

EDUCATION

The education function includes three sub-functions: The Department of Education (K-12); the University and Community College System of Nevada (UCCSN) and other educational programs, which include the Department of Cultural Affairs, the WICHE program, and the Commission on Postsecondary Education. The Governor has recommended General Fund appropriations for education of \$1.29 billion for FY 2003-04, a 30.4 percent increase over FY 2002-03, and \$1.35 billion for FY 2004-05, an additional 4.3 percent increase. Budget requests for education from all funding sources total \$1.80 billion in FY 2003-04, a 17 percent increase, and \$1.88 billion in FY 2004-05, another 4.1 percent increase, after inter-agency transfers are deducted.

EDUCATION (K-12)

DISTRIBUTIVE SCHOOL ACCOUNT

The Department of Education is responsible for the administration of the Distributive School Account (DSA), which is the mechanism for distributing direct state financial aid to Nevada's 17 county school districts that serve over 350,000 students. 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, estate tax transferred from the Fund for School Improvement, 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 students enrolled in the district's schools on the last day of the first school month of the school year. A specific amount per student is guaranteed to the school district through a formula, known as the Nevada Plan, which considers the district's economic and demographic characteristics. The Nevada Plan provides a guaranteed amount of basic support per student, 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 \$825.4 million in FY 2003-04 and \$861.8 million in FY 2004-05, totaling \$1.69 billion for the 2003-05 biennium. This is \$384 million greater than the \$1.3 billion appropriated for the 2001-03 biennium (including a \$71.8 million supplemental appropriation as recommended by the Governor); representing an increase of 29.5 percent. The accompanying table displays the DSA budget as approved by the 2001 Legislature, including actual revenues and expenditures for FY 2001-02, estimates for FY 2002-03, and the Governor's recommendations for the 2003-05 biennium. The statewide average basic support per pupil is recommended to increase from the FY 2002-03 legislatively approved amount of \$3,991 to \$4,259 in FY 2003-04 and \$4,291 in FY 2004-05.

DISTRIBUTIVE SCHOOL ACCOUNT - SUMMARY FOR 2003-05 BIENNIUM

	2001-02		2002-03		2003-04	2004-05
	Legislature	2001-02	Legislature	2002-03	Governor	Governor
	Approved	Actual	Approved	Estimated	Recommends	Recommends
Total Enrollment *	344,803	344,765	360,931	358,722	371,663	384,908
Basic Support	3,897	3,902	3,991	3,987	4,259	4,291
Total Regular Basic Support **	1,343,769,391	1,351,677,697	1,440,389,161	1,433,147,311	1,583,041,870	1,651,660,982
Class-size Reduction	91,822,619	91,822,619	99,730,291	99,730,291	108,136,562	114,022,267
Special Education ***	72,004,754	72,004,752	76,868,064	76,868,064	83,185,765	87,866,476
Special Units/Gifted & Talented	157,168	116,971	167,321	167,321	181,067	190,877
Adult Diploma Education	14,692,482	14,671,612	15,641,566	15,641,566	16,926,569	17,843,596
NRS Adjustments	0	157,102	0	0	0	0
School Improvement Programs:						
Remediation	6,750,000	5,710,014	6,750,000	6,239,566	6,179,109	6,513,874
Professional Development	4,695,530	4,695,530	5,500,775	5,500,775	5,952,681	6,275,178
NV Early Literacy Program	4,500,000	4,431,127	4,500,000	4,500,000	4,500,000	4,500,000
Special Funding:						
School-to-Careers	500,000	500,000	0	0	0	0
Early Childhood Education	3,500,000	2,595,583	3,500,000	3,500,000	2,595,583	2,595,583
High Impact/Spec Stipends	0	0	0	0	16,273,991	16,853,345
Kindergarten Transition	0	0	0	0	4,059,200	20,151,615
Special Student Svcs/Counseling	850,000	850,000	850,000	850,000	850,000	850,000
Special Transportation (Lyon Cty)	44,675	47,715	44,675	47,715	47,715	47,715
Total Required State Support **	1,543,286,619	1,549,280,722	1,653,941,853	1,646,192,609	1,831,930,112	1,929,371,507
LESS						
Local School Support Tax (LSST)	(675,960,978)	(644,428,774)	(715,166,715)	(677,939,070)	(712,513,963)	(752,414,745)
25c Property Tax	(132,381,684)	(131,796,116)	(144,666,704)	(144,666,704)	(159,067,666)	(173,705,519)
Total State Share	734,943,957	773,055,832	794,108,434	823,586,835	960,348,483	1,003,251,244
STATE SHARE ELEMENTS						
General Fund	588,121,907	588,121,907	642,986,176	642,986,176	825,391,050	861,796,144
General Fund - FY 02 from FY 03	0	43,852,000	0	(43,852,000)	0	0
DSA Share of Slot Tax Income	39,978,440	38,429,229	40,222,309	38,228,878	38,303,623	39,898,127
Permanent School Fund Income	4,994,428	4,765,750	4,994,428	4,600,550	4,704,000	5,497,188
Federal Mineral Land Lease Income	2,412,306	3,655,780	2,412,306	5,085,209	5,237,765	5,394,898
Out of State LSST Income	69,936,876	63,841,496	73,993,215	67,161,254	70,586,478	74,539,320
Fund for Sch Improvement Income	29,500,000	29,500,000	29,500,000	37,356,164	16,125,566	16,125,566
Prior Year Refunds		947,250		212,684		
Balance Forward				57,580		
Total State Share Elements	734,943,957	773,113,412	794,108,434	751,836,494	960,348,483	1,003,251,244
Balance (To/From General Fund)		57,580		(71,750,340) *	0	0
		No. of Units	\$ per Unit		No. of Units	\$ per Unit
*** Special Education Units	2001-02	2,402	29,977.00	2003-04	2,615	31,811.00
	2002-03	2,514	30,576.00	2004-05	2,708	32,447.00
		NET CHANGE IN BIENNIUM APPROPRIATION REQUIREMENT				384,328,771

* FY 02 & 03 Apportioned and FY 04 & 05 Weighted

** Totals May Not Balance Due to Rounding

*** Special Education Unit funded separately from Basic Support

**** Supplemental Appropriation Required by 2003 Legislature

LOCALLY-GENERATED REVENUE

Local School Support Tax: Actual collections of the local school support tax (LSST) in FY 2001-02 were 1.3 percent higher than actual collections in the prior year. For the first five months of FY 2002-03, collections were up 4.9 percent over last year. The Governor projects LSST collections will increase 5.1 percent in the first year of the 2003-05 biennium and 5.6 percent in the second year.

Property Tax: Based on the estimates of assessed valuation developed by the Department of Taxation, The Executive Budget predicts a 9.95 percent increase in property tax in FY 2003-04 over the projected FY 2002-03 collections, and a 9.2 percent increase in FY 2004-05.

Local government services taxes, formerly called the motor vehicle privilege tax, are estimated to reach \$67.3 million in FY 2003-04 and \$71.2 million in FY 2004-05 compared to the FY 2001-02 actual collections of \$60.2 million and the projected collections for FY 2002-03 of \$62.3 million.

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, plus 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 increase each year over the preceding year:

1996-97 Actual	1997-98 Actual	1998-99 Actual	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Estimated	2003-04 Gov Rec	2004-05 Gov Rec
271,725	285,990	300,116	314,149	330,009	344,765	358,722	371,663	384,908
6.5%	5.2%	4.9%	4.7%	5.0%	4.5%	4.0%	3.6%	3.6%

Weighted enrollment increased by approximately 8.7 percent over the 2001-03 biennium, to 358,722 students in FY 2002-03, compared to the 360,931 projected by the 2001 Legislature. The Executive Budget projects an enrollment increase of 3.61 percent in FY 2003-04 over the FY 2002-03 estimated weighted enrollment and an increase of 3.56 percent in FY 2004-05.

POSITIONS AND SALARIES

The Executive Budget recommends a cost-of-living salary increase of 2 percent for school district employees effective July 1, 2003, as discussed during the 2001 Legislative Session.

SPECIAL EDUCATION

For FY 2002-03, the state is funding 2,514 special education units at \$30,576 each, totaling \$76.9 million. For the 2003-05 biennium, the Governor recommends 2,615 special education

units, at a cost of \$31,811 each or \$83.2 million for FY 2003-04, and 2,708 special education units, at a cost of \$32,447 each or \$87.9 million for FY 2004-05, an increase of 8.2 percent and 5.6 percent, respectively, to accommodate growth in enrollment and roll-up costs for special education programs.

