

EDUCATION

The education function includes three sub-functions: The Department of Education (K-12); the University and Community College System; and other educational programs, which include the Department of Museums, Libraries and Arts and the WICHE program.

The Governor has recommended General Fund appropriations for education of \$976.8 million for FY 2001-02, an 8.8 percent increase over FY 2000-01, and \$1.02 billion for FY 2002-03, an additional 4.8 percent increase. Budget requests for education from all funding sources total \$1.37 billion in FY 2001-02, a 5.0 percent increase, and \$1.44 billion in FY 2002-03, another 4.8 percent increase, after inter-agency transfers are deducted.

EDUCATION (K-12)

DISTRIBUTIVE SCHOOL ACCOUNT

A major responsibility of the State Board of Education, acting through the Department of Education, is the administration of the Distributive School Account (DSA), which is the mechanism for distributing direct state financial aid to over 300,000 pupils in Nevada's 17 county school districts.

Direct state aid to public elementary and secondary schools is the largest single expenditure from the state's General Fund. In addition to General Fund support, the Distributive School Account receives revenue from an annual tax on slot machines, investment income from the state's Permanent School Fund, receipts from mineral leases on federal lands, and local school support tax on out-of-state sales that cannot be attributed to a particular county.

Local school districts receive quarterly apportionments from the DSA based on a count of pupils enrolled in the district's schools on the last day of the first school month of the school year. A specific amount per pupil is guaranteed to the school district through a formula, known as the Nevada Plan, that considers the district's economic and demographic characteristics. The Nevada Plan provides a guaranteed amount of basic support per pupil, plus additional funding for special education program units and programs for adults earning high school diplomas. Funding generated locally from the 2.25-cent local school support (sales) tax and 25 cents of the 75-cent property tax levy for school operations is subtracted from the guaranteed basic support to determine the amount of state aid a school district will receive.

The Executive Budget recommends General Fund appropriations to the DSA of \$588.6 million in FY 2001-02, a 4.3 percent increase over FY 2000-01, and \$609.5 million in FY 2002-03, an additional 3.6 percent increase.

The accompanying table compares estimates for the DSA for the current fiscal year with last year's actual revenues and expenditures, the State Board of Education's request and the Governor's recommendations. The statewide average basic support per pupil is recommended to increase from \$3,804 in FY 2000-01 to \$3,896 in each year of the 2001-03 biennium.

LOCALLY-GENERATED REVENUE

Local School Support Tax

Actual collections of the local school support tax (LSST) in FY 1999-2000 were 7.85 percent higher than actual collections in the prior year. For the first five months of FY 2000-01, collections are up 5.6 percent over last year. The Governor projects LSST collections will increase 6.0 percent in the first year of the 2001-03 biennium and 5.5 percent in the second year.

Due largely to local school support tax revenue collections exceeding projections during the current biennium, The Executive Budget is projecting a reversion of \$24 million to the state General Fund from the DSA in FY 2000-01.

Property Tax

Based on the estimates of assessed valuation developed by the Department of Taxation, The Executive Budget predicts a 7.9 percent increase in property tax in FY 2001-02 over the assessed valuation for FY 2000-01 and a 9.3 percent increase in FY 2002-03.

Motor vehicle privilege taxes are estimated to reach \$68.7 million in FY 2001-02 and \$77.0 million in FY 2002-03, an increase of 6.1 percent and 12.1 percent increase, respectively.

ENROLLMENT

Each school district's guaranteed level of funding is determined by multiplying the basic support per pupil by the weighted enrollment. Weighted enrollment equals a full count of pupils enrolled in grades 1 through 12, including children with disabilities enrolled in special education programs within a district, and six-tenths of the count of pupils enrolled in kindergarten or programs for 3- and 4-year-olds with disabilities. Handicapped preschoolers and kindergarten pupils are only counted as six-tenths of a pupil because they typically attend school for half a day or less. The following chart compares audited weighted enrollment numbers by fiscal year and the percent of increase each year over the preceding year:

Actual					Legislatively Approved	Governor Recommends	
1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
255,215	271,725	285,990	300,116	314,149	330,059	344,803	360,931
5.6%	6.5%	5.2%	5.0%	4.9%	5.1%	4.5%	4.7%

Weighted enrollment increased by approximately 9 percent over the current biennium, to just under 330,000 students in FY 2000-01, very close to the 330,059 projected by the 1999 Legislature. The Executive Budget projects an enrollment increase of approximately 4.5 percent in FY 2001-02 over the FY 2000-01 legislatively approved estimated weighted enrollment and an increase of approximately 4.7 percent in FY 2002-03.

