great suggestions about supporting medical students in Nevada. These include supporting students who commit to working in rural areas, low registration fees, and creating more residency opportunities. The professional schools aren't funded through the formula, so I recognize these suggestions don't fit into the current discussion, but I'm passing them on to the new NSA Chair and I am happy to share them with anybody interested. Finally, each SGA was asked what they think the State's priorities should be regarding higher education, and here are some that stood out. From the TMCC SGA, access to higher education should be a priority. This is the grants and programs that support first generation students and low registration fees. From ASUN SOM, prioritize socioeconomic diversity by encouraging doctors to work in rural areas and encourage individuals in those areas to pursue an education. From the GSA and ASUN, the state has high expectations for institutions, but unfortunately don't follow through to support them financially. By not funding higher education, the burden is put back on the students. And from ASWN, institutions should receive funding based on mission specific factors and initiatives. Rural serving institutions and community colleges might need to be weighted different than a university. Thank you.

Mr. Osorio Hernandez: For the record, Kevin Osorio Hernandez. In this slide you may notice that there's a common theme surrounding accessibility to higher education. I had the privilege of interviewing the student presidents from each southern institution, and so those are the graduate and professional student associations, the consolidated students of the University of Nevada, Las Vegas, the Associated Students of the College of Southern Nevada, and the Nevada State Student Alliance at Nevada state. These insights shed light on crucial aspects of our institutions' dynamics and the experience of our diverse student body.

There is no doubt. I'm a history major, so there's no doubt that higher education has historically been built to serve one type of student. And so how can we reimagine what access to higher ed looks like in our state? So, I want to share with you a quick reminder of the type of students that we serve.

So, in NSHE, at least this semester alone, we have 42,415 students in southern Nevada. 25,359 are in northern Nevada. That's 67,832 that our system serves in this semester. I think it's important to remember that number of students we serve. So going into the student perspectives, I'll start with UNLV, the Graduate and Professional Student Association. President Thomas gave insight into addressing the crucial needs to prioritize higher education. It's said that we put money where we most value it, and the GSPA sees that many needs to address challenges such as institutional funding inadequacies and workforce retention are prevalent in our system. They highlight the concerning trend of Nevada having one of the lowest enrollment rates in colleges compared to other states. This suggests a potential lack of accessibility or attractiveness of higher education options within the state, which may be due to factors such as affordability, perceived value of a degree, or limited educational opportunities. This leads to PSA's point on insufficient research space and lack of funding appropriate to serve the research mission of UNLV.

From the Consolidated Students of the University of Nevada, Las Vegas, President Franklin highlights the need to fund support programs for underrepresented student populations like our nontraditional students, usually who are also first generation and part time students. This may look like ensuring that weighted student credit hours for part time students are just as valuable to the formula instead of FTE. From the Associated Students of the College of Southern Nevada, the president sheds light on a well-known secret that smaller institutions do not receive the same funding as larger institutions. This disparity in funding allocation is notable as small institutions often receive less funding compared to larger ones. This inequality can result in small institutions receiving only crumbs of the funding pie, which may not be sufficient to support their operations efficiently. From Nevada State Student Alliance, all colleges, regardless of size or status, are important and deserving of adequate funding. Each institution plays a vital role in the educational system and in serving students' needs. Therefore, a reimagining of a formula to me looks like ensuring it is mission specific. The current funding formula perpetuates mission privilege for certain systems or institutions over others. And so, funding

should be distributed based on the unique missions and needs of each institution rather than privileging certain types of institutions based on their size or prestige.

Ms. Stankute: On this slide you'll find a summary of some of the trends we saw as we went through our interviews. Ultimately, I would like to remind you that students innately want to support each other. For example, by offering summer classes, we can benefit both undergraduate and graduate students. And by funding fee waivers, it helps support students in need and takes the burden off other students and the institution itself. As you look through our suggestions, please consider how this could benefit all our students in NSHE and not pit one group against another. We encourage this committee to see how we can work in harmony as institutions and as students to equally support our constituents.

So, first from eight out of nine of our SGAs, FTE as a metric does not support all students. Many of our students are part-time. Other demographics fall into this category, including first generation and non-traditional students who aren't taking 15 credits. The formula should be adjusted to account for part time students. Second, the fee waivers should be included in the formula. We recognize fee waivers play a vital role for many students' education. However, they are not funded currently by the State. This is not sustainable and often places the burden on other students through fees. Partially funding fee waivers will relieve some of this burden.

Third, summer classes should be included as weight student credit hours. Summer classes support all students, help undergraduate students and graduate students, providing both fast-track to receiving a degree and labor options during the summer. All summer classes should be funded as weighted student credit hours.

From seven out of nine of our SGAs, student support initiatives and student services should be part of the formula. Part-time students require the same or often more support than full-time students. Additionally, an institution with a high part time rate is likely to have more students who require these services. To balance this, seven SGAs suggest that student services should be funded as a separate driver of the formula.

Second, NSHE's funding formula must be transparent or clear. Students should know how the institutions are running and functioning. Currently with the complexity of the funding formula, specifically relating to with the complexity of the formula, students might struggle to understand how the formula affects us and how our fees factor into this. This also includes providing data for populations that are served under the funding formula, which was discussed earlier.

Third, tuition must be kept low to support students. This refers to both registration fees and tuition to our out of state students. We recognize this is not an aspect that may be addressed through the formula.

However, this is a reminder that students aren't to be seen as a group to take from through increased fees but a group to support. Because institutions are not being funded fully through the funding formula, registration fees must be raised.

