

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, August 24, 2012, 9:00 a.m.

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
Dr. Andrea Anderson (*Telephone*)
Mr. Robert Blakely
Mr. Cedric Crear
Dr. Mark W. Doubrava
Mr. Ron Knecht (*Reno*)
Mr. James Dean Leavitt
Mr. Kevin C. Melcher
Dr. Jack Lund Schofield
Mr. Rick Trachok
Mr. Michael B. Wixom

Others Present: Chancellor Daniel J. Klaich
Vice Chancellor, Academic & Student Affairs, Crystal Abba
Vice Chancellor, Administration and Finance, Vic Redding
Vice Chancellor, Business and Finance, Larry Eardley
Vice Chancellor, Health Sciences System, Marcia Turner
Vice Chancellor, Information Technology, Steven Zink
Vice Chancellor, Legal Affairs, Brooke Nielsen
Vice Chancellor, Administration and Operations, Renee Yackira
Chief of Staff & Special Counsel to the Board, Scott Wasserman

President Michael D. Richards, CSN
President Stephen G. Wells, DRI
President Mark A. Curtis, GBC
President Bart Patterson, NSC
President Maria C. Sheehan, TMCC
President Neal J. Smatresk, UNLV
President Marc Johnson, UNR
President Carol A. Lucey, WNC

Also present were faculty senate chairs Dr. Charles Milne, CSN; Dr. David Rhode, DRI; Dr. David Friestroffer, GBC; Ms. Angela M. Brommel, NSC; Ms. Dani Chandler, NSHE; Dr. David W. Zeh, UNR; Mr. Brad Summerhill, TMCC; and Mr. Gil Martin, WNC. Student government leaders present included Mr. Michael J. Gordon, GPSA President, UNLV and Mr. Curtis Blackwell, ASWN President, WNC.

Chairs Geddes called the meeting to order on Friday, August 24, 2012, at 9:02 a.m. with all members present except Regents Blakely and Crear.

Regent Schofield lead the pledge of allegiance.

Regent Alden asked for a moment of silence in honor of the recent passing of Mr. Bob Blum and Dr. Nasser Daneshvary.

Regents Blakely and Crear entered the meeting.

1. Information Only - Public Comment (Agenda Item #1) – The following individuals appeared before the Board of Regents to express concern regarding the significant impact of the proposed budget on the services and programs provided by the University of Nevada Cooperative Extension (*UNCE*) program: Mr. Tom Baker, Chair, Advisory Committee, UNCE; Dr. Ruth Politi; Mr. Alonso Flores, Institute for Mexicans Abroad; Ms. Louise Helton, UNCE; Mr. Dennis Nolan, UNCE; Mr. Christian Kolberg, Kolberg Auctions; Ms. Nicole Bungum, SNHD; Mr. Jim Garza, Citizen, White Pine County; Ms. Kate McLaughlin, Three Square Food Bank; Mr. Henry Iracheta, III, MGM Grand Horticulture Department; Ms. Carol Padilla, Youth Program, Nellis Air Force Base; Ms. Brandi Lewis, Sunrise Children’s Foundation; Ms. Tiffany Alston, Sunrise Children’s Foundation; Mr. Tom Akers, UNCE; Ms. Nancy Montgomery, Citizen, Clark County; Mr. Mike Johnson, Clark County Fire Department; Mr. Ted Martin, MGM Resorts International; Ms. Jill Combs, West Las Vegas Roadrunner’s 4-H Club; Ms. Angela Scisson, Top Notch Electric and Akers & Associates; Ms. Brandi Hearst, Citizen, State of Nevada; Ms. Jeanne Toscano; UNCE; Mr. Elwood Miller, UNCE; Ms. Sarah Mersereau-Alder, UNCE; Ms. Lynda Nelson; Ms. Stephanie Licht, Citizen, State of Nevada.

Dr. Robert McBeath urged the Board to approve the proposed budget enhancements for the School of Medicine’s residency programs.

1. Information Only - Public Comment (Agenda Item #1) – (Cont'd.)

Mr. David Freistroffer, Chair, Faculty Senate, Great Basin College, addressed the Board regarding the negative impact of the proposed funding formula on rural institutions, particularly GBC.

Mr. David Zeh, Chair, Faculty Senate, University of Nevada, Reno, addressed the Board regarding the positive aspect of the proposed funding formula in measuring graduation and creating an opportunity for the institutions to become more entrepreneurial and accountable (*statement on file in the Board office*).

Mr. Brad Summerhill, Chair, Faculty Senate, Truckee Meadows Community College, (*statement on file in the Board office*), addressed the Board regarding the inadequacy of the currently proposed performance pool incentive.

Ms. Jessica Lujan, Rebel Yell Newspaper, UNLV, thanked the Board for considering the proposed policy regarding UNLV's student newspaper later that day (*agenda item #7*).

Ms. Rachel Stevens, UNLV Student, implored the Board not to raise tuition and expressed concern regarding the amount of waste she felt was evident on campus.

Mr. Curtis Blackwell, former Faculty Senate Chair, WNC, expressed his gratitude to those individuals who had worked diligently on the proposed funding formula.

Mr. Bob Clifford, resident of Fallon, Nevada, addressed the Board regarding the impact of the proposed funding formula on rural satellite campuses and students.

Ms. Pam Borda, Executive Director of Northeastern Nevada Regional Development Authority, addressed the Board regarding the need for continued workforce training programs at GBC and in regard to student access.