POSITIONS AND SALARIES

The Executive Budget does not provide for salary increases for school district employees in the upcoming biennium. The Governor, however, is recommending a one-shot appropriation in the

amount of \$57.5 million as a five percent bonus payment to all public employees in local school districts. In addition, the Governor, in his transmittal letter with The Executive Budget, asks that consideration be given to a special legislative session to address the issue of salaries in the public school system should state revenues exceed projections after the close of the 2001 Legislative Session and prior to the start of the 2003 Session.

SPECIAL EDUCATION

In FY 2000-01, the state funds 2,291 special education units at \$29,389 each, totaling \$67.3 million for FY 2000-01. The allocation of 40 of these special education units is discretionary and requests must be reviewed and approved by the State Board of Education. In the upcoming biennium, the Governor recommends 2,402 special education units, at a cost of \$29,977 each or \$72 million, in FY 2001-02, and 2,514 special education units, at a cost of \$30,576 each or \$76.9 million, in FY 2002-03, an increase of 6.96 percent and 6.77 percent, respectively, to accommodate growth in enrollment and roll-up costs for special education programs.

Additional special education funding was provided in the current biennium for five special education program units to be authorized by the State Board of Education for instructional programs incorporating educational technology for gifted and talented pupils. For the current biennium, \$144,065 and \$146,945 was authorized for FY 1999-2000 and FY 2000-01, respectively. In an effort to accommodate growth, The Executive Budget recommends continued funding in the amounts of \$157,168 in FY 2001-02 and \$167,321 in FY 2002-03, an increase of 6.96 percent and 6.46 percent, respectively.

CLASS-SIZE REDUCTION

The 1999 Legislature incorporated the Class-Size Reduction program into the DSA to ease cash-flow problems the program was experiencing when supported by a smaller fund. The Legislature mandated that the program expenditures be tracked in a separate, dedicated expenditure category to highlight the program. Class-size reduction funds would continue to be distributed as in the past, which includes an allocation based upon the number of teachers needed in each district to reach the ratios of 16 to 1 in first and second grades and 19 to 1 in third grade, and to maintain lower ratios in selected "high risk" kindergartens. School districts receive separate allocations from the DSA to pay the salaries and fringe benefit costs of class-size reduction teachers.

The 1999 Legislature also agreed to extend the flexibility allowed in the use of the third-grade funding to the money budgeted for first and second grades. School districts have been allowed to carry out alternative programs for reducing the ratio of pupils per teacher or to implement remedial programs that have been found to be effective in improving pupil academic achievement. To use the funds in this manner, school districts are required to receive approval of their written plan from the Superintendent of Public Instruction, to evaluate the effectiveness of their program, and ensure that the combined ratio of pupils per teacher in the aggregate of Grades K through 3 does not exceed the combined ratio in those grades in school year 1996-97.

As reported by the Department of Education, the statewide average pupil-teacher ratios in the primary grades for FY 2000-01 compared to FY 1997-98 are as follows:

Grade	K	1	2	3
FY 2001	23.6:1	16.0:1	16.2:1	19.0:1
FY 1998	22.7:1	15.8:1	15.8:1	19.0:1

In FY 2000-01, almost all (97.2 percent) kindergarten classrooms are taught by one teacher in the classroom (self-contained). Approximately 72 percent of all first grade, 71.6 percent of all second grade, and 91.5 percent of all third grade classrooms are self-contained.

To cover salaries and fringe benefits of teachers hired to meet the required ratios, a total of \$82.9 million was provided in FY 1999-2000 and \$86.9 million in FY 2000-01. Facilities, operating costs and new teachers required to maintain the pupil-teacher ratio that existed prior to the start of the Class-Size Reduction program are the responsibility of local school districts. During the 11 years that class-size reduction has been in existence, a total of \$571 million in state funds has been spent to pay for teachers to reduce pupil-teacher ratios.

For FY 2001-02, The Executive Budget recommends \$91.8 million in funding for class-size reduction; \$97.8 million is recommended for FY 2002-03 to maintain pupil-teacher ratios of 16:1 in first and second grades and 19:1 in third grade, and to maintain lower ratios in selected “high-risk” kindergartens. This represents an increase of 5.69 percent and 6.48 percent, respectively.

Federal class-size reduction funding in the Department of Education’s Discretionary Grants budget was newly funded last year and increased this year to \$6.1 million. Federal class-size reduction monies must be used to supplement, not supplant, funds school districts receive from state initiatives for class-size reduction. If a local school district has reduced class sizes to 18 or fewer children in grades one through three, the school district may use the federal funds to make further class-size reductions or carry out activities to improve teacher quality, including professional development. Federal class-size reduction monies are passed-through, 100 percent, to the school districts. At the local level, school districts may use not more than three percent of the federal funds for local administrative costs.

