SPECIAL MEETING
BOARD OF REGENTS
NEVADA SYSTEM OF HIGHER EDUCATION

Third Floor Rotunda
Frank H. Rogers Science & Technology Building
Desert Research Institute
755 E. Flamingo Road, Las Vegas
Friday, April 20, 2012

Video Conference Connection to:
System Administration, Reno
2601 Enterprise Road, Conference Room
and
Great Basin College, Elko
1500 College Parkway, Berg Hall Conference Room

Members Present:	Dr. Jason Geddes, Chair Mr. Kevin J. Page, Vice Chair Mr. Mark Alden Mr. Robert J. Blakely Mr. Cedric Crear Dr. Mark W. Doubrava Mr. Ron Knecht Mr. James Dean Leavitt Mr. Kevin C. Melcher Dr. Jack Lund Schofield Mr. Rick Trachok Mr. Michael B. Wixom
Members Absent:	Dr. Andrea Anderson
Others Present:	Chancellor Daniel J. Klaich Vice Chancellor, Academic & Student Affairs, Crystal Abba Vice Chancellor, Finance, Mark Stevens Vice Chancellor, Health Sciences System, Marcia Turner Vice Chancellor, Information Technology, Steven Zink Chief of Staff & Special Counsel to the Board, Scott G. Wasserman Executive Director of Government Relations, Renee Yackira President Michael D. Richards, CSN President Stephen G. Wells, DRI President Lynn Mahlberg, GBC President Bart J. Patterson, NSC President Maria C. Sheehan, TMCC President Neal J. Smatresk, UNLV President Marc A. Johnson, UNR President Carol A. Lucey, WNC

Also present were faculty senate chairs Ms. Tracy Sherman, CSN; Ms. Sarah Negrete, GBC; Dr. Robin Herlands, NSC; Ms. Mary Arbutina, NSHE; Dr. Gregory S. Brown, UNLV; and Mr. Jeffrey Downs, WNC. Student government leaders present included Ms. Aimee Riley, ASCSN President, CSN; Mr. Steve Gronstal; GRAD President, DRI; Ms. Sarah Saenz, CSUN President, UNLV; Mr. Michael J. Gordon, GPSA President, UNLV; Mr. Casey Stiteler, ASUN President, UNR; Ms. Stephanie Vega, GSA President, UNR; Mr. Scott Gaddis, SGA President, TMCC; and Ms. Heather Dodson, ASWN President, WNC.

Chair Geddes called the meeting to order on Friday, April 20, 2012, at 9:03 a.m. with all members present except Regents Anderson and Page.

1. Public Comment – Mr. Patrick Mendez requested that an item be placed on the next agenda to develop criteria for persons requesting permission to carry a firearm on campus so that each institutional president, or his or her designee, can exercise discretion and permit those persons to carry a firearm.

   Mr. Mendez noted that testimony during hearings for Senate Bill 231 showed that, currently, permission is rarely granted. He indicated that as a correctional officer, the need to defend himself at all times is greater than the average citizen. He feels that the law, as outlined in NRS 202.265, is so prohibitive that without written permission he cannot leave his weapon secured in his vehicle in the parking lot on campus, which leaves him defenseless on the way to and from school. His attempts to persuade any official at CSN to consider his request were unsuccessful, which has led him to seek the representation of a public interest law firm to challenge the constitutionality of the statute. Article 1, Section 11.1 of the Nevada Constitution states that every citizen has the right to keep and bear arms for security and defense. He believes that challenging this right will have an unfavorable result for CSN and the NSHE, removing the subjective discretion that the college currently enjoys in denying the right to carry a firearm, not to mention the financial burden the college will carry in defending its position.

   Regents Knecht and Schofield requested that this issue be included for discussion on the next regular agenda.

   Ms. Sarah Negrete, Faculty Senate Chair, GBC, speaking on behalf of the NSHE Council of Faculty Senate Chairs, stressed the importance of the presidential search process and its inclusion of faculty and community member voices. The input enriches the process and provides valuable information for consideration by the Regents in making very important decisions.

   Dr. Gregory Brown, Faculty Senate Chair, UNLV, presented a resolution recently passed by the UNLV Faculty Senate which calls upon the NSHE, in its budget request to the legislature, to calculate any restorations or eventual enhancements of faculty and staff compensation separately from campus allocations calculated through the funding formula based on student course and degree completions. Budgets were cut in 2009 and 2011 based on percentage of actual salary lines and,

1. Public Comment – *(continued)*

therefore, any state money allocated to restore or enhance compensation in 2013 ought to be attributed to campus budgets based upon actual salary lines as well.