Additional special education funding is also provided in the current biennium for five special education program units to be authorized by the State Board of Education for instructional programs incorporating education technology for gifted and talented pupils. For the current biennium, \$157,168 and \$167,321 was authorized for FY 2001-02 and FY 2002-03, respectively. The Executive Budget recommends continued funding in the amounts of \$181,067 and \$190,877 for FY 2003-04 and FY 2004-05, respectively.

CLASS-SIZE REDUCTION

During the 12 years that the Class-size Reduction (CSR) program has been implemented in the state, a total of \$762 million in state funds has been spent to pay for teachers to reduce pupil-teacher ratios. Funding was provided by the 2001 Legislature to maintain throughout the 2001-03 biennium pupil-teacher ratios of 16 to 1 in first and second grades and 19 to 1 in third grade. The Legislature also continued 23.5 teachers hired to reduce the pupil-teacher ratio in certain kindergartens with large numbers of students considered at risk of failure.

The 2001 Legislature again granted authority for school districts to carry out alternative programs for reducing the ratio of pupils per teacher or to implement programs of remedial education that have been found to be effective in improving pupil achievement in grades 1, 2, and 3. In addition, Elko County School District was again granted authority to continue the CSR demonstration project that was first authorized by the 1999 Legislature. For this project, the district is authorized to utilize the funding provided by the Legislature for CSR to implement pupil-teacher ratios of 22 to 1 in kindergarten through grade 6, with a requirement that the project be evaluated by the school district.

For FY 2003-04, The Executive Budget recommends \$108.1 million in funding for class-size reduction; \$114 million is recommended for FY 2004-05. This represents an increase of 8 percent and 14 percent when compared to the FY 2002-03 work program amount of \$99.7 million. These amounts are recommended to maintain the CSR program at its current pupil-teacher ratios and to maintain lower ratios in selected “high-risk” kindergartens.

SCHOOL IMPROVEMENT PROGRAMS

In addition to the per-pupil guarantee, the Governor is recommending funds for school improvement programs. For the 2003-05 biennium, funding for remediation programs for low-performing schools and at-risk pupils is recommended to be \$12.7 million, a reduction of \$800,000 (6 percent decrease) in the amount approved by the 2001 Legislature. Continued funding for the Regional Professional Development programs is recommended at \$12.2 million for the 2003-05 biennium. The Governor is also recommending \$9.0 million for the 2003-05 biennium for continuation of the Nevada Early Literacy Intervention Program; this program was

approved by the 2001 Legislature to assist the state in reaching the goal of all pupils reading at grade level by the end of third grade.

SPECIAL FUNDING

The 2001 Legislature increased funding for early childhood education from \$1.0 million for the 1999-2001 biennium to \$7.0 million for the 2001-03 biennium. The additional funds were for competitive grants to school districts and community-based organizations for early childhood programs. For the 2003-05 biennium, the Governor recommends \$2.6 million in each fiscal year of the biennium to continue the early childhood programs at the FY 2001-02 actual amount; this represents a 26 percent decrease in funds from the amount approved for the 2001-03 biennium.

The Governor is also recommending special stipend programs for certain educational personnel. For the 2003-05 biennium, \$17.4 million is recommended to implement a new stipend program for high impact positions in the school districts, including math teachers, English as a Second Language (ESL) teachers, special education teachers, and psychologists. Stipends for high impact positions would be \$3,000 per position annually. The Governor is also recommending \$15.8 million over the 2003-05 biennium to implement a new stipend program for teachers in “at-risk” schools. Stipends for teachers would be \$2,000 per position annually.

Finally, the Governor is recommending new funding to transition kindergarten into a full-time program. In order to begin implementation of the program, the Governor recommends a total of \$24.2 million over the 2003-05 biennium to implement full-day kindergarten in “at-risk” schools. Of this amount, the Governor recommends \$4.1 million in FY 2003-04 and \$2.5 million in FY 2004-05 for portables for additional kindergarten classrooms that will be required for implementation of the new program.

DEPARTMENT OF EDUCATION

The Executive Budget recommends total funding for the Department of Education (excluding the Distributive School Account) in the amount of \$212.8 million in FY 2003-04 and \$216.9 million in FY 2004-05, an increase of 39.7 percent for the 2003-05 biennium compared to the 2001-03 biennium. Of this amount, General Fund support is increased to \$17.2 million in each fiscal year of the upcoming biennium, for a total of \$34.3 million for the biennium. The amount of General Fund recommended represents an increase of \$10.3 million, a 42.6 percent increase, with most of this increase being attributable to ongoing funding for programs that were previously funded with one-time appropriations.

New full-time positions recommended in The Executive Budget include an Administrative Assistant to provide support for staff assisting the increasing number of schools classified as needing improvement; the re-authorization of a Computer Systems Programmer for the SMART student records system; and an Education Consultant and an Administrative Assistant for the federally-funded Project Promise program.

The Executive Budget recommends \$5.0 million in each year of the 2003-05 biennium to continue the \$2,000 signing bonuses for teachers who are newly hired by school districts during the 2003-05 biennium.

Also included in The Executive Budget is recommended funding in the amount of \$285,460 in FY 2004-05 to support, for the first time, nationally certified school counselors and school psychologists.

SMART STUDENT RECORDS

The Statewide Management of Automated Record Transfer (SMART) System is scheduled to be fully functioning by the end of March 2003. The goal of this system, which was established during the 1995 Legislative Session, is to allow the ready and convenient access of student information for legislators, schools, school districts, and state administrators, as well as state and local school boards. The Governor recommends state General Fund in the amount of \$1.4 million in each fiscal year of the 2003-05 biennium to support ongoing maintenance and staffing of the SMART program, as well as funding to continue third party contract services for the completion of the SMART program and the provision of training.

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 for Licenses and Fees revenue of nearly \$130,000, to \$1,002,037 in FY 2003-04 (15 percent increase) over the base year. For FY 2004-05, the Governor recommends \$979,396 in Licenses and Fees. This revenue source is based upon the following fees for licenses: Initial license - \$100, Renewal - \$80, and Endorsement in a field of specialization - \$45.

NO CHILD LEFT BEHIND ACT

On January 8, 2002, the revised Elementary and Secondary Education Act (ESEA) was signed into law; this law is commonly referred to as the "No Child Left Behind Act" (NCLBA). This new law sets deadlines for states to expand the scope and frequency of student testing, revamp accountability systems, and guarantee that every classroom is staffed by a teacher qualified to teach in his or her subject area. In addition, it requires states to make demonstrable progress from year to year in raising the percentage of students proficient in reading and math, and in narrowing the test-score gap between advantaged and disadvantaged students. In order to comply with the new requirements, the law presents states with a range of new resources, tools and opportunities. This new law will greatly affect the school districts, as well as the state as a whole over the 2003-05 biennium.

IMPROVING AMERICA'S SCHOOLS – TITLE I

Title I programs provide federal assistance to improve instructional programs for educationally disadvantaged students. The programs are directed toward schools with a high concentration of low-income families, large numbers of children of migratory agricultural workers, or schools with educationally disadvantaged students such as Limited English Proficient (LEP) students. Under the federal NCLBA, prior accountability issues such as Adequate Yearly Progress (AYP), which were restricted to Title I identified schools, have been extended to ALL schools.

The Executive Budget includes federal funds of \$47.7 million for each fiscal year of the 2003-05 biennium for Title I programs; this is a 57 percent increase in funds when compared to the actual amount received in FY 2001-02. Of this amount, \$39.5 million in each year of the biennium will go directly to Title I identified schools; \$1.1 million in each year of the biennium will continue the federal Even Start program, and \$3.9 million in each year of the biennium will be used for the new Reading First program (Under the NCLBA, Reading First replaces the Reading Excellence Act (REA) grant).

IMPROVING AMERICA'S SCHOOLS – TITLES II, V, AND VI

Four of the programs included in the NCLB federal legislation are included in this budget account. The Governor's 2003-05 biennium budget includes the following grant amounts: Title II-Teacher Quality Grant, \$13.6 million in each fiscal year of the biennium; Title II-Education Technology Grant, \$3.1 million in each fiscal year of the biennium; Title V-Innovative Education Grant, \$2.5 million in each fiscal year of the biennium; and Title V-State Assessment Grant, \$4.4 million in each fiscal year of the biennium.

