

## **EDUCATION**

The Education function includes three sub-functions: The Department of Education (K-12); the Nevada System of Higher Education (NSHE); and other education programs, which include the Department of Cultural Affairs, the WICHE program, and the Commission on Postsecondary Education. The Governor has recommended General Fund appropriations of \$1.77 billion in FY 2007-08, a 7.7 percent increase over FY 2006-07, and \$1.87 billion in FY 2008-09, which represents an additional increase of 5.7 percent. Budget recommendations for education from all funding sources total \$2.39 billion in FY 2007-08, a 1.5 percent increase over FY 2006-07, and \$2.52 billion in FY 2008-09, which represents an additional increase of 5.4 percent after interagency transfers are deducted.

### **EDUCATION (K-12)**

#### **DISTRIBUTIVE SCHOOL ACCOUNT**

The funding which supports Nevada's public elementary and secondary schools is a shared responsibility with state, local and federal sources contributing to the school districts' operating funds. The Distributive School Account (DSA) budget does not include the entire funding for K-12 education, but rather includes only the state's portion of the school district operating funds that provide the basic support guarantee and other state-supported programs.

The following table summarizes the elements (in millions) that are the basis for the DSA as approved by the 2005 Legislature for the current biennium and as recommended by the Governor for the upcoming biennium. While the "Total Required State Support" is guaranteed by the state, only the portion of the table below "Total State Share" is included in the DSA budget account.

|   | <b><u>The Nevada Plan</u></b>        |                    |                        | <b><u>Recommended in The Executive Budget</u></b> |                    |                        | <b>Percent Change</b> |
|---|--------------------------------------|--------------------|------------------------|---|--------------------|------------------------|-----------------------|
|   | <b><u>Legislatively Approved</u></b> |                    |                        | <b><u>2007-09</u></b>                             |                    |                        |                       |
|   | <b><u>FY06</u></b>                   | <b><u>FY07</u></b> | <b><u>Biennium</u></b> | <b><u>FY08</u></b>                                | <b><u>FY09</u></b> | <b><u>Biennium</u></b> |                       |
| Total Operating Expenditures              | \$ 2,532                             | \$ 2,742           | \$ 5,274               | \$ 3,077  | \$ 3,302           | \$ 6,379               | 21.0%                 |
| Less: Local Revenues Outside the DSA      | \$ (587)                             | \$ (625)           | \$ (1,212)             | \$ (747)  | \$ (808)           | \$ (1,555)             |                       |
| Less: Non-Basic Support Programs          | \$ (125)                             | \$ (133)           | \$ (258)               | \$ (152)  | \$ (167)           | \$ (319)               |                       |
| Total Regular Basic Support               | \$ 1,820                             | \$ 1,984           | \$ 3,804               | \$ 2,178  | \$ 2,327           | \$ 4,505               | 18.4%                 |
| Plus Programs other than Basic Support    | \$ 297                               | \$ 323             | \$ 620                 | \$ 341  | \$ 370             | \$ 711                 |                       |
| <b><u>State Guarantee</u></b>             |                                      |                    |                        |   |                    |                        |                       |
| Total Required State Support              | \$ 2,117                             | \$ 2,307           | \$ 4,424               | \$ 2,519  | \$ 2,697           | \$ 5,216               | 17.9%                 |
| Less: Local "Inside" Revenues             | \$ (1,135)                           | \$ (1,206)         | \$ (2,341)             | \$ (1,346)  | \$ (1,452)         | \$ (2,798)             |                       |
| <b><u>Distributive School Account</u></b> |                                      |                    |                        |   |                    |                        |                       |
| Total State Share                         | \$ 982                               | \$ 1,101           | \$ 2,083               | \$ 1,173  | \$ 1,245           | \$ 2,418               |                       |
| Miscellaneous DSA Revenues                | \$ (133)                             | \$ (137)           | \$ (270)               | \$ (160)  | \$ (170)           | \$ (330)               |                       |
| General Fund Support                      | \$ 849                               | \$ 964             | \$ 1,813               | \$ 1,013  | \$ 1,075           | \$ 2,088               | 15.2%                 |