Dr. Brown indicated that this would not only be consistent with the practices of other states that have implemented funding formulas based on student outcomes, but would also send an important message to students, assuring them that any restoration of competitive compensation would be based upon additional state allocation, not based on student fee increments. He noted that assuring quality education through recruitment and retention of the best faculty must be paired with a commitment to access and affordability for students. He and UNLV Faculty Senate Chair-elect Shannon Sumpter intend to charge the chair of the admissions and academic standards committee to work with several graduate and undergraduate student leaders to advocate specifically for affordability and access in 2012 and 2013. He hopes this group will help provide an informed, credible and effective voice for UNLV's and NSHE's continuing efforts on this point.

Mr. Michael Schaefer, candidate for State Assembly District 15, invited the Board to hold a future meeting in Tonopah, Nevada. He then requested that there be an informal policy whereby unused parking spaces held in reserve for attendees of the Board meeting are released to the public approximately 15 to 20 minutes after the meeting begins.

The Board and institutional presidents recognized all of the outgoing faculty senate chairs and student body presidents.

The following individuals expressed support for the appointment of Dr. Marc A. Johnson as President of the University of Nevada, Reno: Commissioner Lawrence Weekly, Clark County Board of Commissioners; Mr. Frank Hawkins, UNR alumnus; Dr. Bill Follette, member of the Institutional Advisory Committee and faculty member, UNR; Mr. Ronald J. Bath, UNR alumnus; Mr. Casey Stiteler, ASUN President; Ms. Jennifer Satre, UNR alumnus and former chair of the UNR Foundation; Dr. Joe Crowley, President Emeritus, UNR; Mayor Bob Cashell, City of Reno; Dr. Trudy Larson, Director of the School of Community Health Sciences and faculty member, UNR; Dr. Stacy Burton, faculty member, UNR; Ms. Stephanie Vega, GSA President; Mr. Erik Williams, Chair of the Staff Employees' Council, UNR; and Mr. Mark Knobel, Institutional Advisory Committee member and UNR alumnus.

2. Approved-Consent Items – The Board of Regents approved the Consent items.

(2a.) Approved-Minutes – The Board of Regents approved the following meeting minutes:

- December 9, 2011, UNR President Search Committee *(Ref. BOR-2a(1) on file in the Board office).*

- December 16, 2011, UNR President Search Committee *(Ref. BOR-2a(2) on file in the Board office).*
- January 10, 2012, NSC President Search Committee *(Ref. BOR-2a(3) on file in the Board office).*
- January 13, 2012, GBC President Search Committee *(Ref. BOR-2a(4) on file in the Board office).*
- January 20, 2012, special Board of Regents meeting *(Ref. BOR-2a(5) on file in the Board office).*
- January 24, 2012, NSC President Search Committee *(Ref. BOR-2a(6) on file in the Board office).*
- January 27, 2012, GBC President Search Committee *(Ref. BOR-2a(7) on file in the Board office).*

(2b.) Approved-Acceptance of Gift and Naming Opportunity, CSN – The Board of Regents approved CSN President Michael D. Richards' request to accept an in-kind gift for calendar years 2012, 2013 and 2014, valued at $300,000 from Mr. Jeff Whiteaker and to rename the Athletics Club House on CSN's Henderson campus to the James Benton Whiteaker Club House *(Ref. BOR-2b on file in the Board office).*

Regent Knecht moved approval of the Consent items. Regent Trachok seconded. Motion carried. Regents Anderson and Page were absent.

3. Approved-Distinguished Nevada Award – The Board of Regents approved posthumously awarding Senator William J. Raggio a Board of Regents' 2012 Distinguished Nevadan award *(Handbook, Title 4, Chapter 1, Section 14 and Procedures & Guidelines Manual Chapter 8, Section 1) (Ref. BOR-3 on file in the Board office).*

Regent Alden moved approval of Sen. William J. Raggio as a 2012 Distinguished Nevadan recipient. Regent Knecht seconded.

Mr. Scott G. Wasserman, Chief of Staff and Special Counsel to the Board of Regents, noted that implicit in the motion to approve the nomination is a waiver of the provisions of *Title 4, Chapter 1, Section 14* which sets forth individual Regents who can nominate a person for the award of Distinguished Nevadan. This award will be made by the entire Board, and it will be in addition to the nominees under that section.

Motion carried. Regents Anderson and Page were absent.

4. Approved-Collective Bargaining Agreement, WNC – The Board of Regents approved the application of the Nevada Faculty Alliance for a collective

bargaining election at Western Nevada College, to be conducted by the American Arbitration Association, and the waiving of the requirement that this matter be

4. Approved-Collective Bargaining Agreement, WNC – *(continued)*

heard at the Board's "next regularly scheduled meeting," pursuant to *Title 4, Chapter 4, Section 6 (Ref. BOR-4 on file in the Board office)*.

Regent Alden moved approval of the application for a collective bargaining election at Western Nevada College, to be conducted by the American Arbitration Association, and the waiving of the requirement that this matter be heard at the Board's "next regularly scheduled meeting." Regent Knecht seconded.

