

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

Nevada System of Higher Education, Main Boardroom
2601 Enterprise Road
Reno, Nevada

May 30, 2024

Video or Telephone Conference Connection from the Meeting Site to:
Nevada System of Higher Education, Board Room
4300 S. Maryland Pkwy.
Las Vegas, Nevada

Minutes are intended to note: (a) the date, time and place of the meeting; (b) those members of the public body who were present and those who were absent; and (c) the substance of all matters proposed, discussed and/or action was taken on. While these Minutes contain verbatim excerpts of the meeting, they are not intended to be a complete verbatim report of a meeting. An audio recording of the meeting is available for inspection by any member of the public interested in a verbatim report of the meeting. These minutes are not final until approved by the Committee at its July 25, 2024, meeting.

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

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

Chairman Hardesty called the meeting to order at 9:40 a.m. with all members present except for Regent Byron Brooks, Senator Carrie Buck, Assemblyman Ken Gray, Ms. Betsy Fretwell, Ms. Yvette Williams, and Ms. Amy Stephenson. Ms. Fretwell, Ms. Williams, and Ms. Stephenson entered the meeting late.

1. Information Only – Public Comment

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

Patrick Villa: Good morning. My name is Patrick Villa. I am the faculty senate chairperson at CSN. My comment is on behalf of CSN faculty, in regard to the agenda item where we're talking about the HCM Strategists, their recommendations, their PowerPoint slides and there's a number of options that they're laying out. I want to point out a number of them show they recommend CSN is very underfunded. They recommend a lot higher adjustments. In one case, it showed that we need 20 more million dollars a year and at the same time, I recognize that it showed that UNLV, UNR, should be getting 10 million a year less and I understand that that's maybe not the most reasonable change, that's an extreme change, but I want everyone to recognize those numbers are not coming out of thin air, they are showing that we are underfunded. We are missing our students and I ask you to consider all of that when you move forward. I recognize that it's going to be kind of tough for this board to come up an action so bold as to take that many millions away and give that many millions, but maybe consider something of a gradual change. Maybe in a few years, we should be at those numbers or something to move it to where it belongs and like I said, a number of these recommendations show that CSN is very much underfunded. So please give that consideration that this is the biggest institution, it does need funding to run properly, and it does serve CSN more than anybody else. Thank you.

Chairman Hardesty: Okay. I will offer public comment with respect to the comment of the last speaker. Another takeaway from his observation is that the system of higher education is underfunded period. And sadly, and importantly, this Committee is charged with the responsibility of updating and revising the formula that's used to divide an already underfunded pot and what these set of slides demonstrate to me is precisely that. You're compelling a formula which is best practices throughout the country in many respects, as we will hear, that shifts funding away from one institution to another institution, not because that is the best way to go about it but because all the institutions are underfunded. And I hope, although our charge is limited to assessing the formula, our Committee will also make a comment in our report about the consequences to higher education generally and all of the institutions resulting from that situation.

Jim New: Good morning. I'm Jim New of the Nevada Faculty Alliance. Last name is n-e-w. And first of all I'd like to thank the Committee as well as my colleagues Dr. Kent Ervin for his thorough analysis of funding higher education and Stacy Wallace who will be presenting. As you've heard multiple times and as Chair Villa just alluded to, Nevada really truly had a funding formula, it has a distribution formula, developing a true funding formula is difficult if not impossible without buy-in from the state government. Nonetheless, you do have the opportunity to move us in that right direction and I hope that you do find some success with that.

NFA supports recommendations that fund a portion the weight of student credit hours, but funding formula also must recognize that students who do not complete do require resources too. It is appropriate for a portion of the budget to be funded by headcount. Secondly, the performance pool as a carveout should be separated from the funding for day-to-day operations. Finally, NSHE's adoption of the higher education price index to guide student fee adjustments is very well intentioned, but it runs the risk of shifting more and more of the burden onto the shoulders of our students if there are not corresponding adjustments to the funding allocations from the state. We hope you will take steps to ensure that higher education remains accessible to Nevadans from all economic classes by adopting formula to also keep pace with the costs of delivery both at the allocation and the student registration fee level. Thank you.

Kent Ervin: Good morning Chair Hardesty, Vice Chancellor Charlton, Kent Ervin for the Nevada Faculty Alliance, the Association of Professional Employees at NSHE colleges. Thank you for careful consideration of the recommendations from the institutions, students, faculty, and consultant. We appreciate the Committee's difficult task and hard work. We have submitted detailed analyses of various recommendations that have been discussed at meetings up to now, along with our recommendations to reimagine the formula as a true funding formula, rather than a distribution formula with institutions competing against each other for a fixed appropriation. The recommendations from NFA in part six of our written submission are presented in good faith as ways to improve the funding formula and meet achievable goals our shared concerns is serving students across the state especially underserved students. Any change to the funding formula that merely distributes existing funds will create winners and losers among the colleges and universities and will fail to improve higher education. Total funding or full-time equivalent ranks at the very bottom of the 50 states according to the FY 2023 finance report. That's down from third from the bottom the prior year. All of the institutions are underfunded. The perceived disparities in funding among NSHE colleges and universities should be collected by bringing up the most underfunded through enhancements not by taking funds away from others. The Committee cannot appropriate funds, but you can recommend changes in a formula be contingent upon full funding. Two more thoughts. First, it is disgusting that the analysis from the consultants is mainly about redistributing funds. There's been little to no analysis of the cost drivers at institutions and there's no recommendation for a cost study. Second, the recommended percentage shifts from weighted student credit hours to 40% head counts and 20% relative outcomes growth are way too large. The cost of putting instructors in classrooms is mainly correlated with student credit hours, so the metrics based on credit hours or full-time enrollment must be the foundation for any budgeting formula. Thank you for your attention and consideration.

Doug Unger: Doug Unger, UNLV Chapter President of the Nevada Faculty Alliance. Regarding the HCM report to repeat a met for used repeatedly a distribution with a 40% student head count really is like chopping a cabbage with an axe while the R1 universities would be uncut rations. Both would shock the system. I suggest a more

moderate, more nuanced solution. If there's a transition to head counts, please eliminate the performance pool and replace that 20% with head count-based allocations. And to be more designate targeted at expanding student support services. I suggest weighting student-based allocations for not only two, but four categories, Pell grant, underserved minority, first- generation and disability resource students with moderate weight. Weighting headcounts this way would better reflect the added investments our institutions need better to assure these students succeed. The remaining 10% to 12% then might be allocated as suggested by the HCM consultants. Cutting the 40% down to 20% and so nuancing student-based funding should result in more manageable budget impacts. Regarding HCM's suggestion to transition summer school courses to weighted hours and/or include them in the distribution formula will result in drastic changes to the "soft" or non-state revenue that supports research and resources at department and unit levels of our R1 universities. Unless compensatory funding is found, this change could severely negatively impact resources such as lab set-ups and R & D funding, also graduate student research and programs. Thank you for your consideration.

Shantal Marshall: I'm an associate professor at Nevada State University and Vice President of Nevada Faculty Alliance. I wanted to reiterate my colleagues' comments about the underfunding of higher education in Nevada. I appreciate the chair's comment as well that that note will go into the recommendation. It's very clear that we need more funding in Nevada for higher education. And I also wanted to reiterate funding part of higher education specifically on student headcount. I'm at Nevada State where a large proportion of our students are part-time, but even though we have a lot of part-time students, they don't need part-time support. If anything, they need more support than full-time students because they're often part-time for very real and valid reasons. They are working, they have families, they are responsible for bringing in money to their families. I meet them every day and they have a lot of life going on. So, we need a lot of support service for our students regardless of how many credit hours they're actually enrolled in. And I also want to point out that part of NFA's recommendation is to distribute the funding based on the needs of different types of students and I can't really tell you how important that is, although I love working at Nevada State University, but what keeps me up at night is all the students who don't come back. We have a growing and an increasing graduation rate, but it could be a lot better. We need more support services and more funding in order to make that happen. Thank you so much, I appreciate your time.

2. Approved - Minutes

The Committee recommended approval of the minutes from the April 26, 2024, meeting.

Mrs. Carol Delcarlo moved for approval of the minutes from the April 26, 2024, meeting, noting the correction of absent members in the roll call (Regent Byron Brooks and Assemblyman Ken Gray were absent for the April 26, 2024, meeting). Mr. Tony Sanchez seconded the motion. Motion carried.

3. Information Only – Opening Remarks

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

Chairman Hardesty: Today is a really critical meeting. It's the second to the last in our scheduled series of meetings and vitally important, frankly, to provide some guidance for our work session coming up on July 25th. Based on our work plan, this final meeting will develop the outline for our work session, which will result in the development of our final recommendations to be submitted to the Chancellor, the Board of Regents, the Governor and the Legislature.

The goal for today's meeting is to review a detailed level of recommendations provided by HCM Strategists and the corresponding impact of the redistribution of funding across the NSHE institutions. As we continue this, it's important to remain focused on the Committee's ultimate charge which has been mentioned during public comment frequently, to determine whether other funding allocation methods would be appropriate for NSHE whereby different missions, research universities, state universities and community colleges are appropriately considered. I think it's important to get everyone's input now on the various suggestions that are made and I'll be reaching out to you throughout the meeting asking for your observations so that we can all give to staff some direction for the agenda for the July 25th meeting.

To assist us in maximizing our time today, I asked NSHE to provide lunch. It'll be provided through the host fund. Thanks again, Chancellor and to NSHE for doing that, and we'll make a break at an appropriate time. It'll be provided in a buffet style as I understand it and then we can have a working lunch throughout today.

Today's meeting includes three key areas. At the request of myself and the Chancellor, our Committee staff, Ms. Abba and Ms. Haartz, have prepared a presentation for the Committee to provide an overview of how today's meeting will lay the foundation for our work session in July, kind of a structured discussion. Second, HCM Strategists will present their recommendations for the funding formula as well as preliminary estimates on the distribution impact for each recommendation. These recommendations are tied to best practices, the input received during interviews and the institution's specific recommendations provided by each president, as well as the input from our faculty and students.

We will have a third presentation on behalf of NSHE faculty. It's important to hear the concerns and recommendations of the faculty related to the funding formula. I plan to take that presentation out of order, so one of our speakers can catch a flight, and then we'll move to the HCM presentation. As I indicated in my general remarks, today is almost like a work session to a degree as we hear the presentation from HCM; I'm hoping that the members of the Committee will be active in their thoughts and suggestions about whether we need alternative calculations, whether we need

revisions in the way the approaches are formulated, so that when we get to the July 25th meeting we can have some alternatives to the calculations that have been provided in the slides and the work-ups that have been presented.

Once again, I want to reiterate our charge is to develop a funding formula. I guess the point was well made. This isn't a funding formula as much as it's an allocation formula, but I don't think that that limits the Committee's ability to include in its report comments with respect to the consequences associated with this process and with its outcome and I think the Committee should be thinking about things we want to say in our report about the funding issues that affect the Nevada System of Higher Education and its seven outstanding institutions. That's just my view, but I'm urging Committee members to think about that as we go forward. So, before we move into our agenda, I want to remind our presenters please avoid the use of acronyms. We're still learning about the higher education funding budget and the acronyms that are used in higher education in particular. So if we could do that, that'd be very helpful.

Chancellor, Vice Chairman, would you like to make any introductory remarks?

Chancellor Charlton: Good morning, yes, thank you so much Chair Hardesty. For the record Patty Charlton, Chancellor for the Nevada System of Higher Education. I was going to use acronyms, but I'll refrain from that, I think I know a whole plethora of them. I want to thank everyone for being here today. As you're aware, this is our last meeting before our Committee's July 25th work session. My how time has flown by. As such, this meeting is very important as we move forward towards making recommendations for the final report. I urge everyone that is participating today to please be vocal, please share your perspectives, your concerns and your thoughts.

As we recognize that these important issues all need to be considered as we get ready for the final recommendations. And I recognize from our last meeting the realization that the opportunity for new investments in higher education because of the current budgetary language may have dampened some people's spirits a little bit and their enthusiasm, but let's not let that deter us and let's move forward in this work. I respect the comments of those who spoke in public comment regarding the need for new investment in higher education. However, I do also want to remind the members of the Committee that we are talking about the funding formula and each of the institutions does also have other priorities that they have been presenting that will also be considered as part of the budget process. And as we bring those forward to our Board, that represents already over \$200 million of more investments that are needed in support of our system. So, as we approach today's work with our consultant you will see that for every HCM recommendation based on the feedback from this body that's presented it does include the distribution impact. So, there's a cost associated with each of those actions, and you'll be able to actually see what that cost looks like and then how that is deployed as it is moved through the current funding formula.

We have been very extremely fortunate in Nevada to have both of our universities achieve that very important R1 research status and the current funding formula clearly recognizes the need to support research at our institutions and our universities. But unfortunately, the current formula has outside of the small institution factor has not provided that targeted ongoing and important funding for the community colleges. It is my hope that the work of this Committee will ensure that as a state we will doing the best to invest our existing funding in a manner that supports every one of our institutions, whether it is maintaining our R1 status or supporting the underserved and at-risk populations at both the universities and the at our institutions and our universities. But unfortunately, the current formula has outside of the small institution factor has not provided that targeted ongoing and important funding for the community colleges. It is my hope that the work of this Committee will ensure that as a state we will doing the best to invest our existing funding in a manner that supports every one of our institutions, whether it is maintaining our r-1 status or supporting the underserved and at-risk populations at both the universities and the community colleges. I know it is uncomfortable to recognize as we consider how our state funding should be allocated that may mean some institutions will see reductions as others will see increases. Unfortunately, that is the nature of the distribution methodology and the one that we have in place currently. I urge you to stay the course, be patient and as we discuss potential revisions today, seeing how and understanding how that pie is divided up and as we form our recommendations.

And finally, as I begin today, I have to say and extend my gratitude to each and every one of you for all of the time that you have put in to this important process, our work is not done. I want to also thank our staff, Heidi and Crystal, as well as Lynda King for all they're doing behind the scenes tirelessly as well as our Vice Chancellor Chris Viton and thank HCM and their support and work over the past couple of months to bring a national perspective of best practices to us.

HCM are the experts in this field; I'm happy to tap into the expertise on behalf of our system. I appreciate all those that have done and participating in the process. Thank you.

4. Information Only – Advance Planning: Preparing for the Work Session

Committee staff, Crystal Abba and Heidi Haartz, presented information related to the Committee's work session, which is planned for the July 25, 2024, meeting. The following is a verbatim transcript of the presentation.

Chairman Hardesty: We'll move into agenda item number 4. I mentioned in my opening remarks the Chancellor and I asked Ms. Abba and Ms. Haartz to provide an overview of the upcoming work session for the July 25th meeting. Perhaps more importantly, this presentation will give us context for how our discussion during the HCM presentation agenda item will guide development of a work session document and the work session itself. So, Ms. Abba, thank you.

Crystal Abba: Thank you, Crystal Abba, staff and I'm here with Heidi Haartz. As the Chairman indicated, the Chancellor and Chair requested that we take a quick moment at the beginning of this meeting and look at where we're at and where we're going. And so with that, we have a brief presentation here. I do want to note for Committee members and also for the presenters that will follow me, we are not controlling the slides from the Reno location. So as cumbersome as it can be, we will be requesting that each slide be advanced by SCS in Las Vegas. It makes me crazy, but that's what we have to deal with today. So, next slide, please. I rest my case. There we go. Okay. Alright.

So, again, we're here today, and we've only got one more meeting to go, but next to the work session, in July, I think that today's meeting is probably the most important meeting of the work that this Committee will be doing because today is when the rubber starts to hit the road. Today is when we need to hear more from the Committee in terms of the direction that you would like to take in regards to recommendations. So, the nice part about what Heidi and I are going to attempt to do is to essentially share with you what the process will look like a little bit in July to prepare you, give you some guidance in terms of how to provide direction today because you'll note for agenda item 5, that language clearly indicates -- and we've done this very specifically under the open meeting law -- that HCM will be presenting recommendations which bring together best practices and practices in other states and take into consideration what stakeholders have recommended to this Committee. So that includes the faculty and the students.

Your job today as noted the agenda is to provide direction. We're not going to be polling members. We're not going to be asking where you are in terms of a vote. But what we will be asking you is how do you feel about this recommendation. Is there other information that you'd like to see? And you're not necessarily giving a head nod but you're providing direction to Heidi and I so that we make sure as we draft the work session document for July that we're getting as close as we can in writing to what the intent of the Committee is and then when we get to the work session in July, we'll have a great deal of leeway to make revisions during the course of those discussions, but today is when we need to hear from you in terms of what direction you want to go on the discrete recommendations that HCM will be going through individually during their presentation.

As of right now, we've got 55 days to go, and there's a lot that's going to happen between now and July 25th. But as a reminder, you heard this at our very first meeting, which now seems like a really long time ago, but it was in November, the final recommendations of this Committee will be put into a formal written report. It will include all of the materials that have been presented and the recommendations of this Committee that will then be transmitted to the Board of Regents, the Governor and the Legislature, very consistent with legislative studies even though this is not actually a legislative study. And so during today's meeting, we're going to spend a lot of time, and you'll notice that agenda item no. 5 is

slated for 150 minutes, and they'll walk us through the recommendations and then they'll turn to us what directions would you like to go in. And remember the purpose where we're at today is we're moving towards a conversation on what is a sound methodology for the distribution, like it or not, of a limited pie. However, to the chairman's point, there is nothing that precludes this Committee from including recommendations in the final report that have to do with new investments in higher ed., but your charge was clear, and your charge was specific. This is about looking at the methodology and moving forward in terms of best practices, not only for Nevada, but best practices that are taking place in other states across the nation for how is it best to equitably distribute that pie.

So next slide, please. Just very briefly, the Committee charge, there we go. I'm not going to read the charge because we talked about it on the public comment. Start from the bottom, the issue of making recommendations related to the state-supported operating budget, check, check, we did everything we could, HCM did their job on that, I'll talk more about that later but our focus today is going to be item 1 and 2 under the Committee charge which is looking at funding formula models in other states and figuring out for what everybody else is doing around the nation what makes sense for Nevada, particularly given the fact that we're a System that has tiers. We've got three levels with the research university, state universities and community colleges. So we have our own unique circumstances and I think what you're going to appreciate today is the approach that HCM is taking and looking at best practices across the nation they even call it a balanced approach. How do we move forward in terms of that distribution by taking a balanced approach and looking at something that goes beyond just the performance pool and the weighted student credit hours which is what our model is predominantly based on now.

Next slide, please. What have we done so far, in November CFO Viton presented on the NSHE funding formula. I want to remind as you move forward preparing for the July session, we have a website that's a repository for all the information you have heard to date. It includes a number of resources that you can go back to to refresh your memories in preparation for the July 25 work session which includes a background paper on the base funding formula, a background formula on the performance pool. There's also, I can't remember the name of the HCM report presented at the first meeting, funding formulations across the nation. You've seen that. But many resources including the LCB bulletin from the prior study. If you want to hone up on where we got from there to today it acts as a nice repository. We've considered institutional mission and funding priorities as recommended by the institutions. Spent a great deal of time.

This goes back to the February and March meeting of hearing specifically from the institutions to what are their challenges and how in particular do they use their institutional mission to allocate funding once they know what their share of the pie is and, of course, that's where we kind of went down this road of where do we need additional investments in higher ed. With respect to HCM Strategists they spent a great deal of time looking at best practices, comparing us to other states --

I'm going to get into that in a second -- as a quick reminder when you go back to the charge, we checked all the boxes. So, in addition to the Committee meetings, HCM conducted 31 interviews, and we also had the 102 recommendations from the presidents. So, again, lots of fact-finding and information gathering, which puts us in an ideal position today to begin having the difficult conversation of where do we want to go in terms of ensuring that as we move forward with revisions to the funding formula, it is indeed a sound methodology.

Next slide, please. Now I'm going to break apart the Committee charge and just cover what, see how it does this slow, so looking at the first element of the Committee charge which was to evaluate what's happening in other states. So, in terms of the base allocation, two meetings, February and March, we heard a great deal from HCM and they shared with us information on best practices and how that base funding model works in seven other states. Then on what they refer to as the outcomes-based funding models, which we often refer to in Nevada as the performance pool, we spent even more time, which is three meetings on that, where they reviewed practices in 11 states.

Next slide, please. So the second part, in terms of determining based on the different types of institutions in Nevada, whether other funding allocations models would be appropriate for NSHE, going back to the earlier presentations of HCM, they basically said that our current model generally works. However, there's always room for improvement, and that's kind of the road that they're taking us down now, which is what are those best practices in other states that make particular sense for Nevada in terms of how we are positioned. So, to improve the equity of the model, of course, we spent a great deal of time talking about student attributes and you'll recall that was also a recommendation that's consistent across all the institutions. And to that end today, you are going to be able to see from the work that HCM has done what including student attributes in the base allocation does in terms of changing the distribution and remember when you change the distribution, under public comment, they use the statement, winners and losers and that's the reality of this. You're cutting up the pie, which means you're going to shift funding from some institutions to other institutions. And again, remember, those student attributes, just to remind the Committee what that student attribute is, that's a characteristic of the student because right now when you look at the majority of how the formula works, it's based on weighted student credit hours, which has a cost basis to it, but moving to student attributes, we're looking at the unique needs of student populations and saying alright, how does that, shouldn't that be considered when we allocate funding. So that gets to the issue of part time students, low income students, and underrepresented students. And finally, our favorite topic, which is the performance pool. We spent an inordinate amount of time talking about the metrics related to the performance pool and HCM has indicated that the metrics are adequate but the structure and application obviously can be improved and so they will spend a considerable amount of time today talking specifically about that 20% so, when you hear them talking about the 20%, they're talking about that performance pool and how we can change in a balanced approach the way we utilize those metrics to measure outcomes and reward institutions based on that.

Next slide, please. So finally, going back to the issue of self-supporting accounts. So HCM's finding, I want to read it into the record because I think it's important given where the system has gone in regards to the scrutiny for self-supporting accounts and the audit the system went through and the policies that were adopted by the Board of Regents. They found, this is included in a letter that they wrote to the Committee that was distributed to the Committee, is on the website and will be in the final report, NSHE's current policies, including the policy changes adopted at the September 2023 Board of Regents meeting, are responsive to the concerns articulated in the audit and consistent with the practices in other states. So it's nice to have that, for lack of a better term, as kind of a shield that the system did the right thing when it comes to self-supporting accounts and their recommendation on that was that the Chancellor's office consider establishing a matrix for self-supporting accounts that clearly categorizes those accounts in terms of permissible use based on current board policy and procedure. And you'll recall Mr. Johnson from HCM presented, he showed you what that looked like. I think it was CUNY, and so CFO Viton will be moving in that direction based on that recommendation.