PROFICIENCY TESTING

Since 1977, the Legislature has required statewide testing to measure how Nevada's pupils compare to those in other states and the nation as a whole. Beginning in 1995, the Legislature has fully funded the costs of state-required tests. With implementation of the NCLBA, the current proficiency testing and accountability system in the state of Nevada will be significantly affected. Under the NCLB Act, reading and math tests must be given annually in grades 3 through 8 and one high school grade starting in FY 2005-06 and the state accountability system must take into account the achievement of all public elementary and secondary school students. The Executive Budget recommends state General Funds of approximately \$4.0 million in each year of the 2003-05 biennium to continue the state-testing program.

GEAR UP

The state of Nevada was awarded the GEAR UP federal grant in fall 2001. The goal of Nevada GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) is to help more low-income students become prepared academically and financially to enter into and succeed in college. Nevada GEAR UP is operated by the Nevada Department of Education, in conjunction with the Nevada Governor's Office, the Nevada Treasurer's Office, and the UCCSN. The Executive Budget includes \$1.2 million in federal funds for each fiscal year of the 2003-05 biennium to continue this program.

UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF NEVADA (UCCSN)

The University and Community College System of Nevada (UCCSN) is governed by a Board of Regents that was recently expanded to 13 members. The system is comprised of the Chancellor's Office; the University of Nevada, Reno; the University of Nevada, Las Vegas; the Nevada State College at Henderson; the Community College of Southern Nevada (CCSN); Western Nevada Community College (WNCC); Great Basin College (GBC); Truckee Meadows Community College (TMCC); 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 presented by functional areas including instruction, research, public service, academic support, student services, institutional support, operation and maintenance, and scholarships.

The Governor recommends \$1.26 billion to fund the UCCSN during the 2003-05 biennium, representing an increase of \$238.1 million or 23.2 percent over the \$1.03 billion approved by the 2001 Legislature. The Executive Budget includes \$890.74 million in state General Fund appropriations or 24.2 percent more than the \$717.44 million approved for the 2001-03 biennium. The \$374.02 million balance includes student fees, estate tax and other UCCSN revenues.

The Governor's budget allocates roughly 18.55 percent of available General Fund appropriations to the UCCSN in FY 2003-04 and 18.50 percent in FY 2004-05. For the 2003-05 biennium, the UCCSN General Fund allocation is 18.52 percent of available appropriations.

ESTATE TAX REVENUES AND EXPENDITURES

The 2001 Legislature authorized estate tax allocations of \$37.0 million in FY 2001-02 and \$38.0 million in FY 2002-03 totaling \$75.0 million for the 2001-03 biennium. During the 2001-03 interim, the Interim Finance Committee (IFC) authorized an additional \$3.0 million estate tax allocation bringing the FY 2002-03 total authorization to \$41.0 million. The Executive Budget continues the use of estate tax revenues in the upcoming biennium, with adjusted base expenditures at \$40.3 million in FY 2003-04 and \$40.5 million in FY 2004-05. To fund several maintenance items, the Governor allocates an additional \$6.7 million and \$5.1 million in estate tax revenues to bring total estate tax allotments to \$47.0 million and \$45.6 million in FY 2003-04 and FY 2004-05 respectively. For the 2003-05 biennium, recommended estate tax expenditures total \$92.6 million.

Pursuant to *The Economic Growth and Tax Relief Reconciliation Act of 2001* (H.R. 1836), estate tax is being phased out as a revenue source. For Nevada, which imposes an estate tax only to the extent of any federal credit, the state estate tax credit is reduced by 25 percent in 2002, by 50 percent in 2003 and by 75 percent in 2004. In 2005, the state estate tax credit is repealed entirely. The Act also changes estate tax exemptions from \$675,000 in 2001 to \$1.0 million in 2002 and to \$1.5 million in 2004. With the phase-out of the estate tax, it is possible that current estate tax balances and future receipts could be exhausted by the end of the 2003-05 biennium.

NRS 375A.705 provides that the UCCSN may spend any money in the estate tax account that is not part of the principal necessary to yield income of \$2.5 million per year. The proposed

expenditure plan would almost certainly leave UCCSN's estate tax endowment short of the principal required to generate the \$2.5 million a year. To implement the Governor's budget, a bill draft request (BDR) will be needed to eliminate the interest generation requirement.

ADJUSTED BASE BUDGET

The adjusted base recommendations for all UCCSN budgets total \$541.2 million in FY 2003-04 and \$549.8 million in FY 2004-05. These amounts are 8.4 and 10.1 percent higher respectively than the FY 2001-02 actual amount of \$499.3 million. The Governor's adjusted base budget funds operating expenditures at the amounts budgeted for FY 2002-03, with the following notable adjustments:

- A 2.5 percent merit pool is included for professional employees each year (excluding positions at or above the Assistant Dean's level). Merit pay funding modifications recommended by the Governor are described in the maintenance section of the budget.
- Merit step increases are provided for eligible classified positions.
- Contractual obligations (e.g., maintenance agreements) are adjusted to current amounts.
- Funding is continued for higher utilities costs (Senate Bill 8 of the 17th Special Session).
- Estate tax funding augmentations of \$388,108, approved by IFC on June 18, 2002, are continued to cover the School of Medicine's state supported share of medical malpractice insurance cost increases.
- Also on June 18, 2002, the IFC approved nearly \$2.6 million of estate tax funds to remedy a funding shortfall at the Community College of Southern Nevada (CCSN); the augmented level of estate tax funding is continued in the adjusted base.
- Desert Research Institute (DRI) Weather Modification funding approved by the IFC is removed from the base. UCCSN sought to continue the program in DRI's adjusted base budget. The Governor denied the request and elected not to include the program as a maintenance or enhancement item. The Governor recommends the Legislature continue to allow the DRI to approach the IFC for contingency fund allocations as necessary.

The Governor recommends vacancy savings of one percent for professional positions and three percent for classified positions. Budgeted vacancy savings total \$6.3 million in FY 2003-04 and \$6.4 million in FY 2004-05. Historically, vacancy savings of one and three percent are included for formula-funded accounts. However, for non-formula accounts, vacancy savings are usually budgeted at two percent for professional positions and three percent for classified. The Governor's budget did not employ the historic vacancy factors for non-formula accounts.

MAINTENANCE ITEMS

Maintenance recommendations total \$77.00 million in FY 2003-04 and \$96.74 million in FY 2004-05. General Fund appropriations represent \$61.86 million and \$75.95 million of the totals in FY 2003-04 and FY 2004-05 respectively. The Governor recommends continued use of the formulas developed by the Committee to Study the Funding of Higher Education (CSFHE).

- **Inflation:** The Governor recommends a total of \$1.76 million in FY 2003-04 and \$2.37 million in FY 2004-05 to fund inflationary increases for: software and hardware maintenance agreements; property, bond, tort and vehicle insurance; medical malpractice insurance premiums; and printing raw materials and shipping costs.
- **Formula Funding:** The Governor recommends a total of \$54.2 million in FY 2003-04 and \$68.0 million in FY 2004-05 to fund UCCSN functional formulas. General Fund appropriations comprise \$46.1 million and \$52.6 million of the totals recommended in FY 2003-04 and 2004-05 respectively. The 2001 Legislature approved formula funding at 81.55 percent of the calculated amount in FY 2001-02 and 80.29 percent in FY 2002-03. The amounts recommended by the Governor increase formula allocations to 86 percent of the calculated amounts in each year of the biennium.

The CSFHE recommended a hold harmless provision to allow individual institutions to retain base funding levels when the formula recommendations fall below the base amount. At the 86 percent formula funding level, only one institution – TMCC – falls into a hold harmless situation. The Executive Budget does not recommend holding TMCC harmless.

The Executive Budget includes a salary equity pool for UNLV as recommended by the CSFHE. The pool provides a source of funding that should, over time, eliminate faculty salary inequities that currently exist between UNR and UNLV. The CSFHE envisioned the pool would be funded for a period of three biennia.

- **New Space (O&M):** The Governor recommends General Fund appropriations of \$4.5 million in FY 2003-04 and \$5.9 million in FY 2004-05 to support operating and position costs for new space added or anticipated to be added during the 2003-05 biennium. The Governor's budget endorses UCCSN's recommendation to introduce state support to assist in operating the UNR Fire Science Academy (FSA) in Carlin. The New Space module includes approximately \$615,000 in annual General Fund appropriations to fund 8.94 FTE positions (\$349,000 per year) and general operating costs (\$266,000 per year) at the FSA.
- **Recharge Proration and New Space Rental Costs:** The Governor's budget prorates Operations and Maintenance costs to UNR area budgets through a recharge distribution. The Executive Budget also includes \$254,848 per year for new TMCC rental space.
- **System Capacity Expansions:** A total of \$5.57 million in estate tax funding is recommended for the biennium to expand hardware and software and to fund ongoing maintenance costs for the Student Information System, the Financial/Human Resources System and the data

warehouse platforms. Funding is included for network growth to add connections to the UNR/TMCC Redfield campus and the UNLV Dental School locations. The Governor did not recommend funding for the new budget system requested by the UCCSN.