From five out of nine SGAs, campus improvements, including deferred maintenance and capital improvements, should be included in the formula, not separate. In order to include capital improvement and deferred maintenance in the formula, we must increase funding for higher education. This is a subject that unfortunately cannot be discussed under the scope of this committee, but regardless, NSHE simply cannot operate with the current funding.

Second, we need mission specific funding. Five out of nine SGAs want mission specific funding, and this is separate than multiple funding formulas as mission specific funding examines key points of an institution's mission and provides support for reaching those goals. This can include rural outreach, research, or student support programs. Third, dual enrollment should be addressed in the formula. As a former dual enrollment student, I recognize how vital it is for many students' success in college. However, the current model is not working and the discount for dual enrollment should be accounted for in the formula.

From four out of nine SGAs, first regarding research, operations and maintenance, we should factor equipment costs rather than square footage. Four SGAs that we talked to expressed square footage may not take into account the complexity of some of the research programs, and instead equipment costs should be one of the multiple factors for research O&M.

We should also adjust the formula for inflation. Much has changed since 2014, and the formula must be adjusted for today's cost. Just as our registration fees are adjusted for inflation, the funding formula should have a scale for inflation changes in the future. Third, we need multiple funding formulas. It's a bit more complicated than mission specific funding. These four SGAs believe that institutions are not being served under the current formula due to unique needs and services. So each must be evaluated individually to support each group.

Finally, from the GSA and GSPA, we should reevaluate research operations and maintenance funding. You heard a few ways to address research O&M funding differently, whether through equipment costs or how many hours grad students are researching. I love how the NSA put it, that we're valuing the space itself rather than the minds working within them. Research O&M must be adjusted to account for other factors rather than square footage.

Second, we should factor graduate student stipends into the funding formula. Graduate students are a pivotal piece of higher education. They research, teach, assist teachers, and more. They need to be compensated consistently for their hard work and this compensation should be included in the formula. Thank you.

Mr. Osorio Hernandez: Kevin Osorio Hernandez for the record. You will see on this slide we have titled it how the funding formula feels to students. I don't know about you, but too often I feel like I get lost in the weeds with a bunch of data and details and a lot of data. So maybe it's just the history major in me that I love a good story. We decided to almost emulate what President Pollard did last meeting and we created our attempt to create characters of students that represent a larger, broader perspective of how students currently in our system. So, through their stories we will explore how the funding formula shapes academic pathways and poses challenges to equity and accessibility in higher education.

First, I'll start by introducing you Malia, a determined 40-year-old single mother striving to balance responsibilities at home while pursuing her dream of graduating in accounting. Her journey reflects the tough decision many non-traditional students face through funding limitations. Initially aspiring to study engineering, Malia was compelled to switch her focus to accounting because of the State's lack of support for engineering programs. This shift not only altered her career path but also shed light on the disparities exacerbated by differential tuition.

Iowa State University charges higher tuition for engineering, business, and nursing programs. However, this perpetuates inequality by making these higher paying majors less accessible to low-income students. The University of Iowa also charges differential tuition for nursing, business and engineering, citing the higher cost of specialized equipment, faculty salaries and smaller class sizes in these programs. While these differential tuition policies are becoming more common, they reduce access and affordability, especially for underrepresented students.

While I know that differential fees are not part of the funding formula, the State could cover the cost of expensive programs and help make these majors more equitable. This perspective comes from the Nevada State Student Alliance. So going back to Malia and her story, she tries to take summer classes as much as possible to graduate early. However, this places a lot of burden on her, especially as there is not much financial aid to cover the cost of summer courses. So, in order to make her education more equitable, summer classes should be included as weighted student credit hours. This also allows the opportunity to continue offering more summer courses for more access to higher ed. I'd also like to introduce you to George, a 35-year-old National Guard veteran who relies on the National Guard fee waiver to access higher education. This is not just a benefit but a life-line that enables George to pursue his MBA in accounting. Without the fee waiver, George would face a daunting financial burden that could drastically impact his ability to continue his graduate studies and fee waivers like this one play a vital role in supporting individuals like George, ensuring they have the opportunity to advance their education and careers, especially for their families too. Including fee waivers as a consideration is a crucial to maintain accessibility and supporting students like George who have served our country and are now striving for academic success. This inclusion of fee waivers and funding policies can make a significant difference in the educational path for many deserving individuals.

The funding formula in higher education can be quite impactful on students and can range of emotions and experiences. And one thing that's definitely true is its competitive nature can reinforce a sense of mission privilege where certain programs or majors receive more funding and attention than others deepening existing disparities. So, this allocation of resources between undergraduate and graduate programs can contribute to feelings of inequality and inadequacy among students striving to excel in studies. The funding formula encourages competition between institutions, and thus they compete against themselves and separate institutional pools, which can worsen disparities and hinder collaboration.

And the funding formula often overlooks the need for sufficient support for diverse student populations who require additional services and resources to thrive academically.

To cultivate a more inclusive and equitable educational environment, it's crucial to reevaluate the funding formula and prioritize initiatives that cater to the unique needs of all students, ensuring that everyone has opportunity to succeed regardless of their background or circumstances.

Ms. Stankute: Thank you for your time today. I want to emphasize that the student voices must be considered in this discussion. We're grateful for the opportunity to present to you today. The changes made in this committee need to be done with the students in mind. Our suggestions may require additional funding. We're asking for changes that while they would certainly support students, maybe asking for more from the State. However, this committee must consider the suggestions offered today even if they may require increased funding. It only underscores the vitality of additional funding for higher education in Nevada.