Ms. Brooke Nielsen, Interim Chief Counsel, indicated that in accordance with the Board's collective bargaining regulations, Chancellor Klaich has reviewed the application and verified that it is in proper order. She noted that the Nevada Faculty Alliance requested that this item be placed on the special meeting agenda so that the election could take place before the end of the academic year.

Regent Knecht established that the requirement for this matter to be heard at a regularly scheduled Board meeting was set forth by an ad hoc committee formed in December 1989. In response to a question from Regent Knecht, Chancellor Klaich indicated that, to his recollection, the Board met monthly at the time the requirement was put into place.

Regent Knecht expressed his belief that the request is consistent with the spirit of the rules in the context in which they were adopted. He noted that 84% of the faculty asked for this election.

Chancellor Klaich indicated that in his recommendation, he was careful not to convey that the rules would be used to defeat or prolong what the faculty wanted to do.

Motion carried. Regents Anderson and Page were absent.

5. Information Only–Undergraduate Tuition & Fees, 2013-14 and 2014-15 *(Agenda Item #8)* – Chancellor Daniel J. Klaich presented adjustments to undergraduate and graduate tuition and fees for academic years 2013-14 and 2014-15. The adjustments make the previously approved 2011-12 and 2012-13 surcharges a permanent part of the registration fee and the corresponding discounted tuitions. The allocation of these student fees to the State Supported Operating Budget and the Student Access Fund would continue unchanged. This item is presented for an initial discussion with final action scheduled to occur at the May 31 - June 1, 2012, meeting of the Board *(Ref. BOR-8 on file in the Board office).*

5. Information Only-Undergraduate Tuition & Fees, 2013-14 and 2014-15 *(Agenda Item #8)* – *(continued)*

Chancellor Klaich distributed an updated version of page 6 of the reference material to correct a typographical error in the 2013-2014 and 2014-2015 UNLV undergraduate student access fees *(on file in the Board office)*.

Chancellor Klaich indicated that the proposed adjustments would reclassify the previously approved surcharge as a permanent fee.

Mr. Mark Stevens, Vice Chancellor of Finance, recalled that the surcharge was approved by the Board in June 2011. He indicated that surcharges are temporary, and this proposal would make the surcharge permanent as a registration fee beginning fall 2013.

6. Information Only–PEBP Task Force *(Agenda Item #9)* – Executive Director of Government Relations Renee Yackira provided an update on Nevada System of Higher Education activities relating to the Public Employees' Benefits Program.

Ms. Yackira recalled that in March 2012, the NSHE executed a contract with Business Benefits, Inc. (BBI) to provide consulting services relating to health care plans and options for the System. The contract states that BBI will review options for improving health care and benefits for System employees as a participant in PEBP and if the System exited PEBP. She indicated that the consultant has begun to analyze PEBP expenditure detail for System employees and she hopes to have recommendations for the Board this summer, in advance of the legislative session.

Ms. Yackira noted that the relationship between the NSHE and PEBP has improved. A joint survey of all PEBP participants was recently conducted to gather feedback regarding benefit plans and cost. NSHE staff worked with PEBP to develop and administer the survey which resulted in 7,508 responses statewide. 45% of those responses were from System employees. Ms. Yackira indicated that System and institutional representatives continue to meet quarterly with PEBP to discuss employee concerns. She noted that PEBP was receptive to the idea of offering a concierge medical service to employees and has begun researching providers. PEBP will also put a large portion of the reserve funds back into the plan to benefit participants. The remainder of the reserve funds will be held to offset the escalating cost of medical care so that plan premiums do not need to be raised next time.

Ms. Tracy Sherman, Faculty Senate Chair, CSN, speaking on behalf of all of the faculty senate chairs, commented that some small but significant steps have been taken in the last few weeks. At its March 29 meeting, the PEBP board did allocate, as NSHE representatives had sought, all of its projected excess reserve to reduce out-of-pocket costs for faculty and staff and their families in 2012-2013, primarily by enhancing HSA/HRA employer contributions for next year. While this will bring some monetary benefit for most faculty and staff for next year,

6. Information Only-PEBP Task Force *(Agenda Item #9)* – *(continued)*

though not for those enrolled in the HMO plan, it is heartening as well that public discussion of PEBP's excess reserves highlights the point many faculty and staff believe, and which the NSHE Task Force continues to study, that competitive health coverage can be made available to NSHE faculty and staff without additional cost to the state.

Ms. Sherman noted that the PEBP Board also approved state subsidies for domestic partners of state public service workers enrolled in PEBP, on the same basis as spouses. The PEBP Board, however, chose not to alter the basic plan design, as NSHE had sought, to offer participants a middle tier between HMO and the current high-deductible option that would offer predictable and clearly comprehensible costs for office visits and prescription drugs.

Ms. Sherman concluded by stating that all faculty and staff should continue to advocate for such an alternative for NSHE in the 2013-2015 biennium, either from PEBP or from another insurance pool.