- EPSCoR Grant Match: The Governor recommends estate tax allocations totaling \$800,000 for the 2003-05 biennium to support new grant awards and programs associated with the Experimental Program to Stimulate Competitive Research (EPSCoR).
- UNLV Dental School Enrollment Growth: The Governor recommends \$5.27 million in estate tax funding for the 2003-05 biennium to fund enrollment growth at the UNLV Dental School. The module includes 24 new positions in FY 2003-04 and 29 additional positions in FY 2004-05 for a total of 53 new positions for the biennium. With the exception of one position allocated to the Dean's office, all new positions are recommended in the instruction function to support clinical sciences, basic sciences, and patient care services.
- Fringe Benefit Adjustments: The Executive Budget includes \$9.5 million in FY 2003-04 and \$15.0 million in FY 2004-05 to fund fringe benefit cost increases in retirement, group health insurance, retired employees group insurance and personnel assessments. Although employees in the UCCSN self-supporting budgets benefit from retired employees group insurance, the self-supporting budgets have not previously been assessed for the benefit. The Budget Division indicates that UCCSN's self-supporting budgets will be subject to the retired employees group insurance assessment during the 2003-05 biennium.
- Occupational Study: A total of \$52,722 is recommended in each fiscal year of the 2003-05 biennium to reclassify UCCSN classified positions in the library and archives occupational group pursuant to a recent study completed by the Department of Personnel. In a January 3, 2003 memo to Governor Guinn, Chancellor Nichols also requested salary improvements for the university police classification at a cost of nearly \$300,000 per year. The Executive Budget does not fund the requested adjustments.
- Adjustments to Merit Pay Calculations: The Governor's budget reduces merit pay funding by \$62,066 in FY 2003-04 and \$121,927 in FY 2004-05 for professional positions at or beyond the maximum pay levels established in UCCSN salary scales. The reductions are calculated on the incremental difference between the maximum and current salary levels.
- Federal Animal Welfare Act: The Governor recommends a General Fund appropriation of \$110,000 to the School of Medicine in FY 2004-05 to restore the Director of Laboratory Animal Medicine position to full time and to solidify the Associate Director's position. UCCSN indicates the Associate Director position was added in 1999 and funded through a reduction in time for the Director and soft money from several sources.
- Safe Drinking Water Act: The Governor recommends \$117,026 in FY 2003-04 and \$5,490 in FY 2004-05 primarily to purchase equipment needed to comply with new EPA regulations. According to the UCCSN, effective December 8, 2003, the EPA will require public water systems to be regulated for Radium 228 and Uranium.

ENHANCEMENT DECISION MODULES

There is one nominal-cost enhancement in The Executive Budget that provides \$3,854 per year to the National Direct Student Loan program (NDSL) to restore funding to FY 2002-03 work program levels. The Governor's enhancement recommendations do not include any of the 15 "Items for Special Consideration" requested by the UCCSN Board of Regents. The table below summarizes unfunded Items for Special Consideration totaling \$66.65 million requested by the UCCSN but not recommended by the Governor. The requests (representing millions) are listed in the priority order identified by the UCCSN:

<u>Item for Special Consideration</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Total</u>
#1-Formula Taxonomy and Ratio Adjustments	\$2.24	\$2.23	\$4.47
#2-Dental School Equipment	\$4.70	\$0.00	\$4.70
#3-Workforce Development Challenge Grants	\$1.50	\$1.50	\$3.00
#4-Indirect Cost Recovery	\$3.56	\$3.57	\$7.13
#5-Technology Support	\$5.54	\$4.51	\$10.05
#6-Part-Time Faculty Salaries	\$1.62	\$3.23	\$4.85
#7-P-16 Council	\$0.04	\$0.04	\$0.08
#8-Athletic Fee Waivers-Gender Equity	\$1.76	\$1.78	\$3.54
#9-General Equipment – Non-Formula	\$10.46	\$0.00	\$10.46
#10-Graduate Assistants Health Insurance	\$0.73	\$0.73	\$1.46
#11-Non-Formula Initiatives	\$1.96	\$2.02	\$3.98
#12-Veterinary Technician Program	\$0.24	\$0.19	\$0.43
#13-Sponsored Research for System Administration	\$0.13	\$0.13	\$0.26
#14-System Internal Auditors	\$0.07	\$0.07	\$0.14
#15-Double Nursing Capacity	<u>\$5.47</u>	<u>\$6.63</u>	<u>\$12.10</u>
Totals	\$40.02	\$26.63	\$66.65

Priority item number one (formula taxonomy and ratio adjustments) was submitted in response to a letter of intent from the money committees whereby UCCSN was directed to develop a consistent course cost classification system (taxonomy). In compliance with the letter, UCCSN provided quarterly reports to the Interim Finance Committee. The request represents only partial funding for the taxonomy changes. If fully funded, the new course cost classification methodology would increase costs by \$9.3 million during the 2003-05 biennium.

UCCSN's plan to double nursing program capacity (item#15 above) was submitted pursuant to the provisions of AB 378 of the 2001 Legislative Session.

COMMUNITY COLLEGE OF SOUTHERN NEVADA ORGANIZATIONAL STUDY

Pursuant to AB 454 of the 2001 Legislative Session, UCCSN submitted a report explaining the results of an organizational study of the Community College of Southern Nevada (CCSN). The report notes that the CCSN organizational advisory committee endorses an independent consultant's recommendation to leave the CCSN intact as one institution for the near future with a review to occur again in five to eight years based on demographic projections and enrollment trends.

PROPOSED STUDENT FEES

As proposed by the Board of Regents, the Governor recommends resident fee and non-resident tuition increases ranging from 1.7 percent to 9.4 percent per year.

Current and projected fee schedules are provided below:

Type of Institution/Fee	Current FY 2003	Regent Apprvd FY 2004	% Change	Regent Apprvd FY 2005	% Change
Community Colleges					
Resident	\$45.50/credit	\$47.25/credit	3.8%	\$49.00/credit	3.7%
Upper Div (GBC)	\$62.00/credit	\$66.00/credit	6.5%	\$70.00/credit	6.1%
Non-Resident	\$4,430/year	\$4,507/year	1.7%	\$4,692/year	4.1%
Nevada State College					
Resident	\$62.00/credit	\$66.00/credit	6.5%	\$70.00/credit	6.1%
Non-Resident	\$5,940/year	\$6,497/year	9.4%	\$6,676/year	2.8%
Universities					
Resident	\$79.00/credit	\$ 85.00/credit	7.6%	\$ 91.00/credit	7.1%
Graduate	\$107.00/credit	\$115.00/credit	7.5%	\$123.50/credit	7.4%
Non-Resident	\$7,785/year	\$8,487/year	9.0%	\$8,674/year	2.2%

The Executive Budget recommends implementing the Regents' plan whereby significant portions of the annual increases are directed to the UCCSN capital and general improvement fee funds and student access fund. The portions of fee revenues dedicated to the Capital and General Improvement Fee funds and to Student Access are not reflected in the state-supported budget. The proposed fee-increase distribution is described in the table below:

Fee Increase Distribution	Univ-undergrad		Univ-grad		NSC/GBC uppr		Comm Colleges	
	FY 04	FY 05	FY 04	FY 05	FY 04	FY 05	FY 04	FY 05
Cap/Gen Improvement	\$2.00	\$2.00	\$2.00	\$2.00	\$1.00	\$1.00	\$0.50	\$0.50
Student Access	\$2.00	\$2.00	\$3.00	\$3.25	\$1.50	\$1.50	\$0.50	\$0.50
General Fund	\$2.00	\$2.00	\$3.00	\$3.25	\$1.50	\$1.50	\$0.75	\$0.75
Total Increase	\$6.00	\$6.00	\$8.00	\$8.50	\$4.00	\$4.00	\$1.75	\$1.75

According to information provided by the UCCSN, the additional non-General Fund portion of the fee increases would generate approximately \$4.48 million in FY 2003-04 and \$9.62 million in FY 2004-05 system-wide. Of these totals, \$2.16 million in FY 2003-04 and \$4.61 million in FY 2004-05 would be dedicated to student access to support scholarships to low-income students. UCCSN plans to dedicate the bulk of the balance to capital improvements. However, NSCH, WNCC and GBC plan to avail themselves of the Regents' option of placing small portions of the increases into their general improvement fee funds.