SCHOOL IMPROVEMENT PROGRAMS

In addition to the per-pupil guarantee, the Governor is recommending funds for school improvement programs and special funding projects. Funding for remediation programs for low-performing schools is recommended to be \$8.1 million in FY 2001-02 and \$8.4 million in FY 2002-03. Continued funding for the Regional Professional Development programs is recommended at \$5.2 million in FY 2001-02 and \$6.1 million in FY 2002-03. Early childhood education is recommended for funding of \$4.5 million each year of the biennium. The Governor is also recommending \$5.0 million in each year of the biennium to fund a new initiative titled the Nevada Early Intervention Program, which is designed to ensure all students read at grade level by third grade.

DEPARTMENT OF EDUCATION

The Executive Budget recommends total funding for the Department of Education, excluding the Distributive School Account (DSA), in the amount of \$153.3 million in FY 2002 and \$153.1 million in FY 2003, an increase of 15.2 percent for the 2001-03 biennium when compared to the 1999-2001 biennium. Of this amount, General Fund is increased to \$12.3 million and \$11.7 million for FY 2002 and FY 2003, respectively, for a total of \$23.9 million for the biennium. The amount of General Fund recommended represents an increase of \$11.9 million, or approximately twice the amount of General Fund support legislatively approved for the 1999-2001 biennium.

One-shot and supplemental appropriation recommendations include \$1,769,375 to update the Nevada Report Card Accountability software (\$213,150) and development of a new 8th grade criterion-referenced test (\$1,556,225); \$75,000 to allow the Governor's Council on Holocaust Education to continue its programs; and \$71,470 for a department proficiency testing contractual obligation for TerraNova testing.

New full-time positions recommended in The Executive Budget include an Educational Consultant to provide technical support and oversight of the new criterion-referenced assessments required to be implemented for 3rd and 5th graders during the 2001-03 biennium; an Administrative Services Officer position to administer the Distributive School Account; a Management Analyst and a Computer Systems Programmer for the SMART student records system; an Account Clerk to meet accounting needs for the travel desk and bill paying; an Information Systems Specialist; and two Auditors to meet the statutory requirements that all school districts be audited and to assist charter schools. The current Charter School Consultant position is recommended to be increased from half-time to full-time in response to an increase in the number of charter schools and the level of assistance required of the department by charter schools, both in the initial application process and for ongoing support. Two Management Assistant positions, both less than full-time, are also recommended.

The Executive Budget recommends that an evaluation of charter schools and the Class-Size Reduction program be conducted at a cost of \$340,000 in General Fund monies.

The Governor recommends expanding the National Teacher Certification program, which was funded in the amount of \$20,000 for the current biennium, to \$150,000 for each fiscal year of the 2001-03 biennium. Through the program, teachers are reimbursed, up to \$2,000 each, for successful completion of the program. Also recommended in the Governor's budget is an expansion of the Classroom-On-Wheels (COW) program, a roving preschool for low-income children. The Executive Budget recommends doubling funding from \$301,000 for the current biennium to \$301,000 for each year of the upcoming biennium.

The Executive Budget recommends funding for public broadcasting (\$300,000 for the 2001-03 biennium), library books for local school districts (\$358,474 each year for FY 2002 and FY 2003), and vocational organizations (\$91,138 each year for FY 2002 and FY 2003). In the past, these programs were presented to the Legislature as bills with one-time appropriation requests.

The Executive Budget does not recommend the department's request for continued funding of the pilot project for alternate programs for disruptive students or for the peer mediation and conflict resolution program. These programs were funded by one-time appropriations in the current biennium.

SMART STUDENT RECORDS

The Department of Education plans to transition from contract services to department staff for maintenance of the Statewide Management of Automated Record Transfer (SMART) system. The contractor will train staff in data reporting and system maintenance as the contractor is phased out. The Executive Budget also recommends state funding in the amount of \$3 million over the next biennium for ongoing SMART replacement equipment for school districts on a five-year schedule, a one-time purchase of computer equipment that is compatible with the SMART system for Lyon County, and one SMART staff person for each school district.

TEACHER EDUCATION AND LICENSING

The Teacher Education and Licensing budget includes the Commission on Professional Standards in Education, which is charged with the adoption of regulations pertaining to the licensing of teachers and other educational personnel. Teacher licensing staff is responsible for implementation and enforcement of the standards adopted by the Commission on Professional Standards in Education. Licensing staff is also responsible for determining eligibility, approving and issuing licenses for teachers and other educational personnel.