Next slide, please. I'm about to turn it over to Heidi, but as we know we're going to shift gears and we're going to start talking about planning for the work session. And Heidi will be talking about state priorities and the common themes that this Committee has identified based on the input of stakeholders and HCM's input and what you can reasonably expect in terms of the work session and as we move forward, and we're trying to identify areas of consensus for the purpose of the work session, and again Heidi will take a deeper dive into this, keep in mind that there are going to be policy issues that we can't address because we've simply run out of time. We had six months to do this work and we've kind of done, the Committee really has done the best they can in terms of collecting information, but there is always more work to do so there is nothing to preclude this Committee from doing the basic recommendation of you know what, here's an item, whatever that is, we need to come back to it later so you can tell the Chancellor in the report, this is an area and one good example might be the issue of fee waivers. You heard about that from the institutional presidents that that's an area of concern given that those mandates are in place and yet there are fee waivers so there's a loss of revenue there. That's something that this Committee can say alright this is an area that we think is important and you should consider it going forward and also, of course, modifications. There are some modifications that will need additional funding, and then you can make a recommendation that says we know there's no funding right now because we've got that bad news at the last meeting, but should funding become available, we think these are areas where additional investments should be made. And again, Heidi is going to get into this in greater detail, but the work session document will include written recommendations. You'll be able to modify those as you see fit during the meeting, which means you can discuss it, you can revise it, approve it or not approve it, and whatever comes out of July will end up in that final report.

And so now I'm going to turn it over to Ms. Haartz. She will begin by talking about an issue that several of the members have brought up at prior meetings, which is where

does the state stand, where does NSHE stand, where does the system stand relative to state priorities.

Heidi Haartz: Thank you for the record, Heidi Haartz, next slide, please.

So as Crystal and I have been thinking about how to best frame the final recommendations that will be developed by this Committee, as they are submitted to the Chancellor and in turn the Board of Regents, the Governor and the Legislature, as well as how to frame the work session document to support you in your work, we realized that there are a lot of commonalities that exist between the various recommendations that have been discussed or presented, both from HCM as well as the input received through the interview process and then the recommendations received from the presidents when they were asked to provide institution- specific recommendations, as well as the faculty and the students.

Ms. Yvette Williams has joined the meeting.

So, we've listed here the Board of Regent's goals, which are focused on access, success, workforce development, closing the achievement gap, research, transparency and accountability, many of the recommendations easily can be linked to the Board of Regent's goals. Similarly, many of the recommendations discussed thus far can also be linked to Governor Lombardo's three-year plan which is really important as NSHE considers including it in a biennial request the upcoming or subsequent biennium in order for enhancements to be considered they have to be tied to the governor's strategic plan. So, it is ideal for many of these recommendations to already be coordinated with the statewide priorities.

Next slide. After HCM conducted their interviews, they presented their results that emerged using four common themes, which we have discussed in great detail during the last several meetings of the Committee, those include the student attributes, the weighted student credit hours, the performance pool and mission differentiation. This is why Crystal gave me this slide because I can't say that word. Interestingly, as Crystal and I were reviewing the recommendations that were provided by the presidents to address their institution-specific concerns, we also categorized those by common themes, and you can see from the slide that many of the themes we identified align with the themes identified by HCM. As Crystal noted, when the presidents provided their institution-specific recommendations and as the Chancellor noted earlier in her remarks, many of the institutions have identified funding requests for the upcoming biennium. Many of those recommendations require or are dependent on receiving additional funds to support those activities or the attainment of those goals. We left those categories on this slide while that is perhaps outside the charge of the current Committee; t's important to maintain a record of those should additional funding become available or should NSHE determine that additional research needs to be done or analysis done before moving forward with the request for additional funding.

Next slide, please. So, in the next several slides, we're going to summarize the

recommendations that HCM has provided previously under each of the common themes. I do want to remind everyone that the recommendations provided by HCM were developed based on their evaluation of NSHE's current funding model, a comparison of the current funding model with other state's models, as well as expertise in best practices in higher education finance. It's also important to note, as indicated on this slide, that HCM's recommendations are based on currently available data, as well as the stakeholder input, which was received through the interviews that were conducted, the president's recommendations, and of course the presentations from faculty and students. I do want to reiterate, as Crystal has said a number of times, it's really important to remember that the recommendations that come forward can be best executed if there is readily available data. NSHE as well as all state agencies is in the middle of the budget building process. time is of the essence. NSHE's best practice has to be utilize student data that's available at the system level because that data is collected consistently, not only in time, but also with respect to the source of the data and the actual measurements used. Some data that may be an option moving forward is currently only collected at the institutional level and it may not be collected consistently, not year after year, or the measurements that are used may vary from one institution to another.

Next slide, please. I forgot to read the recommendations, I'll read it as they move to the next slide. Weighted student attributes create a separate formula that uses the full-time equivalent and FTE and headcount enrollment to account for part-time as for Pell and underrepresented minority students. With respect to the common theme of weighted student credit hours, HCM has offered a number of recommendations three of which include including summer school into the weighted student credit hours allocation which they have noted is a best practice and common across higher education institutions. Another recommendation is to utilize a three-year average when calculating the weighted student credit hours. This is a common practice to smooth increases or decreases in weighted student credit hours from one year to next. The third recommendation was to conduct a cost study for the nursing programs to understand the costs associated with providing education to nursing students and then to identify how the state can strategically invest its resources to ensure that students are receiving the best education and training possible and to address the workforce shortage that we currently experience in our state.

Next slide. While the performance pool is an undeniable common theme, how to address it has been quite challenging. HCM has provided two options based on best practices and acknowledgment of the fact that new funds for this purpose are likely not available as we move into the next biennium. HCM has recommended an outcomes-based formula that incorporates either a share of outcomes or a relative growth measure to allocate funds across the institutions. Either option would retain the metrics currently in place with our existing NSHE formula, this would allow growth to continue to be measured as the state transitions from one funding formula to the next funding formula. I would note that while the metrics would remain in place, either of these two options recommended by HCM would result in the elimination of the targets that are currently in place for the metrics. As we've heard during many of the meetings, it appears that

these targets may have been set arbitrarily or were intentionally low in an effort to minimize the risk to an institution of losing performance pool funding, which they had to earn back through the attainment of the targets. This slide also includes another option for the consideration of the Committee. Please go back one slide. That option, I want to stress, it's an option, it's not an HCM recommendation. It's to retain the existing performance pool but to re-baseline the targets. Re-baselining the targets would allow them to be updated, appreciating the fact that the targets have been in place for the decade that the current funding formula has been in place.

Now, next slide. With respect to mission differentiation, HCM has offered a number of observations listed on this slide that include, there are too few institutions in Nevada to warrant separate funding formulas by each institution type. That was a recommendation that was made by various institutions when the presidents were given an opportunity to provide their respective recommendations. HCM has also observed that the current funding model does include several items that target mission differentiation features, which would include research o and m, the small institution funding, additional weights for graduate and professional degrees, and differentiated metrics for each institution. It's important to note that there are other funding sources that are available throughout each institution's budgets at R1 institutions that support differentiation and the proposed recommendations that HCM has provided would further enhance the differentiation across institutions, for example, head count and inclusion of student attributes could accommodate for the unique needs of each institution type.

Next slide, please. There will be recommendation in terms of the small institution factor. That's to recommend an increase to the \$30 per weighted student credit hours value that has been in place since the inception of the current funding formula. That would be applied to the gap between the number of weighted student credit hours currently in place at both Great Basin College and Western Nevada College up to 100,000 credit hours. So, we'll see the distribution impact of that recommendation in the next presentation.

Next slide. Bringing up the next slide, we wanted to take this opportunity with the Committee to give you a preview of what will be included in the work session documents so you know what to expect, and if you have questions or concerns about it, we can discuss those today so that we can try to best meet your needs for the July meeting. The work session document would include a possible recommendation for your consideration, and we've included one here as an example certainly when we get to the work session the recommendation can be adopted. It can be modified, revised, it can even be removed from consideration. The work session document would include the different components that are addressed by each recommendation as well as the impact to the distribution of funds resulting from the change impacted by the recommendation. I want to give a disclaimer about the distribution impact that's really important particularly moving into the next presentation by HCM. And that is the distribution impact may be different than it is in July based upon conversation we've had with many of the members during the HCM presentation.

Similarly, the distribution impact included in the HCM presentation are based on individual recommendations. They don't really layer because layering is difficult to do if you don't have a really solid sense of where the Committee is interested in going. I want to caution everyone as you look at the slides, please don't take the distribution impact for one recommendation and then add it to another and to another and to another and think you're going to get the same result at the end because with every shift in change, it changes the output. We actually, when we first previewed the slides from HCM started doing that and realized that was perhaps not the best use of anyone's time because we didn't get to the right place, so we like to save you that effort.

Next slide, please. The previous slide provided an example of the specific components that would be in the work session materials. This is a more general slide, which again summarizes what we will include.

I want to reiterate, as Crystal mentioned previously, we will be listening very closely to your discussions today during the HCM agenda item to see which recommendations appear to be of interest to the Committee for further discussion during the work session in July. Similarly, if there's no discussion, we're going to presume that there's really no appetite for that recommendation therefore we'll hold it out of the work session document for that recommendation and therefore and we also want to share with the members of the Committee that CFO Chris Viton, myself and HCM, will be meeting with the Business Officers prior to the July 25th meeting so that they will have an opportunity to receive some additional information on the distribution impact of the recommendations that will be considered during the work session. As we wrap up our portion, I want to take the opportunity to see if the Committee has questions either specific to the work sessions regarding the common themes that were identified or any comments for discussion during the HCM agenda item.

Chairman Hardesty: Any questions for these ladies concerning their presentation?
In Las Vegas, Ms. Del Carlo.

Carol Del Carlo: Thank you. I have a question, Heidi, when it goes to the business officers, which I think is fabulous, great idea, then will they make recommendations too or what kind of feedback are we going to get from that? Thank you.

Heidi Haartz: The intent of having the business conversation with the business officers is to discuss the recommendations as they exist today. They really don't get to change the recommendations, that's not their role, that is the role of the Committee. I believe if there's something that is identified, perhaps that we have missed in our analysis, then we would certainly share that with you at the work session so that you would understand we'd be fully transparent, there's been a change in the calculation or the methodology. That seems prudent to have the business officers look at the impact of the distribution or the redistribution of funds, so they have an understanding of what goes into that methodology.

Carol Del Carlo: I appreciate that because they're the boots on the ground. I'm glad they're reviewing it. Thank you.

Chairman Hardesty: Chancellor.

Chancellor Charlton: Ms. Williams has a question, please.

Yvette Williams: My apologies for being late, I went to the wrong place. Didn't read the email properly. I have a question as to timeline and receiving the work session documents for review. How far in advance will we get that. Because for myself I'm going to need a little more time to really dig deep.

Heidi Haartz: Crystal and I had a discussion about that just last night. We've been distributing materials approximately one week prior to the committee meeting when the materials have been posted. Certainly, we will be working quickly to prepare the information for the July 25th work session, but some of our ability to prepare that document is contingent upon today's conversation amongst the committee members during the HCM presentation.

For example, if HCM is asked to go back and do some extensive revisions or consider options that we haven't thus far contemplated, it may take us a bit more time to prepare that data to include the work session document. But the work session document is intended to provide the committee members with all of the information that you would need to make an informed decision, have an informed conversation first, but also not to be cumbersome, recognizing a lot of information has been shared since November.

Chancellor Charlton: Yes, Mr. Christenson.

Glenn Christenson: Could we set a target of 10 to 13 days before the meeting, so we have as much time as possible. I recognize there's a lot of information that's coming together, but it is really hard to go through these materials, even with a week. There's a lot to think about in that interim period. So maybe set a target of 10 days. If we don't get it, we don't get it, but at least try. Secondly, will we be getting a draft of something of what we think that recommendation document will look like at the July 25th meeting?

Heidi Haartz: We will absolutely set a target for ourselves to try to have that information available to the committee and the members of the public approximately 10 to 13 days prior to the meeting.

Again, have to give the disclaimer. That's contingent upon the conversation that occurs during the HCM presentation. With respect to the draft of the recommendation -- I think it's the recommended report, perhaps you're asking about at the July meeting. The intent is that the final report will mirror the work session document. It will be cleaned up to be a more readable document, less of a working document. I lost Crystal, but the report would be provided to the committee before it's submitted to the

chancellor there will not be a opportunity for the members to provide feedback in the public setting.

Chairman Hardesty: Mr. Christenson, I'm not sure that completely answers your question but I think what the intent is to have the wording of the recommendations clear in the meeting on July 25th. Maybe the narrative surrounding it or supporting it or the calculations that flow from it will have to be developed or incorporated into the final report. But if I understood your question, you want to be sure that we have the wording of the recommendation not only before us at the meeting but as well in the minutes of that meeting; is that right?

Glenn Christenson: That's right. But I'd also like to have an opportunity to read the final report draft before it goes to the Chancellor and have some opportunity to provide feedback on the report.

Chairman Hardesty: Sure. We can talk about how that process might work. The Open Meeting Law presents a problem for that for sure. But let's noodle on that a little bit and maybe we can consult with Ms. King about her suggestions, too.

Any other questions from Las Vegas?

Chancellor Charlton: No other questions in Las Vegas.

Chairman Hardesty: I just have one other item and that is, as we talked about earlier, we have a charge that we're trying to accomplish, but the charge itself doesn't limit other commentary in the report and other recommendations beyond that. I'm urging the committee members to catalog those, and we'll be doing that also with staff so that can be included with the recommendation we provide to the Chancellor, to the Governor and the Legislature.

I did want to also thank both Heidi and Crystal for their outstanding work, between meetings we have numerous conversations, and they have numerous conversations, it's been an honor and privilege to work with both staff members. They're real professionals. We really appreciate your effort here to keep us on target but also incorporate the input from so many different sources. Thank you.

Anything further, Crystal, that you wanted to add before completed? Alright. That will complete that agenda item.

6. Information Only – Faculty Perspective of the NSHE Funding Formula

Dr. Peter Reed, UNR Faculty Senate Chair and non-voting member of the ad hoc Committee on Higher Education Funding, presented the faculty perspective on the NSHE funding formula, including faculty recommendations for revising the funding formula methodology. The following is a verbatim transcript of the presentation, including comments and discussion with the Committee.

Chairman Hardesty: And I'm anxiously awaiting to hear from Dr. Reed. So, we'll turn to agenda item #6, Dr. Reed has to leave by noon, so I wanted to get his presentation in the record before he had to leave, and particularly the input from his colleagues. Dr. Reed, if you would proceed.

Peter Reed: Thank you very much, Chancellor and all Committee members. I'm Peter Reed. I currently serve as the Faculty Senate Chair, University of Nevada, Reno and also as the Chair of the NSHE Council of Senate Chairs and have had the privilege of serving as a non-voting member on this Committee. I want to clarify one thing. I'm actually not catching a flight, but I have my final faculty senate meeting of the year that is starting. I'll be able to hang out until about 12:30 because we're not in Carson right now, we are here very close to where I have for that meeting. But thank you for the accommodation and moving us forward on the agenda. So, we were asked, I was asked to convene a group of faculty to provide faculty perspectives on the higher education funding committee and its discussions and the recommendations and we really bring those faculty perspectives forward similar to the wonderful presentation that was provided by students in our last meeting. So, in doing so, I have invited several colleagues, Patrick Villa, Molly Appel and Stacy Walters to join in this presentation. They will introduce themselves as we move forward and they handle their respective sections.

Next slide, please. There we are. And so the way that we've structured our time today is to be sure that you hear the full diversity of perspectives. As you know, there are a variety of different types of institutions across the system, and that includes a variety of different priorities, particularly when you start to look at the strategic plans of the institutions and the various missions of the institutions, and so we are going to have Patrick Villa present first, really reflecting the community college perspective. We'll then move to Molly Appel focusing on the state university faculty perspective. We'll then have a presentation from Staci Walters who will share recommendations and perspectives from the Nevada Faculty Alliance. Then I will complete our cycle of institution types by sharing some thoughts from the R1 university faculty. And to avoid acronyms, the R1 means that University of Nevada, Reno and the University of Nevada Las Vegas have been designated as Carnegie very high research institutions. This is the top tier of research institutions in the nation. And so, there's some things that we want to discuss related to that.

Now, while you'll be hearing a diversity of perspectives throughout our presentation, there also are many commonalities. So, one of the things that I want to share right up front is that with due deference to the charge and to the boundaries of that charge and looking at a distribution model and not sources of funding, a lot of what we're going to talk about today is the fact that we are underfunded as an institution and that to Chair Hardesty's point to make recommendation about the potential for the system to fund for the higher education for meeting goals for the higher education system that's something that needs to be considered.

So, when we think about some of the common themes across the different institution

types, some things that you'll hear about include our systemwide mission to educate Nevada's students and build a workforce pipeline that serves multiple different sectors of our employment base within the state. We also share a goal of achieving the highest possible quality education for the state of Nevada in building that workforce pipeline. Further, our institutions are underfunded, and we need additional resources to realize our potential. There's tremendous potential, wonderful professionals working within the institutions, and if they are sufficiently resourced, we can see a dramatic return on investment in a lot of different ways. But particularly around building student experience that leads to our workforce pipeline. And finally, the faculty drive the student experience. And the outcomes that they're achieving through the faculty teaching, scholarship and service. So, the role of faculty in these discussions becomes really important.

Next slide, please. So this slide is a simple little graphic to demonstrate the connection between the funding model or in other words the resources that are provided to the institutions and the outcomes among the students and their experience. We've had a lot of discussion, I've heard a lot of discussion in this Committee, about the shared goals of really propping up students, recognizing the unique backgrounds and characteristics of students that are receiving their education within our institutions and a lot of discussion about what we can do to better serve and support the students and bring them forward. And we all share that goal. However, one thing that has not received quite as much airtime is the role of faculty within this. And in research, we call that a mediator.

Next slide, please. Student outcomes and experience do not happen without the faculty engagement, and the funding model, as it is outlined, provides support to the institutions to pay for the salaries and the resources and infrastructure that the faculty need to be able to support the students. So, we're talking about using these funds to support faculty capacity. That's what classes are offered, what programs are offered, how many students can we enroll in these classes? We need faculty capacity. Faculty productivity. It's their excellence in teaching in supporting students and the excellence in grant writing and publications and contributing to the larger field of knowledge within their respective disciplines and the faculty experience and well-being of the faculty directly translates into the student experience. I in my career do work in the field of long-term care. I've done a lot of work looking at quality of care in assisted living communities and in nursing homes. One of the phrases that we use in thinking about how to improve quality is that how you treat the staff, the staff treat the residents. And I think that same principle applies here. The manner in which you support the faculty is the manner in which the faculty will support the students. So, you cannot think about the funding model in driving student outcomes without putting the faculty front and center within that equation. Just want to make that point.

Next slide. At this time, I'm going to invite my colleague Patrick Villa to share the community college perspective.

Chair Hardesty: All right.

Patrick Villa: Good morning, Patrick Villa, I'm a professor at CSN, Faculty Senate Chair. I'm just going to give you a quick perspective of community colleges, what we're looking for. So as already been stated, we know the charge of the Committee. We know that in a distribution it's a zero-sum game. And in order for one institution to get properly funded, we know that someone else is going to get a cut in money. There's just no extra money out there. But we're going to reiterate what we asked for, is that we need more. We need more funding from the state. Hopefully this group can help us in that aspect, or as the chair has mentioned, putting these comments in a final report is a step in going in the right direction. Inequity for community colleges, I've said this a few times, you heard me earlier yap about this. We look at our funding for our students and our programs. We look at the part time instructor compensation. These are just a couple of things I want to look in terms of inequity. When we have part-time instructors at one college making half of another, it just shows where the money comes in.

Again, I'm a math guy. I'm a math professor. I'm not going to bore you with all the numbers and throw out complicated formulas for you, but if you look at it, do a deep dive, I know you don't have time, but if you look at it how much an instructor is making at one community college to teach one course and identical course at another college, it's sometimes double in the other one and we're looking at this and we're getting funded, it's the same course, it's the same result. I'll make the argument we teach better at a community college, but I won't go there right now but we're looking at that, this inequity of what's going on, what we're getting per student. I'm going to emphasize the per student part a lot here is what we're getting at this, what we're not getting at a community college. Head count, we've talked about that, we've already seen that and seen it with the report and I'm not going to do complicated math for you, but I'll give you easy math. Look at how much funding an institution is giving, divide it by head count you get a simple division, simple formula, this is how much funding each student is getting. And theoretically it should be about the same, they're all Nevada students, they're all getting an education, they're all at different levels but they deserve the same. Earlier they deserve similar, you'll see it's not even close. Why is there disparity? It's over the years, some of it is political and a lot of it has been we had budget problems, we couldn't fund community colleges one way, then the money came back. Let's fund everybody equally. Now we've got to cut again. Let's cut from the community colleges, whatever the case, but this gap has grown and the numbers are off. And you'll see that in those HCM slides, you'll see this huge disparity, what I call the uncommon denominators here, identical positions, I mentioned this at a public comment a couple meetings ago to your group. If you look at identical positions, identical departments, I always have to ask the question why is there different, why does it cost for more versus the other. Why does department AA of Math at one university have to be funded higher than a department AA of Math at CSN? They're doing the same work. Some cases it's more at some community colleges, but why is it that there are AA fours here, 2s or 3s over here, they're doing the same work. And a lot is they can do it because they've got extra funding, they've got all this extra funding. I almost feel if this is a business -- a lot of you are business people -- it should work backwards of what do you need? Not what extra money do you have and what would you like, what needs to be there to fund these? Of course, section funding, look at it as

well, same kind of thing. We can unpick in math. We've got a calculus course, I'm teaching it, getting my salary. Appropriate funding at CSN or community college. If you have a part-timer teaching it they cost a lot less, if you have a teaching assistant they're getting a lot less pay, but the college, the institution, is getting the same input of money.

So, I have to ask that question, why is it that because my salary is more than a part-timer, why are we getting the same amount? Why doesn't it reflect more of that? Why isn't there a compensation for that? And this goes across the board. For other departments, I'm not trying to pick on my colleagues here at other senate chairs, but I have to always point out in the faculty senate office, for example, at CSN, I have a single AA 2. That's my helper. That's our person. At another institution they have an AA 2, they have an AA 3 and they have a full-time manager running a smaller faculty senate than we have at CSN. Two things, either we need more or we're showing that we can get by with less and maybe there doesn't need to be as much funding over there. These are these uncommon denominators I'm talking about. It's the same end result, but why is one costing more? Why is more costing the state more.

The last part -- go back -- sorry -- there was mention of summer school. Again, we're kind of against that because adding summer school to this equation, our summer school headcount, summer school numbers, that's going to devastate a lot of unique budgets across all the institutions. If it is coming from more appropriation, more state funding, that's a different story. But if it's a case of let's throw it into the mix to redistribute it, that's already been used. That's already part of what's going on, and that's going to be something you see across the board. That's going to hurt all of these institutions out there. So, I ask you to not look at that one, even though that is one of the recs in there.