Dr. Brown indicated that the NSHE will pay an estimated $75 million to PEBP next year in the form of employer contributions. Not all of that money comes from the state, particularly in self-funded grants and contracts areas, and it does not go directly into the operating budget of PEBP for care. Instead, it goes through a subsidiary account that is not reflected on their financial balance sheets. Dr. Brown indicated that this suggests there is a risk that money being brought into the system for specific academic purposes is being diverted to PEBP and not actually going toward health care coverage. He feels this is an issue that needs to be fully explained. Dr. Brown noted that, for units that are based upon fees or contracts, the cost for those employees is going up next year as a result of legislative action on the employer contribution percentage, but the grant or contract is not going up so funds will have to be diverted from some other area to cover the increases.

Dr. Brown reported that PEBP negotiates particularly with hospitals, as do most insurance plans, and the rates that they negotiate are unknown to the NSHE. A large part of what PEBP has communicated to participants is that they need to be more responsible and knowledgeable about their own consumption of health care; however, that information is not available. There is a level of financial obscurity and also a need for clear guidance, especially for those individuals that are supervising self-funded units.

Chair Geddes indicated that updates from the PEBP Task Force will continue to be a standing item on the Board's agenda, and Ms. Yackira will bring forward recommendations for action as needed.

The meeting recessed at 10:21 a.m. and reconvened at 10:36 a.m. with all members present except Regents Anderson and Page.

7. Approved-Appointment, President, UNR *(Agenda Item #5)* – The Board of Regents approved the appointment of Dr. Marc A. Johnson as President of the University of Nevada, Reno.

Regent Page entered the meeting.

Regent Leavitt expressed his appreciation to the Regents' President Search Committee, Institutional Advisory Committee and search consultant William Funk.

Regent Leavitt moved approval of the appointment of Dr. Marc A. Johnson as President of the University of Nevada, Reno, in accordance with the contract and terms, as presented. Regent Melcher seconded.

Mr. Wasserman provided a brief summary of the search process and timeline.

Chair Geddes noted for the record that, due to a scheduling conflict, Regent Page had to be replaced on the search committee by Regent Wixom. He also noted that in September the Board will review its process for conducting president searches, with staff bringing forward recommendations based on best practices.

Regent Trachok stated that the Committee was fortunate to have three highly qualified final candidates. He felt that Dr. Johnson was the best choice. Following a lively debate by the Institutional Advisory Committee and Regents' Committee, it was clear that there was overwhelming support for Dr. Johnson. Regent Trachok indicated that upon researching past presidential appointments he learned that if the Board were to reject the recommendation of the Committee, it would be unprecedented. He also feels it would be terribly unfortunate. Regent Trachok indicated that Dr. Johnson has a vision for UNR, and he is a constant presence in the community. Under difficult circumstances, he has guided the university very carefully on an upward trajectory. Regent Trachok feels that if the Board were to disregard the Committee's recommendation, it would traumatize UNR and endanger the progress that has been made there. It would undermine the process that the Board had previously agreed upon and instituted. In addition, it would undermine the overwhelming community support for Dr. Johnson. Regent Trachok implored his fellow Board members to vote in favor of Dr. Johnson.

Regent Crear expressed his belief that Mr. Funk did not live up to his expectations, and did not seem prepared at times. He feels that the candidate pool was not as robust as it should have been. He also believes that the Committee should have interviewed five candidates.

Regent Wixom stated for the record that throughout the process, he was never asked how he intended to vote. He came into the process with an open mind and a fresh perspective as he is obligated to do as a Regent. Prior to his participation in

7. Approved-Appointment, President, UNR *(Agenda Item #5)* – *(continued)*

the final meeting, he reviewed all of the previous agendas and minutes, and listened to the audio recording from the April 5th meeting to ensure that he was fully prepared. The process that was established by the Board was followed. Regent Wixom indicated that there was overwhelming support for Dr. Johnson from the community, faculty and staff. He feels that if the Board were to take any step to take this decision off-track, it would cause an enormous amount of damage to the university at a critical juncture in its history. He believes that by taking that course of action, the Regents would breech their obligation as fiduciaries. He strongly urged the Board to support Dr. Johnson in his candidacy at this critical time.

Chancellor Klaich indicated that he has had a unique opportunity to observe Dr. Johnson as a member of the Council of Presidents for the past year, and he is a solid, contributing and positive member of that team. He has sworn to collaborate and cooperate with his fellow presidents to build a stronger System for the entire state.

Chancellor Klaich reviewed the proposed contract and terms *(on file in the Board office)*, noting that because of the timing, it is slightly shorter than President Smatresk's contract, but otherwise the same. It is a three year contract, rolled up to the end of the fiscal year. Chancellor Klaich reported that there is continuing support from the UNR Foundation for providing a salary supplement, and a quasi-endowment has been established for that purpose. However, as stated in the contract, if at any time the Foundation does not provide the funds for any of the supplemental payments, Dr. Johnson will not receive those payments.