The Executive Budget recommends an increase in licenses and fees of nearly \$300,000 to \$913,027, a 47.4 percent increase in FY 2002 over FY 2000. A total of \$818,858 in license and fee revenue is recommended in FY 2003. The amount of state funds recommended is reduced to \$100 for each fiscal year of the 2001-03 biennium.

PROFICIENCY TESTING

The Legislature has required statewide testing since 1977. Since 1995, the Legislature has fully funded testing costs for state-mandated tests. The 1997 Legislature added to the required testing, and the state-mandated proficiency testing program now includes:

- The TerraNova, a nationally-normed, standardized test administered by a private vendor, which measures student performance in reading, language, mathematics and science at grades 4, 8, and 10 (published by CTB/McGraw-Hill);
- A state-designed writing assessment in grades 4 and 8;
- A state-developed criterion-referenced high school proficiency examination for 11th and 12th graders and adult students, covering reading, math, and writing (science to be added); and
- Additional legislatively-mandated testing, which will include the criterion-referenced tests (CRT) designed to align with Nevada state standards, to be administered by a

private vendor in the content areas of reading, math, science, and social studies to 3rd and 5th graders.

For the 2001-03 biennium, The Executive Budget recommends state funding for proficiency testing be increased to approximately \$7 million, in addition to the Governor's one-shot and supplemental appropriation requests of \$1,556,225 for development of an 8th grade criterion-referenced test and \$71,470 for a TerraNova contractual obligation. Recommendations as part of the \$7 million budget are: \$100,000 and \$300,000 for FY 2002 and FY 2003, respectively, for the TerraNova tests; \$700,000 each year for the High School Proficiency Examination Contract; \$1.1 million each year for the new criterion-referenced tests for 3rd and 5th graders; and \$67,897 and \$104,169 for FY 2002 and FY 2003, respectively, for the 4th, 8th, and 11/12 grade state-required writing tests.

The High School Proficiency Examination (HSPE) is administered eight times (October, February, April, and summer) during a student's 11th and 12th grade years. The first administration of the HSPE incorporating the new standards will be to the junior class in the fall of FY 2002.

NDE, STAFFING SERVICES

The Executive Budget recommends establishing Nevada Department of Education (NDE) Staffing Services as a new budget account for salaries and costs of numerous less than full-time equivalent staff positions funded from multiple funding sources, which are transferred-in to create full-time equivalent (FTE) positions. Currently, many of the department's support staff positions are funded from multiple budget accounts, which makes the positions difficult to track and requires employees to fill out timesheets for each budget account. Consolidating these positions, where possible, into FTE equivalents and assigning a position number which aligns with the funding source(s) could provide better information and easier tracking of positions.

EDUCATION SUPPORT SERVICES

The Executive Budget recommends directly allocating the General Fund portion of indirect costs to the Support Services budget rather than transferring indirect costs periodically from the individual budget accounts. This would eliminate the need for journal vouchering the General Fund indirect costs to the Support Services budget account. The recommendation to place General Fund money directly into this budget account at the beginning of each year could alleviate cash flow problems, especially early in the fiscal year.

INDIVIDUALS WITH DISABILITIES

The Executive Budget recommends the transfer and consolidation of the department's Education of Handicapped Persons—NRS 395 budget into the Individuals with Disabilities (IDEA) budget. The Education of Handicapped Persons—NRS 395 budget currently provides funding for the education and placement of disabled students outside their school districts in those instances when an appropriate public special education program is not available in the pupil's home school district. Services are provided only upon application by the parent(s) or guardian(s) through the local school board, and when the local school board certifies that an appropriate special education program is not available in that district. Funding for the Education of Handicapped

Persons—NRS 395 is recommended in the amounts of \$830,774 (state) and \$673,060 (federal), for a total of \$1.5 million for the 2001-03 biennium. The legislatively approved budget for the 1999-2001 biennium was \$1.47 million.

UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF NEVADA

The University and Community College System of Nevada (UCCSN) is governed by an eleven-member Board of Regents. The system comprises the Chancellor's Office; the University of Nevada, Reno (UNR); the University of Nevada, Las Vegas (UNLV); Western Nevada Community College (WNCC); Great Basin College (GBC); Truckee Meadows Community College (TMCC); the Community College of Southern Nevada (CCSN); the UNR School of Medicine, the UNLV Law School, the UNLV Dental School and the Desert Research Institute (DRI). UCCSN budgets are primarily formula-driven and are presented by functional areas including instruction, research, public service, academic support, student services, institutional support, operation and maintenance of plant, and scholarships.