UCCSN charges students a technology fee of \$4 per credit that has been in effect since the Spring 2000 semester. The technology fee provides supplemental funding for campus technology needs and is not included in the state-supported budget and is not reflected in the per credit charges listed in the student fee table above. According to information provided by the UCCSN, the technology fee should generate revenues amounting to \$6.60 million in FY 2003-04 and \$6.98 million in FY 2004-05 system-wide.

The Governor proposes to continue the policy authorizing campuses that exceed legislatively-approved student enrollment revenues to approach the IFC for authority to use excess revenues to address the impact of higher than budgeted student enrollment.

STUDENT ENROLLMENTS

With the exception of Great Basin College and the Nevada State College at Henderson, The Executive Budget FTE enrollment projections are based on a weighted three-year rolling average as recommended by the Committee to Study the Funding of Higher Education. System-wide, The Executive Budget anticipates an increase of 9.4 percent above the FY 2002-03 budgeted enrollments in FY 2003-04 and an additional 6.1 percent increase in FY 2004-05. Listed below are the Governor's recommended FTE student enrollments by institution, excluding the Dental and Medical Schools and the Boyd School of Law:

Institution	FY 01 Actual	FY 02 Budgeted	FY 02 Actual	FY 03 Budgeted	FY 04 Projected	FY 05 Projected
UNR	10,172	9,931	10,449	10,355	11,989	12,842
UNLV	15,473	15,084	16,042	15,525	18,081	19,196
NSC	0	0	0	500	300	500
CCSN	14,309	15,247	15,208	16,247	17,054	18,059
GBC	1,321	1,395	1,203	1,474	1,258	1,289
TMCC	4,766	4,918	4,898	5,075	5,168	5,308
WNCC	2,060	2,081	2,149	2,102	2,264	2,323
UCCSN Total	48,101	48,656	49,949	51,278	56,114	59,517
% Change		*	2.7%	2.7%	9.4%	6.1%

*Due to the Student Credit Hour (SCH) conversion, FTEs for the universities for FY 02 and later are not comparable to pre-FY 02 FTEs. The SCH/FTE conversion factor for graduate students in FY 01 and earlier was 16. Beginning in FY 02, the SCH/FTE conversion factor is 24 for masters classes and 18 for doctoral classes. The factor change has the effect of lowering FTE counts at the universities.

Great Basin College experienced an FTE enrollment decline in FY 2001-02. The Executive Budget deviates from the three-year weighted average projection methodology at GBC. UCCSN indicates that because FY 2001-02 is weighted most heavily in the projection model (at 50 percent), projected enrollments for FY 2003-04 and FY 2004-05 would drop sharply if the methodology was employed. The Committee to Study the Funding of Higher Education allowed that UCCSN may propose an adjustment factor to recognize unique circumstances.

Fall 2002 enrollment at Nevada State College at Henderson totaled 116 FTE students. The Budget Division indicates recommended funding levels would provide formula funding for approximately 300 FTE in FY 2003-04 and 500 FTE in FY 2004-05.

CAPITAL IMPROVEMENTS

The Governor recommends \$102.45 million in funding for UCCSN Capital Improvement Program and maintenance, repair and renovation projects during the 2003-05 biennium. General Obligation bonds are recommended as the funding source for \$71.95 million of the total amount recommended for capital improvements. The remaining \$30.5 million would be funded from

donations, campus contributions and SHECC revenues. A breakdown of the recommended projects is as follows:

Project #	Description	G.O. Bonds	Other Funding	Total Funding
03-C02	Campus Fire Flow Pump Station-TMCC/DRI	\$879,193	\$0	\$879,193
03-C03	Furnishing/build-out – TMCC High Tech	\$1,646,118	\$0	\$1,646,118
03-C04	CCSN Cheyenne Telecommunications – FF&E	\$3,999,999	\$0	\$3,999,999
03-C21	CCSN West Charleston Health Science Bldg	\$19,807,537	\$500,000	\$20,307,537
U	Campus Improvements	\$10,000,000	\$0	\$10,000,000
U/Leg	Campus Improvements	\$0	\$5,000,000	\$5,000,000
03-C23	UNLV Science, Engineering & Tech Complex	\$35,488,232	\$25,000,000	\$60,488,232
P5.6	GBC-Design Electrical & Industrial Tech Bldg	\$132,977	\$0	\$132,977
	Totals	\$71,954,056	\$30,500,000	\$102,454,056

WICHE

In 1959, the Nevada Legislature approved Nevada’s participation as a member of the Western Interstate Commission for Higher Education (WICHE) to provide educational assistance to students seeking education in various professional 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; in-state programs, as well as out-of-state programs are authorized under the HCAP. Students enrolled in the HCAP are not required to monetarily pay back any portion of the support fee; however, there is a penalty for not fulfilling the practice obligation.

The Executive Budget recommends funding to meet an increase in dues for Regional WICHE, as well as a new pilot program for the purpose of obtaining new matching federal funds for dental slots under the HCAP program. This proposed program targets dental school licensed graduates instead of students just beginning a dental school program. The intent of this program is to minimize the risks of student dropouts and failure to obtain licensure, while increasing the provision of dental services in the under-served communities of the state.

DEPARTMENT OF CULTURAL AFFAIRS

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, formerly a part of the Department of

Conservation and Natural Resources, and the Nevada Arts Council. The 2001 Legislature, with approval of SB 541, renamed the department to the Department of Cultural Affairs.

The department currently operates with 164.55 FTE positions. The Executive Budget recommends the elimination of 10.89 positions in FY 2003-04, leaving a total of 153.66 FTE positions. The total budget for the department is recommended to decrease -0.66 percent in FY 2003-04 and increase 0.77 percent in FY 2004-05. The General Fund support for the department is recommended to increase 37.7 percent during the 2003-05 biennium as compared to the 2001-03 biennium, primarily due to the loss of financial support from the Commission on Tourism (room tax receipts). The Department of Cultural Affairs was authorized to receive \$4,797,374 in room tax revenues during the 2001-03 biennium and the Governor's budget is recommending the total transfer from Tourism be reduced to \$840,223 during the FY 2003-05 biennium (a reduction of \$3,957,151). The current Tourism funding is allocated across four agencies: Department Director, State Railroad Museums, Historic Preservation and the Nevada State Museum. The Executive Budget recommends the allocation of Tourism funding only to the State Railroad Museums in the amount of \$123,456 in FY 2003-04 and \$716,767 in FY 2004-05.

ADMINISTRATION

The director's budget supports six positions to oversee the administration and finances of the department. Included in the budget is a recommended General Fund appropriation of \$158,626 in FY 2003-04 and \$110,967 in FY 2004-05 to support department-wide computer equipment and software needs.

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, the Railroad Museum in Boulder City, and the East Ely Railroad Museum.

The Nevada Historical Society in Reno is scheduled to lose 2 part-time positions, and the Boulder City Railroad is eliminating 2 FTE positions. Included in the \$200 million Question 1 Bond Issue approved by the voters in November 2002 is \$35 million for the Department of Cultural Affairs to establish a new state museum at the Las Vegas Springs Preserve.

STATE HISTORIC PRESERVATION OFFICE

The State Historic Preservation Office assists state and federal agencies, local governments, non-profit organizations and private citizens to preserve historic building and archaeological sites. The agency also manages the nearly 300 historical markers to interpret sites throughout Nevada. The agency also oversees the operation of the Comstock Historic District. In addition, the office oversees the annual distribution of the \$2 million in Cultural Resource Bonds. The Governor is recommending approval of CIP C52 to construct a new 4,000 square foot building in

Virginia City to provide office space for the Comstock Historic District and to provide exhibit space for railroad engine #27. The cost of the project is \$701,273.

NEVADA STATE LIBRARY AND ARCHIVES

The Executive Budget recommends continued funding for the bookmobile program of \$77,954 each fiscal year of the 2003-05 biennium. Also recommended is a funding increase of seven percent in each fiscal year of the 2003-05 biennium for publications and periodicals. Funding of \$39,600 each year is provided for office space in Las Vegas for the operation of the Blind and Physically Handicapped program.

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 continued funding for the Challenge Grant Program at a level of \$73,046 each fiscal year of the 2003-05 biennium.