Chancellor Klaich summarized the proposed contract terms which include a base salary of $246,426.84 annually, subject to a mandatory 2.5% reduction and 6 days of unpaid leave imposed for fiscal years 2012 and 2013; a salary supplement of $119,997.16 annually; eligibility for COLA and merit increases, should they be awarded in the future; an automobile allowance of $8,000 annually; housing allowance of $18,000 per fiscal year; and the use of an annual host account of $5,000.

Chancellor Klaich noted that he has discussed the terms and conditions of the contract with Dr. Johnson, who indicated that they were acceptable to him.

Regent Alden stated that while he respects the comments of his fellow Regents, he will abstain from voting.

Regent Schofield expressed his support for Dr. Johnson, and encouraged all of the institutions to work together as a team.

7. Approved-Appointment, President, UNR *(Agenda Item #5)* – *(continued)*

Regent Melcher indicated that he was impressed by the answers Dr. Johnson gave to the Committee's questions. He felt that the search process was fair, and he urged the Board to support Dr. Johnson.

Regent Doubrava stated that his dealings with Dr. Johnson have always been professional. Should Dr. Johnson be approved as the permanent president, Regent Doubrava indicated that he looks forward to discussing with him, and others, his opinion regarding the Dean of the University of Nevada School of Medicine also serving as Vice President of Health Sciences for UNR.

Regent Doubrava asked whether Dr. Johnson intends to market the university as the University of Nevada, Reno or the University of Nevada. Dr. Johnson indicated that it will be advertised as the University of Nevada, Reno. He added that a volunteer group of marketing professionals has been assembled to provide the university with recommendations on a broader marketing plan. Regent Doubrava explained that his question stems from a discussion that took place during the candidate interviews. One of the other candidates asked a question about the UNSOM and Chancellor Klaich indicated that the UNSOM originated at UNR, but the name was changed in the 1980s to show that it has a state presence. Regent Doubrava noted that there is still confusion about the brand. He believes that if UNR starts to market itself as the University of Nevada or, in the case of athletics, only as Nevada, it will lead to more confusion about the UNSOM.

Regent Melcher felt that the name issue has little to do with the selection of a president for the university. He noted that a lot of people grew up with the name University of Nevada, and often times it is the media or athletic leagues that continue to use that name. Regent Melcher indicated that he understands Regent Doubrava's point with regard to academics and marketing; however, for athletics, he feels it should be left alone.

Regent Page agreed with Regent Doubrava. He noted that he sees both names used regularly. While it may not be important to those in northern Nevada, it is for those in southern Nevada.

Regent Knecht relayed his respect for Dr. Johnson. He felt that all of the candidates were outstanding. He expressed concern about the search process which he feels was substantially orchestrated by members of the Board as well as others outside the Board. He feels it has reopened some of the north-south rift.

Regent Knecht felt that the entire candidate pool should have been brought forward for interviews. He disagreed with the suggestion that because the Regents are fiduciaries that somehow imparts a duty to support the nomination. He believes that everyone who votes for or against or abstains is doing their fiduciary duty. Regent Knecht indicated that there are some faculty members who

7. Approved-Appointment, President, UNR *(Agenda Item #5) – (continued)*

are not happy with Dr. Johnson's nomination. If others would listen for it, and not try to spin it, they would hear some of those dissenting faculty voices.

Regent Knecht stated that if the process concluded with an unfortunate result, the alleged sanctity of the process cannot be used to browbeat someone into voting for the result of the process. He believes that the process is defective, and that a lot of the problems come from people outside the System. He does not feel that the process sufficiently vetted the candidates and produced a recommendation that is as good as he would like.

Regent Knecht shared his view that a new president deserves the advantage of consensus support. He feels that a close vote would immediately cripple the new president, divide the Board and disadvantage the institution. Regent Knecht stated that the vote does not have to be unanimous, but somewhere there is a threshold where it is not a good idea to go forward with a nomination if the vote is too divided. From the discussion that has taken place, he senses there will be a divided vote. However, he does not believe it will be that close. He feels that Dr. Johnson has done a good job and will continue to do so. In order to give Dr. Johnson the opportunity to do well, and to try and promote some unity on the Board, he will support the nomination. However, he does so with reservations about the process.

Regent Blakely expressed his support for Dr. Johnson. He noted that he would have liked to have seen President Wells do better, and receive better treatment, during the evaluation process.

Chair Geddes emphasized that the search process was followed. All three searches had the same options and followed the same process. In accordance with Board policy, each of the committees chose how many semi-finalist and finalist candidates to consider. NSC chose 10 semi-finalists and narrowed it down to 6 finalists to bring to campus; GBC chose 7 semi-finalists and narrowed it down to 3 finalists; and UNR chose 6 semi-finalists and narrowed it down to 3 finalists. He noted that there have been insinuations that the UNR search was done differently than the other two searches, and it was not.