For the 2001-03 biennium, the Governor recommends total funding of \$1.055 billion for the UCCSN. The recommended budget represents an increase of \$160.0 million, or 17.9 percent over the \$894.8 million approved by the 1999 Legislature. The Executive Budget includes \$756.0 million in state funds and \$298.8 million in student fees, estate tax and other UCCSN revenues. The Governor's budget allocates roughly 19.5 percent of available General Fund appropriations to the UCCSN in FY 2001-02 and 19.8 percent in FY 2002-03. For the biennium, the UCCSN General Fund allocation is 19.7 percent.

RECOMMENDATIONS OF THE COMMITTEE TO STUDY THE FUNDING OF HIGHER EDUCATION IN NEVADA, S.B. 443 (1999)

During the 1999 Nevada Legislative Session, UCCSN commissioned an equity funding study that reported funding inequities among the campuses. As a result of the equity debate, the 1999 Nevada Legislature approved Senate Bill 443 establishing the Committee to Study the Funding of Higher Education in Nevada. The Committee was tasked with comparing the existing method of funding higher education in Nevada with methods used in other states and determining whether those methods would be appropriate and useful in Nevada.

The Committee built upon the UCCSN equity study, independent consultant reports, and staff working group efforts to develop new formulas that are both flexible and equitable for all institutions. The Committee agreed that uniform application of the new formulas to each institution, regardless of the percentage funded, would result in equitable distribution of available funding. The Committee noted full formula funding should be viewed as a goal to be achieved over a period of time, dependent on available funding each biennium.

ADJUSTED BASE BUDGET

The adjusted base recommendation for all UCCSN budgets totals \$457.2 million in FY 2001-02 and \$463.5 million in FY 2002-03. These amounts are 6.2 and 7.7 percent higher, respectively, than the FY 1999-2000 actual of \$430.6 million. The Governor's adjusted base budget funds operating expenditures at the amounts budgeted for FY 2001 with the following notable adjustments:

- Contract obligations (e.g. maintenance agreements) are adjusted to current contract amounts;
- Property content and liability insurance amounts are adjusted to reflect anticipated property values and unit counts at current insurance rates;
- A 2.5 percent merit pool is included for professional employees in each year of the biennium (excluding positions at or above the Assistant Dean's level);
- Merit step increases are included for eligible classified positions;
- One-time equipment expenditures are eliminated from the base;
- The Office of Science, Engineering and Technology is transferred to the Governor's Office.

For accounts supported by formula funding, the Governor recommends vacancy savings of one percent for professional positions and three percent for classified. For non-formula accounts, vacancy savings are two percent for professional positions and three percent for classified.

The Governor's adjusted base budget continues estate tax funding to support the new GBC baccalaureate programs approved by the 1999 Legislature (\$931,512 per year). The Executive Budget also continues the \$5.8 million per year of estate tax funding approved for equity adjustments by the 1999 Legislature.

MAINTENANCE DECISION MODULES

The maintenance recommendations for all UCCSN budgets total \$49.56 million in FY 2001-02 and \$80.31 million in FY 2002-03. The Governor recommends use of the new formulas developed by the Committee to Study the Funding of Higher Education. The following summarizes the major maintenance recommendations in The Executive Budget:

- Formula Funding Calculations: The Governor recommends General Fund appropriations of \$26.9 million in FY 2001-02 and \$37.8 million in FY 2002-03 to fund projected enrollments using the formulas recommended by the Committee to Study the Funding of Higher Education. The recommendation funds the formulas at 85.75 percent of the calculated amounts in FY 2001-02 and 84.59 percent in FY 2002-03. Unlike formula distributions in previous biennia, the instruction formula is not funded at 100 percent of the formula recommendation. The Executive Budget uniformly distributes available formula funding across institutions and functions.
- New Space, (O&M): The Governor recommends General Fund appropriations of \$5.5 million in FY 2001-02 and \$8.1 million in FY 2002-03 to support operating costs for new space added or anticipated to be added during the 2001-03 biennium.