As I'm listening to the discussion today, I'm concerned we're boxing ourselves in and only considering what's best for students within the current confines of budget. The job of this committee is to find the best formula with consideration of current funding. To touch on Dr. Dalpe's point earlier, what we are proposing to you is an answer to the question what would NSHE do with increased funding? Summer classes, fee waivers, student services support. These enhancements we've proposed will change the student experience and operations at our institutions. We appreciate there's both a faculty and student member on this committee and that we were all interviewed by HCM and our comments and concerns were considered. We hope, if they wish, that the faculty will be able to present as well. And we're happy to take any questions at this time.

Mr. Osorio Hernandez: If I could add, too, let's reimagine what funding formula in our state looks like for our students. And so I hope we can reimagine together. Thank you.

Chairman: Thank you both for your presentation today. We really appreciate the input. Are there any members of the committee in Las Vegas that have any questions?

Vice Chair Charlton: Yes. Assemblywoman Mosca.

Assemblywoman Mosca: Thank you so much for this great presentation. I will continue on that idea of reimagining. Would love if you can just briefly share from my vantage point as a legislator, I think about the system as a whole. What would you say in your K 12 experience most prepared you and did not prepare you for your higher ed transition, and what do you feel like higher ed is doing right now to prepare you, as well as not prepare you, for your goal transition of whatever work is going to look like for you after? Thank you.

Mr. Osorio Hernandez: Thank you so much for your question. First, I definitely want to recognize the important work you have also done in education as well, from starting leaders in training, bridging the gap between high schools to college, so that's something I deeply value. And so, I think one of the things, especially as a first-generation student that was born from immigrant parents and navigating my way through even learning English as well as an ELL student was definitely challenging through my K 12 education. And one of the things I think was especially impactful in especially in my high school time was Trio and different access programs. If it wasn't because of these access programs to introduce me to what college was or even is, I wouldn't have been here today to present before you.

And so, when I think about my younger sisters currently at valley High School, where I also attended, I keep thinking about what their future is going to look like especially when students who come from those zip codes are don't see themselves in higher education. And so, when we talk about who has access to higher education, it's usually folks who receive a lot of support, students who receive a lot of support from their high schools who can see themselves in higher education. And so, I think to me the biggest part that helped me was having the opportunity to really see myself in accessing higher education, and to me that was Nevada State University.

To your second point, for what is college preparing me to or what good parts and is college preparing me to achieve now, I think one of the amazing parts that Nevada State University has especially is the unique ability to especially have, for example, those close connections with our academic advisors or the close connections with other institutional access programs. For example, our first-generation students have [indiscernible], bridging the gap between our CCSD high school students to Nevada State University. We all know first generation students need a lot of support, and they're also the ones who are most likely to drop out. My cousin attempted to go to CSN for three semesters and just couldn't because she didn't have the support that I had. And so, when we have institutional access programs like that for our black students. It's essential they see themselves in higher education. And I think

that's especially the best part that Nevada State University is offering for our diverse students. And thank you so much for your question, Assemblywoman.

Ms. Stankute: I'm going to address the second half of the question. My high school experience was done at a community college, so I skipped that part. I think my success in college has been largely attributed to our faculty. At a community college, you really know they care about you and would take time to sit and teach me things that I would have learned in high school probably, essays and algebra and different things. I wouldn't have gotten that experience at a university. And so that's a very vital part of my education is the faculty we had still have at Western Nevada College, as well as our advisors. We have dedicated advisors for certain groups. So, I would meet with a dual enrollment counselor who would help guide me. And while I didn't know what I wanted to do, she helped take me to the path of an Associate of Arts.

We also have a lot of different programs, like Kevin mentioned, for at Nevada State we have programs that help our students succeed. So we have our library, which I've utilized a lot with our coaches and our database and all those things, as well as for WNC students we have the roads program, and at WNC and a community college, there's so much support that's one on one, and you know that you can come to them with a problem and they will find some way to help you with that. I've walked into the foundation office many times and said I don't know how I'm going to pay for school, please help me out, and they have. And I wouldn't be here today without the different services we have at Western Nevada College. So, thank you for that question.

Chairman: Any other questions in Las Vegas?

Vice Chair Charlton: No other questions in Las Vegas. Just want to say thank you to the students.

Chairman: Any questions up here? Yes, Doctor?

Kyle Dalpe: Kyle Dalpe for the record. I don't actually have a question. I would just like to applaud these two students for being here today and the work they've put into this, which is not only the presentation and the speaking points but also the research they did with their colleagues across the state. So, I appreciate you being here and speaking to us. Thank you.

Ms. Stankute: If I could add one thing, we gave you a very condensed view of our interviews. If anybody has any questions later on that you'd like to ask that are more specific, I can connect with you the student body presidents who gave us this information, or we can provide that to you. So, if anything comes up later. Thank you.

Mr. Osorio Hernandez: If I could add one moment of gratitude as well. Last meeting when I gave my public comment to Chair Hardesty, I was not expecting to receive an offer to present to you today. So, I'm very happy I was able to meet you today here in Carson, our state capitol, to present to you on the student perspective. Thank you again so much for that.

Chairman: As a former student body president, I was very excited to have your viewpoint presented to the committee. At the end of the day that's what this is all about. I am really proud of your presentations today. Very impressive. And I do anticipate some follow-up questions, and I know that HCM will take into consideration some of your remarks. You've added some additional input with respect to some of our student attribute topics, weighted student credit hour, and I appreciate your support for the summer school efforts. All of these things are important considerations for us and the students that we serve. Thank you for being here, both of you, today. We appreciate your input.