2. Approved – Consent Items (Agenda Item #2) –The Board of Regents approved the consent items except for item #2d (*Amendment to Utility Easement, DRI and TMCC*), which was considered separately.

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

- April 20, 2012, special Board of Regents' Meeting (*Ref. BOR-2a(1) on file in the Board office*).
- April 30, 2012, special Board of Regents' Meeting (*Ref. BOR-2a(2) on file in the Board office*).

2. Approved – Consent Items (Agenda Item #2) – (Cont'd.)

- 2b. Approved - Code Revision, Sharing Of Employment Application Materials For Employee Recruitment Purposes (Agenda Item #2b) – The Board of Regents approved a proposal from the Ethnic, Diversity and Inclusion Council to amend the Code by revising the provisions governing confidentiality of employment application materials to allow the sharing of application materials for the purpose of employee recruitment (*Title 2, Chapter 5, Section 5.6.3*). Specifically, the proposed revisions authorize the sharing of application materials between NSHE institutions for employment recruitment purposes if the applicant gives permission to share such information. This item was presented for initial discussion at the May 31-June 1, 2012, meeting of the Board of Regents (*Ref. BOR-2b on file in the Board office*).
- 2c. Approved - Handbook Revision, Bob Davis Scholarship (Agenda Item #2c) – The Board of Regents approved a revision to Board policy removing the provisions concerning the Bob Davis Scholarships (*Title 4, Chapter 18, Section 4*) to provide consistency within the *Handbook*. The deletion of this section does not eliminate the Bob Davis Scholarship (*Ref. BOR-2c on file in the Board office*).

Regent Alden moved approval of the Consent items except Consent item #2d (*Amendment to Utility Easement, DRI and TMCC*), which was considered separately. Regent Blakely seconded. Motion carried.

The Following Consent Item Was Considered Separately:

2. Approved – Consent Items (Agenda Item #2) – (Cont'd.)

- 2d. Approved - Amendment to Utility Easement, DRI and TMCC (Agenda Item #2d) – The Board of Regents approved two agreements (*one between DRI and Red Mountain Wind and one between TMCC and Red Mountain Wind*) decreasing the size and changing the location of the subsurface utility easements granted to Red Mountain Wind (*RMW*) on DRI and TMCC property for the delivery of wind generated electricity produced by turbines installed on land north of DRI and TMCC (*Ref BOR-2d(1), BOR-2d(2), and BOR-2d(3) on file in the Board office*).

Regent Wixom moved approval of two agreements (*one between DRI and Red Mountain Wind and one between TMCC and Red Mountain Wind*) decreasing the size and changing the location of the subsurface utility easements granted to Red Mountain Wind on DRI and TMCC property for the delivery of wind generated electricity produced by turbines installed on land north of DRI and TMCC. Regent Alden seconded.

2. Approved – Consent Items (Agenda Item #2) – (Cont'd.)

2d. Approved - Amendment to Utility Easement, DRI and TMCC (Agenda Item #2d) – (Cont'd.)

Regent Wixom noted the Board had approved this project in December of 2011, and asked when construction of the two windmills would commence. Mr. Luke Busby, Esq., Attorney for Red Mountain Wind (RMW) replied that the financial plans should be submitted to DRI and TMCC in two weeks, foundation work is planned for mid-October and the cranes are scheduled to be on-site by November 15, 2012.

Regent Wixom asked if the Board or System will have the opportunity to review the financial plans. Mr. Busby confirmed the System will receive the financial plans in two weeks.

Regent Wixom asked what the anticipated deadline is for completion of the project. Mr. Busby stated there was a statutory deadline of December 31, 2012.

Regent Wixom asked how long construction of the windmills will take. Mr. Busby replied that preliminary construction will take approximately 1.5 months while actual placement of the windmills will take a matter of days.

Regent Wixom requested an explanation for the change to the utility easements. Mr. Busby replied that in regard to TMCC, the requested change corrects a surveying error. The requested relocation of the DRI easement will potentially allow a switch to primary metering. RMW is able to accommodate the beneficial change at no cost.

Regent Wixom asked if completion of the concrete pad is anticipated by October 15, 2012. Mr. Busby replied anticipated completion will be by mid-October.

Regent Knecht asked what the financial and economic impact will be on DRI and TMCC. Dr. Ellie Oppenheim, Senior Vice President for Finance and Administration, DRI, replied one of the advantages to DRI and TMCC is the more favorable and assured power rates from wind turbines. DRI will also be able to diversity its energy commitments.

Regent Knecht expressed his interest in hearing what the annual pro forma estimate of the improvements is anticipated to be. President Wells replied that information was not a requirement of the project although DRI could work with the company to provide what information it can.

2. Approved – Consent Items (Agenda Item #2) – (Cont'd.)

2d. Approved - Amendment to Utility Easement, DRI and TMCC (Agenda Item #2d) – (Cont'd.)

Regent Knecht wanted to know the best estimate for the economic impact on the taxpayers. President Wells expressed concerned if such a request becomes an action item the project will be delayed. Regent Geddes clarified that the agenda item addresses the easements and that the pro forma had previously been approved by the Board.

Regent Trachok asked what permits are required for construction. Mr. Busby replied a permit from the State Public Works Board has already been obtained for construction of the project. A right-of-way permit has been received from Washoe County but construction permits have not yet been received.

Regent Trachok would like to see a timeline of the requirement milestones and deadlines for the necessary permits through the end of the project.