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
EDUCATION						
DEPARTMENT OF EDUCATION						
EDUCATION STATE PROGRAMS	2,483,639	2,380,238	2,700,471	13.45	2,680,534	-0.74
GENERAL FUND	2,317,910	2,253,937	2,533,958	12.42	2,542,191	.32
INTER AGENCY TRANSFER	132,998	121,301	133,782	10.29	135,400	1.21
OTHER FUND	32,731	5,000	32,731	554.62	2,943	-91.01
STUDENT INCENTIVE GRANTS	517,278	535,539	631,670	17.95	634,933	.52
BALANCE FORWARD	-7,832	9,423		-100.00		
FEDERAL FUND	150,743	149,921	183,183	22.19	183,183	
INTER AGENCY TRANSFER	374,367	376,195	448,487	19.22	451,750	.73
OTHER STATE EDUC PROGRAMS	16,275,610	23,461,937	8,255,916	-64.81	8,191,573	-0.78
GENERAL FUND	-6,186,969	2,911,491	8,248,466	183.31	8,184,123	-0.78
BALANCE FORWARD	14,509,389	5,724,023		-100.00		
INTER AGENCY TRANSFER	19,110					
INTERIM FINANCE	7,879,669	14,826,416		-100.00		
OTHER FUND	54,411	7	7,450	16,328.57	7,450	
EDUCATION SUPPORT SERVICES	1,681,484	2,212,712	2,425,557	9.62	2,599,810	7.18
GENERAL FUND	944,803	985,348	1,000,536	1.54	1,004,809	.43
BALANCE FORWARD	-177,223	244,235	154,309	-36.82	307,321	99.16
INTER AGENCY TRANSFER	913,904	983,129	1,270,712	29.25	1,287,680	1.34
TEACHER EDUCATION AND LICENSING	902,523	985,544	1,178,237	19.55	1,190,633	1.05
GENERAL FUND	100	100	100		100	
BALANCE FORWARD	-17,169	117,835	117,835		152,559	29.47
INTER AGENCY TRANSFER	36,605	45,588	48,314	5.98	48,627	.65
OTHER FUND	882,987	822,021	1,011,988	23.11	989,347	-2.24
OCCUPATIONAL EDUCATION	7,024,316	6,836,151	7,234,446	5.83	7,236,892	.03
GENERAL FUND	326,321	331,949	356,104	7.28	362,620	1.83
BALANCE FORWARD	7					
FEDERAL FUND	6,693,806	6,504,202	6,878,342	5.75	6,874,272	-0.06
OTHER FUND	4,182					
NDE CONTINUING EDUCATION	3,249,529	3,460,281	3,357,625	-2.97	3,357,834	.01
GENERAL FUND	461,405	459,602	465,072	1.19	465,281	.04
BALANCE FORWARD	-47	48		-100.00		
FEDERAL FUND	2,788,171	3,000,631	2,892,553	-3.60	2,892,553	
NUTRITION EDUCATION PROGRAMS	45,523,095	49,217,673	52,293,458	6.25	56,173,136	7.42
GENERAL FUND	230,355	234,909	248,511	5.79	254,008	2.21
FEDERAL FUND	45,279,519	48,327,319	52,030,541	7.66	55,904,707	7.45
INTER AGENCY TRANSFER	13,221	13,819	14,406	4.25	14,421	.10
OTHER FUND		641,626		-100.00		
NDE GEAR UP	2,516,476	4,009,408	1,164,208	-70.96	1,225,180	5.24
BALANCE FORWARD	-4,501	5,155		-100.00		
FEDERAL FUND	2,506,801	4,004,253	1,164,208	-70.93	1,225,180	5.24
OTHER FUND	14,176					

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
EDUCATION						
DISCRETIONARY GRANTS - RESTRICTED	5,546,201	33,409,962	7,403,483	-77.84	7,376,321	-37
BALANCE FORWARD	507	264		-100.00		
FEDERAL FUND	5,521,644	33,409,698	7,403,483	-77.84	7,376,321	-37
OTHER FUND	24,050					
SCHOOL HEALTH EDUCATION - AIDS	361,494	227,591	227,814	.10	218,355	-4.15
BALANCE FORWARD					39,482	
FEDERAL FUND	354,942	227,591	227,814	.10	178,873	-21.48
OTHER FUND	6,552					
IMPROVING AMERICA'S SCHOOLS - TITLI	30,378,232	47,814,716	47,691,870	-.26	47,691,870	
BALANCE FORWARD	-7,251	7,252		-100.00		
FEDERAL FUND	30,339,858	47,807,464	47,691,870	-.24	47,691,870	
OTHER FUND	45,625					
IMPROVING AMERICA'S SCHOOLS - TITLI	3,776,015	24,134,288	23,587,137	-2.27	23,587,137	
BALANCE FORWARD	-562	563		-100.00		
FEDERAL FUND	3,764,727	24,133,725	23,587,137	-2.26	23,587,137	
OTHER FUND	11,850					
INDIVIDUALS WITH DISABILITIES (IDEA)	33,468,492	37,966,121	45,073,695	18.72	45,073,687	
GENERAL FUND	192,410	342,961	325,000	-5.24	325,000	
FEDERAL FUND	31,364,684	37,588,408	44,713,108	18.95	44,713,108	
INTER AGENCY TRANSFER	34,379	34,752	35,587	2.40	35,579	-0.2
OTHER FUND	1,877,019					
PROFICIENCY TESTING	3,756,592	4,634,478	3,987,200	-13.97	4,043,322	1.41
GENERAL FUND	3,755,884	3,538,776	3,987,200	12.67	4,043,322	1.41
BALANCE FORWARD	18,952	1,095,534		-100.00		
INTER AGENCY TRANSFER	-19,655					
OTHER FUND	1,411	168		-100.00		
DRUG ABUSE EDUCATION	1,625,426	1,990,444	2,299,543	15.53	2,299,543	
BALANCE FORWARD	3,900	1,225		-100.00		
FEDERAL FUND	1,563,108	1,989,219	2,239,287	12.57	2,239,287	
INTER AGENCY TRANSFER	55,400		60,256		60,256	
OTHER FUND	3,018					
DISTRIBUTIVE SCHOOL ACCOUNT	773,055,831	750,314,014	960,348,485	27.99	1,003,251,243	4.47
GENERAL FUND	631,973,907	599,134,176	825,391,053	37.76	861,796,144	4.41
BALANCE FORWARD	-57,580	57,580		-100.00		
FEDERAL FUND	3,655,780	2,412,306	5,237,765	117.13	5,394,898	3.00
OTHER FUND	137,483,724	148,709,952	129,719,667	-12.77	136,060,201	4.89
DISCRETIONARY GRANTS - UNRESTRICTED	13,391,392	3,316,393	2,859,517	-13.78	2,859,517	
BALANCE FORWARD	10,334	4,523		-100.00		
FEDERAL FUND	13,325,630	3,311,870	2,859,517	-13.66	2,859,517	
OTHER FUND	55,428					
NDE, STAFFING SERVICES	416,097	512,399	422,496	-17.55	431,395	2.11
INTER AGENCY TRANSFER	416,097	512,399	422,496	-17.55	431,395	2.11

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
EDUCATION						
TOTAL-DEPARTMENT OF EDUCATION	945,949,722	997,419,889	1,173,142,828	17.62	1,220,122,915	4.00
GENERAL FUND	634,016,126	610,193,249	842,556,000	38.08	878,977,598	4.32
BALANCE FORWARD	14,270,924	7,267,660	272,144	-96.26	499,362	83.49
FEDERAL FUND	147,309,413	212,866,607	197,108,808	-7.40	201,120,906	2.04
INTER AGENCY TRANSFER	1,976,426	2,087,183	2,434,040	16.62	2,465,108	1.28
INTERIM FINANCE	7,879,669	14,826,416				.00
OTHER FUND	140,497,164	150,178,774	130,771,836	-12.92	137,059,941	4.81
COMMISSION ON POSTSECONDARY EDUCATION						
COMMISSION ON POSTSECONDARY EDU	328,696	311,678	350,311	12.40	350,631	.09
GENERAL FUND	238,945	231,319	253,885	9.76	254,205	.13
FEDERAL FUND	89,751	80,359	96,426	19.99	96,426	
TOTAL-COMMISSION ON POSTSECONDA	328,696	311,678	350,311	12.40	350,631	.09
GENERAL FUND	238,945	231,319	253,885	9.76	254,205	.13
FEDERAL FUND	89,751	80,359	96,426		96,426	.00