Okay. Let's turn if we could, to agenda item No. 5.

Chris, we keep bouncing you around. I apologize, but I'm grateful for your flexibility. So look forward to your presentation.

5. Information Only – State Directed Budget Building Process

Chief Financial Officer Chris Viton presented to the Committee the process and timeline for building the Nevada System of Higher Education (NSHE) budget for the 2025-2027 biennium in accordance with the 2025-2027 Budget Building Manual, including the point of approval by the Board of Regents. The following is a verbatim transcript of the presentation.

Mr. Viton: Chris Viton, Vice Chancellor for budget and finance for the system. And I hope I'm loud enough. Let me know. No? Okay.

It's my pleasure to be here this afternoon and to give you this overview of the budget process for developing our state budget under the state's guidelines. So, I'm a little bit nervous presenting this state budget process in front of the Director of Governor's Finance Office, but I'll take any help I can get along the way, if needed.

I wanted to go through today NSHE's budget preparation timeline and talk about how that works in terms of agency budget request limit and then walk through we've talked in other presentations on this the base maintenance and enhancement process items for special consideration and then get to a recap of this year's process.

This slide, just to give you a visual of the timeline, the system actually started its budget process in January with visits to each of the institutions to get a presentation from each of those institutions on their initiatives, priorities for the coming session. We have had a few opportunities to present updates to the Board of Regents leading up to the current, where we are today. We've been working on capital priorities that will be presented for prioritization at their meeting next month and then

following in June, their opportunity to hear and approve the system's operating priorities as we prepare the final agency request for presentation at their August meeting to meet Governor's office timeline deadline of August 30th.

Parallel to that, of course, is this process with all of you. And so, we're aware of that and seeing how that fits into the process with your final meeting occurring between that June meeting with the board and the August meeting when there would be their final approval of our agency request.

Wanted to mention, this is a fairly technical detail, but I know it's of good interest to the Governor's office and the legislators.

This was a change that was implemented in their 2023 session to the budget building process that just changes really what period of time is used by the State in defining the adjusted base budget. Historically, it was the even year actual expenditures, this legislation changed to the odd year budgeted authorized appropriations as the starting point. And this was the information used by the Governor's Finance Office to determine what the agency's spending limits are as we start this process this year.

I mentioned the agency spending limits are CAP. We received these about two days ago, but this is the limit that's determined by the Governor's Finance Office for all agencies across the state as the starting point for their biennial budget process. And that was done in accordance with that legislation I referenced in the prior slide. We're calling that the close of the last session and approving the system's formula appropriations, the recommendation was for the system to develop the budget for the next cycle using the base maintain enhancement approach, the same approach used by the legislature in finalizing the system's formula budgets last cycle.

So, we'll talk about the base maintenance enhancement process, what that means. We talk a lot about enhancements, and we've heard the term items of special consideration. I think we often use those interchangeably, enhancement being one that falls within the agency spending limit and items for special consideration being essentially an enhancement that's above that limit. And we will have those as we do each cycle.

So quickly, going through base, base items are the starting point. Again, the FY25 legislatively authorized budget adjusted for fringe and other statewide adjustments and other annualizations.

This is actually a calculation done by the Governor's Finance Office. We work our own and are able to compare them.

This includes the formula adjustments established through the prior legislative actions. So, where there are changes made each cycle, those get brought forward

in the new base. Maintenance. I think the largest item for the system in the formula budgets is our caseload adjustment that we talked about earlier, actually, and then any other adjustments that the Governor's office makes for all agencies statewide, including removing of one-time expenses from the base.

Enhancements. I think enhancements are where most of our work takes place when we talk about visiting the campuses and hearing about the priorities, these are what we're talking about. At the time, developing the presentation here, we didn't have this cycle's cap yet, so we weren't we didn't have a number to provide as a difference, and I can talk about that today.

But on this slide, as an example, last biennial cycle we started the process with room for about \$11.6 million of enhancement requests.

At that time I guess I'll cover this in the next slide, but obviously the system had requests that exceeded that, as we will this cycle.

A quick mention here, I think I intended to mention this on an earlier slide, but as we build our budget, part of the direction is to ensure our enhancement requests, and any initiatives we have are consistent with the Governor Governor's priority and related goals, which were provided to us in six areas. Education and workforce, economic growth and business development, health and wellness, public safety and infrastructure, government support services and rural and natural resources. So many areas that cross many agencies a lot of our programs in those areas.

I wanted to cover here this I prepared this before the cap was released. I probably would have focused more on the cap itself otherwise.

But going into this cycle, just looking at where we were when we closed 2023's legislative cycle, so the budgets for '24 and '25, those budgets, together with COLA, in order to roll those forward into '26 and '27 to maintain that same base represented an increase of \$194 million.

The effect we've talked a lot about, over the past several months since close of last session, about the impact of those very significant COLAs that were approved that were well needed and appreciated by the staff across the state. For the system, that roll forward or that roll forward of those COLAs represented a cost that would require an increase in the base of \$194 million. The good news for the system with the cap coming out, that covers about \$130 million of that \$194 million.

But, as expected, the cap for the system as a whole, these numbers are not just the formula budgets. I know we're here working on the formula, but these numbers here are for the entire system, so it includes the system's other 21 or so nonformula accounts.

The cap does cover about 130 million of that 194 million that was needed to roll those COLA forward, but this is why we were expecting not to be in a position to have enhancements as part of our request. So, what otherwise would be an enhancement is an item for special consideration in this cycle.

