

**SPECIAL MEETING**  
**BOARD OF REGENTS**  
**NEVADA SYSTEM OF HIGHER EDUCATION**

System Administration, Las Vegas  
5550 West Flamingo Road, Suite C-1, Conference Room

System Administration, Reno  
2601 Enterprise Road, Conference Room

Great Basin College, Elko  
1500 College Parkway, Berg Hall Conference Room

9:00 a.m., Fr004 T (0 )a960 Td (6)w 0.28 0 Td [(F)5 (BTbe PEMC /P <</

Mr. Mark Alden

Dr. Andrea Anderson *{via telephone}*

Mr. Robert Blakely

Mr. William G. Cobb

Mr. Cedric Crear

Mrs. Dorothy S. Gallagher

Mr. Ron Knecht

Mr. Kevin J. Page

Dr. Raymond D. Rawson

Mr. Michael B. Wixom

Members Absent: Dr. Jack Lund Schofield

Others Present: Chancellor Daniel J. Klaich  
Executive Vice Chancellor & CEO, HSS, Maurizio Trevisan  
Vice Chancellor, Academic & Student Affairs, Jane Nichols  
Vice Chancellor, Administrative & Legal Affairs, Bart Patterson  
Interim Vice Chancellor, Finance, Mark Stevens  
CEO & Special Counsel to the Board, Scott Wasserman  
President Michael D. Richards, CSN  
President Stephen G. Wells, DRI  
President Carl Diekhans, GBC  
President Lesley DiMare, Provost, NSC  
President Maria C. Sheehan, TMCC  
President Neal J. Smatresk, UNLV  
President Milton D. Glick, UNR  
President Carol A. Lucey, WNC

Also present were faculty senate chairs Ms. Robin Herlands, NSC; Ms. Mary Arbutina, NSHE; Dr. Cecilia Maldonado, UNLV; Dr. Eric Herzik, UNR; and Mr. Jim Strange, WNC. Student government leaders present included Mr. J.T. Creedon, ASCSN President, CSN; Ms. Dymonde King, NSSA President, NSC; Mr. Kyle George, GPSA President, UNLV; Mr. Charlie Jose, ASUN President, UNR; Mr. Matthew J. Smith, GSA President, UNR; and Mr. Jason McGill, ASWN President, WNC.

Chairman James Dean Leavitt called the meeting to order at 9:00 a.m. on August 27, 2010, with all members present.

1. Information Only – Public Comment (Agenda Item #3) - Ms. Robin Herlands, Faculty Senate Chair, NSC, related that despite the current budget crisis, Nevada State College has remained innovative in terms of growing enrollments and increasing retention. In part, NSC's success and progress towards its mission is due to the





2. Approved - Appointment, Acting President, NSC (Agenda Item #2) – (Cont'd.)

Regent Wixom asked how a diverse search pool could be reached when the inclusion of the interim president often prevents good candidates from applying. Chancellor Klaich replied that the primary



2. Approved - Appointment, Acting President, NSC

3. Approved – Fiscal Year 2011-13 Biennial Budget Operating Request (Agenda Item #1) – (Cont'd.)

unconscionable. The System knows that Nevadans are suffering with the loss of jobs and houses. However, the System also knows that those same citizens are turning to education now more than ever. It is with deep consciousness of that suffering that the proposed budget was being presented.

Chancellor Klaich explained that the proposed budget takes the current appropriation and restores the furlough, merit and longevity that the faculty and staff gave up in the last year. He also indicated that the System has done its level best not to surprise anyone with its proposed recommendation. He noted that this discussion has been on many agendas.

In terms of the 10% budget reduction requested by the Governor's office, Chancellor Klaich related that the proposed budget does not include any level of cut. He felt it was simply premature. He stated that the System has responded to every budget reduction that has been requested. He was not expressing any opinion on any plans proposed by gubernatorial candidates. However, given that one of the plans recently released did not propose any budget reductions, the situation was extremely fluid in nature.

Chancellor Klaich also stated that budget cuts are not simply an arithmetic exercise. The most recent 6.9% reduction represented the elimination of programs, careers and jobs. He felt that to think that was a benign process was ignoring the reality of what the presidents were being asked to do. If another 10% reduction was requested, it would be difficult for the institutions not to begin identifying programs that would be next on the termination list while at the same time trying to keep them functioning. For those reasons, the proposed budget carried forward current appropriations and the restoration of pay decreases imposed by the last legislature. Chancellor Klaich emphasized that when the time comes to reduce the budget by a specific figure, the System will then come back before the Board to request those reductions.