Regent Knecht clarified that his comments were not meant to suggest there were any technical violations of the process. He was referring to the informal aspects of the process, regarding which he feels the Board may have failed.

As a member of the committee, Chair Geddes indicated that he does not think that he failed in any way. He was open throughout the process, and observed every other committee member to be open as well.

7. Approved-Appointment, President, UNR *(Agenda Item #5)* – *(continued)*

Regent Schofield expressed a level of discomfort with the process after listening to Regent Knecht's comments. He indicated that he will cast his vote against the process, not Dr. Johnson.

Upon a roll call vote, the motion carried. Regents Blakely, Crear, Doubrava, Geddes, Knecht, Leavitt, Melcher, Trachok and Wixom voted yes. Regents Alden, Page and Schofield abstained. Regent Anderson was absent.

Dr. Johnson thanked everyone for their support. He vowed to give his tireless effort to continue the momentum by working with faculty, staff, students and the community. He stated that he is proud to serve the University of Nevada, Reno. He will also work tirelessly to fulfill a commitment to the unification of the NSHE by working with all of its institutions and working against the north-south divide.

Regent Crear left the meeting.

The meeting recessed at 11:53 a.m. and reconvened at 12:16 p.m. with all members present except Regents Anderson and Crear.

8. Information Only-Report on the Committee to Study the Funding of Higher Education *(Agenda Item #6)* – Chancellor Daniel J. Klaich presented a report on the progress of the Legislature's Interim Committee to Study the Funding of Higher Education *(Ref. BOR-6 on file in the Board office)*.

Chancellor Klaich reported that he has continued to meet with various constituent groups and collect their input. He also received and responded to a series of questions from the fiscal staff of the legislative committee. In addition, he has started to drill down on a number of critical issues, including the performance pool, to determine the best method for implementation.

The next legislative committee meeting will take place on April 25. This will be another opportunity for the committee to view the NSHE's proposal and ask questions. There will also be a report from SRI International who was selected as the consultant to the committee. Chancellor Klaich indicated that he has had a number of conversations with the principles of SRI and he believes they share in the goal of working for the taxpayers of Nevada to get the best possible solution for funding and allocation of resources within the NSHE.

Chancellor Klaich reported that at the April 25 meeting, SRI will provide the first of their deliverables under their consulting contract which is information on how states that do and do not utilize formula funding account for student-derived

8. Information Only-Report on the Committee to Study the Funding of Higher Education *(Agenda Item #6)* – *(continued)*

revenues and non-resident tuition in their formulas. The NSHE has taken the position that a funding formula should consist of an allocation of state general fund dollars with the institutions being allowed to keep their respective tuition from out-of-state students.

In May, SRI will report to the committee on input-type formulas and how other states use best practices with respect to their formulas. There will also be a report on the performance funding model, a discussion of matrices and an analysis of the main portions of funding formulas. At the June meeting, SRI will report on the NSHE proposal and provide feedback to the committee.

Chancellor Klaich noted that there are three basic areas of work: the instructional matrix and associated costs, the area of performance funding, and implementation. The NSHE has completed its work on the matrix. There is a lot of work to be done with regard to performance funding, and it is well underway. Staff is looking closely at a model developed by Tennessee because they have a system of institutions very similar to Nevada. With regard to implementation, the kinds of cuts that are implied by the new formula to the northern community colleges, in particular, call into question the viability of those institutions as institutions, and their ability to serve the communities and service areas that they are charged by the Board to serve with the full missions of their college. Chancellor Klaich noted that if the Board thinks this is a reasonable formula that can be carried forward into the future, there will have to be discussion with regard to an appropriate mechanism for phasing in the new formula, mitigating unacceptably adverse consequences and assisting the institutions in fairly discharging their missions.

Regent Alden stated that the new formula will not solve the larger problem, which is that higher education is not properly funded in Nevada. He believes that the community colleges should be funded at the local level. Further, he believes the community colleges should have their own system, separate from UNLV, UNR, NSC and DRI.

Regent Knecht observed that the range of weighted student credit hours runs from one to eight, and the results are based on that matrix. He asked whether Chancellor Klaich could recalculate the results using a range of one to four weighted student credit hours in order to test the sensitivity of the results to the range itself. Chancellor Klaich noted that the NSHE currently has a compressed matrix which has been criticized along with the current formula. He will work with Dennis Jones from the National Center for Higher Education Management Systems to try and get a compressed analysis for the Board.

Regent Knecht noted that each value in the matrix is representative of a range of values from the four states that currently use similar matrices and have conducted their own cost studies. For each cell in the matrix, he would like to know the four

8. Information Only-Report on the Committee to Study the Funding of Higher Education *(Agenda Item #6)* – *(continued)*

numbers that correspond to it from the other states. Chancellor Klaich stated he will do his best to provide that information at the next meeting. Chair Geddes noted that part of SRI's charge is to provide information on how other states populate their cells when validating their model. Chancellor Klaich confirmed that SRI is working on that and will be meeting with System financial staff to drill down on some of these issues. Regent Knecht noted that a numerical analysis will show how sensitive the results are to compression or expansion. In addition, it will provide a sense of how robust the input data are. Chair Geddes agreed that such an analysis would be valuable.