What's an item for special consideration? It's an enhancement that exceeds our starting point spending limit. Again, guidance from the Governor's office, items should address vital needs of the state and align with one or more of the initiatives identified in the Governor's three-year plan, the items I referenced in the prior slide. Right now, excluding that gap on the COLA, items that campuses identified during our visits earlier this year as initiatives, enhancements for the current cycle, total about \$260 million.

So, what are those items? Those are the COLA shortfall, campus safety and security, some fee waiver support, continuation over the nursing expansion we talked about that program earlier this year, earlier today and continuation of other programs that were funded through one shot appropriations in the last cycle.

Student housing student housing and other support, additional expansion of graduate student support and graduate medical education are all items that are part of that 200 or so million that are in the enhancement request.

Going back, revisiting the major phases of the budget process and where we are, we began with the input from the institutions to the Chancellor's office earlier this year. We are working with you and looking forward to the results of this process that will provide recommendations from the committee to the Chancellor and then providing the systemwide budget request to the board for their approval so we can meet the deadline of the Governor's Finance Office August 30th at 4:00 p.m. The process following that, as we've talked earlier, we'll look forward today Governor's recommended budget in January '25 and legislative session starting in February. With that, I've reached the end of my presentation. Happy to answer any questions.

Chairman: Questions in Las Vegas?

Vice Chair Charlton: Not seeing any questions here. Thank you.

Chairman: Carson City? Yes, ma'am.

Ms. Stephenson: Thank you. For the record, Amy Stephenson, Budget Director for Governor's Finance Office.

Your presentation, you probably can do my budget kick off next year. Awesome. I can go home.

I just wanted to thank you for the emphasis on our two times cap and how, like NSHE, like other state agencies, COLA is going to take up most of what that two

times cap has allowed because it was a significant increase that we all appreciated. But based on the economic forum right now or projections of economic forum, there is going to be little room for enhancements, but this is why during the Director's meeting budget kick off you were with me we encouraged all of departments to work with us often and work with us to diversify revenue so we can address these issues so that we're not totally reliant on general fund. So, I appreciate that.

Mr. Reed: Thank you, Chris. Thank you for the presentation. It's helpful to understand just the process and how all these pieces come together. I just want to clarify the numbers in relation to what Amy mentioned about the cap. I want to understand.

You're saying there's a cap on what we can request as a system and that the COLA from the last legislative session is essentially not even going to be covered by what goes up to that level of the cap. So, that's not even going to be fully funded at the extreme limit of what we can request? Is that accurate?

Mr. Viton: Chris Viton for the record. Yes.

So, the COLA is not fully covered by the cap, keeping in mind that for the system, this is just the state appropriations. So, our state supported operating budget includes other revenues. The COLA that's included in the cap is consistent with the COLA allocations as they were incorporated into the cap for the other agencies around the state. So, we were treated consistently in building the cap, and that 60 or so million short difference between the \$194 million that I referenced on slide 9 and the amount covered by the available in the cap that was released, that's actually significantly less than the budget shortfall we covered that we're working to address in 24-25 COLA discussions.

So that \$64 million on the biennium, so it's \$34 million or so annually.

And you may recall in FY25, the system was looking at addressing a \$60 plus million COLA shortfall for just that one year. So, it's not the simple answer to your question is, yes, the full COLA is not covered, but we're actually in a significantly better position than we were at the start of '25.

Mr. Reed: I guess what I'm getting at, though, is not so much the details on this COLA funding as just this idea that there's a cap on what we can ask for what, and we've already hit it.

So, conceptually, any discussion that may be had, perhaps not in this group but by a parallel process which was previously mentioned about requesting additional funding to support a high-quality education system in the state, we're already at the cap of what we can ask for. How does that fit together? Where are the mechanisms

and opportunities for us to make a legitimate request to fully fund high equality education across the system?

Mr. Viton: Chris Viton for the record.

To clarify, we can request. There's only the difference between whether the request is an enhancement request or an item for special consideration, which is the distinction is just whether it fits within the cap or not. So last cycle the system had available room in the cap of \$11 or so million dollars. The enhancement requests I think I may have that number, but it was it was I don't have that number. But it was there were many items for special consideration included in the systems request last year and many, of the items that were funded, including the restoration of the budget reductions, the backfill of the ARPA, restoring the non-position budget reductions in the base budget, that was an item for special consideration. Many of the enhancements funded in the one-shot appropriations were items for special consideration.

So, the limit doesn't prevent us from asking. It just is how the ask is categorized in the process. The item for special consideration, the enhancement, is one that would fall within that limit.

But we have we will make asks above that limit as an item for special consideration. I do feel I'm an accountant, and I know when I'm in conversations with folks and accounting terms start flying, I can follow them and get really particular with how they are used, and that's kind of how I feel about these budget terms. Item for special consideration and enhancement are actually the same thing; they're just where they fall in the limit.

Ms. Stephenson: Dr. Reed, I think I can help you understand this a little bit. Stephenson, Director for Governor's Finance Office.

So, the cap, remember, is based off of what we think the economic forum is going to come in. So, we it's a budgeting tool so that we know what agencies are going to ask for. So, the items for special consideration and we do ask that they rank them so when the numbers do come in from the economic forum and we have excess money, we can start to prioritize on the state, like now we can afford this initiative, we can afford this initiative. That's the purpose of the items for special consideration, if that helps.

Chairman: Any other questions?

Just one quick one.