- Network Capacity: The Governor recommends \$900,644 in FY 2001-02 and \$1.06 million in FY 2002-03 to increase system network capacity, improve network reliability and security and add five new computer network specialist positions.
- Law School Growth: The UNLV Law School budget includes \$841,262 in FY 2001-02 and \$1.06 million in FY 2002-03 to provide the professional faculty and classified support to respond to enrollment growth.
- Dental School: The Governor recommends \$722,167 in FY 2001-02 and \$2.84 million in FY 2002-03 to fund dental school initiatives. In the first year of the biennium, the entire increase is funded with dental practice revenue, while second-year increases are funded with a combination of dental practice and tuition revenues. Fourteen new professional and three classified positions are recommended in the instruction function to support basic, clinical and patient care services. The Governor also recommends one new position in the dean's office, two new student services positions, two new positions in the dental school business office, and funding for library operating costs.
- Classified Cost-of-Living Adjustment (COLA) and Addition of One Step to the Classified Pay Plan: The Governor recommends General Fund appropriations of \$5.30 million in FY 2001-02 and \$9.09 million in FY 2002-03 to provide classified COLA increases of 4 percent in each year of the biennium and to fund the costs associated with adding one step to the classified pay plan effective FY 2001-02.
- Professional Cost-of-Living Adjustment: The Governor recommends General Fund appropriations of \$5.09 million in FY 2001-02 and \$10.49 million in FY 2002-03 to provide funding for two percent of a four percent COLA for professional, graduate assistant and teacher assistant positions in each year of the biennium. The Governor recommends expenditure flexibility when using formula funding in order to fund an additional two percent of the recommended four percent COLA.
- Gender Equity: The Governor recommends General Fund appropriations of \$1.075 million in FY 2001-02 and \$1.083 million in FY 2002-03 to improve Title IX compliance in support of female athletes. The UNR intercollegiate athletics program would receive \$350,000 per year to add one new sport. The UNLV intercollegiate athletics programs would receive \$725,000 in FY 2001-02 and \$732,876 in FY 2002-03 to cover unfunded gender equity costs.

ENHANCEMENT DECISION MODULES

The Governor recommends funding for the enhancement modules described below that were originally in the UCCSN adjusted base request but were reclassified as enhancements as part of the base review process.

- Performance Funding: The Governor recommends \$3.0 million of estate tax revenues in FY 2002-03 for performance funding.

- Health Laboratory: Four vacant classified positions are recommended for elimination with savings redirected to laboratory operating costs.
- System Computing Maintenance: The Governor recommends General Fund appropriations of \$614,347 per year to fund ongoing maintenance and connectivity costs that were previously funded through National Science Foundation (NSF) and Computer Information Science and Engineering (CISE) grants.

NEVADA STATE COLLEGE AT HENDERSON – A.B. 220 (1999)

Assembly Bill 220 of the 1999 Legislative Session established the Advisory Committee to Examine Locating a Four-Year State College in Henderson and appropriated \$500,000 for a needs assessment and implementation plan. The Committee and the Board of Regents determined that the needs assessment supported the creation of a four-year state college.

UCCSN estimates a total of 1,000 FTE students would enroll at Nevada State College (NSC) at Henderson during the first year of operation with the first classes beginning fall, 2002. The Governor recommends the following funding in support of the new campus:

- \$1.0 million in one-shot funding in FY 2001-02 to provide start-up funds;
- \$7.3 million in formula funding in FY 2002-03 for operating costs;
- A total of \$26.0 million in the CIP program to construct a classroom/student services building (\$16.0 million state general obligation bonds and \$10.0 million in donations).

ONE-SHOT APPROPRIATIONS

The Governor recommends a total of \$3.85 million in one-shot funding for the UCCSN. In addition to the \$1.0 million recommended for NSC start-up, funding includes \$2.6 million for various one-time enhancements for UCCSN's System Computing Services (SCS). Funding would allow SCS to upgrade the Las Vegas IBM CPU from an R-24 to an R-25, adding 30 million instructions per second (MIPS) processing capability. Also included is increased disk storage, a new version of the Human Resource system, purchase of DB2 database software to support the Student Information System (SIS), replacement equipment to support telephone registration, and upgrades to network capacity. The Governor also recommends \$250,000 in one-time funding to provide operating assistance to the Harry Reid Center for Environmental Studies.

PROPOSED STUDENT FEES

The Governor recommends resident fee and non-resident tuition increases of more than three percent per year at each institution as proposed by the UCCSN Regents. The Governor's budget reflects UCCSN's proposal to allocate \$1.00 of each university increase (\$2.00 for the biennium) to the capital improvement budget and \$0.50 of each community college increase (\$1.00 for the biennium) to the general improvement budget. A summary of the recommended student fees is as follows:

Type of Institution/Fee	Approved FY 2001	Gov. Rec FY 2002	Percent Change	Gov Rec FY 2003	Percent Change
Community Colleges					
Resident	\$42.50/credit	\$44.00/credit	3.5%	\$45.50/credit	3.4%
Upper Div (GBC)	\$58.00/credit	\$60.00/credit	3.5%	\$62.00/credit	3.3%
Non-Resident	\$4,150/year	\$4,290/year	3.4%	\$4,430/year	3.3%
Nevada State College					
Resident	N/A	\$60.00/credit	N/A	\$62.00/credit	3.3%
Graduate	N/A	\$77.00/credit	N/A	\$80.00/credit	3.9%
Non-Resident	N/A	\$5,750/year	N/A	\$5,940/year	3.3%
Universities					
Resident	\$74.00/credit	\$ 76.50/credit	3.4%	\$ 79.00/credit	3.3%
Graduate	\$100.00/credit	\$103.50/credit	3.5%	\$107.00/credit	3.4%
Non-Resident	\$6,980/year	\$7,215/year	3.4%	\$7,450/year	3.3%

The Governor maintains the policy authorizing campuses that exceed legislatively-approved student enrollment revenues to approach the Interim Finance Committee for authority to use excess revenues to address the impact of higher-than-budgeted student enrollment.

STUDENT ENROLLMENTS

Listed below are the Governor's recommended FTE student enrollments by institution, excluding the School of Medicine and the Boyd School of Law. As recommended by the Committee to Study the Funding of Higher Education, The Executive Budget FTE enrollment projections are based on a weighted three-year rolling average rather than system-generated projections. When system projections are lower than the weighted average, The Executive Budget uses system projections.

Campus	FY 1999 Actual	FY 2000 Actual	FY 2001 Budgeted	FY 2002 Projected	FY 2003 Projected
UNR	9,277	9,581	9,604	10,049	10,292
UNLV	14,631	15,301	16,560	16,676	17,406
CCSN	12,597	14,222	15,021	17,209	18,929
TMCC	4,516	4,654	5,001	5,138	5,398
WNCC	2,012	2,061	2,170	2,195	2,265
GBC	1,167	1,236	1,311	1,388	1,444
NSC	N/A	N/A	N/A	N/A	1,000
Total	44,200	47,055	49,667	52,655	56,734
% Change	5.2%	6.5%	5.6%	6.0%	7.7%

ESTATE TAX EXPENDITURES

The Governor recommends estate tax distributions of \$54.77 million for the 2001-03 biennium, generally extending the expenditure plan approved by the 1999 Legislature (adjusted for one-time costs and the addition of \$3.0 million for performance funding). Based upon concerns the federal government may phase out the estate tax, the UCCSN Regents recently passed resolution 00-6 suggesting the estate tax should be used for special programs and not for normal operating expenditures. The Regents propose to establish a permanent endowment at an initial level of \$100 million.

CAPITAL IMPROVEMENTS

The Governor recommends \$169.4 million in funding for UCCSN Capital Improvement Program projects during the upcoming biennium. State funding is recommended for \$107.9 million of the total. The remaining \$61.5 million would be funded from donations and revenue bonds. A breakdown of the recommended projects is as follows:

Proj #	Description	State Funding	Other Funding	Total Funding
01-C15	UNLV Planning, Design & Utility Infrastructure for Science and Engineering Complex	\$8,832,152	\$0	\$8,832,152
01-C16	Furnishing/Build-out – Redfield Campus	\$2,500,000	\$2,500,000	\$5,000,000
01-C17	Furnishings for DRI So. Science Ctr–Phase II	\$1,211,055	\$0	\$1,211,055
01-C18	WNCC Furnish/Build-out, Library&Student Ctr	\$1,575,000	\$0	\$1,575,000
01-C19	UNR Pennington Medical Building Furnishings	\$2,195,000	\$0	\$2,195,000
01-C20	CCSN Furnishings, W.Charleston Science Bldg	\$3,502,062	\$0	\$3,502,062
01-C21	CCSN New Health Sciences/Biotech Building on W. Charleston Campus	\$20,000,000	\$5,000,000	\$25,000,000
01-C22	TMCC, Phase II Student Ctr & Physical Plant	\$11,000,000	\$0	\$11,000,000
01-C23	UNLV Wright Hall Addition and Renovation	\$18,792,181	\$0	\$18,792,181
01-C24	UNR Library	\$22,000,000	\$44,000,000	\$66,000,000
01-C25	NSC Classroom/Student Services Building	\$16,000,000	\$10,000,000	\$26,000,000
01-C26	Advance Plan UNLV Student Services addition	\$300,000	\$0	\$300,000
	Totals	\$107,907,450	\$61,500,000	\$169,407,450

In addition to the above-noted projects, the Governor recommends \$10.0 million in state funds and \$5.0 million in UCCSN funds for UCCSN maintenance, repairs and renovations.