Earlier there was a slide brought up with Governor Lombardo's three-year plan. Number one was education and workforce. I'll mention workforce real quick, workforce is the big thing that community colleges have. That's the governor's number one priority. That really should translate to workforce being funded and appropriately funded at the community colleges. I'm not going to say it's the same as a research component. That's important that gets funded. It's important for the four years, the R1s, ours is just as important for a different group of people. A lot of people it hits. That's something I feel, we feel, should be part of the grand plan. My last part, again, double down on the idea that we need more funds. And I'll point out, the makeup of this committee -- okay, there's a reason why you all are a part of this committee. It's not just NSHE people, there are a lot of outsiders, political people, business people. My mind the reason is you're expected to go help us and ask the state and the governor and the legislature for more money. If that wasn't the case, we would just have the chancellor and a couple of presidents and a couple of vice presidents at the colleges. There's a reason it's outreach. It's gone out to more people we're hoping for your help in pushing this for us if you can because I hope you'll see we're all underfund, every one of these institutions, and hopefully we can all make some good heavy recommendations. Thank you.

Peter Reed: Thank you, Patrick. We'll hold questions until after the presentations. I'll invite Molly Appel.

Molly Appel: Thank you so much for the opportunity for the input. Thank you all so much for your dedication to finding solutions to this enigma and thank you to Peter for the outstanding representation of this as Leader of Chairs. I'll indulge quickly, give you a snapshot, I'm assistant professor of English. I'm on the tenured track, I teach four classes along with my scholarship and service. I've been in Nevada for five years. I moved across the country to take up my dream job here, working in higher ed at a place like Nevada State, and I couldn't be more proud to be working where I am. So, thanks for the chance for me to give you a little snapshot of faculty at our institution today. Oh, I have the control. Here we go. Yeah. So, I think as you have heard from a number of places, I think for faculty at Nevada State, the real key takeaway is what mission differentiation means to us on the ground and how that plays out in the ways that we're able to facilitate student success. As you heard from my colleague, Dr. Shantal Marshall she called in this morning, that our faculty take very seriously what we see as a moral imperative of the dedication, care and respect that's called for in delivering our mission as a teaching and learning focused four-year institution for everyone but particularly focusing on these populations of nontraditional first-gen and historically underserved students, and we really proudly embrace the needs and challenges involved in delivering outstanding education to our community here.

And, but we recognize too that recruiting and retaining these outstanding educators is a consistent challenge. So really if I were to sum it up in these two sentences, we want a funding formula that respects and reflects the work that we do at Nevada State, and we need a funding formula that enables this work. So, if I were to kind of highlight the recommendations that stand out most to us is the ones that take that higher cost of sustaining the support for facilitating student success and makes them of a reality. So, these include ones that you've heard from, shifting the factors that have been mentioned this morning out of the performance pool and into the weighted enrollment themselves and I think considerations of how that performance pool is actively enabling the supports in its current form or if it needs to be redesigned to be more of a bonus and not a carve-out. Accounting is major for us. We serve students all year-end and we need to be able to serve students all year-end. I think things celebrating the partnerships enhancing so recognizing the partnerships that we have with institutions like my colleague Patrick's at CSN in particular is important for us and the role that dual enrollment has in retention especially to the end of graduation, as well as factoring in our growth and at-risk degree completion. So, the final perspectives and considerations I'll offer for you is how, importantly, we've been feeling faculty at our institutions because we have grown so rapidly, we feel the need acutely. The two-year delay that we see in the funding formula, so there's a way to really rely on projected enrollments or mitigate that delay, that can make a huge difference for how that plays out for us with our students and our classrooms.

We also, I wanted to make sure to address that we are very committed to enhancing our workforce needs, addressing the needs of our region, but we also want to recognize that

we don't have nurses, for example, without general education classes. All of our students come out with inherently interdisciplinary degrees they're taking math, they're taking general ed classes which is part of what they bring in their impact to the workforce. So, I want you to recognize that as we think about pipeline development and workforce. Finally we need your advocacy at the legislature this coming biennium and I've just gotta say, if you guys aren't the best group to do that advocacy, I don't know who is and I appreciate and hear very clearly your leadership, Chancellor Charlton on the scope of this Committee we really need to return to each of your arenas where you do your work best and help advocate with your knowledge for us and our needs. So, thank you again for the chance to speak with you all today. I'll pass it to my colleague, Staci.

Peter Reed: Thank you, Molly. So now, yes we'll hear from Staci Walters from the Nevada Faculty Alliance.

Staci Walters: Hello, thank you for inviting me today. My name is Staci Walters, I work as the NFA State Bargaining Chair. Thank you for inviting the Nevada Faculty Alliance. I also teach in the Fine Arts Department at CSN, theater and entertainment production and design. I'll be presenting portions of the NFA'S six- part series on recommendations for NSHE's funding formula. Hopefully you've seen that in your email or at least in the public comment section. So NFA represents faculty members from across NSHE colleges and universities. We reviewed the information from this committee from a holistic perspective and believe our recommendations benefit NSHE and its institutions across the board, with input from a wide variety of faculty engaged in the budget analysis. My presentation shows a benefit to keeping all NSHE institutions under the same funding formula with specialized enhancements for NSHE wide priorities. The current formula creates a win/lose situation for institutions, and it forces them to compete with one another for the same funding.

Some of the recommendations from HCM Strategists creates worse win lose scenarios. So weighted student credit hour is lower for 2014 after adjusting for speculation. A funding formula that doesn't keep up with inflation means continual cuts to the ability of our colleges and institutions to serve students and to compensate faculty and staff fairly and competitively. From the table you can see that the amount of funding institutions has received when adjusted for inflation is actually lower since the implementation of this funding formula in 2014. Yet, we know that demands on institutions for services have risen. No additional funds have been given per weighted student credit hour than when we started this funding formula, which baked in severe cuts in state funding for higher ed after the financial crisis. So NFA proposes that all formula factors be adjusted for inflation using the most recent two years of the higher education price index for each biennial budget. Two-year adjustments offer minimal delays in funding and align with the Biennial budget of the state, happy budgets ensure institutional funding at flat rates.

But let's reimagine the distribution formula as a funding formula. A true funding formula first determines the cost of providing higher ed per weighted student credit

hour and then budgets that amount for each institution's weighted student credit hours. This minimizes the idea of distribution of existing funds or competition between institutions who otherwise should work together for the best of the students. The current formula comes up with a total funding amount and divides that by weighted student credit hours, but since we know what the current cost is to deliver -- since we know what the current cost is to deliver instruction per weighted student credit hours NFA proposes that we build a base budget that -- we instead budget that cost amount for each institution and multiply it by the institution's actual weighted student credit hours and attach the higher ed price index to that. A weighted student credit hours formula to fund academic support creates flat and stable funding for stable academic support at the institutions. NFA proposes funding student services using head count metrics. This idea would fund student service allocations away from the weighted student credit hours formula metric and instead use a head count formula metric only for student services. This provision is why NFA does not recommend separate funding formulas for institution types.

A student services head count formula would reflect the cost of providing each student the services they need outside the classroom. Currently, NSHE institutions spend \$644 per student in the student services category, which is an average of eight percent per institution. An allocation of this amount adjusted with inflation rates and based on actual head count incentivizes retention and increased enrollment at institutions. It also means NSHE is funding its priorities with student services funding allocated specifically with assurance that the money is spent on the services intended. Creating funding enhancements with academic allocated supports at the cost of instruction and student services allocated per head count at the cost per student, this committee can then recommend additional changes to the formula contingent upon full funding. Some enhancement funding contingent on full funding and tied to HEPI should include adding summer course credits to the weighted student credit hours funding, again with the full funding. Or enhancing or increasing the per student rate on the head count formula to include NSHE priorities, such as wraparound services for at-risk and underserved students perhaps counting those students as much as 1.3 each with an appropriation to cover the full cost. This gives NSHE the ability to assist targeted populations with more control in the student services category.

And third, to implement regular procedures to update the level and discipline weights in the weighted student credit hour formula aligning it with changes in instruction and critical economic areas. Attaching HEPI inflation adjustments to these enhancements means maintaining flat funding and enhancing funding with NSHE or institutional priorities in mind. Combining weighted student credit hours and head count formula funding creates outcomes-based funding, allowing institutions to recruit and retain without competition and developing a rewards-based system where institutions increase efficiency or reach a higher proportion of target populations. And the last slide -- NFA proposes the current performance pool as a carve-out from the base funding should be eliminated and instead use a combination of weighted student credit hours and head count that is first determined by the cost of instruction and the cost per student to offer those services and rewarding institutions for more credits offered or students

served. All other outcomes-based funding must be additions to this base and fully funded contingent. For further details, please see NFA's written submission and its six-part series on the funding formula. Thank you again for your time.

Peter Reed: Next slide, please. Thank you very much, Staci, really appreciate the NFA's perspectives and recommendations. In addition to the State University perspectives and the community college perspectives. Now I'm gonna have an opportunity to share a bit about the faculty perspectives at our R1 institutions.

Next slide, please. I do not have control over this. So, one thing to recognize so that while certainly there's tremendous diversity across all of the institutions within Nevada, the R1 institutions in particular have both highly diverse student populations and highly diverse faculty populations and highly diverse missions across the various aspects of the things that we do as Tier 1 universities. There's been a lot of discussion about the diverse student population. Some of these aspects of the student body are reflected in all of NSHE's institutions, such as first-generation students, the full socioeconomic spectrum, Pell students, racial and ethnic backgrounds and then as you move into the R1's we see more transfer students, out-of-state students, and I just want to point out well, the out-of-state students aren't counted in the weighted, but we're part of a Western University Exchange in which those students from the west receive reduced tuition. So, we're not seeing that full component on that piece. So, this idea of head count really starts to make good sense.

Also, we have our graduate students, professional students and then lots of continuing education as well. So, there's a really diverse student body that we're serving through our very diverse faculty, and we cover a wide range of different disciplines. I think the best way to illustrate this is just to share that I am a professor of public health in the School of Public Health. I lead a center on aging in the School of Medicine. Our incoming faculty senate chair will be an associate professor of oboe and saxophone. Our past senate chair is a professor of civil and environmental engineering. So, you can see, there are a wide distribution of different fields of study that we're engaged in and the experiences of faculty within those differ pretty dramatically. Beyond the disciplinary diversity there's also the types of faculty, both academic and administrative, there are multiple different roles happening in these. On the academic side you have your tenured faculty, you have non-tenured teaching, non-tenured research, you have clinical faculty each of which have different experiences and different salary bases aligned with those different roles.

We also have our administrative faculty which represent really a lot of the services that we talk about on our campuses and supporting the students. So there are campus supports like advising facilities, libraries, the research and research support is a critical component as well as our community service and outreach and I will mention that the University of Nevada, Reno is not only a Carnegie research institution, we are also a Carnegie designated community institution which is a national recognition of the work we do to support our communities and all of these diverse elements in our faculty, our students and our roles relate to the funding model in a variety of different ways and I'm

gonna get to that here on my next slide.

Next slide, please. ROI, that's an acronym for you, return on investment, the higher the funding, the higher the impact. That's just the case. You want to talk about a performance pool, you want to talk about performance our faculty at our institutions are performing up to and in many cases beyond the level of the resources that they are provided. And if you want higher impact and you want higher performance you need to increase the funding. We have interconnected roles, it differs by person and discipline and it varies when you think about the roles of any individual -- it's very common that academic 40% teaching, 40% research, 20% service and our state funding model is built exclusively around the weighted student credit hours with some other enhancements and supplements, but those weighted student credit hours are funding that teaching element of the mission. But these state line funded positions have a research component to them as well, so the more state line funded faculty that we have who are writing grant proposals the more funding those faculty are bringing into our state from federal agencies.

This last year, I believe the University of Nevada, Reno had about \$189 million in research expenditures. Those are non-state funded sources of revenue that the faculty productivity is bringing into our state to support not only the development of new knowledge, which translates into new student experiences and new student learning opportunities, but really to support the work that we do. So, a state funding model that's looking at the full spectrum of the mission instead of just specifically funding the teaching mission but recognizes the research productivity at the R1 institutions is a return on the investment, it starts to get you thinking in a different way. I hear the myth or maybe the misperception that oh, well, the universities they don't need as much state funding because they have those self-supporting budgets. Well, those budgets are because of the research faculty which are funded on the state funded lines and without more state lines you don't get as much as research productivity and we're not bringing as much federal dollars into the state of Nevada to support all kinds of different benefits to the quality of life of Nevadans.

Next slide. So now I'm gonna shift with the next slide to some of the recommendations and areas of focus. So, I had the opportunity to speak with senate chairs across NSHE also with the senators and my executive board at the University of Nevada, Reno. I reviewed the president's recommendations both from President Sandoval, President Whitfield took those into account in developing this faculty perspective. So, one thing that is important to recognize is this mission differentiation and particularly for the R1s I just mentioned, really thinking about how the funding reflects the scope of work and the diversity of faculty and students, considering how any funding that's provided through the funding model into the teaching mission is also supporting the research mission and therefore resulting in return on investment in essentially using those state funds as matched dollars for generating research dollars that are coming into our state. Also, we really need to look at a cost-driven model and that would be a deal, not a cap driven distribution model.

I did take note, Crystal and Heidi in your presentation, looking at the charge; number one there's an element about assessing and understanding the costs associated with the delivery of this. And I'm not sure we've fully explored that component to the extent that we need to, but I think about a cost study for example potentially being a recommendation coming out of this committee I would take it even a step further and say it's not just about the cost of doing business today, it's about the cost of the aspirations that we've all agreed to and the strategic plans that the institutions have developed and if we want to hamstring those strategic plans then let's not look at what the goals of those plans are gonna cost to achieve them. Really looking at that infrastructure and the costs necessary to achieve our strategic goals is a critical priority.

We also need to support the entire system and recognize that student pipeline. Students come from high school, straight to the university in some cases, some students come from high school to the community colleges and then on to the university and providing dual credit enrollment opportunities within high schools across the state gives opportunities for students to see themselves in a college role and to see themselves progressing through that pipeline. And picking up on my colleague Patrick's comment that the community colleges support workforce I would just add to that, the universities do as well. The folks graduating from our universities are definitely going into the workforce in the state of Nevada in a wide variety of different roles and particularly leadership roles within the workforce.

The performance pool, let's talk about that. Our recommendation is to eliminate the performance pool or at minimum fully fund the base and have the performance metrics be an incentive on top of that. I can tell you and with all humility, our faculty and the folks that work in all of the institutions across the system have been high achievers their entire lives and they are highly productive, and they are self-motivated and self-directed and frankly we do not need external encouragement certainly not punitive encouragement for us to do good work. The more funding there is, the higher the performance will be and that's the only metric that really matters and it's the reality. So again, I think if there is gonna be a performance pool it needs to be on top of the base funding. You can't hamstring the funding in achieving our goals and then expect us to achieve that. Also, shifting to a perspective model is something that has not been fully discussed yet, but the idea of the lag between the weighted student credit hours and the funding that comes two years later doesn't give us the resources we need to respond to changes in the student population and to innovations that come up. We could have the funding up front with a projection of enrollment and then have a reimbursement model at the end of that period if the targets aren't achieved or perhaps additional funding if there are targets that are exceeded but thinking perspective instead of this lag time that limits innovation and growth is really important.

Next slide. Again, I agree with my colleagues earlier that we need to tie this to inflation. The HEPI index or perhaps some other metric that's used, but at some point we need to be responsive. There was a slide that the NFA shared that showed that the revenue provided to the institutions per weighted student credit hour has remained flat or even gone down over the last 10 years and that's just unacceptable. That is not providing

sufficient funding for our system to be able to educate our state. So, tying that to just as the student fees are tied to inflation, to some metric that gives predictable growth and predictable models is important. Also, directly support the full scope of the mission aligned with strategic goals and that includes enhancements for student services, facilities, research support and community engagement and thinking about that additional funding for those elements beyond the teaching mission are as critical to the full scope of what we do as universities. Fully funding the COLA, gosh that should be a no-brainer. I would suggest if the state mandates a cost-of-living adjustment for all employees that they fund a hundred percent of that, but I recognize that's not what they're doing with other state agencies, but to have NSHE funded at least 80% that seems like something that absolutely needs to happen. And also, fully funding any mandated student fee waivers so when the legislature says here's a category of students that we think should have free tuition, great, let's support those students in getting a college education. Where's the funding for us to be able to do that? Because there is costs associated with educating every single student that comes to the university.

Next slide. So that gives you kind of just an overview of perspectives from the R1 institutions, from the state university, from the community college and from the Nevada Faculty Alliance. So, my question to you is are we together, do you support the faculty's goal of achieving the highest possible education system in this state to create a multi-sector workforce pipeline? I'm sure you do. So, let's do that by recognizing the diversity of the institutions, the faculty and the students. Let's fund the full diverse scope of that work and align it with our strategic goals and fully fund the system. It's the institution's faculty needs clear representation that this state supports higher education and that we recognize the critical impact we play on the well-being of the state as a whole. We share a goal of having a high performing system of higher education. That performance will increase with increased investments in that performance. This is a return on investment situation. The more you invest, the more returns you will see in terms of the educational productivity, in the workforce outcomes to ultimately enhance the quality of life and well-being of all Nevadans.

Thank you. Next slide. And at this time again I want to thank Patrick, Molly and Staci on this presentation. And if there's something specific to this perspective please direct it to the specific presenter.

Chairman Hardesty: Are there any questions?

Chancellor Charlton: Chair, if you are speaking, we can't hear you in Las Vegas.

Chairman Hardesty: I'm having a little trouble with this mic. I said I have several questions, but I didn't want to dominate the time; I wanted to give other members of the committee to pose questions first, but I'll begin with this one extended to all of your colleagues. Your presentation was prepared, I'm guessing, before you had an opportunity to see the HCM latest slides and recommendations. I would invite as soon as possible a written submission that either responds to or articulates your views on the recommendations that were shared by the faculty, so that we have that input at least by

the July 25th hearing and our staff can take that into account. So that's one request.

The other request is this: your approach is quite a bit different. I'm not sure that I have seen a lot of information on the cost-driven approach, and it is to me something that should be considered. And I'm wondering, I'm just throwing this out for your group as well as the Committee as a whole, perhaps what the Committee should consider is an interim formula and a further study that expands our scope of analysis for future formulas. I don't know that we're there yet, but it seems to me that maybe the Committee could consider an interim formula and then take the next step. The last formula lasted more than 10 years and occasionally got ignored by the legislature, in any event, but if we're gonna look at a formula that is going to be long-lasting maybe we need more information and more data in order to arrive at some of those conclusions. That's just an observation. So how do you feel about the first question I posed and then we'll get to other questions from other members.

Peter Reed: Yes, thank you very much Chair Hardesty. So, on the first item, that's correct that we developed our presentation in advance of receiving the latest set of recommendations from HCM. So, we certainly can reflect as a group and talk with our constituents and receive their feedback on those recommendations and can follow up with you directly. I will say just in my first review of it that I understand where those recommendations are coming from within the boundaries of the charge and saying this is a distribution model and not a funding model. And that just reinforces my belief that we need to have additional recommendations that talk about having an appropriate funding level tied to costs, because simply saying we're gonna shift funding from UNR and UNLV over to these other institutions and reducing those budgets by 10 to \$15 million ignores reality. We are not overfunded by 10 to \$15 million; we are underfunded, and I know this as we've made budget cuts to absorb the current cost base. So yeah, I think there's some big challenges there in terms of that.

Chairman Hardesty: What I'm solicits in particular is the shift of the recommendations from the performance pool to what I consider to be a fairly draconian hold-back to something that is on the front-end. And perhaps as the Committee is thinking about the presentation that we get from HCM, we can look at adjusting some of those percentages, but it is really no longer a performance pool with a hold-back, it's a performance outcome, it's a growth. Now some have characterized that as competing, you all are competing anyway. So, what is the effect of that?

Peter Reed: Right and I can certainly follow up with my constituents and get further feedback on that. In terms of your second question about the cost study, I would say I agree. We're not gonna conduct a full cost study between now and July 25th, that's not gonna happen, but if one of the recommendations to come out is to do that work, I think it's really important. I think it's important for us to understand what it costs for us to fulfill our missions today and what it will cost perspective for us to fulfill the strategic goals that we've all agreed to for our respective institutions and then come up with the numbers on that that can then drive the models that are providing the revenue to support the fulfillment of those costs.

Chairman Hardesty: Maybe we should be looking at an interim recommendation than a more permanent adjustment going forward is my thought.

Peter Reed: I think that's a reasonable suggestion.

Chairman Hardesty: Okay, questions from Reno? Yes, ma'am.

Suzanna Stankute: Thank you. First of all, Suzanna Stankute for the record. I just wanted to say this was a fantastic presentation. When we did our student presentation we asked for the faculty as well and I think this was a great overview. I saw some things that we had also mentioned including inflation, summer classes. I really liked the projected enrollment idea and I think that might be something we need to pursue because getting our funding and that delay is not working very well. I did have a quick question for all of the presenters, what was the method that was used to collect this data? Was it different between community colleges and the R1s and how was this all collected? So that we can better understand how you came up with this.

Peter Reed: So you mean in terms of the perspectives that we shared in the slides when you refer to data?

Suzanna Stankute: Yes.

Peter Reed: So I can tell you that what we did as a group is when we were invited to share the faculty perspectives, as Chair of Chairs, I discussed that with all of the senate chairs in our council of senate chairs and invited them to talk with their senates and their faculty and to share their input, and then I did that at my university. I spoke with my senators and invited their input and then we drew upon all of the data that had been generated in this Committee thus far, so HCM's perspective, the presidents' 102 recommendations, the reports and data that we've been receiving from the Nevada Faculty Alliance and tried to look for those common themes and overlap, but also to recognize the differences between the different types of institutions so we could each share those perspectives. And I would invite Patrick, Molly and Staci to chime in in terms of how they gathered faculty perspectives to include in this presentation. Any of you have anything beyond what I may have just shared. I think you've gotta hit the button.

Staci Walters: Hello this is Staci Walter for the record. So, we have several people at institutions across NSHE that are engaged in budget analysis work. So, we reached out largely to those groups and the collective bargaining groups at each institution, but a lot of the information was also gathered from IPEDS, the internal research data at each institution and available through NSHE and also I believe freedom of information act requests. So again, there's a lot more data available and the sources for that in the Nevada Faculty Alliance's six-part series that you can find online. Thank you.

Molly Appel: Hi, Molly Appel again for the record. Thank you so much. Suzanna Stankute, always pleased to see you at work. And yes, I would echo I think for our part Nevada State is also, we work a lot in conversation with our colleagues at NFA, having conversations again as Dr. Reed among my constituents and talking with our administrators and kind of having those transparent dialogues about where we see the needs surfacing most and how we can make sure to amplify that. And Chair Hardesty, I would also just add in consideration of your second recommendation, I'm gonna say it may not be a popular statement, but I think if based on what you found and the process of your research and in the process of your investigation into what's needed for this funding formula, if the current scope is limiting your ability to make the best, most lasting recommendation you can, then I think your proposal is certainly worth discussing in terms of seeing what an interim to longer term formula might look like. Thank you.