Chancellor Charlton: Chair? Not necessarily a question, but just a comment regarding the opportunities for this body to provide, as we get, as we move forward on those special items of consideration, we need to have the ask.

And I think Chris is absolutely right, and I appreciate Director Stephenson's comment to the point that we can also include those as the board of regents is prioritizing their request for consideration. That way we're at least aligned within the priorities.

Because we will be competing with some of the items that Chris had mentioned that are already above the cap, such as the nursing expansion, there's some mental health funding, public safety initiatives, et cetera, but as we look and the formula and how we're reimagining, this is a wonderful opportunity for us to align so we're not in direct competition as this committee and this commission with the institutions' requests, which, as Chris mentioned, are well over \$200 million as well. So, thank you.

Chairman: Any other questions for Chris? All right. Thank you, as always, for your thorough presentation.

7. Approved Recommendation – **Work Session: Self-Supporting Accounts**

The Committee considered for approval a recommendation for its final report urging the Chancellor's Office to establish a matrix of self-supporting account categories that will clearly indicate the permissible use of self-supporting account funds based on current Board policies and procedures.

Senator Marilyn Dondero-Loop moved for approval of the recommendation to "Urge the Chancellor's Office to establish a matrix for self-supporting account categories that clearly indicates the permissible use(s) of self-supporting account funds based on current Board policies and procedures. Ms. Betsy Fretwell seconded. Motion carried.

The following is a verbatim transcript of the presentation and motion.

Chairman: Let's turn to the item No. 6 excuse me, No. 7 let's see I want to get the self-supporting accounts out of the way. Item 7, self-supporting accounts. Following several presentations on NSHE self-supporting accounts from both NSHE staff and HCM Strategists, we determined NSHE, and the Board of Regents have begun to address the concerns identified for NSHE self-supporting budget accounts during the last legislative audit. The committee then requested that a recommendation be developed to urge the Chancellor to establish a matrix of self-supporting account categories that clearly indicates the permissible use of funds based on the Board of Regents' policies and procedures.

This agenda item allows the committee to consider the recommendation, which, if approved, will become part of our final report.

The work session document provides the history of the self-supporting issue, particularly the history on the audits, and includes the additional information of State and Non-State funds.

Assuming you've had an opportunity to review the document that was distributed with the materials on the agenda, are there any questions or entertain a motion to approve the recommendation as written on page 3 on the work session document in bold italics that reads "Urge the Chancellor's office to establish a matrix for self-supporting account categories that clearly indicates the permissible uses of self-supporting account funds based on current board policies and procedures."

So let me begin by asking if there are any questions with regard to this item on the agenda or comments.

Vice Chair Charlton: No questions or comments in Las Vegas. And it's exciting we're going to get to an action and a recommendation from this committee.

Chairman: Questions in Carson City? The Chair will entertain a motion.

NEW SPEAKER – Senator Dondero-Loop: So moved.

Chairman: Second?

NEW SPEAKER – Ms. Fretwell: Second.

Chairman: Thank you. Any discussion on the motion?

All right. All those in favor of the motion signify by saying aye.
[Ayes]

Chairman: Those opposed please signify.

Vice Chair Charlton: Chair, I apologize. We've had a request for a clarification on the motion, the language of it.

Chairman: Go ahead.

Senator Dondero-Loop: Chair, I'm going to take a stab at it. I move that the NSHE institutions track expenses by functional categories according to the National Association of College and University Business Offices and to include the items listed on page 3 of our information.

Chairman: You made the motion, I believe, Senator, is that right?

Senator Dondero-Loop: Correct, sir.

Chairman: Are you including in the motion that we urge the Chancellor's office to establish the matrix?

Senator Dondero-Loop: Yes, Chair.

Chairman: Yes, we do.

Ms. King: Lynda King for the record. The only thing that can be moved for approval is the recommendation as stated in the agenda item.

Ms. King: So if a mover, if committee members want to make a motion, you would use the language, move to approve the recommendation and you can . . . [inaudible].

Chairman: So, I'm going to assume for the moment that we do not have a motion as the maker of the motion altered the language. I'm not quite sure what the reason was for altering the language, but that aside, do you want to defer this matter to the next meeting so that the language in the motion can be considered that takes into account the amendment that was being requested? And maybe we could get some direction from the committee on how you would rather see the motion reworded and why.

Senator Dondero-Loop: Chair, this is Marilyn Dondero Loop. I would like to rescind my motion and try again, if you don't mind.

Chairman: I don't mind as long as go ahead.

Senator Dondero-Loop: I would move that the Chancellor that we urge the Chancellor's office to establish a matrix for self-supporting account education and clearly indicating the permissible use of self-supporting account funds based on current board policies and procedures.

Ms. Fretwell: Second.

Chairman: Were you the maker of the second Ms. Fretwell?

Ms. Fretwell: Yes

Chairman: Thank you. Any discussion on the motion? All those in favor say aye. [Ayes]

Chairman: Anyone opposed? Any abstentions? The motion passes unanimously.

Then let's move on to agenda item No. 8.

8. Information Only - New Business

Following is a verbatim transcript of the Committee's discussion under New Business.

Chairman: The next meeting of the commission will be held on May 30th, probably, again, beginning at 9 am to accommodate travel schedules and the length of the presentation and discussions.

According to the work plan, the May agenda will include presentations from HCM Strategists with additional information and modifications and updates on their presentations taking into account comments from the committee thus far. And I wanted to entertain . . . are there other items the committee would like to include on this future agenda?