Regent Trachok asked if the turbines had been ordered and were in the process of being manufactured. Mr. Busby stated RMW has executed a contract with the turbine supplier and certain turbine components have been manufactured. Additional payments will be made for the towers. Regent Trachok expressed his concern that the project begin and end within the deadlines.

Regent Crear reiterated that in December of 2011, the full Board had approved the Investment & Facilities Committee recommendation to approve this project. He asked if the requested modifications will change the project cost or the estimated amount for power to each institution. Dr. Oppenheim replied that other than the requested easement modifications, no other terms to the power purchase agreement or the Dandini sub-lease will change.

President Wells clarified that Washoe County provided a temporary access easement which will be restored and returned to the County upon completion of the project.

Motion carried.

The meeting recessed at 10:59 a.m. and reconvened at 11:13 a.m. on Friday, August 24, 2012, with all members present.

Agenda Item #3 (*Fiscal Year 2013-15 Biennial Budget Operating Request*) and Agenda Item #5 (*Report on the Committee to Study the Funding of Higher Education*) were taken together.

3. Action Taken - Fiscal Year 2013-15 Biennial Budget Operating Request (Agenda Item #3) and Report on the Committee to Study the Funding of Higher Education (Agenda Item #5) – Chancellor Daniel J. Klaich and NSHE staff presented an updated report concerning the biennial budget requests for NSHE’s biennial operating budget for the 2013 Legislative Session as previously discussed by the Board on May 31-June 1, 2012. The report included the general overview of the biennial budget process, the establishment of System priorities, and a discussion of institutional budgets. The Board of Regents also heard a report from Chancellor Daniel J. Klaich on the progress of the Legislature's Interim Committee to Study the Funding of Higher Education. The Board adopted the 2013-2015 biennial budget as presented and in compliance with the instructions from the Governor, and instructed the Chancellor and staff to work with the Governor and budget division to amend said budget to comply with the alternative funding model as presented to the Board and approved Priority Recommendation 1 (*Employee Pay and Benefit Restoration*), Priority Recommendation 2 (*Formula Implementation Funding*), and Priority Recommendation 3 (*Knowledge Fund*) (*Ref. BOR-5 and handouts including Chancellor’s August 21, 2012, Memorandum to the Board and five additional documents on file in the Board office*).

Former Assemblyman John Carpenter provided a statement on behalf of Team GBC, an organization of citizens to preserve education in the rural Nevada, and asked the Board not to approve any budgets until it has the opportunity to examine all proposals. He expressed concern for the source of the additional \$5 M and asked the Board to support GBC in being held harmless.

Chancellor Klaich addressed: 1) the NSHE’s independent efforts to develop an alternative funding formula proposal, 2) the Legislature's Interim Committee to Study the Funding of Higher Education’s evaluation of the alternative funding model, and 3) compliance with the budget instructions issued through the Governor’s office for which submission is required by September 1st of even numbered years, including, the general overview of the biennial budget process, the establishment of System priorities, and a discussion of institutional budgets.

The recommendation of Chancellor Klaich to the Board was to allow the NSHE to submit the biennial budget on the basis of the numbers presented, and as required by statute, and to work with the Governor and the Interim Committee to Study the Funding of Higher Education to implement the new formula proposal and take it forward to the 77th Session of the Nevada Legislature.

3. Action Taken - Fiscal Year 2013-15 Biennial Budget Operating Request (Agenda Item #3) and Report on the Committee to Study the Funding of Higher Education (Agenda Item #5) – (Cont'd.)

Regent Alden moved approval of the adoption of the 2013-2015 biennial budget as presented and in compliance with the instructions from the Governor, and to further instruct the Chancellor and staff to work with the Governor and budget division to amend said budget to comply with the alternative funding model as presented to the Board and to approve Priority Recommendation 1 (*Employee Pay and Benefit Restoration*) and Priority Recommendation 2 (*Formula Implementation Funding*). Regent Wixom seconded.

Regent Alden asked how genuine was the conversation with the counties to potentially take over the governance of the community colleges and significantly contribute to funding. Chancellor Klaich indicated those discussions had been genuine and serious in nature. Those conversations will continue while consideration is given to the constitutional and financial concerns involved.

Regent Alden advocated for the counties to take a more active role in the governance of community colleges, for the Board to relinquish some of its governance over the community colleges, and for the community colleges to have a more autonomous relationship within higher education.

Regent Wixom clarified the motion as being the adoption of the 2013-2015 biennial budget as presented and in compliance with the instructions from the Governor, and further instructing the Chancellor and staff to work with the Governor and budget division to amend said budget to comply with the alternative funding model as presented to the Board and to approve Priorities 1 (*Employee Pay and Benefit Restoration*) and Priority 2 (*Formula Implementation Funding*). Regent Alden confirmed his initial motion.

Regent Crear asked how the System could be assured it would receive 100% funding of the alternative funding formula if approved. Chancellor Klaich explained the funding model was developed on a revenue neutral basis. He heard private and public assurances from the Governor that a reduction in the General Fund appropriations to higher education will not be recommended in his upcoming executive budget. He felt relatively comfortable that the requested \$473 M will remain intact. However, if a reduction is recommended, then the System will be in the same position as the last four years and will need to turn to the Board to present plans for how to deal with the deficit.