Patrick Villa: Patrick Villa again for the record. For the community college perspective, I talked with the other senate chairs from the community colleges, spoke with some of our people at CSN and a lot of what I tried to present was years of accumulated not anecdotal, but what we've heard from our people of the issues. And my goal here today was to try to point out to the Committee the differences and what CSN, what the community colleges have been getting short- changed on and how we always feel like we're the leftovers or the last bit. So, I just want to point out things that we're doing, things that we're doing differently and trying not to separate from my other colleagues here, but just to show that. So that was my goal.

Kyle Dalpe: Kyle Dalpe for the record. I want to thank Peter, Patrick, Molly and Staci for this presentation. I'm gonna hold any real deep comments until the next presentation. I think having this ahead of the consultant presentation gives us all of those perspectives. So however, the order was juggled was beneficial. I do want to note real quick you asked if we're all together. We are all together. I'll put on my WNC President's hat, I notice our logo is not on there, but you did get feedback from our people and we are all in.

Peter Reed: Your logo must be.

Kyle Dalpe: I would hate to have the funding distribution divided by seven and not eight. So, we would like our piece of the pie.

Peter Reed: I take full responsibility for that oversight on the creation of the slide background.

Kyle Dalpe: Just for the few texts that I got, we appreciate the work, thank you.

Peter Reed: I will say I pulled that directly off of the Council of Senate Chairs letterhead that we created and I'm certain that it's on there. I'm gonna double-check that now as well. Rochelle would've told me if it wasn't.

Chairman Hardesty: Are there any other questions from Committee members in Las Vegas?

Chancellor Charlton: Yes, we'll start with member Christenson.

Glenn Christenson: Yes, I want to thank you Dr. Reed for your comments. And I also, the slide that is designated as funding designation was really impactful to me. Looking at the importance of the faculty experience and outcomes and the importance of the attraction, retention and expansion of faculty. So, I think that's a really good slide and hopefully we can use it in the legislature as we talk about additional funding. I agree with you that a cost-driven model makes an awful lot of sense, and it really then drives the importance of differentiation between the three different types of institutions that we have and then tying those missions to the goals of the The governor, the legislature, the entire education system from Pre-k through our upper division classes is really important. I had not thought about the Chair's comment regarding maybe the work that we're doing today is kind of an interim step to something that we could look at in much larger scale because I've been uncomfortable from the beginning. We're trying to cram a lot of stuff in a short period of time and to get the education funding right I think may take longer than the time that we have here, but I appreciate your comments and I definitely appreciate the C Chair's thoughts. Thank you.

Chairman Hardesty: Thank you. Any other questions? Sorry, go ahead.

Chancellor Charlton: So Chair for the record Patty Charlton, Chancellor. I wanted to thank the faculty, Peter, Patrick, Molly and Staci for their presentation. I do have an observation however. One thing that seems to be pretty consistent from what I've heard from faculty is a lack of agreement regarding summer school. I think that has been pretty consistent. I've heard, yes we need to account for summer school in our state funding to be careful about that approach, because institutions rely on that. We heard even comments last week from Dr. Reed from your counterpart at UNLV as we had a special board meeting. Those institutions do rely on that revenue to fulfill a lot of needs as well, particularly professional development for faculty, as well as operational support and programs and departments. So I don't need an answer, but I just wanted to consider that as we hear from HCM as well because there is a very different perspective as it pertains to summer school and I think we've gotten it right so far as it pertains to focusing on specific priority needs, such as nursing and education, and I think that's one thing that we saw in one of our presentations was the high-level that Nevada State has of our summer school. So that's just something for us to consider as we move forward. And chair I just wanted to reflect for the record that.

Ms. Fretwell joined the meeting.

Chairman Hardesty: Thank you very much.

Peter Reed: If I may, actually, thank you very much Chancellor Charlton and I think

you did point out one area where there's a wide range of perspective in terms of the summer school element and I think particularly in the NFA presentation, their recommendation around the summer school component, I think, is what makes is most sense to me. So, you're right, if we simply add the summer school weighted student credit hours to the overall funding model and by default then stop having the independent student fees go to the departments as a result of that, that's gonna vary dramatically and negatively impact the budgets of the revenue that's generated during the summer. So there really needs to be, as was suggested, additional funding. So, if you add those summer weighted student credit hours then the overall funding level has to go up to account for those additional weighted student credit hours and by my rough gorilla math if we think about nine months versus three months, you're talking about 33% to sufficiently cover what would be the summer load. And again, that's not an exact number, but if you think about it roughly that's kind of the scope of what we're looking at, but additional funding is needed to support that summer component. It can't just be put in without the additional funding.

Chairman Hardesty: Correct. And I think we've seen what the costs would be, but there's also the alignment of the student fees that go with that. It has to go along with the cost share of the total funding. So, it's not a hundred percent from the state, but it's a mix. With that, Ms Williams.

Ms. Williams: Thank you. Yvette Williams for the record. First off, I'd like to extend my support for the Chair's recommendation as well on this being interim work and the need to dive deeper into this. I think looking at the amount of time that we've re-evaluated higher ed funding, it deserves further discussion, further review. And I think in fairness to the legislature too, I was speaking with a senator on my way here actually and he asked me about the work that's being done. So, I know that they are anxiously waiting to hear but have the same concerns, how thorough will this be. So, with that, I wanted to just ask and make some comments as well. One of the things that really struck me in all of these presentations was around this funding for student services, and I noticed some of our universities, some of our colleges actually spend a lot more, in many cases double what some of our other institutions spend in student services. So, I think that there's going to need to be a lot more thought on how we're gonna fund that, because that could be substantial to some of these institutions. And then that, of course, raises my concern about accountability, that those dollars are actually being used for those student services. That's something we do struggle with in our K through 12 funding and we want to make sure that the students are actually getting those dollars for those services. I don't know how we do that, but those are the kind of things that I think would go into discussion in furthering the work of this Committee.

Which brings me to, I believe it was Ms. Walters in regards to the wraparound services for at-risk and underserved students. Just wondering, and this is more directed toward our consultants, how that measures up to what we're currently doing with K through 12. I think that might be a good way to kind of determine or help us determine what kinds of services may be needed. I know it might be a little different from K-12 versus a college student who might be on their own, but I think it would help inform this

Committee as well on what that formula maybe should be. I'm just concerned that that number may not be as accurate as it should be in being able to serve those students. The other thing was the out-of-state students, and I was just wondering maybe if there's a sliding scale that we can do for our western states where they get a discount when we're looking at the funding formula. Maybe we break it down, maybe we have our out-of-state that are not western students and then our out-of-state who are western students, so that that funding aligns properly since they are getting that discount. And then eliminating the dual credit, I just want to re-emphasize again that dual credit is growing. Our K through 12 students are using it and CCSD and I know some of our other districts are growing their dual credit programs and I know that's going to continue to be an issue for our higher ed institutions.

So I'm wondering if maybe in our recommendations, has there been discussions around what that might look like over the next five, ten years, how that's gonna grow and how that might impact the budget for our institutions, so that we're being fair to them in that regard. And then I do support the idea of a fully funded base with creating a performance metrics. I just wanted to say that. And then lastly the fully mandated student fee waivers, that I just wanted to say is very important, because we are, and I know just recently there was legislation passed around mandating some student waiving tuition and I think it's important that we make sure our legislature hears from us that we do strongly recommend that those mandated funding comes with that as well, because that could be substantial as we continue to grow those mandated students as a cost factor for them. And that was it. Thank you.

Chairman Hardesty: Thank you.

Molly Appel: Molly Appel for the record and if I could just speak briefly to your comments, Ms. Williams. Thank you so much and I appreciate Mr. Christenson, too and I've heard you saying this at the Committee before this holistic 20 sense of what we're thinking about in terms of care-taking for education. And I just wanted to affirm in terms of what the need for student services looks like. I'm a former K-12 teacher actually and I see a lot of alignment in terms of the model in thinking about how students do not learn if their well-being is not accounted for, and I think particularly at NSU and with recognizing in Nevada the opportunity that education brings for people who don't come from that kind of traditional college idea background they're 18-year-olds going out on their own and living in dorms. There are so many of our wonderful, brilliant scholars and future professionals who just don't live that life and we see at Nevada State that our students, they're parents, they're working full-time, even if they're teenagers they're often caretakers for other family members, we see students using food pantries, getting diapers for their kids. All of this takes enormous efforts in our support services and our administrative faculty and our professional staff we would not be able to do what we're doing without those services as well. So, I just wanted to highlight that and really appreciate your attention to the role we need to have to see student success in this state. Thank you so much.

Chairman Hardesty: We have a question up here. Do you have other questions in Las

Vegas?

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

Chairman Hardesty: Okay, Regent Del Carlo.

Carol Del Carlo: Thank you, Chair Hardesty. And I just want to thank the faculty members for an outstanding presentation. This was really a key component of this whole funding formula. Our students are our largest constituents, but our faculty and staff are second. You can't have one without the other. So, I thought your points were really, really good. One small point that I had never even considered as a regent in my eight years is out-of-state funding because you're right, a large part of them get a reduced tuition. So, I think we need data on all that. That would be really helpful to have, because that's gotta be considered in the formula too. And I was one of those that was very disheartened within the framework of this charge because I really wanted to be on this Committee, because from the time I ran in 2016 I really felt that our whole system has been severely underfunded and that our state as a whole just does not appreciate education. And I know the last session of the legislature, the governor and the legislature worked really hard to help K through 12, they're trying to get the averages up, but 10 years is a long time not to look at things. So, I feel much better. Chair Hardesty, you're a brilliant man, I have to say that because for you to come up with an interim formula today, I have hope, I really do. Because there's so much more that needs to be done that we can't just do in this limited scope. To have a cost study, I went back when Andrew Clinger was our CFO for the system. I remember going and talking to him how important I thought it was to have a cost study for our smallest institutions because even with that small institution factor, they were still struggling. And Western Nevada College is in my district, it may not be on this piece of paper here, but it is near and dear to my heart being in my district and I just so fully support the mission of the community college. This cost study is so important, because how are we gonna know what we really need to ask the legislature if we don't even know what the cost is. That's really where it starts. So, I appreciate you, Glenn, bringing that up too. One of the things the regents did well, I can't say mandate because we haven't been able to reach it, but one of our goals was to have 350 to 1 advising and some have not been able to achieve it due to the budget constraints and it's so important that our students get the proper advising, it's a core component of higher education - is student advising, not to waste their time, credits or money on things they frivolously take. So, there's really so much more to all of this and I love the idea of the interim funding formula to where we can continue the work at some point. So, thank you very much. I'm hopeful.

Chairman Hardesty: Any other questions? Yes, ma'am.

Suzanna Stankute: I'd just like to add a quick comment regarding Ms. Appel's and Ms. Williams' comments regarding student services. I think we definitely need to start looking at how those could be included in the formula because if they are not funded in that way it's gonna be through student fees and that's a huge burden to put on our

students. You've heard how vital it is for our students; food pantries, we have advising, financial aid, these different services help our students continue and if we don't have them, many of our students will not especially at a community college. This helps our students continue on and do great things. So, I think that student services needs to be something that is in the forefront of our minds so it does not go back to the students. Thank you.

Chairman Hardesty: Any other questions from members of the Committee before we let Dr. Reed sit down and we take a break? I'm sorry, Chancellor, go ahead.

Chancellor Charlton: Yes Ms. Williams has a comment or a question.

Yvette Williams: We were talking about student services and it dawned on me just now-- so I apologize I didn't say it earlier, but it just dawned on me, have we even looked at students who have left their institution because they could not afford to stay or they didn't have the services that they need to stay? Especially those who may go from here to UNR or from up north and then come down here. Because I know we have in our community a large percentage of students who go away to school, to UNR in particular, and they come home because they need to come home, they can't stay. And I'm wondering how many that may be or how are students really impacted by a lack of the services that they get at their institutions especially when they go away? But even those who are here locally because I've had many conversations even with CSN and the number of students that don't finish and have to leave because they need to support themselves or there's some reason. So, I don't know, is there a number, does anyone have any data on that, are we collecting that data from you all at the college level, are you collecting that data? Are we screening and asking, why did you leave?

Chancellor Charlton: Patty Charlton, Chancellor, Nevada System of Higher Education, our institutions and I would say our Presidents in particular do focus on those students that stop out and maybe drop out. They are constantly trying to get those individuals back. It's a variety of reasons that may be causing that and then we also have students that maybe started --I'm just gonna give my former institution as an example at CSN, where they may start, they may not finish their degree and they're transferring and they're transferring maybe to UNLV or to Nevada State early on. Our goal has always been to get them to complete their program of study, but there's various reasons and with the system of our size well over 7,000 students, it can be a challenge, but we do have our wonderful institutional research data that supports the different factors as far as students that start and don't complete and we track them over a period of time as well. So, yeah.

Chairman Hardesty: Alright, are there any other questions from Las Vegas, Chancellor?

Chancellor Charlton: I think Ms. Appel.

Molly Appel: Molly Appel for the record. I just wanted to kind of affirm anecdotal

again from a pedagogical perspective we've certainly seen that students who have attended CSN who are trying to find the best fit for themselves and that fit both means program and educational opportunities, but it often means in terms of what kinds of supports they have while they are able to pursue their degree. So, I just wanted to affirm that I think your question is spot-on and I'm glad to hear that we have more robust quantitative along with qualitative data.

Kyle Dalpe: Kyle Dalpe for the record. I wanted to bring up to Regent Del Carlo and the student services discussion. So, one of the things that we found with the rapid enrollment growth because I pulled this from the last meeting. the rapid enrollment growth that we've had at Western which represents 17% we're up to about 4400 students. When we talk about the advising ratios we have gone from 340 students to one advisor a couple years ago, which was within the best practice parameters national metrics and the board's criteria to about 487 and depending on how many people we have in those seats, 626. That's just at Western. I have my own children at one of the universities here who is competing for time with other students and it's that sort of thing that is the student services piece that I have an increase in enrollment, now my advisor ratio is off because of the current funding formula I will not see funding if it's appropriated until July 1 of next year when these students have already passed through. So it's a catch-up game on how to do that. So that means the advising falls on the people that are there, it falls on faculty and we appreciate the work they do with advising students because they're sometimes in the best position to help a student progress through a program, but their primary function is teaching or research. So, we find ourselves at this institutional level of having trouble balancing all of this. So, what do we do? To Suzanna's point we did put an access fee several years ago that is helping us catch up because it's a fee students pay one per semester, it's a non-state fee that comes in and it allows us to support more advisors. So, it's kind of this circle of trying to keep up. So, I appreciate some of the things that we'll hear about from the consultants, but that focus on what we're doing in and in particular community colleges now because of the part-time student nature because a student takes three credits or takes 15 credits they can access our advising services at the same rate. And then finally we did do a stop out campaign, I know we pulled back 119 students who had stopped out we specifically targeted them. That's part of our enrollment increase over the last couple of years. They're for different reasons, but I can tell you one thing, a student who stops out at a community college will not likely go somewhere else. If they stop out of a university, sometimes we catch them as a way to re-enter, but if they stop out of a community college they're not going anywhere else which means we've lost the advantage on preparing them for higher ed. Thank you.

Chairman Hardesty: Yes, sir go ahead.

Peter Reed: I just had one more quick follow-up. I think this is a really important discussion and I'm glad Ms. Williams raising this point about student supports and services. To quote my colleague Dr. Appel from a few minutes ago she said that students don't learn when they're not cared for. So those student service supports are incredibly important and looking at that metric of the student dropouts and stop outs I

would add to that quote, students don't learn when they're not well cared for, they also don't learn when faculty are not well cared for. When faculty leave our institutions to go somewhere else in another state for a modest increase in their salary, that requires a lot of cost and expense, it reduces our ability to teach the students and then we have to invest in the recruitment for their replacement. So, there are costs associated with our ability to retain our highly qualified professional employees as well. So, the student dropout is important, but also the faculty departure rates are critical to this discussion.

Chairman Hardesty: So I'll just conclude with this remark. Probably the most self-evident thing that you said was the influence that a faculty member can have on a person's life. I think all of us on this Committee and all who are watching the proceeding can reflect on that person in our life who was a faculty member, a teacher, whether it was kindergarten or graduate study, that changed our lives. Certainly, that was true in my case and I'm sure it's true in many others. So the point is very well taken. I think at this point we should take a break. Chancellor, I think lunch may be there in Las Vegas or no?

Chancellor Charlton: Not yet.

Chairman Hardesty: Not yet. Okay well, let's take a break for about ten minutes and catch a breath and then we'll return. I don't want to interrupt HCM'S presentation. So I'd like to maybe we'll take a break a little bit longer and hopefully lunch will catch up with us and we can take maybe 20 minutes and grab a bite and sit down, so we can take this all in one session. Would that be alright? Okay, let's go 20 minutes and hopefully lunch shows up.

The meeting recessed at 11:48 a.m. and reconvened at 12:09 p.m. with all members present except Regent Brooks, Senator Buck, Assemblyman Gray and Ms. Stephenson.

Chairman Hardesty: Chancellor, is this a convenient time to begin or would you need some additional time for everybody there?

Chancellor Charlton: No, we are good to go. Let's get her moving.

Chairman Hardesty: Okay, yes, ma'am. Marching orders from the boss.

5. Information Only – Evaluation of NSHE Funding Formula

HCM Strategists presented information related to best practices in postsecondary finance, particularly those practices related to the NSHE base funding formula and performance pool that the Committee may wish to consider in its final report. The following is a verbatim transcript of the presentation, including comments and discussion with the Committee.

Chairman Hardesty: I'll open agenda item # 5, The evaluation of the NSHE Funding Formula by HCM Strategists. I want to point out that we have allotted 150 minutes for this agenda item, so we'll be taking one break anyway during this presentation. I also wanted to advise the Committee that some of the slides and the materials have been

updated and were circulated yesterday. I hope everybody got a chance to download those. Generally, updates are to provide the percent change in funding allocation for recommendations.

I want to stress that this presentation is critical to our process of developing recommendations. We'll have an opportunity to raise questions and provide feedback on the HCM recommendations, as well as the preliminary analysis of the redistribution of funding resulting from these possible changes. Our input will also help our staff prepare the work session document as was outlined by Crystal and Heidi earlier. Committee members, please feel free to ask questions during the presentation and offer input regarding recommendations for future consideration. If HCM or our staff need to develop additional information to support the work session, they need to know that today. Mr. Viton, our Committee staff and HCM consultants will be reviewing the preliminary estimates for the reallocation of funding with the business officers. I think it's next week. This will allow the business officers to better understand how the formula could be modified to incorporate HCM's recommendations, if adopted by the Committee, as well as the methodology in determining possible impacts on the recommendations at their respective institutions.

So with that, Ms. Snyder welcome again, we're grateful that you and your colleagues are here. I do have several questions for you, but obviously we'll let you get into the meat of the recommendations. Notwithstanding my earlier comments, maybe when we start getting into those particular options, we can begin inviting questions because many of the initial slides are preparatory to where you're headed.

Martha Snyder: Absolutely. Okay, thank you. So thank you again, chair. Thank you Chancellor, thank you members of the Committee for the opportunity to present to you again today. Our presentation really builds off of our last meeting in many ways. We'll present recommendations for how to address the key issues that have been elevated throughout this Committee's deliberations. This includes the insights provided through various stakeholder input interviews and other policymakers and stakeholders, the direct institution feedback or input submitted by presidents at the request of the chair, the testimony and public comments provided at each Committee meeting, as well as the questions directly posed to HCM from the Committee. In addition to that insight and those inputs, we consider and provide insight on best practices and examples from other states that can be used to inform the Committee's recommendations. Overall we provide a cohesive set of recommendation to inform a strategy in a way that reflects the goals and needs of the students and those that need to be served by Nevada's postsecondary institutions.

Next slide, please. Our agenda today, first we'll present a framework that will really guide the remainder of our presentation. We will then break this framework down by its core components, aligned to the areas elevated for consideration by the Committee and stakeholder input. As noted here in 2 through 6, this includes the O&M costs with consideration for the small institution factor, a student based funding that includes enrollment and student attributes, the inclusion of summer credit hours within the

weighted student credit hours of the formula, the years of measure or count years included for calculating the weighted student credit hours a recommendation to replace with an allocation and we'll present a complete framework as well as have an important discussion around implementation.

Next slide, please. So first we'll start with a conceptual framework that pulls from practices in other states. This can also serve as a way to organize and consider the various insights and recommendations provided throughout the Committee's deliberations. Just kind of picking up on some of the earlier discussions today, I want to admit that this framework is certainly done under the constraints of the charge of this Committee, how the money is appropriated regardless of the amount is allocated among institutions and does not answer the question of what is the adequate level of funding necessary to support an equitably served a diverse post-secondary education system.

One note on costs, on the cost study as provided earlier, we don't recommend a cost study in the traditional sense. That being said, questions around adequacy understanding again what it takes to actually equitably and sustainably serve the institutions or support the institutions to serve the students within the state of Nevada is certainly a recommendation that we would put forward for future consideration of a funding model.

Chairman Hardesty: in that regard, it's my understanding that HCM has performed adequacy studies in other states to achieve certain objectives. Is that right?

Martha Snyder: That is correct. We recently finished up a two and a half years engagement with the state of Illinois, I have a smile just because of two and a half years we'd love to be with you all for two and a half years -- with the state of Illinois on an adequacy and equity formula that directs and provides a level of funding --a recommended level of funding for the Illinois System, as well as recommendations for how those resources get distributed amongst institutions based on measures of adequacy across each of those institutions. We also supported and I referenced this in earlier presentations, the Texas two-year funding model does include some concepts of adequacy within it, some kind of base funding with considerations for students served and different cost dynamics of institutions.

Chairman Hardesty: And an adequacy study can be constructed around certain objectives. So as for example, Nevada is significantly underfunded in its higher education system. You could say well, if you want to reach the 30th percentile, if we want to achieve a higher standard even though it's lower, then adequacy could be calculated or studied to achieve that goal.

Martha Snyder: Yes. There's a variety of different ways that adequacy can be -- in the state of Illinois, it was done based on the types of programs that different institutions offer. So, a mix of graduate and undergraduate education, as well as considerations for the different types of students that are served by those institutions. Importantly, it also

factored in the varying level of resource. So very much alluding to some of the K-12 comments that different institutions have access to address the gaps across the institutions.

Chairman Hardesty: Chancellor?

Chancellor Charlton: Assemblywoman Mosca has a question or a comment.

Assemblywoman Mosca: I don't know if the microphone is on. Okay, sorry. I just wanted to make sure I put in when we're thinking about this. When we think, at least many legislators, adequacy, we think of the school funding formula in K-12. So, we think of adequate and optimal. So, given the previous discussion my suggestion would be looking at standing up something like that, which is similar because that Committee meets and continues to meet. They have figured out what is optimal funding, where are we at now, what revenue streams will get us there and then they present us recommendations every year. So, I think that'd be something to think about since we've already thought about that framework and it's existing K-12.