Chairman Leavitt asked Chancellor Klaich if the Nevada Board of Regents was a constitutionally autonomous entity. Chancellor Klaich stated that was correct.

Chairman Leavitt asked Chancellor Klaich if the Nevada Board of Regents were elected or appointed. Chancellor Klaich stated they were elected.

Chairman Leavitt asked Chancellor Klaich if the Nevada Board of Regent was a state agency. Chancellor Klaich stated that in his opinion, the Nevada Board of Regents was not a state agency.

Request Knecht read the following statement into the record:

*“In the last three years, Nevada’s private economy has lost 180,000 jobs, or 16% of the total. That is, nearly one of every six private-sector jobs has vanished in what looks to be truly a depression in our state. Public-sector employment has held steady and State employment has even risen a few percent. (I use job numbers to reflect our economic condition because their current levels are available, while economic output numbers take much longer to report and thus are not current. Job numbers are representative of our overall economic condition.)*

3. Approved – Fiscal Year 2011-13 Biennial Budget Operating Request (Agenda Item #1) –  
(Cont'd.)

*I'm not talking about losing "positions," the term often used that includes job vacancies, as well as actual filled jobs in the public sector – but instead about real jobs held by real people working hard to earn money their families need. These job losses reflect real losses in incomes, output and human well-being, not the book-keeping entries involved when people bemoan government "budget cuts." Very often, complaints about public-sector budget cuts mask the fact that actual spending and employment levels have increased or will increase, just not to the degree that was envisioned in some earlier version of a budget. A budget, after all, is just a plan to spend money, and thus budget cuts should not be confused with actual cuts in incomes, outputs or human well-being.*

*Beyond the awful three-year history in our state, the future looks just as grim. Very few, if any, well-informed economists believe we will see a recovery any time soon, and many of them are forecasting five to ten years of bumping along the bottom. These bleak circumstances are reflected in tax revenues that have dropped precipitously, opening*



3. Approved – Fiscal Year 2011-13 Biennial Budget Operating Request (Agenda Item #1) – (Cont'd.)

*taxing, spending and regulation at all levels. Our colleagues on the governing board for K-12 education did not show such cheek, but instead did their duty to the public interest and the people of Nevada by adopting the 10% cuts as requested. We have continuously enjoyed the privilege of being insulated by the political allocation of resources from the realities already rudely visited upon the vast majority of Nevadans, and expecting an increase at this point would be the height of self-absorption.*

*Some folks will try to justify the proposed increases with the rhetoric that public spending on education is an “investment” – as if, say, \$100-million more spent on education this year will make our economy and tax revenues grow like magic next year (or even this year, according to some suggestions) to pull us out of the depression we’re in. It simply isn’t so, because such claims studiously overlook the other side of the coin: the ineluctable fact that every dollar taken in taxes is an act of destruction of human well-being because it immediately diminishes economic growth. Spending on education is, indeed, economically growth-inducing – in the very long run, such as 25 to 50 years out.*

*So, for that reason and others, we need to sustain reasonable education spending. But it is simply false and misleading to suggest that public education spending will in any way pull Nevada out of its current depression or any economic cyclical downturn. Ultimately, the issue is finding the balance point between our long-run needs and current dire circumstances, and the 10% cut directive does so while the budget proposed to us today does not. By the way, another version of this claim is that education can help us achieve economic diversification. That’s also true, but again only in the very long term, and current education spending is not a magic elixir that will transform regional economies in less than a decade.*

*We Regents need to bear in mind that, as elected public officials, our basic duty is to the people of Nevada – especially the voters and taxpayers – and to the broad public interest, not to promoting some narrow subset or private interest that can become predatory upon the broad public interest. Our duty is to be a governing board for Nevada’s people for higher education, not simply cheerleaders for more funding for higher education’s provider and consumer constituencies. Our duty in proposing a budget at this time requires that we recognize both sides of the coin in public education funding: The significant social and human damage absolutely inherent and immediate in each dollar taken by taxes, as well as the social benefits that we hope will accrue in the long term from the spending that taxes facilitate. Our duty is to not allow our love for education to blind us to the damage and fairness issues involved in making citizens – the vast majority of whom are not direct recipients of our educational services – pay for those services for the fortunate few.*

*Finally, there is always a temptation in politics and in human nature to resort to sophistry in order to pander to those who are present in the room when we deliberate and necessarily thereby to burden those who are not present because they have to be out earning a living or otherwise conducting their lives. Because taxpayers are many and have small individual stakes in the issues before us, they*