Nevada Legislative Counsel Bureau
Source of Funds Summary
2003 - Fiscal Report

	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
EDUCATION						
UNIVERSITY & COMMUNITY COLLEGE SYSTEM						
UCCSN SYSTEM ADMINISTRATION	3,230,177	3,394,373	3,652,400	7.60	3,778,206	3.44
GENERAL FUND	2,945,317	3,110,903	3,368,930	8.29	3,494,736	3.73
INTERIM FINANCE	1,390					
OTHER FUND	283,470	283,470	283,470		283,470	
UCCSN - SPECIAL PROJECTS	19,022,275	19,858,250	19,467,370	-1.97	19,694,689	1.17
GENERAL FUND	567,262	1,194,759	1,532,225	28.25	1,617,782	5.58
OTHER FUND	18,455,013	18,663,491	17,935,145	-3.90	18,076,907	.79
UNIVERSITY PRESS	671,464	700,083	730,659	4.37	750,812	2.76
GENERAL FUND	671,464	700,083	730,659	4.37	750,812	2.76
SYSTEM COMPUTING CENTER	16,241,150	15,753,248	21,783,783	38.28	18,639,986	-14.43
GENERAL FUND	13,692,347	15,753,248	17,123,877	8.70	17,734,329	3.56
BALANCE FORWARD	2,523,863					
INTERIM FINANCE	24,940					
OTHER FUND			4,659,906		905,657	-80.56
NATIONAL DIRECT STUDENT LOAN PROJ	45,650	49,504	49,504		49,504	
GENERAL FUND	45,650	49,504	49,504		49,504	
UNIVERSITY OF NEVADA - RENO	117,931,498	122,903,448	146,346,191	19.07	154,193,760	5.36
GENERAL FUND	85,254,625	89,796,067	108,176,938	20.47	112,973,438	4.43
INTER AGENCY TRANSFER	3,870,538	3,748,611	4,517,638	20.51	4,681,114	3.62
INTERIM FINANCE	407,505					
OTHER FUND	28,398,830	29,358,770	33,651,615	14.62	36,539,208	8.58
INTERCOLLEGIATE ATHLETICS - UNR	2,373,715	2,479,178	2,575,998	3.91	2,642,214	2.57
GENERAL FUND	2,123,715	2,229,178	2,325,998	4.34	2,392,214	2.85
OTHER FUND	250,000	250,000	250,000		250,000	
STATEWIDE PROGRAMS - UNR	5,719,524	6,384,492	6,552,320	2.63	6,737,157	2.82
GENERAL FUND	5,719,524	6,384,492	6,552,320	2.63	6,737,157	2.82
SCHOOL OF MEDICAL SCIENCES	20,232,209	21,587,849	22,335,044	3.46	23,062,576	3.26
GENERAL FUND	17,534,178	18,467,558	19,076,224	3.30	19,783,490	3.71
OTHER FUND	2,698,031	3,120,291	3,258,820	4.44	3,279,086	.62
UCCSN HEALTH LABORATORY AND RES	1,994,874	2,071,701	2,318,719	11.92	2,266,008	-2.27
GENERAL FUND	1,345,680	1,493,356	1,668,063	11.70	1,595,832	-4.33
OTHER FUND	649,194	578,345	650,656	12.50	670,176	3.00
AGRICULTURE EXPERIMENT STATION	7,551,782	7,951,220	8,348,551	5.00	8,576,352	2.73
GENERAL FUND	6,268,938	6,668,376	7,106,180	6.57	7,333,981	3.21
FEDERAL FUND	1,282,844	1,282,844	1,242,371	-3.15	1,242,371	
COOPERATIVE EXTENSION SERVICE	7,570,400	8,089,151	8,491,376	4.97	8,767,975	3.26
GENERAL FUND	5,940,627	6,384,490	6,749,979	5.72	7,008,743	3.83
FEDERAL FUND	1,134,763	1,704,661	1,159,449	-31.98	1,162,447	.26
OTHER FUND	495,010		581,948		596,785	2.55

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	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
EDUCATION						
BUSINESS CENTER NORTH	1,872,758	1,971,621	2,052,866	4.12	2,109,107	2.74
GENERAL FUND	1,872,758	1,971,621	2,052,866	4.12	2,109,107	2.74
UNIVERSITY OF NEVADA - LAS VEGAS	143,809,512	149,278,550	183,137,697	22.68	193,179,919	5.48
GENERAL FUND	92,117,439	97,006,960	122,499,876	26.28	128,334,317	4.76
INTERIM FINANCE	1,564,286					
OTHER FUND	50,127,787	52,271,590	60,637,821	16.01	64,845,602	6.94
INTERCOLLEGIATE ATHLETICS - UNLV	2,397,952	2,510,300	2,609,682	3.96	2,685,858	2.92
GENERAL FUND	2,147,952	2,260,300	2,359,682	4.40	2,435,858	3.23
OTHER FUND	250,000	250,000	250,000		250,000	
STATEWIDE PROGRAMS - UNLV	830,786	872,215	894,550	2.56	921,738	3.04
GENERAL FUND	830,786	872,215	894,550	2.56	921,738	3.04
UNLV LAW SCHOOL	8,014,270	8,687,489	8,921,645	2.70	9,141,224	2.46
GENERAL FUND	4,891,045	5,344,376	5,717,855	6.99	5,932,634	3.76
OTHER FUND	3,123,225	3,343,113	3,203,790	-4.17	3,208,590	.15
DENTAL SCHOOL-UNLV	1,439,843	3,587,222	5,225,926	45.68	7,522,758	43.95
OTHER FUND	1,439,843	3,587,222	5,225,926	45.68	7,522,758	43.95
BUSINESS CENTER SOUTH	1,564,957	1,654,069	1,728,609	4.51	1,780,088	2.98
GENERAL FUND	1,564,957	1,654,069	1,728,609	4.51	1,780,088	2.98
DESERT RESEARCH INSTITUTE	5,396,089	5,314,161	5,469,692	2.93	5,508,507	.71
GENERAL FUND	4,069,732	4,194,519	4,821,206	14.94	4,860,021	.81
INTERIM FINANCE	677,871	471,156		-100.00		
OTHER FUND	648,486	648,486	648,486		648,486	
GREAT BASIN COLLEGE	11,898,340	12,825,281	13,735,156	7.09	14,248,831	3.74
GENERAL FUND	9,436,772	10,040,365	11,194,833	11.50	11,678,812	4.32
OTHER FUND	2,461,568	2,784,916	2,540,323	-8.78	2,570,019	1.17
WESTERN NEVADA COMMUNITY COLLEGE	16,299,337	17,263,497	19,025,009	10.20	19,562,526	2.83
GENERAL FUND	13,101,205	13,748,832	15,380,023	11.86	15,800,947	2.74
OTHER FUND	3,198,132	3,514,665	3,644,986	3.71	3,761,579	3.20
COMMUNITY COLLEGE OF SOUTHERN NEVADA	73,894,013	81,009,757	94,930,639	17.18	100,339,743	5.70
GENERAL FUND	48,394,056	53,198,900	66,316,369	24.66	69,908,236	5.42
INTERIM FINANCE	227,887					
OTHER FUND	25,272,070	27,810,857	28,614,270	2.89	30,431,507	6.35
TRUCKEE MEADOWS COMMUNITY COLLEGE	31,436,454	33,603,416	34,631,445	3.06	35,730,402	3.17
GENERAL FUND	22,899,260	24,321,906	25,226,103	3.72	26,054,586	3.28
OTHER FUND	8,537,194	9,281,510	9,405,342	1.33	9,675,816	2.88
NEVADA STATE COLLEGE AT HENDERSON		4,441,031	3,221,635	-27.46	4,629,893	43.71
GENERAL FUND		3,747,531	2,829,600	-24.49	3,965,000	40.13
OTHER FUND		693,500	392,035	-43.47	664,893	69.60
TOTAL-UNIVERSITY & COMMUNITY COLLEGE	501,439,029	534,241,106	618,236,466	15.72	646,519,833	4.57
GENERAL FUND	343,435,289	370,593,608	435,482,469	17.51	455,253,362	4.54

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	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
EDUCATION						
BALANCE FORWARD	2,523,863					
FEDERAL FUND	2,417,607	2,987,505	2,401,820	-19.60	2,404,818	.12
INTER AGENCY TRANSFER	3,870,538	3,748,611	4,517,638	20.51	4,681,114	3.62
INTERIM FINANCE	2,903,879	471,156				.00
OTHER FUND	146,287,853	156,440,226	175,834,539	12.40	184,180,539	4.75
WICHE PROGRAM						
W.I.C.H.E. ADMINISTRATION	289,844	290,120	325,169	12.08	330,858	1.75
GENERAL FUND	289,844	290,120	325,169	12.08	330,858	1.75
W.I.C.H.E. LOAN & STIPEND	1,215,125	1,494,500	1,467,701	-1.79	1,420,401	-3.22
GENERAL FUND	278,154	731,104	875,708	19.78	827,608	-5.49
BALANCE FORWARD	367,827	182,067		-100.00		
OTHER FUND	569,144	581,329	591,993	1.83	592,793	.14
TOTAL-WICHE PROGRAM	1,504,969	1,784,620	1,792,870	.46	1,751,259	-2.32
GENERAL FUND	567,998	1,021,224	1,200,877	17.59	1,158,466	-3.53
BALANCE FORWARD	367,827	182,067				.00
OTHER FUND	569,144	581,329	591,993	1.83	592,793	.14