Regent Crear asked if there was any way to be assured the alternative formula would be 100% funded. Chancellor Klaich stated no assurances were available in the budget process. However, the way in which the alternative formula was developed means the System will be funded at 100%. No one was disputing that the \$210 M reduction

3. Action Taken - Fiscal Year 2013-15 Biennial Budget Operating Request (Agenda Item #3) and Report on the Committee to Study the Funding of Higher Education (Agenda Item #5) – (Cont'd.)

to the System's budget over the last four years (\$683 M to \$473 M) did not provide adequate funding of higher education in the state of Nevada. The alternative formula will fund 100% of the initially requested budget (\$473 M) and provides opportunity in the future to request increases through performance metrics.

Regent Crear asked how weighting will be resolved. Chancellor Klaich related that at its last meeting, the Interim Committee expressed concern that the proposed weighting was not supported by solid data. The System has been working to provide that information to the Interim Committee to reassure them going forward.

Regent Crear asked for data on institutional funding on a per student basis (*student FTE*). Chancellor Klaich replied that under the current formula, there is an expectation the highest cost and appropriations would come from the universities, followed by the state college. However, that is not the case. Under the current formula the institutions receiving the highest FTE funding are the rural institutions, with CSN receiving the least. Based on the alternative formula with weighted student credit hours, every institution receives the exact same money as every other institution. The only difference is that a slightly higher weighted student credit hour is given to the small rural factor (*GBC and WNC*) and the two research institutions (*UNLV and UNR*).

Regent Crear requested further explanation of FTE per institution. Chancellor Klaich explained that under the proposed formula, per FTE funding for each institution will be \$6,494 for UNR; \$6,614 for UNLV; \$4,183 for CSN; \$5,184 for GBC; \$4,427 for TMCC; \$4,404 for WNC; and \$6,184 for NSC. Under the alternative formula and after mitigation, UNR will stay the same; UNLV, CSN and NSC will decrease, while GBC, TMCC and WNC will increase. Chancellor Klaich said the alternative funding formula has accomplished its purpose of creating fundamental equity. However, when basic policies are changed within a fixed appropriation environment, then the question posed by mitigation is whether the institutions should be negatively impacted by such an abrupt change. He personally believed that should not happen, which is reflected in his recommendation for mitigation.

Regent Crear asked if the motion included any of the proposed priorities. Chair Geddes confirmed that only Priority Recommendations 1 and 2 are included in the motion.

Regent Crear noted the NSHE budget request was due to the Governor by September 1, 2012. However, the Interim Committee's meeting on August 29, 2012, could impact the plan as presented to the Board. Chancellor Klaich replied that if the meeting on August 29th yields significantly different recommendations than the goals of the Board, System staff will return to the Board for direction.

3. Action Taken - Fiscal Year 2013-15 Biennial Budget Operating Request (Agenda Item #3) and Report on the Committee to Study the Funding of Higher Education (Agenda Item #5) – (Cont'd.)

Regent Anderson believed that although not perfect, the alternative funding formula was a step forward.

Regent Knecht asked, as moved and seconded, what the budget would be for the University of Nevada Cooperative Extension (UNCE). Chancellor Klaich replied the budget requested for the UNCE is approximately \$3.2 M in each year of the biennium.

Regent Knecht believed the proposal is cost informed, the point being there is not a real cost study available in Nevada to determine the cost of each type of class at each type of campus. Instead, the results of cost studies conducted at four other major universities were applied to the NSHE. Chancellor Klaich stated that was correct. However, he clarified that the National Center for Higher Education Management Systems (NCHEMS) had been asked to conduct the analysis within the range of those four other institutions.

Regent Knecht believed social value should be just as important as cost and questioned why taxpayers should pay eight times as much for an advanced course as for a basic course. Chancellor Klaich explained no attempt had been made to judge worth in the development of the base formula. The recommendation is to move the System from an FTE measurement to one in which value judgments are embodied in the performance pool. The performance pool measurement in turn attempts to match the needs of the state of Nevada with the directions of the Board of Regents.

Regent Wixom cautioned that a straight line comparison of dollars between the institutions should not be the ultimate objective. It was misguided for the Board to make determinations on a class-by-class basis, adding that presidents, vice presidents and deans are better equipped to make that judgment. However, he believed it advisable for courses to be weighted. He supported the proposal, adding that it positively and fundamentally shifts the System's focus from input to output which in turn changes the Board's focus and priorities and would put the system on the right path. In regard to equity and mitigation, although not entirely satisfied with the mitigation proposal, he felt it provided an effective way to move the System in the right direction and to understand the critical role rural education plays within the state. He felt it was the Board's responsibility to embrace and support the motion and to empower the Chancellor to work through the process.

Regent Melcher thanked Regent Wixom for recognizing the importance of higher education to the rural areas of the state. He asked that services in Lincoln County be revisited when discussions begin in the fall for how the System can serve the state and that Board policies are revised accordingly. In regard to the performance pool, he expressed his support of quality output growth. He also indicated there are many at risk populations in rural Nevada that need to be addressed. He recognized the performance pool conversations were difficult for the presidents and encouraged them to

3. Action Taken - Fiscal Year 2013-15 Biennial Budget Operating Request (Agenda Item #3) and Report on the Committee to Study the Funding of Higher Education (Agenda Item #5) – (Cont'd.)

continue working together as one System. He was looking forward to the discussions on local funding but recognized that effort would take time due to the complexities involved.

Regent Melcher requested clarification regarding how the impact of the proposed funding formula will be applied. Chancellor Klaich replied that when looking at Ref. BOR-3, Page 6, last column, the amount listed will impact the institution in one lump sum in the first year of each biennium for the next two biennia (*Page 6 for FY 2014 & FY 2015 and Page 7 for FY 2016 & FY 2017*).