Chair Hardesty: okay, thank you.

Martha Snyder: So with that important caveat aside, this is not recommendations around adequacy. This does not in any way assess adequacy. What we are about to walk through is very much again in the context of the charge before this Committee and the charge for this HCM was brought in to support. So with that, this balanced approach is a comprehensive formula that reflects and will break down each of these parts again, but some level of state support for core costs of an institution. So that O&M and core costs an enrollment component which is a combination of FTE head count as well as the existing credit hour component. We also incorporate into this or would recommend incorporation adjustments for student characteristics to account for those additional supports provided, necessary to provide to students from underserved backgrounds. It includes student progression and outcomes that are aligned to the state need for increased completion and attainment. Also, with adjustments for increased funding or adjustments for higher levels of funding for the success of underserved populations and the completions in areas of high demand and value. So that piece of this framework would be the re- envisioning of the existing performance pool to something that is more formula allocated and outcomes driven. And then certainly mission differentiation as an important component, we will break down this and you'll see this in our further presentation, that mission differentiation is reflected within different components of the O&M, the enrollment FTE as well as the progression and outcomes. And just one thing before we move on, I think going back to the earlier presentation that presented particularly the priorities laid out for the board of regents' goals and Governor Lombardo's plan. Absent the discussion of adequacy, this framework would be aligned to and provide a funding formula that is aligned to that spectrum of priorities laid out, access, success, workforce development, closing achievement gaps, as well as research.

Amy Stephenson joined the meeting at 12:21 p.m.

Next slide, please. So, I won't spend a lot of time breaking down each of these states. This is really just a revisiting of information presented earlier. There's certainly now having some of the background and context and the discussion leading up to today, some of this information is perhaps more relevant and more salient for you. But the point here is really to recognize that this comprehensive approach is seen in many other states. A couple of things that are very important to recognize: one, while there are several states that take this comprehensive approach, the particular details, both in terms of the specific measurements within the components or the amounts allocated to each component varies and certainly that is a reflection of the process that each of these states undertook, sometimes very similar to the process of this Committee, as well as some of the policy context within those states. So, the framework can be applicable and applied. The specific aspects of that should certainly reflect the input of stakeholders in the particular context of each state. So just for example, let's look at Louisiana they do have a component that is a plus base component and they also include O&M core elements. They have a credit hour component for enrollment with the weighted reflecting the credit hour and discipline weights, as well as an adjustment for enrollment of students from under-represented minority populations. They have a OBF that includes progression, completion and workforce and again with adjustments for student characteristics of adult, Pell and URM. Again, I won't go through each of these I know we want to get into the heart of presentation, but this would not be something new for the state of Nevada this is something that many states are moving towards this comprehensive framework to guide allocations for institutions. There's Minnesota and Oregon as other references for context.

So this, again, is just another way of showing in addition to the variation of the metrics, this shows the variation in terms of the amount allocated to each component and you'll see the variation across the different states in terms of emphasis in some states on outcomes, emphasis in some states on enrollment, and certainly emphasis in some states on a base allocation. The Nevada proposal here, as noted by the asterisk is the proposed structure as we'll describe throughout the presentation. An important thing here if we go to the next slide it will illustrate this. I kind of want to speak to the 40, 40, 20 breakdown and this is just a starting point. That 40/40/20 recommendation is just a starting point. It is not set in stone. That is certainly something based on the input of the Committee, we can adjust across those components. We can provide a model that allows for adjustments, kind of real-time adjustments so you can see the impact on allocations, but we wanted to start somewhere and so 40/40/20 is where we started for consideration of this Committee's deliberations. So just quickly, this framework certainly incorporates aspects of the current formula, such as O&M core costs with adjustments for small school and research, the weighted student credit hours, it also provides a coherent approach for how the formula can be strengthened. So if you can click, whoever's guiding the slides if you can click to get the next feature of the slide, that would be great. Maybe one more.

So this includes increasing the small school institution factor, incorporating a more

direct enrollment metric. Again, a combination of head count to capture the part-time students with adjustments for URM, under-represented minorities and low-income students. This includes a recommendation in the weighted student credit hours for summer, as well as adjustments to how the weighted student credit hour calculation is calculated to avoid those bumpy -- so our recommendation is an average over three years and perhaps again, most significantly is the elimination of the performance pool as a carve-out of the weighted student credit hour calculation and instead has its own component driven that was initially previewed at the last meeting.

So finally, again as noted, this is really a division of the existing pie. This is not anything about the amount of funding that is adequate to serve Nevada's institutions and its students, but if we go to the next slide, you'll see the actual breakdown of this within each component. So the core costs of O&M are actually off the top, which represents about 2.1 percent of the total existing allocation. The enrollment student-based funding would then be 39.2%, the enrollment weighted student credit hour would also be 39.% And then the outcomes would be 19.6%.

Next slide. As we work through the rest of our presentation, we'll be breaking down each component and we will reflect how it aligns with best practices and reflects the stakeholder input provided. We will also provide a specific recommendation and rationale and the impact of the proposed adjustment on the allocation across institutions using the fiscal year 2025 allocation. If that formula had been used without enhancements and the most current official weighted student credit hours allocation. Importantly at the end of each segment we will pause as the chair has requested us to do, ask the Committee general feelings about this direction, any questions you have, any major concerns not covered, and any direction that you have for us as we approach the upcoming work session in July. So, while we provide an analysis of how the individual adjustments as well as full implementation would impact allocation across institutions, it's also important to keep in mind another of our recommendations and that is any adjustments to a formula be phased in. There will be changes in allocations particularly in a revenue neutral environment. This should not be a reason for avoiding change particularly if it enhances the state's goals and/or addresses specific limitations of the existing funding model. You want to actually get that part right first or at least more right, recognizing that no formula is 100 percent perfect, but you also want to ensure that a shift to any funding model is phased in over time to avoid any disruption in institutional funding. There are a variety of ways that states have implemented a new funding model like time hold harmless additionally these shifts in funding are not reflective of what will happen they are projections using existing data. The overall appropriation and changes in weighted student credit hour are likely to have a larger impact in overall funding in fiscal year 26 than the proposed recommendations. So with that as context, I'm gonna turn it over to Will to dive into our first component of the formula framework.

Will Carroll: Will Carroll for the record I'll be talking through our first recommendation on the small institution factor. You can go to the next slide. As we go through each of our recommendations, we're gonna revisit the framework just to ground everybody on

the -- we're starting with the first one here, small institution factor. And as we talk about each of these, we're gonna talk about the impact of this -- we're gonna talk about the specific recommendation and look at the impact of just that recommendation absent any other changes that we're recommending here. At the very end we'll look at all of testimony but a lot of these could be considered as one-off choices by the Committee so if you don't choose to go with the whole package you can see what the impact of each one is as we go through.

Go to the next slide. So the small institution factor is a combination of a couple of different best practices that we see in state funding weighted student credit hour not adjusted for inflation has gone up. This is an important mission differentiation factor in the funding formula it helps small colleges keep their class sizes small which we've heard is a very important for student success strategy from the presidents of those institutions and we've also heard feedback that head count would better serve these colleges and head count is a recommendation that we make a little bit later on. So our recommendation would be to adjust the small institution factor for inflation and then to index that value to inflation going forward. You could -- the 40-hour level here is using a high education pricing index which I believe you use in your work, but there's lots of other adjustments we could also use. In work we did in Illinois we linked it to an employment cost index given that salary's one of the largest factors in institution budgets. I see a question coming in so I'll pause.

Rick Combs: Yeah ,in this particular case I understand why you used the HEPI in this case we have actuals in what the cost in Nevada. So that not in your mind a good way to look at it? Is inflation outside of Nevada more important, or what's your take?

Will Carroll: Sure. Good question. I think that this is one where I would not tie it to that, because the value of the weighted student credit hour can be dependent on just the state budget picture whereas the costs to just run the basic operations of an institution, which is really the goal of the small institution factor should be sort of an off the top policy decision to fund that amount regardless of what the overall allocation is. That's why it's coming off of the top of the formula as opposed to a distribution. So inflating that helps do that.

Kyle Dalpe: Is this still based on the hundred thousand threshold?

Will Carroll: Yes. We have data in the appendix of the deck that looks at the option of increasing it to 150,000, but these slides are looking at just keeping it at 100,000.

Kyle Dalpe: A quick note overall, because of our rapid enrollment growth, we are under the current formula's definition no longer considered small institution because we're at 103,000 weighted student credit hours in fy24. So I appreciate the inflationary index because that would help us, it will help GBC, but -- I know you're going to come to headcount, but I want to say now for the record that I very much consider us a small institution, and I do think, I mean, I have worked with this formula for 10 years. I could put us to 150,000 weighted student credit hours by doing CTE programs, which

would not be our mission, so that whole idea of defining it by the weighted student credit hours still go problematic for me because it's not a driver of our true enrollment. I don't want to be an institution with too many more students because we're rural serving, we can't have that piece. So I'm still stuck on it. The dollar amount increase is great, it won't help us but we'll still be considered small, even if we get up to 120,000 or 130,000 weighted student credit hours, we are still going to be three campuses and 12,000 square miles with 164 full-time employed. So, throwing it out there now, I'm sure we'll talk about it more. I'm interested in what you say about headcount down the road.

Will Carroll: That's a strong point, tying the small institution factor to weighted credit hours can distort the concept of what a small school is and given that weights have changed in the weighted student credit hour matrix over the time because of the CTE adjustment, like that could --we were going forward with this recommendation because it sort of aligns with the original policy intent of the small institution factor most closely. Increasing that threshold as sort of a policy change that the Committee can certainly pursue and I -- we'd be happy to support some of that analysis for sure.

Patty Charlton: For the record, this is Patty Charlton, Chancellor. I'm looking forward to hearing the presentation. I recognize that we are fortunate to have a president that's sitting here, but I think this is also going to be a great opportunity for when the business officers get together so that they can dive into the nuances of the specifics and the impacts on each institution.

Chairman Hardesty: Mr. Christenson.

Glenn Christenson: Glenn Christenson for the record. I'm just curious if both the small institution funding and the research O&M, are they well defined and well accepted as the -- whatever metrics are used? Because we really haven't talked about it, we just accepted that it is, other than to increase the small institution factor by, you know, 30%.

Chris Viton: Chris Viton for the record. I think it's fair to say that the definition of those factors is well understood and not a question in the formula. The O&M functions differently in that it is the -- the carve-out is based on the institution's actual expenditure experience, so where the institutions are spending more on O&M, that translates into an adjustment on the O&M factor versus the small institution factor that is set at that \$30 per WSCH that has not been adjusted. That is the difference between the two and why you're only seeing one reflected in the recommendations as being due for an adjustment based on the inflation.

Glenn Christenson: From a transparency standpoint, these O&M costs, is anybody looking at those to see, is there an incentive for keeping those costs down? How does that work?

Chris Viton: If the question is, given the carve-out is that a contra incentive to keeping the cost down, I think there's other incentive for keeping the cost down besides the

carve-out in that the institutions have to allocate their budgets and are limited by how much funds they have available for all the institution functions, so institutions are looking for ways to save on their overhead. It's not -- the carve-out doesn't drive their interest in spending on O&M. They have too much at risk otherwise on their overall budget to keep those costs down.

Glenn Christenson: So if they're actual, we don't need to consider inflation adjusting these costs.

Chris Viton: Yes, the actual spending, where the actual spending has been affected by real inflation, that cost is reflected in --

Martha Snyder: I'm sorry. It's built in. Yeah.

Glenn Christenson: Thank you.

Peter Reed left the meeting at 12:40pm.

Will Carroll: let's move on to the next slide, please. Will Carroll: So we're going to -- this next slide is going to show you a little bit of some of the calculations that go into the impact estimates for each of the different components, but you can see here what the impact is on the two institutions that currently are under the data that we had, would receive the small institution factor, increasing their allocation from 865,000 to 1.154 million. This does have an impact on all other institutions because this funding comes off the top before the weighted student credit hour is calculated, so you can see the difference between those two columns, the FY25 allocation took off the small institution funding and the research O&M and divided that subtotal by total credit hours. This would divide a slightly smaller amount by the same number of credit hours leading to a 9-cent drop in the weighted student credit hour value.

This seems pretty insignificant, but this is the same -- we put it here because it's the same calculation we do with a lot of the other recommendations, which have a much larger impact on the WSCH. We illustrated with this pretty simple example so we can understand that going forward with the other ones.

If you go to the next slide, you can see the impact by institution. Obviously, the two institutions that receive those small institution factors receive an increase, Great Basin and Western. But the --the structure here is -- next to the institution names you see their FY25 total allocation, the funding that came through the formula, includes the small institution factor, the research O&M and the weighted student credit hour allocation and the percent share of the total funding that they received. The next set of columns is what their 25 allocation would have been with this policy recommendation change, so in this case the increase of the SIF value. And the final three columns are the impact, so the dollar change, the percent -- the change in their share of the total funding, and then the final one is the percent change in allocation, so how much that institution's funding actually changed from year to year or from pre-recommendation to

post- recommendation. So, the impact on the share of total dollars is very small here. You can see nothing is above a .03% change, but the change in any institution's allocation, great basin sees a 1.2% increase in its funding level compared to the baseline.

On the next slide, we did want to provide the context for, a lot of these recommendations we're putting forward -- I guess I would say all of them are intended to be considered in a cost neutral and new funds environment and that's what all the analysis in the previous table was. We want to give the confection for, if you were to try to implement it with some version of a hold harmless per policy or as an enhancement, what the costs would be as well, so you have that information. Here if you were to implement the small institution factor increase but backfill the institutions that receive a slightly lower level of funding, that would be \$272,000 funded as an enhancement for \$288,000. So that's -- we'll show the structure for each of the recommendations but for the small institution factor I will pause there and look for the Committee's questions, direction, any areas of interest or discussion.

Chairman Hardesty: anybody –

Chancellor Charlton: Chair?

Chairman Hardesty: Go ahead, yes.

Patty Charlton: For the record, Patty Charlton. We just wanted to confirm, we had a question that this is an annual cost, so it's per year of -- for this number, correct, Will?

Will Carroll: Yes, the numbers would change as the years go on, obviously, as enrollment and weighted student credit hours change, but assuming everything is constant, this would be the annual change, yes.

Chancellor Charlton: Thank you.

Chairman Hardesty: Any other questions or comments in Las Vegas?

Chancellor Charlton: Yes, Ms. Williams has a question.

Yvette Williams: I have a question going back to the chart where, towards the beginning, where you have O&M core costs, enrollment student weights, enrollment course weights and progression in outcomes, and I know you updated this particular slide, it's page 8, sorry, didn't say that little number. Page 8. And in the update, you took out different matrix and weights, and I wanted to ask why that was the case or why was it there? I'm trying to understand the significance because how I'm reading it, I may not be reading it correctly. The way that I'm interpreting it is that, under progression and outcomes, you were considering a different matrix and weights, I'm assuming the student weights, and tying those outcomes to those achieving those goals, basically. Can you explain to me why that came out? And am I wrong in what I'm

thinking that it is?

Will Carroll: Will Carroll for the record. I think that slide was sort of adding bullets as we went through and I think the final bullet would show the different metrics and weights, just didn't get clicked through to the end. On your screen, what was showing may not have shown the different metrics and weights but the version you all got sent and distributed should have that in there. So it is not meant to -- it was not to be left out. It just was not displayed properly on the Power Point that you saw. Sorry about that.

Yvette Williams: That helps me feel better. I was going to ask about that. Because if we don't have, you know, weight -- or measurements, your goals really don't matter, right? Okay, thank you.

Chancellor Charlton: Assemblywoman Mosca has a question.

Assemblywoman Mosca: Okay. Thank you. Thank you Vice Chair. Just a quick one, do we know if the amounts on slide 16 would be very different if it was on headcount versus weighted student credit hour?

Will Carroll: I would not want to venture guess on that without looking at the data, but we can definitely look at the data. I would venture guess that the scale of the impact being relatively small, would hold up. It is still overall a small change, but we will look at the headcount, if we did it as a headcount as opposed to weighted student credit hour.

Chairman Hardesty: Any other questions from Las Vegas?

Chancellor Charlton: No other questions in Las Vegas.

Chairman Hardesty: Any questions in Reno? So as we discussed before, these options are presented as HCM has laid out as a result of information they've received in previous from other input and the like. Is it the feeling of the Committee that you'd like to see this on the January 25th presentation with any modification? Or does anybody have any feelings about this?

Chancellor Charlton: Assemblywoman Mosca has a comment and we're talking about the July 25th work session.

Assemblywoman Mosca: I would just follow up that, you know, in general I'm fine with it but I would like to see if it could be sent as the headcount amount, too, ahead of time.

Chairman Hardesty: That's an option that can be calculated?

Will Carroll: Yes, sir.

Kyle Dalpe: The other thing, too, if it's too difficult to untangle the headcount, another

option would be increasing the threshold for the small institution factor, possibly to the 150,000 weighted student credit hours.

Chairman Hardesty: That might be easier, actually. Okay. Yes, regent?

Carol Del Carlo: I agree with President Dalpe. I'd like to see a couple iterations, maybe 125 and then 150, because, I mean, when you work hard, as he has since he's been the president to get the enrollment up, I hate to see him penalized because to me it's still a very rural college with the 12,000 square miles it covers and the three different campuses. Thank you.

Will Carroll: we can add some calculations to the agenda of that item.

Chairman Hardesty. Alright. Any other general comments by Committee members about this portion of the presentation? Okay. Then, we can move on then to the next portion.

Martha Snyder: yes. Next slide, please. We're going to dive into the student base funding recommendations, if we move to the next slide.

Chair Hardesty: Slide 18.

Ms. Snyder: Thank you. Slide 18. So just to revisit the framework that was presented at the beginning as we all noted, we're going to reintroduce this each time we get into a new topic area so looking here at the enrollment, a new enrollment component with adjustments for student weights, this would be, again, a new enrollment component, component reflects the costs associated with providing supports and services to students who enroll part-time, which are not captured as has been noted by the weighted student credit hour calculation, and/or students who need additional academic or nonacademic supports to provide more equitable access and success. This certainly supports and enhances the mission differentiation because it reflects the institutions that might serve larger numbers of part-time students by using that headcount measure.

Next slide. So in considering best practices, it is important to provide funding that supports the cost for enrolling students regarding of the intensity of the enrollment or the credit hours completed.

This capacity funding reduces the need to pass costs in the form of fees to cover those costs, as well as providing adjustments for high priority populations who require those additional supports for access and completion, again, as critical to closing gaps and achieving retainment. Certainly this recommendation is aligned with the feedback provided by most if all stakeholders.

The testimony, the public comment, noted the need to reflect the cost associated with additional supports and services for nontraditional students and specific populations. Several institutions and stakeholders also had the cost associated with serving part-time

students that are not currently captured in the funding formula and the need to support for the costs associated with students that might not complete courses or those that withdraw. So this adjustment, again, our recommendation is to allocate at least as an initial framework, 40% of the total funding based on enrollment, combination of headcount and credit hours of students with those adjustments for Pell and URM students.

Next slide. So just to break down further what goes into the student-based funding component, the initial recommendation is based on the most recent three years and includes a combination of the headcount enrollments, FTE total. The URM head counts and FTE Pell student headcount and FTE and a 50/50 split between headcount and FTE. Importantly, we also want to acknowledge and these were cited earlier today as well, that there are other student attributes recommended to be included such as academic time to prepare, specific state priorities, these are certainly important considerations. However, for many of these populations, there's not consistently collected data at the state level. Certainly the Committee could make a recommendation for considering these additional populations as those data become available.

Next slide. This just further illustrates kind of the –

Patty Charlton: I'm sorry, there's a question. There is a question here in Las Vegas, Mr. Christenson.

Glenn Christenson: As far as the weighting, if the person is under-represented minority and also qualifies as a Pell grant, is that a double-dip?

Martha Snyder: Yes, they -- it is not independent. It's duplicative.

Glenn Christenson: One of the things that occurs to me, I think there are other areas we should be considering in terms of student attributes. We talked about these quite a bit in these -- in our various hearings, and I just hate to see it just kind of brushed aside. I think we should spend some time in that area. If we don't have the data, then at a minimum I think that one of our recommendations is to start to collect that data, but, you know, especially in environments down here in southern Nevada, all three of our schools are minority/majority schools. And I want to see every population, and particularly interested in populations who are in poverty or below. Those are the kids that I want to get out of that condition. So it just seems to me to only have two attributes here with Pell grants and under-represented minorities, that we're missing some folks there.

Martha Snyder: Thank you. Yes, certainly open as we move forward, you know, putting those recommendations on the table for what additional student attributes should be potentially considered moving forward, be it other measures of poverty or low income besides Pell, first generation, students with special needs has been referenced as well, so certainly I think that is a valid point as part of a potential

recommendation of this Committee, to set up a framework for beginning to collect that data.

Chancellor Charlton: we have an additional question from Ms. Williams.

Ms. Williams: and thank you, Mr. Christenson, for bringing that up. Really appreciate that. I do want to just draw some attention to our academically underprepared students, in particular, we have under-represented minority groups but there's -- there was a lot of effort made by our state legislature around those students who are least proficient and I'll say it again on the record that the U.S. Department of ed mandates that a priority be made to historically student groups who are historically least proficient. And I know we have here under one of your bullet points, other student populations with attainment gaps are high state priorities, so I will assume that that's what we're talking about, but I also feel very, very strongly that we need to dig deep on who are these students and what are the those indicators that these students come to college with and really make sure we're helping them. It's not just about economics because the studies that I have been involved in within southern Nevada show that it doesn't matter what school you may go to, it could be at a five star school or one star school, geography doesn't always dictate students who are least proficient. We see that happening in our very best schools and also our schools that are struggling the most. I just wanted to say that and just reemphasize that again. Thank you.

Glenn Christenson: Glenn Christenson for the record. I agree with that. What gets frustrating from a taxpayer's perspective, we pay it in k through 12, and remedial work and all this, but we're never going to get these people where they need to be if we don't help them. This is another attribute that I think is something that we should be thinking about.

Patty Charlton: I wanted to add for the record, Patty Charlton, interim chancellor, that there has been a great deal of work in the higher education space, particularly around corequisite math and English where we specifically find perhaps where a student is not academically ready and so we've done some very comprehensive work and have yielded great success in that factor, so we'd be happy to share a presentation that I was just recently given by our vice chancellor for academic and student affairs in that regard. I think you'd be pleased.

Carol Del Carol: Just a quick follow-up. To follow up on Chancellor Patty's remarks, really, the core problem is, though, we wouldn't have to do remedial or we're now doing corequisite if the students were prepared. That's just a problem, they're not prepared. And I've heard, I'm not picking on anybody, I don't know what the percentage is in the north, but I've heard that Clark County, our largest school district, they're 50% not prepared, but I can't tell you the reference. I've just been told that so I don't know. But if they're prepared, then we wouldn't have to have so many attributes.