Regent Del Carlo: Thank you. I would like to say that we've heard from the students and many stakeholders, but we haven't heard from our faculty, and we do practice shared governance. That's one of our foundational things we do in higher ed. So I would request at that meeting we have a presentation from faculty and include NFA's viewpoint too.

Chairman: We'll add that to the agenda and make that invitation, focusing on the charge of the Committee.

Any other suggestions or requests for agenda items?

Chancellor Charlton: Chair, Assemblywoman Mosca.

Assemblywoman Mosca: Thank you, Chair. I don't know if it has to be next meeting, but just listening to the conversation today, I think just making sure there's a way we can capture all the special consideration items that we want to capture so that we don't get bogged down in the idea that items we're discussing fit or don't fit under the charge but still allows us to generate those ideas. Especially as a legislator, I would like to know those prior to the session. Thank you.

Chairman: The intention is to have both, between our staff and HCM, do exactly that. And what I'm going to request is that we list whatever additional attributes that haven't been included in previous outlines just as a holistic list, so we have them in front of us when we have our general discussion in May.

All right. And, frankly, with respect to each, to the extent that it has a fiscal impact, I'll ask Chris to examine that and whether it's calculable or not, just indicate that it has a fiscal impact so, we can, we may not be able to measure it entirely, but we at least realize it has a fiscal impact outside of the current formula. Is that all right, Chris? Okay. All right. Any other agenda items that members would like to see added? Any other general comments by committee members before we move to public comment. Okay.

Vice Chair Charlton: Chair, Mr. Christenson.

Mr. Christenson: I'm still hung up on the whole idea of the performance pool. It just seems to me that one of the things that with we heard from the presidents is the need for stability and understanding what how much money they're going to be getting. We talked a little bit, maybe a rolling three-year average of things. I get that part. Just seems to me that some of this gets so complicated. They need a base amount for items that are not going to there's not much they can do about it. What it takes to keep the doors open at each one of the institutions, whether it's the insurance, any number of different things, but then to this piece of it's like what are the results that we're looking for out of these institutions? And it seems to me that kind of the stable part of their budget plus what we're looking for comes to pretty close to 100 percent to what they want ultimately to see from these institutions. And maybe there's just a little bit of what I'll call performance bonus so that if you didn't make it, there's some that would be taken away, but if you did make it you had the opportunity to get a little more. I'm not sure maybe that's too simple a way it look at it, but this whole idea of taking money away and bringing it back and what does performance really mean and not mean, maybe there's a way to simplify all of this.

Chairman: I agree with you. And it's something that I think we need to focus on in greater depth at the May meeting. I'm anxious to get additional input from HCM and from our staff and from Chris, but I think there's I'm reading a general input to the committee that this business about a 20% cut off the top and the timing of when you get that restored and the like is problematic. And what I hope I conveyed earlier with my remarks, and I realize that it may be running in conflict with what either Tennessee does or HCM's vision of best practices, but my concern is this. The evidence before me showed shows that the institutions are performing, some at higher percentage levels than others. But two things stand out to me. First, there are very, very limited circumstances where the performances weren't met. So why wouldn't we fund entirely without any cut whatsoever? I'm not suggesting that we aren't seeking accountability. I'm not even suggestions we aren't requiring performance measures. But I don't see penalizing the institutions that have a record or a history of meeting performance targets with some arbitrary portion of their base required funding to operate. And then, secondly, as I explained, and maybe my math is wrong, but I think it was illustrated by Dr. Dalpe's comments, the proposal by HCM would actually penalize an institution that even has a positive performance if it isn't as high as the other percentages that are achieved by other institutions. That seems to me to be regressive, not progressive. So I'm hoping that HCM and the staff will work on a plan that doesn't try to rectify doesn't eliminate performance requirements but doesn't try to recognize it through financial penalties. There's got to be some other way that we monitor that, we have transparency with respect to it, and then it's dealt with in some other fashion that would be my view as opposed to a monetary fashion. But I'm open to whatever other suggestions people have. If I'm all wrong on this, I, of course, am open to other comments and suggestions. But I think that is an inherent problem, from my point of view. The

other point of view I make is this. Obviously from what we've heard from Chris and from what we've just discussed about budgeting, getting dollars to incentivize higher performances may be a very difficult challenge in the next session.

But it also seems like incentivizing successful work is in itself something that requires further study.

So that's just where I am. I don't know where you are, Glenn, or other members of the commission, but I think if people have opinions, you ought to express them so we can give staff and HCM some additional input on this.

Mr. Christenson: Glenn Christenson for the record. Just seems to me that in the process of building these budgets, all those metrics and everything are have to be considered. So, I'm not sure what the problem is. So, I agree with you that fund it a hundred percent and then we can hopefully maybe there's a little bit at the end we can, if need be, cut back a little bit or add a little bit more.

The other thing that I was a little concerned about is this concept of one size fits all for the funding formula. I really like the idea that each one of these institutions have a different mission. We can group those missions, but I just think it would be better, and that's kind of the feedback that we've gotten, too, from presidents and frankly the students and others.

Chairman: Any other commissioners that would like. Dr. Reed and then the Chancellor.

Dr. Reed: I wanted to follow up on that other comment. This was something I was going to raise. I'm not sure we have yet had a fulsome discussion about mission differentiation across the institutions and heard what the implications would be of potentially having separate funding models. And I don't know whether those the pros, cons, but just to explore that together and understand what that would look like and if it would be viable could be a really helpful exercise.

Chairman: I'll add that to next session's agenda.

Vice Chair Charlton: We have Regent Goodman and Senator Dondero-Loop.