Chancellor Klaich emphasized mitigation funding and bridge funding will allow the community colleges to react to the changes prompted by the alternative formula. Secondly, there will be discussions regarding the reformation of higher education that may also be helpful.

Regent Melcher referred to page 4 of Ref. BOR-3, Non-Formula Budgets, and asked why a disparity existed between UNLV and UNR Intercollegiate Athletics now that both programs were in the same conference. President Smatresk explained it is a space-based allocation and UNLV has more square footage in its athletics program. Chancellor Klaich added there is also an in-state and out-of-state student athlete factor involved.

Regent Leavitt felt the initial goals for redeveloping the funding formula had been met. Although not perfect, a great deal of progress has been made. He felt there may be legislative interest in the upcoming session to conduct an in-state cost study. He expressed his support of the proposed formula and emphasized the importance of continuing to develop the initial assumptions that are foundational to the proposal.

Regent Page commended the System staff for replying to the Interim Committee's many information requests. Chancellor Klaich thanked Vice Chancellors Crystal Abba, Vic Redding, Larry Eardley and Renee Yackira as well as former Vice Chancellors Jane Nichols and Mark Stevens for shouldering the great amount of work.

Regent Page stated that although the proposed formula was not perfect, it was more fair than in the past and strongly supported the institutions' retention of their tuition.

Regent Trachok agreed the proposed formula is an excellent product and felt tuition remaining on the campuses and shifting focus from input to output was critically important. He noted the proposed formula is a place from which to start, not an ending point. He felt the System needs to address the effects of the formula on rural institutions and focus on the cost of delivery of higher education. He also felt that it was important to re-evaluate the service areas of the rural colleges. He thanked Regents Geddes, Page and Wixom for their hard work on the Interim Committee.

3. Action Taken - Fiscal Year 2013-15 Biennial Budget Operating Request (Agenda Item #3) and Report on the Committee to Study the Funding of Higher Education (Agenda Item #5) – (Cont'd.)

Regent Doubrava asked what the source of payment was for the consultant. Chancellor Klaich indicated the System Administration budget is partially a self-supporting budget and was the source of payment.

Regent Doubrava expressed his discomfort with having the University of Nevada School of Medicine (*UNSOM*) research dollars included with the UNR performance pool, when the *UNSOM* is a statewide school.

Regent Knecht said that his previous questions were in no way meant to demean the process and agreed the virtues of the product were substantial and progress is being made. However, he could not support the proposed funding formula because of the proposed cost versus value weighting system which he felt was fundamental and central to the issues. He expressed concern that the proposed formula lends too little consideration to social value.

Regent Schofield thanked Regents Geddes, Page and Wixom for their service on the Interim Committee. He felt the proposed formula was long overdue and moves the System as one team in a positive direction for the state of Nevada.

Regent Knecht did not believe expressions of concern related to cost versus value weighting prevented everyone's opinions from being heard including those of the presidents. He stated the Board has a duty to promote public interest which in this case is finding the maximum value for the public with the limited number of dollars provided by the legislature.

Upon a roll call vote, Regents Melcher, Page, Schofield, Trachok, Wixom, Alden, Anderson, Blakely, Crear, Doubrava, Geddes and Leavitt voted yes. Motion carried. Regent Knecht voted no.

The meeting recessed at 1:18 p.m. and reconvened at 1:42 p.m. on Friday, August 24, 2012, with all members present.

3. Action Taken - Fiscal Year 2013-15 Biennial Budget Operating Request (Agenda Item #3) and Report on the Committee to Study the Funding of Higher Education (Agenda Item #5) – (Cont'd.)

The Board began its discussion of Priority Recommendation 3 (*Knowledge Fund*). Chancellor Klaich related that in 2011, the legislature adopted AB 449 which revamped the economic development structure in the state and established a Knowledge Fund. The Knowledge Fund is a public-private partnership involving the System, the state and private business, whereby the research capacity at the institutions can be purchased to further the economic development goals of the state of Nevada. However, during the last session, funding for that initiative was not established. Chancellor Klaich emphasized the request was not for an NSHE budget line but rather to encourage the Governor to make a \$10 M appropriation to the Knowledge Fund.

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Regent Crear asked how the Knowledge Fund is governed, which institutions were involved and how such an initiative benefits NSHE. Chancellor Klaich explained that there is a board structure similar to those in private industry. The Board will consider the economic development goals of the state, determine which institutions (*primarily DRI, UNLV and UNR*) have the specific resources needed and then purchase that research. The benefit to NSHE is through the direct and indirect funding of research projects similar to federal grants.

Regent Crear asked why the NSHE was taking a lead on this instead of the Governor's Office. Chancellor Klaich clarified that the NSHE was asking that the Governor's Office provide funding.

Regent Trachok voted to forward Priority Recommendation 3 (*Knowledge Fund*) to the Governor's office. Regent Page seconded.

Regent Leavitt asked if \$10 M was enough or an appropriate amount. Chancellor Klaich felt \$10 M was not an insubstantial number within the revenues available to the Governor.

Regent Knecht asked if the funds are received, will the entire amount come to NSHE institutions or will some go to other public agencies that the NSHE may partner with. Chancellor Klaich replied that the NSHE is a permissive but not exclusive beneficiary. The overall philosophy contemplates a competitive grant process whereby proposals that directly impact the economic development structure of the state will be the winners. He expected the NSHE to be extremely competitive.