Betsy Fretwell: Betsey Fretwell for the record. Chancellor, the presentation you're

going to tee up for us, is the data there to provide to the consultants to have them weave it in for the academically underperforming not-prepared student in those two categories, math and did you say English?

To show us what it would do to this formula, not dissimilar for what Ms. Mosca asked on the small institution headcount moment. Could we see that on the next meeting and see what it does to that component of the formula. If those particular areas were included in this segment of the formula.

Chancellor Charlton: Yes.

I will confirm the data but I know we definitely have historic data on that, so obviously each year when somebody comes in, we can kind of evaluate, but we do have historic data, yes.

Betsy Fretwell: Betsy Fretwell, thank you.

Martha Snyder: This slide in some ways –

Crystal Abba: Mr. Chairman, I'm sorry, can I clarify a data issue on the record? Because I'm looking at our IR Director in the back of the room who is nodding his head. There are challenges with the data. On all of these issues, if you can give staff a little bit of grace as we go back and look, because the key to this is the data has to be in a certain format that is student record level and compatible with what we have given them for these other elements. It can't be aggregated in any way. So there are a number of challenges related to that, but we will absolutely have the conversation and if we can't do exactly what's being discussed, we'll try to figure out if we have a proxy for it. I just want to make sure that everyone's aware, when you stated on the record and you want us to go down this road, we're going to try to go down that road but we may end up doing something slightly different. Thank you, Mr. Chairman.

Chairman Hardesty: Okay. Any other comments or questions before we move on? Okay, go ahead, Ms. Snyder.

Martha Snyder: Sure. So the slide likely speaks for itself, it's really the case making piece of why you would want to include student attributes as within the enrollment components, again, they are currently reflected in the existing performance pool and we make a recommendation for them to also be included in the revised outcomes component of the formula. But this certainly makes the case in terms of why additional enhancements, additional supports would be necessary to be factored into enrollment as you can see very significant gaps within certain groups from the average, both across racial and ethnic lines as well as Pell versus non-Pell. Next slide.

Chancellor Charlton: There's a question in Las Vegas, sorry.

Yvette Williams: It's more of a comment than a question because I don't know that you have the answer for me because -- again, looking at our Hispanic and our Latino number versus our black or African American number, I bet if we were to pull out our

black Hispanic students, we'd see those numbers change dramatically. And so I do see that we did disaggregate Asian and native Hawaiian or Pacific Islander and that proves my point right there. Whereas if we had just reported that Asian, native Hawaiian and Pacific Islander, the numbers would be not accurate and would not show us that we need to pay particular attention to our native Hawaiian and Pacific Islander students. So just again the importance of disaggregating this data by race. Thank you.

Chairman Hardesty: Ms. Snyder: any other comments or questions? Okay.

Martha Snyder: So, this table shows the shares of each aspect of this recommended enrollment component across institutions, so you'll see running along the top here are the total counts at a statewide or NSHE level of institutions, the total headcount, and the total credit hours.

You see then the total of those enrollments that were under-represented minority and the total number of credit hours that those students took, and then a similar calculation or similar number for those that are Pell recipients and the number of credit hours they took. The breakdown below that shows you the share of each of those -- of each of those components across each institution, and so certainly you see the variation in terms of comparing total headcount and the proportion of each institution's share of total headcount compared to that institution's share of URM, credit hours and headcount, and their share of Pell headcount and URM credit hours as well. This obviously translates into what you will see in terms of the distributional effects of incorporating this component within the funding model and the allocation.

Just one point, we raised this in our last meeting, when you look at the Pell, particularly the share of Pell across the universities compared to that of the community colleges, right now community colleges have a much lower FAFSA completion rate compared to the universities, so as community colleges take increased efforts or can sustain their efforts to support students to complete the FAFSA, absent the current challenges of that right now, those numbers will change and those shares will change as well.

Next slide. So as Will noted, we are isolating the impact of each of these, so this is isolating the fy25 impact. If 40% were to be allocated through this combination of student-based funding, again, that combination of total FTE and headcount, URM FTE and headcount and Pell FTE and headcount. You see increases in the shares of the total allocation and the total amount of funding with the most significant being for CSN, and similarly you see reductions in the share and allocation amount for some institutions with the most significant being University Of Nevada Reno.

Again, I said this moments ago but want to emphasize that this is isolating only on the impact of one piece of the formula and perhaps most important is that this should not be what influences decision making about making these changes to the formula, but how to implement these potential considerations. So with that, we can look into the next slide in terms of the kind of cost options for this component. So the cost neutral are the prior effects that were presented just in the last slide. A hold harmless would be

24.6 million, and, again, that would backfill the reductions for those three institutions that lose in the cost neutral scenario. And then an enhancement would be 210.3 million, which is an increase of 40% to the current appropriation.

Again, we will pause for general comments, questions, requests for additional information, et cetera.

Chairman Hardesty: Is there a request –

Chancellor Charlton: We have questions in Las Vegas. Mr. Christenson first?

Glenn Christenson: Glenn Christenson for the record. I have a hard time wrapping my mind around the concept of taking that kind of money out of our research institutions which can really drive dramatic change in our state, and as much as I would like to give it to, you know, all of them, I understand what Dr. Bill is saying, they're underfunded, but I'm not sure this is the way to do it. And if we needed example 1 of why we need more money, maybe this slide is one of them.

Chairman Hardesty: I share Mr. Christenson's observation because I thought this slide, more than any of the slides, illustrated the funding challenges that face our institutions. Are there other comments or viewpoints that people want to share on this? Kyle, did you want to offer something?

Chancellor Charlton: We will have questions back here in Las Vegas again.

Chairman Hardesty: Okay, go ahead, Chancellor.

Assemblywoman Mosca:: Thank you, Vice Chair. My general thought is just we had such a long discussion previously around the student support services, so I don't think this is the right place where you mandate that but just a discussion point of how do you then make sure that the money helps students and student support services?

Martha Snyder: I'll provide a general kind of reflection on that. Certainly, as is the case right now with the current funding formula and with many funding formulas, there is no direction for exactly how those resources get spent. That is a choice of institutions in terms of reflecting and supporting the needs of their institution and the students they serve. Certainly, there are ways to either directly require that those resources are spent on XYZ or ways of monitoring and reporting how those resources are being spent. And that is certainly a policy decision for the state. For the most part, states take the, here's your resources, you should be spending them in ways that best serve the needs of your institution with expectations that those needs are being met and resulting in outcomes and improved outcomes in particular for students.

Chairman Hardesty: I'd like to request, you indicated that, at the July 25th meeting, we would have an ability to make calculations on the fly, so to speak. I'd like to get calculations for this particular item if there were adjustments in the allocation

percentages, either upward to 50% or downward to 30% as examples, because I think this is driven in part by the 40/40/20, and I think we need to see what that looks like if you adjust those percentages or eliminate some of these percentages altogether. So I think there is -- my view is, there is wide support for the noted student attributes, for sure, but whether or not it's to this degree on this allocation needs to be evaluated. So that was just a general comment as to what we might see in July when we discuss this further. Rick, did you have a question or comment?

Rick Combs: You basically took the words out of my mouth. I would like to see further work sessions some scenarios, moving away from student credit hours is a big step, and we don't -- I think moving to weighted student credit hour standing 10 years ago was a good move but I also think it had some unintended consequences, or consequences we didn't see in terms of the supported student amount, but I'm not sure giving an equal weighting to both is the right way to go, especially at first till you see how it all works out.

Chairman Hardesty: Right. Are there any other viewpoints people would like to share before we move on to the next slides on this topic?

Kyle Dalpe: Thank you again. I'm looking at it again and trying to be the presidential representative here but I'm looking at WNC losing money on slide 24 again. We're looking at the model not the cost, but that's how the shifting happens. So I'm trying to back into, in order to basically make this work, the institution would have to increase enrollment, increase under-represented minority students, or increase Pell students. Is that how it's factored?

Martha Snyder: That's how it's factored. That's right.

Kyle Dalpe: So that be problematic depending on which populations we serve. I've got six rural counties which we have a large representative of under-represented minority students, 41% students of color, but I'm looking at on paper saying, how is one of the institutions that is a rural-serving losing money on this? I know it was mentioned about the university shifting money. So I'm just saying that just to say it because it's, again, another spot that it seems like one of the smaller institutions is taking a hit, and I think there's a screen up now that says hold harmless and I would absolutely be in support of anything in this formula, I appreciate the setup on this where you said stage it so that it goes forward without destroying an institution as we implement it, that's how it went on the last funding formula, so I appreciate that. And I think my other question got answered because I was wondering about the 40%, and could that be tweaked either way, and I think you said you're going to model that out for us. Comments, not questions. Thank you.

Chairman Hardesty: Any other comments by Committee members before we go on to the next slide?

Chancellor Charlton: Regent Goodman has a comment.

Regent Goodman: I just want to put on the record that I agree with what Mr. Christenson said. I do think that it's unfair to hit our research one institutions this way. I see the need, of course, but additionally, what President Dalpe said, we really need to look at just students that don't have access. It doesn't matter where they're coming from, if they don't have access, we need to do better, and I look at it more as an underprivileged situation, and to make universities -- UNLV 71% diverse, we're doing a great job there, and I think we need to take all of that into consideration as we move forward.

Chairman Hardesty: Okay. Any other comments by Committee members before we ask HCM to proceed? Alright. Go ahead, Will.

Will Carroll: Let's move on to the next slide and we'll be covering -- diving into the weighted student credit hour portion of the formula focused on summer credit hours, so you can go to the next slide.

This is looking at what would be a 40% part of the formula focused on weighted student credit hours.

Go ahead to the next slide. And we'll be looking at the proposal to count all summer credit hours as part of the calculation of the weighted student credit hours. As we covered this last time, but I want to present it in sort of a similar format, so everybody has this alongside all the other recommendations, but excluding certain credit hours from a funding formula based on the time that they're delivered doesn't advance any particular state policy objective, or any student interest for that particular matter. We do know that there's evidence of strong outcomes for students who do enroll year round thanks to some studies of the year round Pell grant when that was extended. And we've certainly heard from institutions that this sort of current structure of not counting all summer credit hours does sort of create incentives and guides their decisions on when to offer programs and making those sort of pedagogical decisions shouldn't be based on this sort of somewhat timing-arbitrary decision. It should be based on when the students most need it. And so we do recommend that all weighted student credit hours in the formula be counted regardless of term in order to remove that disincentive. And like with all these recommendations, we would suggest this be pursued with or without new funding, and we are going to show the impact of this in the next slide and we'll circle back to the discussion this morning of the student fee revenue and the impact of that, but first we're going to look at just the impact of the weighted student credit hour count. In this table, you can see again a handful of institutions, see an increase in a handful, see a decrease, this is really a little bit about what past practice has been and if the state were to start to fund summer credit hours, institutional decisions might change and therefore these numbers might shift, right?

So this is a little bit of creating a policy, driving behavior and leading to changes at the institutional level, so, again, I think like with all of these change columns, we want to make clear that this is backwards-looking and does not necessarily reflect what the

actual impact would be as institutions adjust their behavior. So, again, this is -- some institutions have been more aggressive, I would say, in offering summer courses, others less so or some have offered more in nursing and education in the summer than others, and that's part of the reason for the variation here.

So on the next slide, you can see, again, the sort of different cost options.

Adding the summer credit hours adds an estimated 241,000 credit hours, which would decrease the credit hour value to \$160.74. That creates the cost neutral option. Hold harmless would be \$4.6 million and to fund this entirely as an enhancement would be 41.9 million. In the April presentation, I think we showed a number that was 48 million. The reason for that difference is because we were using fy20 weighted student credit hour values for that presentation. To be consistent throughout this presentation, we've been looking at fy25, there was a drop in weighted student credit hours between those two time periods, so the cost goes down a little bit. That's the reason for that. And we do have a table on the next slide that shows if it were to be funded as an enhancement, what exactly that enhancement amount would be for each institution and what percent increase in funding those institutions would receive. You can kind of get a sense from the percent numbers on the far-right column, the number of -- the institutions that are offering the most summer credit hours that are not being counted in the formula right now. That would be CSN as the largest, UNLV as the second largest.

Chairman Hardesty: Could you cover the next slide before opening this up for comment?

Will Carroll: Absolutely. So one of the factors to consider, on the next slide, is the treatment of summer course revenue, which folks have noted. There it is, okay. Currently goes into revenue that the institutions have control over as opposed to going into state-supported operating budget. Making summer credit hours eligible as part of the weighted student credit hour count may raise the question of whether those student fee revenues should be treated the same as all the other student fee revenues in the fall and the spring, even if no additional funds are allocated. So the Committee could certainly consider to just not include summer credit hours in the counts in order to sort of avoid addressing that issue, but we would actually say that you can have them be a separate decision. You can go ahead and add summer credit hours into the formula and leave the treatment of that summer fee revenue as is for now, and then pursue a sort of more rational policy on how to treat student fee revenue on a longer term, right? So just as we think it's not necessarily best practice to have a little bit of a timing-arbitrary policy on which way the student credit hours are allocated in the formula, we think the state should revisit the concept of, if you're going to then count all of the credit hours the same, you should have a non-time-based approach to which student fees are held at the institution versus sort of put back to the state operating budget.

Chairman Hardesty: On this particular subject, I for one would express the opinion that there are other issues surrounding summer school that, summer monetary, summer managerial, that I don't feel we have enough information about to make that

determination. And I'm concerned about these issues. I really am interested in hearing what the business folks have to say from each institution about this, and I haven't heard from the presidents about the issues regarding flexibility in the use of those funds under the current regime. I personally would defer this topic out to a future discussion by a future Committee. That's my own view. But for purposes of looking for direction by our staff, that, to me, is something that is an important topic, but I don't think that it's something that I'm in a position at least, from my perspective, to carry forward going forward.

I'm open to other people's points of view. If it's going to be something that is important to the legislature, then perhaps an enhancement is the best way to approach this and the Board of Regents can make that call, but I think in terms of how it influences the funding formula, I would prefer not to carry forward this topic and its fiscal impact. That's my view. Others?

Chancellor Charlton Chair, for the record, Patty Charlton, Interim Chancellor. I think there's a couple of ways that we might be able to at least continue that conversation, and I think one is the one that you had indicated about hearing from the business officers and then also the Council of Presidents regarding the use of those funds, and then I think the point that HCM had set is that we could always look at what that policy implication is and continue a dialogue. But I agree that looking at it as an enhancement would be something that we could pursue but, again, I think even if we brought back to the July 25th work session, if it's appropriate, based on the feedback from the business officers, and I can certainly do it with the Council of Presidents as well, even if we wanted to continue to explore it.

Chairman Hardesty: Other Committee members, any comments? Yes, president?

Kyle Dalpe: I would agree with what you have said and the chancellor as well. I'm looking at this, I appreciate the work done on this because this shows us the numbers, but this is definitely an area where we can't take from our traditional academic year to fund the summer, it needs to be handled as an enhancement, otherwise we have to thin out the other two semesters, and as much as I want to get away from the two semester, be a 365 campus, it needs to be done with new appropriate regulation. I appreciate that a lot of the work has been done to look at the number and I think that discussion can be carried forward with the business office and others.

Chairman Hardesty: Any other comments?

Chancellor Charlton: Assemblywoman Mosca, then Ms. Williams.

Chairman Hardesty: I'm sorry, go ahead.

Erica Mosca: Thank you, chair and vice chair. If we were going to continue to look, it would be helpful if we had the data to see how many students are completing faster because of summer school or what is the ROI for students taking those courses.

Yvette Williams: Yvette Williams for the record. I support the chancellor's recommendation, and concur with Assemblywoman Mosca. Okay, I don't know that we have the data that the assemblywoman asked for. Do we, chancellor, or –

Chancellor Charlton: I'm going to direct to staff, if that's okay, because I think you may have the institutional research office person in the room up there.

Crystal Abba: We do, yes. For the record, Crystal Abba. I think José is nodding his head that yes, it can be done. It's messy, it's super messy, but let's just say super messy but we'll have the conversation with HCM and see what we can come back with.

Will Carroll: I think one of the challenges, and this is to look at the impact of summer enrollment from a rigorous sort of -- you need a really rigorous design, and it may not be possible with the data Nevada has now. This study of the Pell grant program was designed in a way that can really taste out the impact of taking out additional summer courses, the key issue is that the students who are enrolling year-round are probably somehow different in a way that might be more prone to earlier completion than others. So the data from the April meeting that we presented on the impact of the Pell grant going to a year-round is also a little bit of just a nod towards what you might see in any state.

Chair Hardesty: Okay. Yes.

Carol Del Carlo: Thank you, Chair Hardesty. I know Nevada is a very special place, on slide 28, when HCM says that, they have not identified another state that excludes summer courses, this really is pertinent for further discussion. So we can at some point incorporate it because from the very first meeting that I brought up summer school, because I just think today's students, you talk to them, they want to get through school faster. The world has changed. These kids are -- it's just rapid, rapid. And you don't need four years to get through school, if you can do it in less and get out in the workforce and you're paying taxes, you know, buying that house sooner and all the good things that go with it. So I really appreciate that. If we do it as you suggest, chair.

Kyle Dalpe: Real quick to piggyback on Regent Del Carlo's comments, it's not the students are faster, faster but the business community and economics is expecting us to do faster, faster, faster. We can do that through a cycle of year-round programs. To the point of the data, it will be messy because a lot of things have not been offered that could have been, so it's speculative, but there is an urgency there to keep up with our business market, which includes offering classes year-round. They're perplexed sometimes why we don't do it.

Chairman Hardesty: My only comment is not to be supportive of summer classes but my problem is, I've heard messy used four times now, and I really am concerned about building an aspect into the formula which is both speculative and unclear and requires further study, frankly. So that's my concern.

Yeah, go ahead, Regent.

Carol Del Carlo: Thank you, Chair Hardesty. A real quick question for you, President Dalpe. Doesn't WNC, are they still doing it where they had a special three week over the winter break, they were doing a semester or and two semesters -- or two -- take the semester and divide it in two to where they could offer different classes? Can you address that, please?

Kyle Dalpe: There are parameters within our normal scheduling of an academic year that allow us to offer classes before the regular semesters starts, two or three weeks before, so we have a short session before august, and then we have a session in January that brings into the spring. Most campuses do that because it's within the traditional academic year so it's funded that way and students have been clamoring to that, and then at WNC, we've been dealing actually putting up more eight-week classes, we've been putting up more open entry classes, open enrollment classes, we're calling them flexible learning, you'll hear about it at our September meeting that we host, as a way to keep that cycle going because the pattern seems to be, and we have a student in the room to who may speak to it, the pattern tends to be me being old school now, taking five classes over 16 weeks is not the way -- they may be doing it at the university but not the way community college is, almost a preference to do English 101 and 102, if I can get that done in the same semester and continue on, but a lot of that could be spread out just a little bit more for students if we had the summer.

So I do agree that we need to look at the summer because the one piece that we didn't mention in there is our entire contracting base for faculty is a nine-month calendar now so that's another piece that requires more thought. And that will probably be messy, I just want to say it one more time. That does require more thought because there really is a need for a separate allocation there, the big piece being we cannot just thin out fall and spring in order to boost up summer. We need to do the whole package. And the state has given us money for certain programs, like nursing and now they're moving into education, certain targeted programs, funding that are state driven pieces so that can be another piece. Student choice seems to be blending in that flexible model where it's one class at a time, online and different formats.

Chancellor Charlton; So, for the record Patty Charlton, Chancellor. So, I wanted to echo the comment that President Dalpe made and I think it's a good one. When we have worked closely with the state and with the legislature to focus on priority and high demand needs of the state as well as within the system, nursing is a good one, education is another prime example, so that we have set up that mechanism for how we treat that, how we get the weighted student credit hour accounted we document that and we report that out to the legislature and our budget process. So, I think taking the time to look at this in the appropriate way I think is a good one. There's a lot of complexities and I think the president did hit it on the head we've got faculty and we've got faculty compensation. I think the other thing we have to look at as well is those classes in the summer are typically done and delivered in a very different modality. It's a four-week

class, it might be a six-week or 8-week class. That can be a challenge for students to get through very complex data and information as well. So, making sure the rigor well, the rigor that we're -- summer school is not easy and it's not the same as a traditional 16-week semester. So, I just wanted to again say that working with the business officers, working with the presidents and doing this the right way and presenting this at the appropriate time would be a good course of action, in my opinion.

Suzanna Stankute: I just want to echo President Dalpe's comments really quick. As a student, summer classes were something we built our presentation on, it's really vital to us, but it has to be done the right way and maybe we need to look at it a different way. I think it being more of an enhancement than the way that it's put in the presentation right now might be the way to look at it, because if it affects the regular two semesters then it's not right. Summer classes really are vital for our students, they help them to get into the workforce faster, get their degrees. As President Dalpe said and I love that Regent Del Carlo brought it up as well there's a lot of different entry or shorter term classes for our students and this is really important in ensuring that our students can achieve getting their degree at the right time. I was able to get an entire new degree because I took a lot of eight- week classes and I took winter classes. So, it's about accessibility and funding summer classes helps accessibility for our students, but it needs to be done the right way. So I think this needs to be looked at to ensure that we're doing that. Thank you.

Betsy Fretwell: This is Betsy Fretwell. Just a quick clarifying question. From a process standpoint, if we make a decision as a Committee not to include the summer credit hours in this formula in some form or fashion because we don't feel that we're mature enough in the evaluation of it to do that, how do we ensure that it actually happens? There's 10 percent plus of the weighted credit hours that are reflected in the workload for several of these institutions. So I'm a little bit hesitant to leave it out completely unless we come up with a pathway that ensures that it can be included, whether it's authorization -- a recommendation for authorization for the regents, whether it's a recommendation for an extended study period right away and a placeholder in the formula for it. I'm sensitive to all the comments that I've heard, but it also took us 12 years to get us to this place and I know that once you do a formula tweaking around the edges usually is frowned upon for quite some time. I don't think this is gonna change and I think back to maybe our first meeting. We talked about the economic development and job preparation impacts of our work, and to me, this is something that's pretty critical for us to figure out a way to deal with it now that ensures that it is dealt with effectively.