Regent Knecht observed that the high numbers in the matrix apply to graduate studies in certain fields, meaning that those areas receive more state general fund support. He asked whether the matrix favors graduate education in high-cost fields over undergraduate education. Chancellor Klaich indicated that it does, because the NSHE has never specifically funded research in a formula. However, if the concern is that high-value classes that attract more dollars will encourage mission creep, he advised that the Board has strong policies on mission differentiation and mission creep. Chancellor Klaich acknowledged there is a danger of that happening, and his office will need to be vigilant about not allowing institutions at a certain level to chase dollars at a higher level. He stressed the importance of having common definitions and rules since the NSHE will be incentivizing certain institutions in success patterns for the first time. Chancellor Klaich expressed hope that this will strengthen common course numbering and transfer programs, and lead to greater transparency and student success.

President Smatresk indicated the specific areas that have relatively high weights are remarkably low population areas and, therefore, the absolute numbers do not drive much economy for the university. In addition, he noted the type of mission creep discussed would probably run afoul of accrediting organizations. He also feels that changing the numbers would be an unpopular move on campus and would deeply disturb transfer and articulation pathways.

Regent Knecht reiterated that his intent is to gather the information necessary to better manage what the NSHE is planning to do so that people can feel confident in embracing the proposal.

9. Information Only-2013 Capital Improvement Projects and 2013-15 Biennial Budget Discussion *(Agenda Item #7)* – Chancellor Daniel J. Klaich, System staff and the presidents discussed the process of developing the 2013-15 budget request including the 2013 Capital Improvement Program.

Chancellor Klaich indicated that capital improvement projects are typically funded from either a budget surplus or state general obligation bonds. The

9. Information Only-2013 Capital Improvement Projects and 2013-15 Biennial Budget Discussion *(Agenda Item #7)* – *(continued)*

System has the opportunity to bring forth bonding projects if a specific revenue source can be identified to support those bonds. Chancellor Klaich noted that with the downturn in the economy, there is not likely to be a significant surplus in the budget. The devastation that has been wrought upon property values is likely to leave the state with little bonding capacity. He will be bringing a capital improvement project request forward which will allow the Board to give feedback on how it wants the System to grow when it starts to grow again.

Chancellor Klaich reminded the Board that the only funding the NSHE received for capital improvements in the last legislative session was $15 million for HECC/SHECC funds that were allocated among the institutions. He will be bringing forward a multi-tiered recommendation. The Board has previously indicated that a portion of the capital improvement budget should be set aside for repairs to maintain the current capital infrastructure that the state has an investment in. The Board will also discuss and prioritize new projects. The prioritized list will be sent to the Nevada Public Works Board. The Public Works Board will consider all requests from all state agencies and prioritize those as a single list. The NSHE will then begin lobbying the governor and the legislature for available dollars.

Regent Wixom asked whether the funds that were previously set aside for a Nursing and Allied Health Education building at the Shadow Lane Campus have been exhausted. Chancellor Klaich indicated that the building is fully planned but unfunded. He noted that Dr. Marcia Turner, Vice Chancellor of Health Sciences, has been discussing the potential repurposing of the building with Dean Schwenk, President Smatresk and Executive Vice President Bomotti because it no longer fits the vision for the expansion of the University of Nevada School of Medicine (UNSOM). He anticipates bringing to the Board a broader plan for the footprint of the UNSOM that will probably not include the Nursing and Allied Health Education building. That building will be dedicated solely to the healthcare needs of programs within UNLV.

Vice Chancellor Turner explained that the building was originally designed for two-thirds use by the UNLV School of Nursing and one-third use by the UNSOM. Now that plans are moving forward with the University Medical Center (UMC) to have the UNSOM design a facility to be housed on the UMC campus that meets all of its needs for space, the UNSOM has determined that it no longer needs the space that was designated for them within the Nursing and Allied Health Education building. She noted that the UNLV School of Nursing will still maintain its space, and the university is looking at using the remaining one-third for its Physical Therapy program. Vice Chancellor Turner indicated that it will require some design changes; however, it appears that the cost of the building may be reduced because the type of space needed by the Physical Therapy program will be less expensive to construct.

9. Information Only-2013 Capital Improvement Projects and 2013-15 Biennial Budget Discussion *(Agenda Item #7)* – *(continued)*

Regent Wixom recalled a discussion where it was determined that financing for the UNSOM's Las Vegas campus would come from a consolidation of revenue from leases that are currently in place. Chancellor Klaich indicated that a more comprehensive vision, both operational and capital, for the UNSOM in southern Nevada is being developed. It does not make sense to collapse all of the leased space in southern Nevada into a single building. There is a need for a single building; however, some of those leased locations will likely be kept. Chancellor Klaich noted that the Investment and Facilities Committee will discuss how much of that revenue can be collapsed into a new building. Regent Wixom concluded that another source of funding is needed. Chancellor Klaich concurred.