Chair Geddes clarified that AB 449 requires that a partnership must include one NSHE institution at a minimum.

Regent Knecht expressed concern there may be a perception the request is a NSHE endorsement and that another of the NSHE's budget lines could be decreased as a result. Chancellor Klaich replied that the way AB 449 was originally drafted, it provided for funding as a portion of the NSHE's budget. However, the System violently opposed that option and would do so again. He has not heard that intention return to the forefront in any of the discussions to this point.

Motion carried.

The Board began its discussion of Other Considerations – Campus Specific Requests (*no priority order or recommendation*). Chancellor Klaich related that in preparing the biennial budget request, the System requested from campuses their highest priorities for enhancement requests. In many cases, those enhancements coincided with the System's priorities adopted by the Board (*Priority Recommendations 1 and 2*). However, the

3. Action Taken - Fiscal Year 2013-15 Biennial Budget Operating Request (Agenda Item #3) and Report on the Committee to Study the Funding of Higher Education (Agenda Item #5) – (Cont'd.)

enhancement requests from UNR (*School of Medicine and UNR Cooperative Extension*) are in addition to the other broader System requests and do not come to the Board with his recommendation.

President Johnson stated that although the requests for the School of Medicine and for the University of Nevada Cooperative Extension are institution requests, both are statewide programs hosted by the Land Grant University. In regard to the School of Medicine, the 2009 legislature approved funding, with UNR match funds, for the construction of a Health Science Education Building. One of the commitments made for that funding was the additional space would allow UNR to increase its medical school class size from 62 to 100 students in each future class. Also in 2011, the Liaison Committee on Medical Education (*LCME*), the accrediting board for medical schools, stated the UNSOM must move toward an integrated curriculum. That type of curriculum requires more staff time in order to have multiple professors in the classroom at any one time. The third feature of the request is that as the class size for the first four years of medical education expands, the number of residency slots must also expand to accommodate those larger incoming classes. The accreditation on residency programs also includes an FTE requirement for faculty.

President Johnson recognized there are continuing budget concerns and expressed his support of the first three priorities but asked that the Board leave the request for the School of Medicine on the list in its current location should the Governor have interest and capacity to fund it.

Regent Leavitt asked what alternate revenue sources are being considered in the event the School of Medicine enhancement is not accepted by the Board or not ultimately funded by the Governor. President Johnson indicated an increase in tuition is a possibility. The enhancement request also includes funding of positions for fundraising officers. There is also the clinical research capacity for donors.

Regent Leavitt asked Chancellor Klaich if the Board did not accept the School of Medicine's enhancement request, would that prevent the Governor or the lobbying team from resurrecting the request at a later time. Chancellor Klaich replied that since the Board sets the priorities of the System staff and lobbyists, they are required to bring any significant discussions that occur outside the established priorities of the Board back to the Board Chair and Vice Chair at a minimum, if not the full Board, for their input and direction.

Regent Trachok asked what the current tuition was at the School of Medicine. President Johnson replied it is currently approximately \$18,000 for in-state students and approximately \$40,000 for out-of-state students per year.

Regent Trachok asked what the current tuition was for the UNLV William S. Boyd School of Law. UNLV Provost John White replied tuition for in-state students is \$23,900 and \$34,500 for out-of-state students.

3. Action Taken - Fiscal Year 2013-15 Biennial Budget Operating Request (Agenda Item #3) and Report on the Committee to Study the Funding of Higher Education (Agenda Item #5) – (Cont'd.)

Regent Trachok asked what the current tuition is for the UNLV School of Dental Medicine. Mr. Gerry Bomotti, UNLV Vice President of Finance and Administration, replied tuition is approximately \$210,000 (*four years*) or approximately \$53,000 per year for in-state students. Out-of-state students experience a 10-15% increase above that.

Regent Trachok asked if it was known what the tuition is at similarly situated medical schools across the country. President Johnson related the tuition at other medical schools in Nevada's region range from approximately \$40,000 (*high*) to \$21,000 (*low*) per year.

Regent Trachok asked if it was known what percentage of in-state medical students stay in Nevada after graduation. President Johnson indicated he would need to research that answer.

Regent Trachok expressed concern for submitting separate institutional requests versus System requests. He felt there is probably some room for exploring a tuition increase at the School of Medicine. However, he would want to know what percentage of graduates stay in Nevada to make sure proper balance is achieved between student fees and taxpayer subsidies.

Regent Alden agreed the medical school tuition is too low, particularly for in-state students. He requested more definitive information on medical school tuition. He felt the dental and law school tuition is appropriate.

Regent Page noted last year the Board approved a policy change that eliminated the ability of out-of-state students to change to in-state status after the first year and asked if the incremental dollar value of that policy change was known. President Johnson replied the policy change had only been in effect for one year and the incremental value would be very little as yet. He noted only ten percent of the students are allowed in the program from out-of state to begin with. Regent Page asked that the incremental value created by that policy change be tracked for future reference.

Regent Crear stated he would like to see a breakdown of where the additional residency programs will be located by campus. He expressed concern that the School of Medicine enhancement request was not in the best interest of the System right now. He also agreed the School of Medicine tuition was too low. President Johnson indicated he would make that information available to the Board (*handout on file in the Board office*).

3. Action Taken - Fiscal Year 2013-15 Biennial Budget Operating Request (Agenda Item #3) and Report on the Committee to Study the Funding of Higher Education (Agenda Item #5) – (Cont'd.)