Chair Hardesty: This, to me, is another example of what I think should be an interim recommendation and a further study for a more permanent outcome. And to me, the placeholder is to include that as part of the additional study. That's just my suggestion. I think it requires additional study and I don't think we have time to do it. And I also think that there are some fiscal and managerial issues that we haven't vetted. Some of that was raised by the faculty, but I think one of the areas that I had asked Mr. Viton to address is how much revenue comes into the institutions for summer school over which

the presidents have control over that and how that is delivered and so forth and how much of that revenue is gonna be drawn back into the general fund when the legislature says, okay, now this is gonna be part of the general allocation? That seems to me to be a big issue and one that we have not-- we don't have any numbers for it, that I know of. I know Chris was gonna give me some net calculations, but my question was, okay, I assume there's a net benefit financially to the institutions by having summer school, and if there is then how much of that's gonna be lost when the legislature says, okay, we'll plug 41 million into this, but we want all the revenue and what happens then? I think there's a lot of implications here that are concerning to me that either should be included in a further study or the presidents and the business officers need to have a lot more discussion about before we get there. I will say, as a student at UNR if it hadn't been for summer school, I would've never finished in four years because I lost my first semester because of a car accident that almost killed me. I mean, I know that this is a real thing, but at the same time, the fiscal consequences and managerial consequences are big here. So that's just my view. Okay. Any other questions or comments?

Chris Viton: I did want to offer in terms of that revenue figure, the revenue collected by the campuses for summer terms specifically in the fiscal year -- in summer '23 was about 34 and a half million dollars. And also, to clarify, if the revenue were transferred to the state's operating budget, those revenues still would stay with the campuses, it wouldn't be a matter of losing the revenue. It'd be a matter of losing the character of the revenue, self-supporting versus under the authority of the state operating budget.

Chair Hardesty: Thank you. Any other comments or questions about this topic? Okay. Let's move on, then, to the next portion of the presentation on this topic.

Martha Snyder: Okay. So next slide, please. We're gonna focus on another aspect of the weighted student credit hour enrollment component and we can go to the next slide. In terms of the count years, so this is looking specifically at consideration for inclusion of a three-year average for calculating the weighted student credit hours.

Next slide. So, looking at the best practice principles, using a three-year average creates that greater stability. It is a feature that is prevalent in most states, either using a three-year average. Some states do use the prior year and there are a few that use the greater of the two. The point here being that having some kind of standardized calculation where you're capturing -- you're capturing data year over year is important. This coincides in some ways with the feedback received from the stakeholders, which noted that the every other year counting within the current weighted student credit hour calculation as well as the lag time for the formula creates a disconnect between cost and resources. So again, our recommendation is to base the weighted student credit hour for each year of measure on a three-year average, maintaining the caseload growth process for the second year biennium, but based on the average three-year figures for the year of measure.

Next slide. So you can see here an illustration of the impact of the three-year average. It smooths out those aberrations, but also means that resources can certainly lag behind in

enrollment trend. This is not necessarily a good thing or a bad thing. It actually is likely one or the other depending on the lens which an institution might be operating under and the circumstances of that particular institution. So, you'll see for institutions with declining enrollment, it certainly provides a buffer against the impacts of that, particularly the impact of dropping and lower tuition revenue. So having the three-year average at least provides some stability versus the kind of double whammy as we'll call it of having the state revenue fall at the same time that your tuition revenue is falling. For those institutions, though, with growing enrollments the state funding does not keep up pace at least immediately with the cost of those growing enrollments. Though these institutions would receive that kind of real-time boost in tuition revenue and eventually increase in the state funding. Here's where I will also comment, I know one of the potential recommendations or comments that have been put forward is to use projections. Certainly, that is something that can be considered and it is something that is used in a handful of states. However, there have also been noted concerns with this, particularly if their actual numbers for institutions fall short of those projections, the kind of taking back of resources obviously has direct impact on those institutions and the ability to appropriately budget. So that is one of the concerns of projections and we've seen states start to reconsider how projections are factored into that, but certainly something that can be put on the table. Obviously, it would not necessarily impact--we could potentially do some projections or some modeling of what those projection impacts could be. Though again, that would be something that would be at the discretion of this Committee.

Next slide. This model again the impact of using a three-year average on total formula allocations. The three-year average results in a lower share in allocation for UNLV, UNR, and NSU and WNC with an increase for CSN, GBC and TMCC. This is all if those institutions are growing, you will see those averages increase over time. So those numbers will shift for many of those institutions, it's likely that they had changes in enrollment that the three-year average increases their weighted student credit hours. Again, the weighted student credit hours that are currently losing allocation based on this modeling have increased, that will eventually play through in this component of the funding formula. So, we'll look now at the cost options for using a three-year average. The cost neutral option, as presented on the last slide, provides for an increase of 46 thousand two 46 weighted student credit hours, adjusting the value of the weighted student credit hours to \$170.93. A hold harmless would be -- that would lose in a cost neutral scenario and there would be \$8 million so this would be funding the additional weighted student credit hours at the fiscal year with a weighted student credit hour of 173.54. So again, we will pause here for comments, questions, concerns or other things you would like HCM to consider as we move towards the July working session.

Will Carroll: Will Carroll for the record. I just want to add the changes in the table, this is particularly an odd one to look at in the snapshot of time, this is really a principal policy choice in the long run knowing that enrollments will go up and down over time. So, looking at this particular year's impact, I don't know that that would be representative of many future years or past years. So it is a little bit of that policy choice between are you wanting to protect the declining enrollment institutions or make sure

that those that are growing have the resources have the -- there's a little bit of a trade-off there.

Chairman Hardesty: So if we were gonna pursue this topic one area of interest was buy-in institutions. Could we get that data to vet it.

Martha Snyder: send me the appendix and we can pull that up. For the individual controlling the slides, it's slide 70, which I think should translate to page 70 as well.

Chairman Hardesty: Okay. Does anybody have any comments about this -- yeah, let's go ahead and.

Chancellor Charlton: We have questions here in Las Vegas, Assemblywoman Mosca and Ms Williams.

Erica Mosca: I thought it would be helpful to see if we did model the greater of the two, just to see what is the difference that would show.

Martha Snyder: To clarify the greater of the two being the greater of the two versus the greater of the prior year.

Erica Mosca: So when it says most states use a three-year average and a few use the greater of the two. I just want to see what that would look like.

Martha Snyder: So here it shows the slide again of the actual weighted student credit hour versus the three-year average, and again, you can see how that would change over time for those institutions with growing weighted student credit hours if they continue to increase, the weighted student credit hours for the three-year average will also increase, but it is a way to buffer enrollment declines or declines in weighted student credit hour production. And again, recognizing this is a trade-off in terms of providing that capacity for institutions that are growing versus buffering institutions that might have enrollment declines and a related fall in tuition revenue as well.

Chairman Hardesty: Other questions from Las Vegas or comments?

Yvette Williams: I was going down the same path as the assemblywoman, but I'd like to hear a little more as to why you selected the three-year average. Was that the only determination was based on the fact that our institutions are growing, which we hope they continue to grow, but I'm curious as to what did looking at the prior year look like, what would that look like? What would those numbers look like? And then what would using the greater of the two? Because just looking at this, I threw my mine on the greater of the two. So I'm just trying to better understand why you came to the determination that the three-year was the best, and if it was just based on growth then fine, but I'm just wanting to understand a little bit more about what the options are and what that looks like with the other two.

Martha Snyder: Sure. So, if this was really just based on -- so we do have variances in terms of what other states use for their average, prior year the greater of the two. The most commonly used is three-year average and again, that is intended to smooth out any significant shifts year to year. It does smooth out those implications for institutions. We can certainly model out those other two options in terms of prior year and/or greater of the two, but our choice here for modeling out the three-year average was just the most commonly used approach and what we would consider to be the best of the best practice is using that three-year average. If you go back again apologies to the individual controlling the slides, but if you go back to slide 36 you can see there, particularly for institutions with declining enrollments, you can certainly see how having a three-year average helps smooth out the implications of that from a revenue standpoint.

Yvette Williams: So did I hear you say that you would provide the other two scenarios as well?

Martha Snyder: That is correct.

Yvette Williams: Okay. Thank you. We're Nevadans and we kind of do things a little differently than other people.

Chairman Hardesty: Any other questions or comments from the Committee?

Chancellor Charlton: No questions or comments in Las Vegas.

Chairman Hardesty: Kyle?

Kyle Dalpe: Yeah, Kyle Dalpe for the record. I have a question. So, our current formula when I look at it having worked on it on the ground for so long, if all the schools are up in enrollment, then it would -- depending on where you are you could actually lose money on the deal. This attempts to mitigate that it looks like it does depending on the enrollment levels. Like a small school a big small I may be up and the other schools are down I may benefit. Is there any possible thought of three-year average where each year was maybe prorated or count more than the other years, like the immediate past two years.

Martha Snyder: Yes. So Oregon is a state that does kind of I think heavily weight the most recent year within the three-year average. So they still have some of that smoothing piece of it. So was there consideration? No we did not consider that. Can we consider that, yes.

Kyle Dalpe: The reason I'm not asking specifically, but we had a very big year last year where those resources can't be in play. So that would be a year for us to maintain that enrollment, but if we were to do a three-year average we might actually get behind where we couldn't continue with those students we wouldn't be able to support those students as best as we could and I thought maybe other schools are in the same

situation and then if it were to decline going forward then it would correct itself. Is that possible? I don't know how much math is involved in that.

Martha Snyder: Math is never a limiting factor particularly for Will Carroll.

Chancellor Charlton: For the record Patty Charlton, Chancellor. I know that again we've got our Director of IR in the room and I think for those of you who've been part of the system for a while, is under the old formula methodology we actually did a weighting. We had a weighted average that would give significance to the most recent year, so it really helped in some of that evening, because it did provide in those cases where you have --and I think this is also what you see in here, is if you've got a institution that has a spike in enrollment and then flattens out or a declining, it gives some bridge opportunities to soften the blow over time, but there's lots of different methodologies that could be used it's just making sure we've got the data. I will say nothing has been perfect and we always find a reason that's not what we want to do today. We've done the three-year average, we've done projections, we've done averaging and we've done the weighted student credit hour moving forward. We'll figure it out, maybe we will have the perfect solution somehow in Nevada.

Chairman Hardesty: Okay. We can run those various calculations. Are we ready to move forward, chancellor? I don't think we have any other comments up in Reno.

Chancellor Charlton: No comments here. Thank you.

Chairman Hardesty: Okay. Let's move on to slide 39.

Will Carroll: Alright. So going through outcomes based on the performance pool through this section.

You can go to the next slide. And again, for our recommendation for the balanced framework we are recommending that there be a 20% of the total funding allocated through an algorithmic based formula which would be determined by a relative growth calculation I'll go into the details of that in a little bit. We have heard from institutions and Committee members that they're concerned with this separate pot [indiscernible] we presented this as part of the framework because it's the best practice for the field to have some funding that is aligned with state goals and desired outcomes for institutions. So, we'll be giving our best effort to explain why we think it would be a good fit for Nevada. We believe it addresses some of the frustrations that many have with the current performance pool and we also want to address some of the concerns that folks have raised with a separate pot of funding. So, we'll still be going through all of that in this presentation.

Next slide. So, we're gonna start by revisiting some of the concerns that have been raised -- sorry, go back one slide. Thank you. The first concern being that earn-back institutions are frustrated with having to earn back funds that have already been assigned to them. The second being that there's not actually a true incentive from the

performance pool, because you hit your target and even if you exceed your target, you're not gonna get additional funding for that. So, you can never earn more than that capped amount based on the weighted student credit hour. And the third is that funding should be provided for institutions that are knocking it out of the park and exceeding the targets. So, the recommendations that were pulled from the conversations and institutional recommendations were to eliminate the performance pool or fund it with new money some folks had structural changes or tweaks that were proposed as well.

Next slide, please. We wanted to address again some of the recommendations to eliminate or fund performance only through new money. We see this has some real drawbacks especially given what we heard in the last meeting from Chris Viton about the budget picture and next year, like removing performance funding entirely or funding with only new money just leaves the state in a position where it's unlikely that performance funding would be a driving factor in the formula for many years. Some states are in better fiscal position than others, but certainly we see that states that funded through only new money are funding at small levels, 1 to 2 percent sometimes or not at all. The state of Nevada has some significant progress to make on equity gaps as we saw in the table that Martha walked through earlier. So having part of the formula that's not just focused on providing the services that need those in order to close those gaps, but on incentivizing the actual completion of the degree as well is a really critical piece of any funding formula.

And we've had a lot of conversation today about the need to increase the overall funding level for institutions in Nevada and we have seen states successfully secure increases within the funding formula because it is a little bit of a -- we are holding ourselves accountable for these outcomes and we are getting additional money in exchange for that fair transparent accountable funding formula. So, it can be a little bit of an advocacy tool itself to increase the levels.

So, we have sort of our recommendation which as part of a complete and balanced breakfast or framework, you fund performance through a separate outcomes-based component recommended at 20% which is obviously what the performance pool is right now. That'll be allocated based on relative growth which I'll revisit the details in a minute, but a relative growth outcomes-based funding model does allow for continuous improvement, or it creates the incentives for continuous improvement. The more your institution improves, the more funding it will get in the funding formula. It maintains a lot of mission differentiation. The institutions will maintain their specific metrics and they could even differentiate the weights a little bit more. So it allows for that flexibility. There's no longer a need to earn back the weighted student credit hour funding. That will be its own 40% part of the pie. The relative growth model allows you to implement this immediately without creating major swings in funding but will still have the incentive for improved performance in the long run and it removes this what can be arbitrary targets or not holding institutions accountable that over time becomes disconnected with reality. So just making sure that they're improving their performance year over year.

So and we've heard [indiscernible], but we do caution against those approaches. We believe that the alternative if the Committee were to consider it would be to pursue maintaining the performance pool structure, but with re-basing structures and we can visit that if we want to, but I'll dig deeper into the relative growth next.

Next slide, please. So about 31 states, I believe, have outcomes-based funding as part of their funding formulas. 74% Of those in four-year institutions and 80% of those models for two-year institutions use either the shared outcomes or the relative growth to allocate those funds very few use the [indiscernible] is actually the way the performance pool is done. And in neither of these the shared outcomes, the approach is to tally up the total points, divide that, that's your share of the pot, and that's how much funding you get. In a relative growth model, the institution's share of the model for performance is based on their annual improvement over their own metrics from the prior year relative to the other institutions. We think the relative growth works better for Nevada in a situation because it does maintain that mission differentiation and can be implemented in year one without large swings in funding. The issue with shared outcomes is the outcomes across institutions need to be comparable in order to divvy the pie that way and the way they're structured they're not comparable across institutions and I think that helps with mission differentiation, but it does make a shared outcomes option not really workable without a massive overhaul of those metrics.

Chairman Hardesty: Would this be a convenient time to break? We'll take a short break and then we can get into the [indiscernible] of this and have any further discussions about it. So, let's break for about 10 minutes. We'll return at 10 after 2:00.

The meeting recessed and reconvened at 2:14 p.m. Assemblywoman Mosca left the meeting.

Chairman Hardesty: Chancellor, are we ready to proceed in Las Vegas?

Chancellor Charlton: Yes, we are. And just for the record I messaged Toni that Assemblywoman Mosca had to leave, but we still have forum.

Chairman Hardesty: Well, we'll definitely miss her input and we'll proceed then with this next slide. I think it's 45. Sorry for the interruption, but –

Will Carroll: That's alright. I appreciate the break.

Chairman Hardesty: I got a note that some people's concentration was -- okay, go ahead.

Will Carroll: Okay. So, we wanted to show what the calculations are like in terms of the impact of adding this 20% of outcomes-based funding. So this is again the sort of percentage pieces of the formula are applied after the set- aside for STIP and O&M and we did note that this approach would potentially require an adjustment to calculate the caseload growth, because that adjusts the overall funding level based on the weighted student credit hour if that is a smaller portion of the total pie, then basing it on that

wouldn't give you the full sense of the cost increase needed for caseload growth. So that's just sort of another wrinkle we may have to think about how to factor in.

So again, this is the table that we looked at with the small institution factor calculation, but here we are taking out that 20% for the outcomes- based funding from that subtotal. So, 20% of the 525 million is 105 million allocated based on outcomes and then the remaining portion -- again this is just looking at this particular policy, not the whole thing. So, 20% for outcomes and the remaining for weighted student credit hours and you can see that the impact the weighted student credit hours value goes down by 173 to 138.

Then on the next slide we'll look at the table on an institution-by-institution basis, that impact. So, you can see here that this is again looking at if we were using a relative growth model, the impact is relatively small particularly in comparison to what we saw with the student- based funding. And the reason for this is because the relative growth model uses the prior year's performance allocation for each institution as its baseline and then changes that a little bit based on the relative growth. So last year, for example, UNLV received essentially 38% of all performance pool funding. That's its baseline and the more it improves compared to other institutions that number will go up. So, it improved a little bit, which increased its share of the allocation by .2 percent and about \$1 million increase. Again, we'll look at another table that teases out this impact, but that's one of the reasons we thought the relative growth was a good fit is that it doesn't create these immediate shifts in funding but that over time these percentages could really grow as institutions focus on performance even more and the year over year change allows institutions that are really succeeding with performance metrics to grow an even bigger share of the total allocation.

Next slide. So again, just laying this out in terms of cost options. The hold harmless version of this is \$2.2 million to fill in those holes and if you were to increase the overall appropriations 20% of outcomes-based funding you'd have to add 105.1 million. I think it makes sense to go to through the rest of the slides before -- so let's go to the next slide. So, the table that will show up in a second is one that we looked at last time. We did last time look at slightly different numbers. Again, we looked at FY 20 and this time we're looking at FY24 and 25, but this shows how relative growth calculations work. So, in FY24 those numbers in column a represent 20% of each institution's weighted student credit hour so that's the number they got through performance pool funding and then you can calculate that. So UNLV had 37.9% and then you look and then you'll apply that percentage to column b to their share of the performance pool, to get a new share of the performance funding. You can see that that column f doesn't sum to 100 so you re-baseline it to 100 and that is column G, which is hidden behind the screen gives you each institution's share of the performance funding pool in the new model. So, you can see institutions like UNLV, TMCC, Great Basin and Western all increased their performance from year to year. So, their share of the performance pool is growing over time at least in this one-year model and there are a couple of other institutions that saw some decreases so their share of that 20% would

decrease.

So I'll go to the next slide, where we wanted to address some of the concerns that folks have raised about creating a separate outcomes-based funding component and just speak to some of the ways we think those concerns may be addressed. So, one of them was that creating the direct competition between institutions is not of interest to folks. We sort of frame it as this changes the competition that institutions are having with each other, but doesn't increase the scale of the competition anyway weighted student credit hours again is really a distribution model based on your share of the weighted student credit hours. So, it actually gives institutions a separate avenue to compete for funding rather than having it all be based on weighted student credit hour. So, the current structure has actually disadvantaged institutions whose performance has been relatively stronger than their enrollment growth.

So, there are a number of institutions as we'll see in the next table where they would've done better under an outcomes-based funding formula because that second pot of funding is one where they were really excelling. The second concern is that it's unpredictable and difficult to budget and we looked a little bit at the volatility of weighted student credit hours versus performance points over the past couple of years. That graph is in the appendix. We found that the two metrics are pretty similarly unpredictable and volatile from year to year and in both cases, an institution's share of the total is gonna be dependent on other institutions.

So, it's difficult to predict in that way underweighted student credit hours just as much as it would be for performance. And then the final thing is it's possible to improve your outcomes but still lose funding when you're competing with other institutions. Again, that is also currently true under weighted student credit hours and actually I think one of the -- on the flip side it's possible for institutions under a relative growth model save for covid outcomes go down, people drop out, lower graduation rates. If outcomes decline for all institutions you're not losing your funding as you would under the current performance pool, but you can still see an increase in funding if you decline less than everybody else. So, it's always about your relative level of your performance, the incentive to improve performance is always there. So, one way to look at that.

If you go to the next slide, again just wanted to provide some data on the two pots of funding competing for funds between weighted student credit hour and performance pool points. Some institutions would have benefited from a relative growth or an outcomes-based allocation. This looks at the change in share of total weighted student credit hours and the change in share of performance points from 2014 to 2022. So, you can see some institutions like UNR have seen a decrease in their share of weighted student credit hours, but they've actually seen an increase in their performance pool points. TMCC is in the same position. So, you can see that those are the types of institutions that would've received more funding if outcomes had been a portion of the funding formula all along. A formula that has both weighted student credit hours and OBF and it would recognize both changes in enrollment and in performance, so recognizing both types of institutions all varieties of institutions from year to year.

And the final slide just sort of circles back to our overall recommendation. Again, we think that a relative growth outcomes-based funding to allocate 20% of the overall funding addresses many of the problems that the current performance pool has. We think that it operates pretty similarly to the weighted student credit hour in terms of competition between institutions and unpredictability, but we think it will garner better support from the legislators if it's this way. And we think again as part of a balanced formula structure with weighted student credit hours and student-based funding, institutions will have many different avenues for pursuing their funding based on their situation. I'll pause there and take any questions.

Chairman Hardesty: I'll invite questions, but I did want to as a matter of disclosure, I've had a number of interim meetings with HCM and staff on a variety of topics. This was one of them, and I will say that I advocate and support what they recommend here as a huge shift away from the current performance-based funding approach. I felt like the hold-back approach was problematic in many ways. I think that's been a uniform and consistent objection heard throughout the interviews and the like. What I like about this is that there's still a level of performance that is on the front end, it's on the top end and it then tells the legislature, it tells the public that we are still focused on achieving performances that have been identified.

Now, that said, I think it's been a long time since our institutions and our policymakers have looked at what those performance measures should be and I think that's a footnote to all of this. I think that's something that needs to be visited but that's outside the scope of this Committee's work. I also was pleased to see that the fiscal impact of this is marginal at best and frankly provides a good opportunity for the presidents, the business officers to plan and operate but still recognizing that there's some opportunity here to achieve this. I respect the recommendation that was made by faculty concerning having a pot that people would compete for through performance, but as I visited with HCM it was persuasive to me that in other cases, the amounts being put in those pots are not very big and even over time when there's budget constraints, the pots aren't filled. So, it becomes a non-sec tur. This is a better approach; the institutions are showing through transparency their performance and the fiscal impact is to be able to secure maybe some additional funds. When you also put this in the context of the last decade of performance, all the institutions were meeting those performance goals, for the most part, except for a couple of minor instances. So why don't we do something that gets on the front end and offers this kind of a transparent approach. Sorry for the long-winded comment, but those are my comments. I don't know how other members of the Committee feel, but I invite their input. Any comments –

Chancellor Charlton: Chair Hardesty, Mr. Christenson.

Glenn Christenson: As a recovering CFO I'm all about accountability and incentives, performance. It's great, but to your point Mr. Chair, this performance pool has been really more optics over the last ten years. And what I know is that looking at the funding and listening to our presidents, they need every penny that they can get. How

it's been done thus far is basically through the performance pool, it really isn't. It's just kind of something that gets them to the numbers they need. The amount of 20%, maybe if we were in a state that was funded better and there was more flexibility there, I think that would maybe make some sense. The other thing that I get concerned about when we talk about accountability and maybe cutting back funds from one institution versus another, there's students that get hurt in all of that and I don't think that's what we're trying to do. Anyway, I think there's always the option to look at performance through the legislature and the appropriations that they make. For my purposes, I think a smaller percentage in the performance or none at all would be fine.