President Johnson stated that the plans for an UNSOM campus in southern Nevada are expanding under the leadership of Dean Schwenk. The Dean has indicated that having a family medicine practice in northwest Las Vegas and keeping a pediatric unit within Sunrise Hospital makes more sense than bringing it all together in one location.

Chair Geddes noted that a list of capital improvement projects will be introduced at the May 31-June 1, 2012, Board of Regents meeting.

Chancellor Klaich reported that on March 23, 2012, the State of Nevada Department of Administration's Budget Division issued budget instructions to all state agencies including the NSHE. The governor has indicated that he would support the extension of the taxes that were to sunset. The budget instructions indicated that he is also looking for funding to restore faculty pay cuts, end furloughs, and restore merit pay. Chancellor Klaich recalled that the Board has always indicated that restoration of salaries for NSHE faculty and staff that have bore the brunt of the depression for the last four years is its highest priority. He added that it is also the highest priority for the Presidents.

Chancellor Klaich recommended that the Board discuss the possibility of requesting funds to soften the landing on some of the cuts and/or to mitigate those cuts in some way. System staff are simultaneously working with the governor on his "priorities of government" budget process which was mandated by the legislature. Chancellor Klaich stated that, with proper implementation and mitigation, it is his goal that the NSHE will see an executive recommendation go forward that implements a more equitable and transparent formula funding proposal.

8. Information Only-Report on the Committee to Study the Funding of Higher Education *(Agenda Item #6)* – *(continued)*

Regent Knecht stated that he and others have raised the issue of inherent diseconomies of very small scale for the smaller community colleges. He asked if

8. Information Only-Report on the Committee to Study the Funding of Higher Education *(Agenda Item #6)* – *(continued)*

there is anything new on that issue in the context of the formula and the processes associated with developing a new formula. Chancellor Klaich indicated the discussion of that issue has to include the equally challenging educational situations that other institutions find themselves in. He expects that SRI will assist with that discussion as the process moves forward.

Chancellor Klaich expressed hope that the implementation phase of the discussion brings forward an honest look at both the cost and value of education in rural Nevada.

Regent Melcher stated that he is interested in determining what needs to be done with the funding formula to make it worth it to the colleges to not close centers and sites and/or for other colleges to pick up centers and sites. He is concerned that if centers and sites continue to be closed, the NSHE will become less serving of the entire state. Chancellor Klaich indicated that the formula is only one piece of the discussion. Another significant piece of the discussion began with the Fresh Look at Nevada Community Colleges Task Force. Recommendations from that group will be presented at the May 31-June 1 meeting.

10. New Business – Chair Geddes stated that a review of the president search process and codification will be included on the September 6-7, 2012, meeting agenda.

President Richards observed that students often go back and forth between CSN and UNLV in an attempt to best meet their needs. He and President Smatresk have been discussing how to smooth the transfer process between the two institutions. They have decided to form a task force that will examine ways to improve transfer mobility, increase student satisfaction and degree completion, and reduce the cost of education. President Smatresk noted that 20% of the population in Nevada has higher education degrees at the bachelor's level or higher while comparable states in the Intermountain West have targets of 40-60%. He feels that improving the efficiency and effectiveness of transfer is critical to meeting our state's needs.

President Smatresk stated that the initial focus will be on data, followed by a review of best practices in other states and the development of a detailed set of implementation plans that address identified performance gaps. He noted that the information will be shared with the Board in the hopes that it will benefit the entire System.

Regent Wixom requested a clarification of the future agenda item related to concealed weapons that Regents Knecht and Schofield asked be included on the next regular agenda. Specifically, will the discussion be about concealed weapons in general or concealed weapons held by correctional officers. Chancellor Klaich stated that the testimony of Mr. Mendez focused on the lack of regulations by

10. New Business – *(continued)*

which the NSHE grants or denies permission to carry a concealed weapon on campus. It is an issue that was recognized during the last legislative session. Chancellor Klaich indicated that a set of regulations has been drafted by System legal counsel and will be brought forward to the Board for review and discussion.

Regent Page requested a discussion on NSHE food service contracts and the increase in those contracts. He would also like a discussion on the technology fee. Chair Geddes asked whether Regent Page preferred having those discussions as a full Board or within the Business and Finance Committee. Regent Page indicated that either would be acceptable.

11. Public Comment – Ms. Aimee Riley, ASCSN President and Chair of the Nevada Student Alliance, thanked everyone for their leadership and commitment to excellence.

The meeting adjourned at 1:25 p.m.

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Approved by the Board of Regents at its August 24, 2012, special meeting.