Regent Doubrava felt the School of Medicine's enhancement request is important although he agreed it needed to be a separate enhancement. Dean Schwenk had shared with him that approximately 65% of the request would be for positions in southern Nevada which Regent Doubrava felt was a significant step in the right direction. He also agreed the medical school tuition was too low. However, he recognized it is difficult to raise tuition in huge increments because of the burden it places on the students. He also noted that with such a small class size of 68, a \$3,000 increase in tuition would only generate approximately \$1 M which pales in comparison to the infusion of funding being requested. He added that resident student salaries are provided by the hospital which receives funding from the federal government. That creates an opportunity to increase the number of primary care physicians.

Regent Blakely supported the medical school enhancement request but felt not enough data was available to make a decision.

Regent Wixom felt the proposal needs to be presented in a larger context with more data and with increased tuition rolled into it. Secondly, the System has received instructions from the Governor to submit a flat budget. He was concerned that if the Board starts embracing enhancements, there were many other departments and programs that would also like to receive enhancements.

Seeing no motion, Chair Geddes asked the Chair and Vice Chair of the Health Sciences System Committee to work with President Johnson and Dean Schwenk and return to the Board with further information.

The University of Nevada Cooperative Extension's enhancement request represents a budget restoration. Through the previous biennium's budget reduction process, UNR placed primary priority on retaining the ability to create degrees for students and to maintain research that has impact on knowledge creation and economic development. Its third priority is outreach organizations.

President Johnson explained that due to the significant impact of the UNCE program on rural and urban communities and the tremendous public comment received in June 2011, the University added a \$2 M onetime enhancement from research funds to create a bridge through FY 2013. He committed to UNCE that he would bring forward to the Board a \$2 M enhancement request for the 2013 budget process. He emphasized the UNCE has not been eliminated and many of its programs have been retained while others have been downsized or closed. The UNCE was provided a budget target and as a trade-off recommended that the UNCE specialist positions move to 75% state funded positions and the county extension educators move to 90% state funded positions. That left UNCE with a 60% reduction without an enhancement to its budget. President Johnson

3. Action Taken - Fiscal Year 2013-15 Biennial Budget Operating Request (Agenda Item #3) and Report on the Committee to Study the Funding of Higher Education (Agenda Item #5) – (Cont'd.)

recommended the Board leave the UNCE program on the enhancement list so that if the Legislature or Governor want to add general funds to the UNCE budget, then it would not be contrary to the Board of Regents' goals.

Regent Alden felt that enhancement requests destroy the System's credibility and stated he could not support that.

Regent Knecht asked President Johnson to confirm the budget request for UNCE was \$3.2 M each year, combined with the enhancement request for \$2 M each year, for a total of \$5.2 M for each year of the next biennium. President Johnson stated that was correct.

Regent Knecht felt it important to point out that the enhancement request is restorative, which is different than the School of Medicine enhancement for growth purposes. President Johnson agreed.

Regent Knecht moved approval of the University of Nevada Cooperative Extension enhancement request of \$2 M per year and as proposed in the priority order presented. Regent Blakely seconded.

Regent Leavitt asked what efforts the UNR Development office had made to raise the relatively small sum of money. President Johnson replied the Development office has worked with UNCE to raise funds but those efforts have not been highly successful.

Regent Leavitt asked why the efforts have not been successful since the Board has heard from such depth and breadth of people in the state about the value of the UNCE programs. President Johnson related the UNCE has more success at qualifying for grants because many of its programs serve middle- and low-income households.

Regent Leavitt felt there are well meaning foundations and private trusts throughout the state who gear their gifts toward those types of programs. He felt there were opportunities in these areas and hoped UNR would explore them. President Johnson agreed that was a good suggestion.

Regent Crear asked if the counties served by Cooperative Extension also support the program. President Johnson replied that per NRS, a participating county must place \$1 M toward extension funding and can spend up to \$3 M.

Regent Crear asked if the counties have been asked to increase program funding. President Johnson replied that the counties contribute well, particularly the rural counties. However, the counties' reaction to budget reductions is they are already contributing their share and should not be solicited for more.

3. Action Taken - Fiscal Year 2013-15 Biennial Budget Operating Request (Agenda Item #3) and Report on the Committee to Study the Funding of Higher Education (Agenda Item #5) – (Cont'd.)

Regent Crear asked what the overall UNCE budget is. President Johnson replied the overall budget is approximately \$11-\$15 M. Regent Knecht stated that for 2013, the overall budget is \$17.1 M.

Regent Crear felt the UNCE serves a great need in the state. However, there are so many priorities and so much need it is difficult to approve an enhancement to just one. President Johnson replied that in 2012, the UNCE's total expenditure budget was \$22 M.

Regent Page felt there was not enough information to consider the UNCE's request. He would be interested to see how much revenue the UNCE generates.

Regent Trachok expressed concern for enhancement requests in general, particularly given the continuing economic situation. He considered the UNCE's enhancement an institutional issue and not a System issue. Although he felt the UNCE was an important program, he asked President Johnson to re-evaluate his proposed institutional budget to determine what can be done to enhance the budget of UNCE. He opposes any institutional enhancement request at this point in time.

Regent Wixom stated although he too is a supporter of the UNCE program, the System was asked to submit a flat budget and he was appreciative for that much.

Regent Blakely stated cooperative extension programs and land grant universities throughout the United States have been married together for a long time. He felt the System was abandoning that relationship and expressed his support of the UNCE's enhancement request.