WICHE

In 1959 the Nevada Legislature approved Nevada's participation as a member of the Western Interstate Commission for Higher Education (WICHE) to provide assistance to students seeking education in various professional and graduate fields of study not offered by higher education institutions within the state. The 1997 Nevada Legislature expanded the mission of WICHE to include the Health Care Access Program (HCAP). This program provides funds and educational opportunities to students in exchange for a two-year practice obligation to serve the medically under-served population of the state. The 1999 Nevada Legislature expanded the mission of the HCAP program by approving, for the first time, funding for in-state physical therapy slots. Historically, funding has not been continued for professions when an educational program for that profession is offered within Nevada.

The Executive Budget recommends funding to meet an increase in dues for Regional WICHE, as well as for new office furniture and computer equipment. The Governor also recommends continued funding support for legislatively approved slots, including those for the Health Care Access Program.

DEPARTMENT OF MUSEUMS, LIBRARY AND ARTS

The 1993 Legislature approved the creation of a new Department of Museums, Library and Arts. As part of the Governor's reorganization proposal, the Department of Museums and History was combined with the State Library and Archives System, the Division of Historic Preservation and Archeology and the Comstock Historic District Program, both formerly a part of the Department of Conservation and Natural Resources, and the Nevada Arts Council. The Governor is recommending the department be renamed the Department of Cultural Affairs following a recommendation made by the Governor's Steering Committee to Conduct a Fundamental Review of State Government.

The department currently operates with 160 FTE existing positions, and this is recommended to increase to 164 FTE positions by FY 2003. The total budget for the department is recommended to increase 3.39 percent in FY 2002 over the FY 2001 work program level and then increase an additional 4 percent in FY 2003. The recommended General Fund appropriation is 11.8 percent higher in FY 2002 when compared to FY 2001. The Governor is recommending a one-shot appropriation of \$153,309 for department-wide computer and software upgrades.

ADMINISTRATION

The department director's budget supports five positions to oversee the administration and finances of the department. The budget recommends the addition of a new Personnel Analyst. Also included in the budget is a recommended General Fund appropriation of \$17,000 each year to support department-wide training needs.

In addition to a \$9,000 appropriation each year contained in the Administration budget for the support of the Nevada Humanities Committee, the Governor is also recommending a \$200,000 one-shot appropriation for support of the committee.

The Governor is recommending \$40,000 each year in the Administration budget, to be supported from a transfer from the Commission on Tourism, to fund an enhanced radio and television component for department promotion activities.

A supplemental appropriation of \$8,075 is recommended for anticipated utility expenses.

DIVISION OF MUSEUMS AND HISTORY

The division's Administration budget provides oversight and direction to agencies in the division: the Nevada State Museum in Carson City, the Nevada State Railroad Museum in Carson City, the Nevada Historical Society in Reno, the Nevada State Museum and Historical Society in Las Vegas, the Lost City Museum in Overton, and the Boulder City Railroad Museum in Boulder City. The budget is recommending the alignment and transfer of financial positions between the Nevada State Museum in Carson City and the Administration budget to properly align duties. The Governor is recommending a funding transfer from the Commission on Tourism of \$571,375 in FY 2001 and \$660,896 in FY 2003 to fund costs associated with the start-up and operation of the Nevada State Railroad Museum in Boulder City. The funding will also support three new positions for the railroad operation.

The Governor is also recommending a one-shot appropriation of \$64,297 to purchase new and replacement equipment for various agencies in the division, as well as a \$3,500 supplemental appropriation for the Historical Society in Reno and a \$2,735 supplemental appropriation for the Nevada State Museum in Las Vegas for anticipated utility expenses.

NEVADA STATE MUSEUM – CARSON CITY

In addition to realigning financial staff with the division Administration office, the Governor is recommending operating and utility adjustments for the opening of the museum addition (the old First Interstate Bank building) in the spring of 2001.

NEVADA STATE MUSEUM AND HISTORICAL SOCIETY – LAS VEGAS

The Executive Budget is recommending a \$300,000 one-shot appropriation to begin planning for the possible relocation of the Nevada State Museum and Historical Society from Lorenzi Park to the Las Vegas Springs Preserve project location.

NEVADA STATE LIBRARY AND ARCHIVES

The Executive Budget recommends a one-shot appropriation of \$1,200,000 for the support of public libraries statewide. In addition, a one-shot appropriation of \$41,690 is recommended for new and replacement equipment for the Nevada State Library and Archives, as well as a \$40,000 one-shot appropriation for an archives and records conservation lab.

NEVADA ARTS COUNCIL

The Nevada Arts Council promotes Nevada's cultural life through grants and technical assistance to individuals and organizations. The Governor's budget maintains existing programs and provides for an annual appropriation increase of \$75,000 for arts grants.