3. Approved – Fiscal Year 2011-13 Biennial Budget Operating Request (Agenda Item #1) –  
(Cont'd.)

*cannot afford the luxury of being here or otherwise spending significant time or other resources trying to influence our processes – while the provider and educational consumer constituencies, having much at stake individually, can spend a lot of time to dominate the process despite their modest numbers.*

*Consider, for example, what happens when someone resorts to the sophistry of saying that as a governing board, our duty is to promote higher education as well as be its governing board on behalf of the people and broad public interest. When one does so, one sets up oneself to slide down the slippery slope of becoming the agent of the provider and education consumer constituencies as they tend to become predatory upon the taxpayers and the broad public interest. We must avoid this dereliction in our duty by not trying both to be governing board finding the balance points that satisfy the public interest and advocate ostensibly for the cause of education, because being an advocate for education almost invariably degenerates to becoming the advocates for its providers and direct beneficiaries. For most folks, advocacy – especially for something as noble as higher education -- generates the warmth and fuzzies one needs, but in so (o.4Ty1 CamTc 0.00A adv)u1.15 Td [(e), b*



3. Approved – Fiscal Year 2011-13 Biennial Budget Operating Request (Agenda Item #1) –  
*(Cont'd.)*

fund had increased since 2007 by 30-40%. He askilran13 Bi h4 (d sm)-2 (a)4 (l)e /w (%)hper [(f)3 s (e)-10

3. Approved – Fiscal Year 2011-13 Biennial Budget Operating Request (Agenda Item #1) – (Cont'd.)

Regent Blakely indicated that the proposed budget places Nevada in line with the state of Montana, which had requested a significant increase approximately one year ago. He felt that Nevada was going to face a 10% decrease in its budget for several years into the future. He did not discount Regent Knecht's comments but acknowledged that the proposed budget was probably the best course with the information that was currently known.

Regent Wixom moved approval of the FY 2011-13 biennial budget operating request. Regent Alden seconded.

Chairman Leavitt related that it was critically important for the Board to show its civility and respect for all branches of government. He reiterated that he would forcefully and civilly advocate for the position of higher education. He was pleased to report that is what was done in the last year and will continue. There is strength in ethics and advocacy that the Board has shown over the last year. He emphasized that if the proposed budget goes forward as recommended it was not a sign of disrespect to the Governor or to that office. However, the Board had a constitutional responsibility that it would exercise.

Regent Wixom requested clarification (ic)-tfot atio-2.1 (n)2 ( (n)2( c-2.1luio-2.1dfot)-25)3.9 his reest for

1. Information Only – Public Comment (Agenda Item #3) – (Cont'd.)

record to reflect his statement that the budget, as it now stands contains \$192 million of federal stimulus money that will go away, as well as a 28% increase in student fees. He pointed out that something must replace the stimulus funds or the System would be in deep trouble. Also, he questioned the offloading of cost of higher education onto the students. He applauded the Board for the action they took that day.

In response to the points that Mr. Walker and Dr. Richardson raised in regard to the stimulus funds, Regent Knecht stated that those funds are difficult because initially there was a bit of ledgerdemain to move 2011 ARRA funds into the 2010 budget and substitute some general funds for it. Where there should have been \$96 million in ARRA in each year of the biennium, the System received approximately \$192 million in one year and substituted general fund in the second year. He felt that many considered that approximately \$192 million simply disappeared, when in fact it was his understanding that it was a matter of convenience for the state budget and never with the intent that the System would be double-dipped in the second year in terms of where the budget picks up for the following biennium. Interim Vice Chancellor Stevens stated that Regent Knecht was correct. In fiscal year 2010, \$184.77 million in stimulus funds were received by the System. In essence, the special session of the legislature moved those funds from fiscal year 2011 to fiscal year 2010. Currently the System has \$558 million in general fund support in fiscal year 2011 with no ARRA funds, which were utilized and expended in fiscal year 2010.

Regent Cobb responded to Mr. Walker's mischaracterization that the Board was insensitive to the condition of the economy or the public. After the 2009 special session of the legislature which called for further reduction, which the System absorbed, the System went through a stressful budget review and curricular review process with programs and positions being eliminated. He felt that the Board and the System had responded at that time in a respectful and ap (om).nful em -6 (s)-5 (cam)-6 ( (i)-2 15.27 ,0 (a)4 (n3 (e)4.0 Td [ / [(a, t)T