Regent Knecht said Regent Blakely made a good point when referencing land grant legislation and tradition. Regent Knecht related that when speaking to the community, he emphasizes three basic missions of higher education: instruction, research, and public service. He felt not supporting the UNCE's enhancement request reflected the System's abandonment of its public service mission. He felt that the request is for a minor amount that will be spent appropriately.

Upon a roll call vote, Regents Schofield, Blakely, Geddes, Knecht and Melcher voted yes. Motion failed. Regents Page, Trachok, Wixom, Alden, Anderson, Crear, Doubrava and Leavitt voted no.

4. Action Taken - 2013 Bill Draft Requests (Agenda Item #4) – The Board of Regents approved topics for potential bill drafts for the 2013 Session of the Nevada State Legislature, including bonding authority, capital projects, implementation of health care consultant recommendation, UNLVNow Project and intellectual property(Ref. BOR-4 on file in the Board office).

4. Action Taken - 2013 Bill Draft Requests (Agenda Item #4) – (Cont'd.)

The following bill draft topics were presented to the Board of Regents for its consideration:

1. Bonding Authority – Increasing bonding authority for certain NSHE institutions as requested for specific capital construction projects.
2. Capital Projects – Provide NSHE institutions with option to “opt-out” from the State Public Works Board provisions for NSHE capital projects.
3. Implementation of Health Care Consultant Recommendations – Revise provisions relating to the Public Employees Benefits Program per recommendations of NSHE Health Care Consultant.
4. UNLVNow Project – Possible creation of a tax increment zone that would not raise taxes but would apply the increment of taxes generated by the project to fund the bonds used to finance the project.
5. Intellectual Property – Amend public records statutes to provide enhanced protections for intellectual property of contractors when information is provided to NSHE institutions in the context of helping to achieve the economic development goals of the State.

Regent Alden stated that the UNLVNow Project should be the highest of the priorities listed as it will have economic impact not only for southern Nevada but the entire state.

Regent Alden moved approval of the proposed topics for potential bill drafts for the 2013 Session of the Nevada State Legislature including bonding authority, capital projects, implementation of health care consultant recommendations, UNLVNow Project and intellectual property. Regent Trachok seconded.

Regent Knecht asked why the bill draft topic on intellectual property was limited to helping achieve economic goals of the state and did not include the broader business and technology communities. Chancellor Klaich agreed it should be inclusive.

Regent Knecht offered a friendly amendment to the motion that indicates #5 – Intellectual Property be revised to state *“Amend public records statutes to provide enhanced protections for intellectual property of contractors when information is provided to NSHE institutions, in the context of helping to achieve the economic development goals of the State.”*

Friendly amendment accepted by Regents Alden and Trachok.

Regent Knecht expressed his support of the UNLVNow Project but noted that in the previous agenda item there had been concern expressed for a single institution’s enhancement request. However, in this agenda item, there is not the same concern for a single institution bill draft request.

Motion carried.

5. Action Taken - Employment Contract, Executive Vice President And Provost, UNLV (Agenda Item #6) – The Board of Regents approved a three year contract (*July 1, 2012, through June 30, 2015*) for newly appointed Executive Vice President and Provost, John Valery White (*Ref. BOR-6 on file in the Board office*).

Regent Alden moved approval of a three year contract (*July 1, 2012, through June 30, 2015*) for newly appointed UNLV Executive Vice President and Provost, John Valery White. Regent Page seconded.

President Smatresk stated the contract is for a period of three years, at \$295,000 per year, including a one-time bonus of \$60,000 upon the successful completion of the contract. President Smatresk pointed out the request reflects a \$44,250 reduction from Provost White's previous salary as Dean of the UNLV William S. Boyd School of Law.

Regent Alden expressed his support of Provost White.

Regent Crear asked if the reduction in salary was related to the current salary range of the Provost position, adding that it is important to provide proper compensation for this position. President Smatresk replied the compensation package is reasonable compared to those offered at comparable institutions.

Motion carried.

6. Action Taken - Handbook Revision, UNLV Student Publications (Agenda Item #7) – The Board of Regents approved a request from UNLV President Neal J. Smatresk that the provisions in Title 4, Chapter 19, Section 1(3), addressing the appointment of editors of UNLV student publications, be repealed in its entirety so that policies and procedures relating to the University's student publication can be properly implemented at the campus level (*Ref. BOR-7 on file in the Board office*).

Regent Alden moved approval of the repeal of provisions in Title 4, Chapter 19, Section 1(3), addressing the appointment of editors of UNLV student publications, in its entirety, so that policies and procedures relating to the University's student publication can be properly implemented at the campus level. Regent Crear seconded. Motion carried.

7. Information Only – New Business (Agenda Item #8) – None.

8. Information Only – Public Comment (*Agenda Item #9*) – Mr. Vinay Ramini addressed the Board in regard to CSN's residency requirements. Chair Geddes asked that Mr. Ramini provide his contact information to Ms. Patty Charlton, CSN's Vice President of Finance and Administration, so that the institution may research the specific concern and provide follow-up.

Ms. Susan Reed, Citizen, Clark County, expressed concern regarding the significant impact of the proposed budget on services and programs provided by the University of Nevada Cooperative Extension (*UNCE*) program

The meeting adjourned at 3:08 p.m.

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 and
 Scott G. Wasserman
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Approved by the Board of Regents at its February 28 – March 1, 2013, meeting.