Chairman: Regent?

Vice Chair Charlton: We're going to start with Senator Dondero-Loop.

Senator Dondero-Loop: I have more of a comment, Chair. Many hours ago I think when we started this HCM performance discussion, I think my comment and I'll just reiterate it that I want HCM to listen to what they gathered when they spoke to the institutions.

And so, I don't think, in my opinion, has necessarily happened. I don't think anybody is looking for a more convoluted discussion or saying we shouldn't have the discussion, but to discuss and not listen to what the institutions are saying is not what they were hired to do, in my opinion.

In my opinion, they were hired to gather some information and find either some good solutions or some compromises so we could make this better for our state and not better for somebody in Tennessee, with all due respect. So just a comment. Thank you.

Regent Goodman: Stephanie Goodman, for the record.

This really didn't pertain to the item, but I think it's important to mention this. \$194 million is a significant COLA impact, and we felt it was very important to make sure that our faculty received this COLA. And I think it's also important to acknowledge that right now there was an accounting mistake made in 2019 and our COLAs for NSHE are only funded 80% of 80% rather than 80% of a hundred percent. That's obviously a huge disparity, and I think it would be just I wanted to put out there so the committee understands that that number is significant partially because of that, and we're hopeful we can get this fixed for the next session.

Chairman: Any other agenda items members would like to have included on the next meeting agenda?

Regent Del Carlo: I just want to echo what my colleague said, because it's been difficult being on the board and having these things happen and not be corrected. We're the only state agency that this happened to. And I would like, at our next meeting, to have that figure brought back, what that impact has done to higher education in Nevada.

Because when I ran in 2016, I ran because I felt that Nevada was not properly funded with higher education. And I also saw someone very important to this process and said to him before I even got on the committee, if we don't and I know this is not the charge of the committee, which I'm very disappointed about, but if we don't find some new funding, then I almost feel like this is an exercise in futility. And that's what I said to him.

Last session, I think the legislature did a great job with K 12. We have so many needs in the state. And for us not to put the proper funding to higher education does a disservice to our state. This is a growing and changing state. I was born here. This is not the same state. And I know I'm old now, but my god, my colleague shared with me 71% of our students at UNLV are minority. I mean, I could have counted the minority students in my high school in Reno on one hand. This is not who we are today. We have got to address the needs of our state.

And I got a question I'm running for reelection and got a question, what's the purpose of higher education? It's very simple. It's workforce. That's what we do. Workforce. Thank you.

Chairman: Okay. Any other requests or comments before we go to second round of public comment?

All right. Then we'll move on to agenda item No. 9.

9. Information Only – Public Comment

Following is a verbatim transcript of comments made during the Public Comment Session.

Chairman: This will be the second opportunity for public comment during today's meeting. The process will be the same as this morning.

Public comment can be made in person at either meeting location, additionally those wishing to provide public comment telephonically may do so calling (888) 475 4499 at the prompt please enter the meeting ID number which is 87381403793 and press pound. Before beginning your public comment, state your name for the record spell your last name. And, remember, public comment is limited to three minutes per person.

At this time I'd like to invite any persons in Las Vegas who would like to approach the witness table and offer public comment.

Any public comment? Las Vegas, Chancellor?

Vice Chair Charlton: No public comment.

Chairman: Thank you. Any public comment in Carson City?

Mr. Ervin: Kent Ervin, Nevada Faculty Alliance.

Thank you for your service. I know it's been a long day, but I have a few thoughts based on today's discussion while it's fresh.

CFO Viton's presentation covered NSHE's role in the budgeting process, but that's just the beginning. The committee needs to understand how changes in the formula would be implemented in the Governor's executive budget and the legislative budget processes.

For example, under HCM's growth model, would there be maintenance budget adjustments based on performance metrics similar to caseload maintenance adjustments for weighted student credit hours?

A 20% performance pool earn back would be a major disruption in base funding. The current performance pool has prorated penalties so the full 20% really has never been at risk. That would be a totally extreme case. So even if the HCM relative growth model is accepted by the committee in part, it would have to start with a small performance pool of a few percent and be phased in by increasing the percentage only if and when appropriations increased beyond inflation and caseload.

No performance metric should be based on absolute student numbers but rather it should be ratios for access or success rates relative to the target student populations in Nevada, for example, regarding the question about disaggregating the underrepresented minority factors by subgroups of students. The enhancements factors could be weighted by the representation of each underserved group relative to Nevada population demographics. The goal is to bring everyone up.

Finally, State funding and financial aid should provide the opportunity for students to attend the institution and program that is best suited to their individual situation regardless of their finances. Community colleges have a very important role as an affordable place for an AA degree or certificate or transfer credits, but some cash poor and low-income students are best served by enrolling at a residential campus because the on-campus resources level the playing field.

During the pandemic, it became painfully obvious that my students from low-income households had great difficulty with poor internet connectivity and not having private places to study or attend class online, and that's alleviated for students who are on campus. We should not direct students into certain institutions or programs based on their economic standing. So that's a few thoughts for today. Thank you.

Chairman: Thank you. Anyone else who would like to make public comment in Carson City? Okay.

Seeing none, any public comment on the telephone?

BROADCAST: The public line is open and working, but there are no callers to provide comment at this time.

Chairman: Thank you very much. I want to again thank President Suzanna and President Kevin for their excellent presentations. You inspired us today. Thank you.

With that, we will close today's meeting, and we look forward to seeing all of you on May 30th at 9 am. Thanks for your great and robust input today.

The meeting adjourned at 2:49 p.m.