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	2001 - 2002 Actual	2002 - 2003 Work Program	2003 - 2004 Governor Recommended	% Change	2004 - 2005 Governor Recommended	% Change
EDUCATION						
DEPARTMENT OF CULTURAL AFFAIRS						
CULTURAL AFFAIRS ADMINISTRATION	663,836	545,944	765,994	40.31	725,243	-5.32
GENERAL FUND	236,260	412,917	747,554	81.04	706,503	-5.49
BALANCE FORWARD	337,518					
INTER AGENCY TRANSFER	90,058	133,027	18,440	-86.14	18,740	1.63
STATE HISTORIC PRESERVATION OFFIC	1,002,300	769,192	917,715	19.31	901,304	-1.79
GENERAL FUND	275,291	319,305	314,929	-1.37	306,352	-2.72
FEDERAL FUND	523,060	366,125	524,783	43.33	514,333	-1.99
INTER AGENCY TRANSFER	200,006	83,762	78,003	-6.88	80,619	3.35
OTHER FUND	3,943					
COMSTOCK HISTORIC DISTRICT	81,985	94,472	104,884	11.02	109,007	3.93
GENERAL FUND	81,985	94,472	104,884	11.02	109,007	3.93
MUSEUMS AND HISTORY	274,611	266,588	311,138	16.71	312,108	.31
GENERAL FUND	234,388	266,588	311,138	16.71	312,108	.31
BALANCE FORWARD	39,797					
INTERIM FINANCE	426					
NEVADA HISTORICAL SOCIETY	630,904	703,502	714,479	1.56	716,342	.26
GENERAL FUND	559,220	584,142	663,704	13.62	664,900	.18
BALANCE FORWARD	1,864					
FEDERAL FUND	4,655					
INTER AGENCY TRANSFER	50,480	111,860	44,651	-60.08	45,318	1.49
INTERIM FINANCE	4,561					
OTHER FUND	10,124	7,500	6,124	-18.35	6,124	
STATE MUSEUM, CARSON CITY	1,513,752	1,555,530	1,673,905	7.61	1,710,023	2.16
GENERAL FUND	201,755	143,183	1,364,797	853.18	1,399,367	2.53
BALANCE FORWARD	-6,515	13,350		-100.00		
FEDERAL FUND	38,450	5,000	12,000	140.00	12,000	
INTER AGENCY TRANSFER	1,164,541	1,268,146	187,935	-85.18	189,483	.82
INTERIM FINANCE	6,141					
OTHER FUND	109,380	125,851	109,173	-13.25	109,173	
STATE RAILROAD MUSEUMS	1,851,209	1,654,006	1,469,076	-11.18	1,490,571	1.46
GENERAL FUND	149,656	177,839	1,229,459	591.33	657,798	-46.50
BALANCE FORWARD	381,083	4,682		-100.00		
INTER AGENCY TRANSFER	1,191,888	1,405,188	182,141	-87.04	775,297	325.66
OTHER FUND	128,582	66,297	57,476	-13.31	57,476	
MUSEUM & HISTORICAL SOCIETY - LV	932,514	913,627	1,018,855	11.52	1,040,651	2.14
GENERAL FUND	903,307	877,122	983,110	12.08	1,003,466	2.07
INTER AGENCY TRANSFER	10,025	22,805	23,579	3.39	25,019	6.11
INTERIM FINANCE	6,983					
OTHER FUND	12,199	13,700	12,166	-11.20	12,166	

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EDUCATION						
LOST CITY MUSEUM	323,534	370,017	403,747	9.12	415,074	2.81
GENERAL FUND	260,444	288,012	330,851	14.87	340,377	2.88
FEDERAL FUND		6,210		-100.00		
INTER AGENCY TRANSFER	25,550	34,528	35,356	2.40	37,157	5.09
OTHER FUND	37,540	41,267	37,540	-9.03	37,540	
NEVADA STATE LIBRARY	5,341,685	4,465,146	4,469,126	.09	4,516,554	1.06
GENERAL FUND	3,020,430	3,121,670	3,443,180	10.30	3,487,306	1.28
BALANCE FORWARD	1,241,690					
FEDERAL FUND	1,076,736	807,059	1,023,117	26.77	1,026,419	.32
INTER AGENCY TRANSFER		500,000		-100.00		
OTHER FUND	2,829	36,417	2,829	-92.23	2,829	
NEVADA STATE LIBRARY - LITERACY	201,564	269,377	219,464	-18.53	224,940	2.50
GENERAL FUND	115,555	123,715	135,314	9.38	140,790	4.05
FEDERAL FUND	34,009	78,512	32,150	-59.05	32,150	
INTER AGENCY TRANSFER	52,000	67,150	52,000	-22.56	52,000	
NEVADA STATE LIBRARY-CLAN	360,042	749,701	429,957	-42.65	436,460	1.51
BALANCE FORWARD	-39,784	274,504		-100.00		
FEDERAL FUND	26,000	100,000	26,000	-74.00	26,000	
INTER AGENCY TRANSFER	63,737	101,025	62,837	-37.80	62,837	
OTHER FUND	310,089	274,172	341,120	24.42	347,623	1.91
ARCHIVES AND RECORDS	559,328	607,654	648,038	6.65	658,735	1.65
GENERAL FUND	512,882	560,075	641,592	14.55	652,289	1.67
BALANCE FORWARD	40,000	32,141		-100.00		
FEDERAL FUND	4,219	13,558	4,219	-68.88	4,219	
OTHER FUND	2,227	1,880	2,227	18.46	2,227	
MICROGRAPHICS AND IMAGING	890,350	808,753	710,871	-12.10	720,424	1.34
BALANCE FORWARD	8,262	73,233	90,239	23.22	99,491	10.25
OTHER FUND	882,088	735,520	620,632	-15.62	620,933	.05
NEVADA ARTS COUNCIL	1,900,784	2,195,191	2,005,932	-8.62	2,008,224	.11
GENERAL FUND	1,392,585	1,439,917	1,473,363	2.32	1,475,655	.16
BALANCE FORWARD	-62,276	131,325		-100.00		
FEDERAL FUND	502,782	611,918	487,100	-20.40	487,100	
OTHER FUND	67,693	12,031	45,469	277.93	45,469	
TOTAL-DEPARTMENT OF CULTURAL AFF	16,528,398	15,968,700	15,863,181	-66	15,985,660	.77
GENERAL FUND	7,943,758	8,408,957	11,743,875	39.66	11,255,918	-4.15
BALANCE FORWARD	1,941,639	529,235	90,239	-82.95	99,491	10.25
FEDERAL FUND	2,209,911	1,988,382	2,109,369	6.08	2,102,221	-34
INTER AGENCY TRANSFER	2,848,285	3,727,491	684,942	-81.62	1,286,470	87.82
INTERIM FINANCE	18,111					
OTHER FUND	1,566,694	1,314,635	1,234,756	-6.08	1,241,560	.55
EDUCATION						
GENERAL FUND	986,202,116	990,448,357	1,291,237,106	30.37	1,346,899,549	4.31

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EDUCATION						
EDUCATION						
BALANCE FORWARD	19,104,253	7,978,962	362,383	-95.46	598,853	65.25
FEDERAL FUND	152,026,682	217,922,853	201,716,423	-7.44	205,724,371	1.99
INTER AGENCY TRANSFER	8,695,249	9,563,285	7,636,620	-20.15	8,432,692	10.42
INTERIM FINANCE	10,801,659	15,297,572				
OTHER FUND	288,920,855	308,514,964	308,433,124	-.03	323,074,833	4.75
TOTAL-EDUCATION	1,465,750,814	1,549,725,993	1,809,385,656	16.76	1,884,730,298	4.16
Less: INTER AGENCY TRANSFER	8,695,249	9,563,285	7,636,620	-20.15	8,432,692	10.42
NET-EDUCATION	1,457,055,565	1,540,162,708	1,801,749,036	16.98	1,876,297,606	4.14