Chairman Hardesty: Mr. Christenson, if I hear you, you'd like to see some additional calculations maybe at a 10 percent level instead of 20% just to see what that looks like.

Glenn Christenson: My understanding is we're gonna go back to the allocations from the 40, 40, 20 anyway and I would like to see that go through and one of the components in my mind would've been maybe 10 percent or zero. I'm just concerned about making sure that with the limited funds that we have, that these institutions can get as much of it as they can plan on and operate.

Chairman Hardesty: You bet. Any other comments, Chancellor?

Chancellor Charlton: Yes. Ms. Fretwell and then Ms. Williams.

Betsy Fretwell: I agree in part this is Betsy Fretwell for the record. I think 20 is too high. Having borne out a couple recessions as city manager, you can manage somewhere between five and ten a year, five and ten percent a year, but when you hit a 20% it's devastating. So, my suggestion -- I like having a little bit of the performance, the outcomes-based metric. I think it keeps everybody on their toes a little bit. So, I could support something like around 5 to 10 percent in that category. So, to Glenn's point when we talk about this 40, 40, 20 implicit that may give us an opportunity to weigh other formulas that would help even out some of the impacts for just carrying out the day-to-day duties and taking care of the students the way we need to.

Chairman Hardesty: Great comment. Chancellor, anybody else in Las Vegas?

Chancellor Charlton: Yes, Ms. Williams.

Yvette Williams: I just want to concur with the two previous comments. I think 20% may be a little too high, but I'm all about accountability. So, I think performance does weigh in and should weigh in, and it does give an incentive, in my opinion, but I also agree that the 20% might be a little too high.

Chairman Hardesty: Any other comments in Las Vegas?

Chancellor Charlton: No other comments in Las Vegas.

Chairman Hardesty: How about in Reno? Yes, Kyle.

Kyle Dalpe: Thank you. Of course I have a comment on this one. Kyle Dalpe for the record. I appreciate the thoughtful comments from the Committee members in Vegas and I would prefer that this were a true bonus with extra money and it doesn't sound like we can go down that road so minimizing it would be good. What I'm fearful is -- there's a question coming to the consultants. The mechanism behind this would be that there would be a hold-back initially rather than a double-earn at the end? No, okay.

Will Carroll: So the way it'd work is say a \$500 million appropriation and the STIP is taken off the top and that remaining that \$450 million is divided 20% to outcomes, 40% to enrollment, and 40% to weighted student credit hour. So, 20% of 450, whatever that number is would be the outcomes-based component that would be there every year. So, every year you would take 20% of that allocation of the appropriation and allocate based on the outcomes.

Kyle Dalpe: Okay. So, it does seem like it's a little bit of a smaller version of the entire current funding formula where we're all competing against each other at some level. 20% Of my budget is pretty much my operating budget. So that's -- I would like to see those smaller numbers, the five and ten percent.

Will Carroll: So, if we could go back to slide 46 with the impact table. So, there's almost no scenario that I could imagine institutions change from year to year being a 20% change. TMCC had a huge year, they had a 10 percent growth in outcomes that year and it translated to a two percent increase in their total funding. Whereas CSN had a seven percent drop in their metrics and that translated to a 1.4 percent drop in total funding. So, while the size of that pot for outcomes is large, the volatility of it from year to year is not that big because all the institutions kind of -- the change over their baseline relative to each other makes it a little bit less of an impact.

Kyle Dalpe: And I will note hearing Mr. Christenson's comment, all of us there's a few exceptions, but in looking at the last round of the performance pool, we all exceeded it by almost double digits. We hit a hundred percent, 110 percent, but we keep pushing that number up fear of losing it. And I appreciate that we're talking about those outcomes-based because we're constantly pushing that. I just wanted everyone to know that it's not like we're just trying to get to that 100 percent we're still pushing it up. I'm interested in the follow-up on this one later on. Thank you.

Chairman Hardesty: Any other comments in Reno?

Rick Combs: Yeah, this would be up to you Mr. Chairman obviously how the work session document is constructed. But if there is going to be an option here for eliminating the performance pool as has been discussed many times during the meetings, I would like to have some options maybe for how to report that information that is no longer affecting funding but how to make sure that information is still used in a valuable way by the governor and the legislature and the board of regents, obviously.

And I don't have a framework in mind for how that would be exactly, but I would hate for all the work that's gone into creating this and the data collection and everything else to just completely go to waste if the decision is made by the Committee to not use it for funding purposes.

Chairman Hardesty: Appreciate that. Any other comments in Reno? Alright. And any other comments in Las Vegas, Chancellor?

Chancellor Charlton: So chair, first Mr. Christenson and then I'll provide a comment too.

Glenn Christenson: In looking at what the impact of it turns out to not be very much for performance pool. If it doesn't really amount to much, why bother with it? And that gives the institutions the opportunity to then plan better with their monies.

Chancellor Charlton: Patty Charlton again. Something that I'd like to add for the record I appreciate hearing the different feedback about perhaps looking at different scenarios of the percentage. I do want to make sure that we all understand, it's not an all or nothing and I think as will mentioned it is proportional. So, you reach 99% right now you're still within that proportion. I think the other opportunity that was put forward is also to update those targets on an ongoing basis. I do believe very strongly in accountability. I think with the appropriation that we receive from the legislature and also what I think our board expects for our institutions to achieve is important for the accountability to the legislature and to the taxpayers. So, I am in favor of keeping the accountability within here and I have used the term accountability and looking at what that looks like overall and I think we can continue to have that conversation of what those metrics are, what those percentages are and ensuring that it is fair and consistent. And again, recognizing that even as we have matured over time, I think right now we have one institution that's close to perhaps not meeting their make-up goal from last year and it's only 200,000 and I shouldn't say only 200,000, it is 200,000 and if they don't achieve that money is gonna go into financial aid for the system. However, I'm hopeful that they will meet that target by the end of this fiscal year. So, I just wanted to add that to the record, and I think Mr. Comb's point was a good one, there was a lot of work that went into this, and I think it's important for our institutions and I think it's important for our system.

Will Carroll: so slide 53. So again, on the O&M core costs we're recommending increasing the small institution factor to \$40 per weighted student credit hour. We'll look at some different options for that as suggested. 40% of the remaining funding would be allocated based on the enrollments of students, head count 40% would be allocated based on weighted student credit hour. The recommendations that we have put together, the numbers you'll see count all summer weighted student credit hour and use that three-year average and then the remaining 20% would be allocated based on the relative growth model.

Go to the next slide, please. And this is going to demonstrate a little bit of that

calculation to get to that. Again, starting with the appropriation taking the two set-asides off the top and then splitting that subtotal in a 20, 40, 40 structure in order to fund the full framework there. And we're going to show in the next table the impact of just the 40, 40, 20 framework, so not including the spiff average and not including the weighted student credit hour.

You can go to slide 55. The majority of the change in the all pulled together framework comes from the student-based funding. So, this really captures a big part of the change, but this is the 40, 40, 20 framework, what that change in allocation would be. So, as I think we saw in that student-based funding impact table, CSN sees a large increase in its share of state funding and an increase in funding overall, the research universities decreases in their share of the funding and total funding overall. Again, we'll talk a little bit about implementation after this, but this would be a phase-in as well. So, it's not something that would flip the switch to change to these levels immediately in one year.

If you go to the next slide, this will add in the summer credit hours and the three-year average. So really the only change from the previous table is that the SIF numbers is higher and the weighted student credit hour number is higher as well. So, it just brings down that weighted student credit hour value at the bottom just a little bit more. So going to the next table, you can see the impact of the total recommendation from - - slide 57, please, the big reveal.

Again, I think the distribution here you've got a sneak peek at it as we've gone through all of these, but UNLV, UNR has seen their share of total funding decrease by two and 2.8 percent and western's share decrease by 2.8 percent while CSN sees a large increase in its share of the total funding. And Nevada State, Great Basin and TMCC would have relatively smaller increases in their share. They do 11 percent cut in any year would be pretty dramatic for an institution and again I'll just restate that the intent would be to phase this in. That would not be something that happens immediately and again, the idea is also that it changes some incentives. So that institutions either get more students to fill out that FAFSA and also an incentive to change their numbers as well. So we want to wrap up at least this comparison point before opening it up for discussion by looking at some of these comparisons across institutions.

If you can go to the next slide, we'll revisit some of the bar charts that we've had in past meetings looking at funding for FTE and head count. So, the blue columns are under the current formula funding for FTE and funding for head count and the orange columns are under the proposed formula. So, you can see that it does certainly shift some funds in terms of per student funding from the r1s towards more of the community colleges and Nevada State. It does sort of close the gap, the gap is biggest on the per head count it closes that gap a little bit. When I made these graphs, I expected a bigger closure of those gaps and you probably did too, but the reason for it being a little bit less dramatic is because of that relative growth, that 20% that's going to the outcomes is falling in allocation in year one that is pretty similar to the weighted student credit hours. Over time, that will change as performance gets further and further away from the way that it's allocated right now by weighted student credit hour, but this

does show you that it is starting to close a little bit of that per student funding gap across the institutions.

On the next slide, I think the chancellor knows this at the outset actually there's some evidence or the case to be made that the community colleges and the states have been underfunded in Nevada and you can see that in looking at this funding the education and appropriations per FTE. This looks at the two years and four years in Nevada, compared to nationally. Nevada has a gap between how much is funded at its four years versus two years, but both sectors have this huge gap -- not huge, but a gap between overall funding at the national level and I think this just raises the point Mr. Ervin pointed in his public comment that Nevada's funding is one of the lowest in the country. So, there's certainly a need to both close the gap between institutions but close the gap between sectors but also close the gap with the national funding levels overall. So, we think that the funding formula can allocate the funds more equitably within the institutions but also hopefully generate more support for investment to close that gap with the national numbers as well.

So, I will pause there before we talk implementation and see if there's any questions.

Chairman Hardesty: Any questions?

Martha Snyder: We can move into as we've stated implementation of any recommendations is a critical factor, critical component.

Next slide, please. So, there are several ways that we've seen states on implementation and phasing in of any new recommendations. We'll use the flip switch metaphor is not something that we'd want to do. We would never recommend that you shift to a new funding formula overnight or in a way that is drastic and immediate, but actually phase in any new model over a period of time. We've seen states do various options in terms of how to phase this in and in some cases combinations of these options. So, using a stop-loss provision, there's also a stop-gain provision that we've seen states use as well, but ensuring that no institution loses more than a particular percentage in any given year and gradually

Reducing that stop loss or increasing that percentage that can be lost in a given year before it is effectively eliminated. Again, that is a pretty common approach. We've seen states also kind of gradually increase the percentages to reach whatever desired combination of components there might be. So currently as presented throughout today, it's that 40-40-20 breakdown we've seen states in particular with the outcomes component in terms of the student based characteristic component, finding ways to phase in. So, if you believe there's a policy rationale for having 40% of your funding based on student enrollment -- or based on enrollment with student characteristics, 40% based on weighted student credit hours and 20% based on outcomes, you can still phase that in over time by ramping up those percentages till you get to that idealized breakdown of the components. Certainly, we'll also model out and actually build a model that allows for the adjusting of those different percentages in real-time, so you

can see the implication of those phases over time. And then certainly the funding OFA hold harmless. We presented this throughout each of the cost impacts of each of the components added together, that hold harmless would be an investment of 27.3 million. So that would ensure that institutions that with the full implementation of this 40, 40, 20 framework those institutions that have losses compared to fy25 allocations would be held harmless. And again, that would be a \$27.3 million investment.

Certainly, and this certainly reflects some of the comments made earlier, creating a formula review Committee that convenes every two bienniums to every five years. We see states in that three-to-five-year review process is very consistent to evaluate and propose any necessary changes to the formula. Obviously, this formula has been implemented for ten years without changes. That actually in some ways makes changes more difficult to absorb, to think about but also I think it makes it even more critical that you are reflecting on how things have changed, how priorities have changed over the past ten years and taking steps to enhance your current funding formula while building in a recommendation that you not necessarily wait another ten years until that review is conducted. Certainly within that would be the discussion or consideration of an adequacy or some sort of study to better understand what it costs to fully fund the system and support all of the goals and objectives of higher ed in Nevada.

So again, those are our implementation recommendations. We would not put forward any sort of recommendations from a professional perspective that does not include some recommendation for phasing in the impacts of a new funding formula as stated at the outset. We don't think changes in funding should be what -- we don't think changes in funding should be limiting to moving and enhancing a funding formula. There should be considerations for how you are phasing in the impacts of those changes in funding.

Chairman Hardesty: A question, Ms. Snyder, relating to student attribute areas for which we were concerned there was a lack of data. And one of the things that has been mentioned in these prior hearings is securing that data. What in your estimation would be a reasonable period of time to begin compiling data for which it doesn't exist today, to be able to influence those areas? Are we looking at two years, four years? What would be a reasonable time to get that data? Because obviously a number of these attributes are pretty important policy issues, there's a lot of support for those. So how long would it be appropriate before you could measure those?

Martha Snyder: Sure. And I'm gonna it depends. So there are likely some of those attributes for which there are kind of more commonly -- there's more common definitions to be building from. There's likely data at institutions that might be at institutions but is not collected at a state level. There are things that could be more quickly collected at a state level and then there are things for which definitions, common collection practices might not be standardized across institutions or for which institutions are simply not tracking. Things like first-generation for example, that's one that is very commonly cited but not all institutions are tracking or collecting or have a process for identifying first-generation students. So that would be a longer timeline

obviously and more of a process for establishing definitions and establishing collection protocols. But certainly, there's ones that could be much more quickly found, collected at a state level based on what institutions currently have access to.

Chairman Hardesty: And then a separate question related to the adequacy studies that you did in connection with that, what kind of direction would HCM need as an example, if they were to undertake such a study to proceed? And what's the approximate time period and cost associated with a study like that? Roughly speaking.

Martha Snyder: It depends.

Chairman Hardesty: It always depends, I'm just trying to get some parameters.

Martha Snyder: Sure. So again, the process that we undertook in the state of Illinois was extremely comprehensive. That was a legislatively directed commission that had 34, 36 members on the commission and it was a two and a half year process. The cost was pretty significant, both in terms of time as well as resources that went into that, versus what Texas did. Texas was a much more streamlined process. It was not nearly as comprehensive. It was only focused on one particular aspect of adequacy and that was shoring up the gap in some base level funding from local resources that different community colleges have access to and that was more like a ten-month process, also legislatively directed and driven. So again, it depends. The more comprehensive one, I don't think it needs to take two and a half years. No offense to our lovely friends in Illinois. Plus, they provide a framework for which a state like Nevada could potentially work from, but I do think about a year-long process is a minimum of what you're looking at to really capture the types of things that you would likely want to capture in an adequacy review.

Chairman Hardesty: I don't know if there are other members of the Committee who have interest that I've expressed in such things as an interim recommendation and a further study of the funding formula, an adequacy study. We always have this great debate in front of the legislature about whether the funding is adequate or not. I think it would be nice if it were me to be able to present a case that is well-supported and well-thought-out, supported by nationally recognized consultants about and it also allows us to develop some goals. So, I'm thinking out loud since that's the process we're engaged in today, about including such topics in our report that go beyond the narrow focus of the charge we were given. So, if you have any suggestions along those lines, it would be welcome to hear them on January 25th.

Chancellor Charlton: July.

Chairman Hardesty: It's been a long day. Do other Committee members have comments or observations, chancellor about this or other topic?

Chancellor Charlton Ms. Williams and then Mr. Christenson.

Yvette Williams: I love that idea when you said interim recommendation, I was on board a hundred percent. So, I would fully support that. I would like to add in addition to the adequacy equity in funding as well and perhaps a recommendation that we do a one-year analysis to make sure that those areas that are most important to this Committee work are being addressed and what those outcomes look like. For example, how is the weighted formula working for students in particular? We seem to be back and forth on performance. So maybe we look at performance, maybe there needs to be some adjustments in the 40-40-20 or whatever we end up deciding on. But I think maybe a year in review might be a good way to maybe define whether we're at least on the right path and then perhaps going to perhaps every four years or 5 years, whatever you all decide. But I think that would be a few things that would be important in those recommendations as well and I know we'll talk more about it next month, but I just wanted to put that on the record now for the purposes of our consultants. Thank you.

Glenn Christenson: I was just gonna say I totally support the chair in his suggestion. I don't know if we needed a motion or anything like that or if we can just do it. If you need a motion, I'd be happy to make it.

Chairman Hardesty: The representative at the Attorney General's office admonishes against a motion. So, I'll exercise the privilege of the Chair, Mr. Christenson, and just say I'm gonna do it.
How's that? Okay.

Chairman Hardesty: Any other comments from Las Vegas, Chancellor before we wrap up today.

Chancellor Charlton: Yes. Regent Goodman.

Stephanie Goodman: Thank you, so much, Chair. I'll make this quick, but I just wanted to highlight a couple of things. I think it might be prudent for us to ask our presidents to possibly take a look at their budgets too. When we're talking about this sort of stuff I believe it was President Dalpe if you have one group that has a faculty senate and you have a certain person, you have one person working, but the other person has three. I think it would be maybe a good exercise to have our institutions also look and standardize what's happening across our system. I think that might be an excellent exercise to also find some more money. Initially, I do think that we do need to mitigate that two-year delay on funding. I think the inflation is vital to be addressed and I wholly support exactly what you were saying, chair. I do think the cost-driven model is something that maybe we want to look at some point and also have this interim formula that can also be an evolving and working formula that can move into something else as the system changes and our state evolves. Thank you.

Chairman Hardesty: thank you. Regent Del Carlo.

Carol Del Carlo: Thank you, Chair Hardesty and I concur with Regent Goodman on that. I also had put a list together at home and I forgot to bring it. So I'd like to submit

that to you before the 25th report, because in our narrative to the legislature I really think they need to know what the cola shortfall has done to us in terms of not being adequately funded. I mean, the mistake was made. I believe in 2019 was to give us 80% at 80% so it ended up being less and that's a huge number, it's a really huge number. The unfunded mandate I saw one year was \$4 million. What was the unfunded mandates over 10 years since our last formula? This new -- didn't realize it until we brought it up the out of state tuition and the difference with the carve out or [indiscernible]. Edge it shows the whole picture of when we go to make the case and maybe this is the adequacy that we end up with –

Chairman Hardesty: the input for any member and of course please feel free to send it to me. Okay, thank you. Any other comments chancellor?

Chancellor Charlton: no, sir.

Chairman Hardesty: Alright. I will close this agenda item with my thanks and gratitude to HCM. Thank you for your help and ongoing support. I am looking forward to the faculty folks offering their input at the next meeting on this -- these areas.

7. Information Only – New Business

There was no new business brought forward.

8. Information Only – Public Comment

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

Chairman Hardesty: We will move to agenda item number 8, public comment. This will be the second opportunity for public comment during today's meeting. The process will be the same as this morning.

Chancellor Charlton: There's no public comment in Las Vegas.

Chairman Hardesty: In Reno. Yes, sir.

Kent Ervin: Thank you, Kent Ervin, Nevada Faculty Alliance.

Certainly, we will be looking at the details of the HCM recommendations regarding further analysis or comment. While it is fresh I have a few comments. We appreciate the lower percentages of head counts and performance factors. They don't appear to be based on analysis of, for example, serving underserved students compared with other students. Maybe a part-time student needs just as much advising as a full-time student, but the question is what is the cost for that? Is it 40 percent of the budget? I don't think so. We estimated that funding the 350 to one student advisor ratio cost less than 3% of the total budget. All student services are 8% of the budget. It is based on what head

counts might be. We don't have all of that information.

For example, does it cost 3 times the amount to serve underrepresented minority Pell recipient compared to other students is that a reasonable factor. Percentages should reflect the cost. We agree with the suggestion for it in the future if costs, adequacy or equity study.,

To the extent performance pool or funding is included the performance method need to be revised so they are not reflecting absolute enrollment numbers which many do now. Rather than looking at absolute numbers of degrees you need to look at graduation rates. Otherwise you are repeating factors otherwise included in the student credit hour head counts or weighted student hours. You can look at that rather than absolute number of the degrees things like that to make sure the growth relates to real progress rather than what they have less control over. How it would work within the state budgeting process; for example, with recommendation for HCM how would case growth load be handled with the shift away from weighted student credit hours. Right now the budget is created for the change in student credit hours ... how would that change if 20% is based on performance factors. That doesn't grow in the same way that would hurt overall budget in the longer term. How it is compared with other 50 states. FTE enrollment are above average. State financial aid is above average overall and student fee revenue is way below average. That's a good thing. If we want to keep college affordable for Nevada students and provide high quality higher education, state appropriations need to be increased. It is one way to get there. That should be part of the recommendations. Some of these enhanced changes contingent on full funding. Thank you.

Doug Unger, UNLV chapter president of the Nevada Faculty Alliance. I would like to inform the Committee I am phoning from Berlin Germany, 5600 miles away but nothing is more important than the work you are doing. It is a little past midnight here. I have listened to the whole Committee session and admire so much the attention to detail and intelligent questions and the nature of the presentations. Thank you to Chair Hardesty. I think the 40% student-based funding is too much of a shock to the system. The overall reduction in percentages allocated to the R1 universities will really hurt them especially UNR the 11% total reduction to UNR in addition to the budget difficulties they are facing now even with a gradual implementation. I would think about a 20, 60, 20 ratio as perhaps to increase funding for the community colleges. I am sitting here wondering what it would be to add 23% to CSN's budget how an institution could absorb that quickly and that could even in itself cause problems. I think the head counts can be nuanced. I can tell you we have data from UNLV, 52% of the nearly 25,500 undergraduates our first generation students. Of our undergraduates are disability resource students and both need additional advising and additional wrap around services. My second point is I think the summer school transition is going to be a mess. Even to think there might be possibility of give back of fees to help sponsor research and all of the other things that the soft money is used for at our R-1 institutions will be extremely difficult. I am sure the senator can tell you how difficult it is to get the GFO and LCB to agree to any kind of revenue give backs under this kind of a

circumstance even legally I don't know what the language for that would be. I would like to consider the summer school transition in a different way perhaps rethink it. Thank you for all of the good work on the Committee. I can't express enough the UNLV faculty and Nevada Faculty Alliance for all of your work. Thank you.

Chancellor Charlton: Chair Hardesty, if I could Ms. Williams would like to add a public comment.

Chairman Hardesty: Okay.

Yvette Williams: I would like to just first express my appreciation for having the opportunity to participate in the work with all of you. I work with many of you over the years, and the advocacy work on education justice. And it has just been a real delight. It has been an eye opener for me as well. I have learned a lot. Looking forward to the legislative session coming up to be able to make this presentation and advocate for higher ed. I would like to thank you Chair Hardesty; it is always a pleasure working with you. And thank you for inviting me to be a part. I wanted to say that before the work session next month.

Chairman Hardesty: any other public comment? With that said there being no further business on today's agenda, I will adjourn the meeting with my thanks and appreciation to the Committee members and all of the participants.

The meeting adjourned at 3:15 p.m.