The Executive Budget projects that the total of all Nevada school district budgets will increase to \$3.08 billion in FY 2007-08 and \$3.30 billion in FY 2008-09, compared to \$2.53 billion and \$2.74 billion for school district budgets approved by the 2005 Legislature for FY 2005-06 and FY 2006-07, respectively. This is an increase of 21 percent for the 2007-09 biennium when compared to the 2005-07 biennium. As indicated above, certain locally-generated revenues are considered before the state's responsibility is determined. These revenues are referred to as being "outside" of the Nevada Plan (the state's responsibility) and consist of the following:

- Property Tax: State law requires a property tax rate of 75 cents per \$100 of assessed valuation for the support of schools, of which 25 cents is "inside" the Nevada Plan and 50 cents is "outside" the DSA funding formula. For FY 2005-06, the 50-cent portion totaled \$388.2 million and is projected to increase 15.0 percent to \$446.6 million in FY 2006-07. The Executive Budget projects that the 50-cent portion of this tax will generate \$499.2 million in FY 2007-08, which represents an 11.8 percent increase over the amount projected for FY 2006-07, and \$556.6 million in FY 2008-09, an increase of 11.5 percent over FY 2007-08.
- Local Government Services Tax: Formerly called the motor vehicle privilege tax, this tax is estimated to generate \$98.7 million (1.3 percent increase) in FY 2007-08 and \$102.6 million (4 percent increase) in FY 2008-09 compared to FY 2005-06 actual collections of \$88.4 million and budgeted collections of \$97.4 million (10.1 percent increase) for FY 2006-07.
- Other Local Sources: Franchise taxes, federal revenue, interest, tuition and other local revenue and opening balances are expected to contribute \$149.1 million in FY 2007-08 and \$149.2 million in FY 2008-09.

These local revenues are not guaranteed by the state; thus the local school districts benefit when actual revenues are in excess of projections, or suffer the loss when revenues do not meet projections. These locally-generated revenues "outside" of the Nevada Plan are budgeted to generate approximately 25 percent of the revenue necessary to support the budgets of the school districts (23.3 percent in the current biennium), with the balance being funded through the Nevada Plan (the state's responsibility). Nevada Plan funding for school districts consists of state financial support received through the DSA and locally-collected revenues that are "inside" the Nevada Plan, namely the 2.25-cent Local School Support Tax (sales tax) and remaining 25 cents of the Ad Valorem Tax (property tax).

The Legislature determines the level of state aid for schools and each district's share through a formula called the "Nevada Plan," which allows for differences across districts in the costs of providing education and in local wealth. A guaranteed amount of basic support per pupil is calculated for each school district and is established in law each session. The state, through the DSA, and local school districts, through the local school support (sales) tax (LSST) and property tax, share the responsibility for providing the money needed to fund the guaranteed basic support.

Local funding from the 25-cent portion of the property taxes is budgeted at \$249.1 million (11.8 percent increase) for FY 2007-08 and \$277.8 million (11.5 percent increase) for FY 2008-09. The LSST is estimated at \$1.097 billion (6.2 percent increase) for FY 2007-08 and \$1.174 billion (7.0 percent increase) for FY 2008-09. Combined, these two local sources provide approximately 62 percent of the basic support amount, with the state contributing the remaining 38 percent. It is important to note that these two local revenue amounts are guaranteed by the state; i.e., if budgeted amounts are not actually collected, the state funds the difference, and conversely, if actual revenues exceed projections, the amount of state General Fund support is reduced. For the current biennium, due to lower-than-budgeted enrollments and higher-than-budgeted LSST collections, the Executive Budget Office projects that the DSA will revert approximately \$185.0 million to the General Fund at the end of the current fiscal year.

As recommended in the Governor's budget, the total required state support of school district expenditures within the DSA totals \$2.52 billion and \$2.70 billion for FY 2007-08 and FY 2008-09, respectively, an increase of 17.9 percent over the legislatively-approved amounts for the current biennium. These amounts include the recommended increase in all of the programs funded through the DSA (i.e., basic support, class-size reduction, special education, adult programs, school improvement, counseling, early childhood, retiree group health insurance subsidy, et cetera) and also include the Governor's recommendation to fund "empowerment schools" with funding that has been allocated for at-risk and high-impact retirement credits in the current and past biennia.

In the Governor's budget, the state's share of funding is provided largely by General Fund appropriations of \$1.013 billion in FY 2007-08 and \$1.075 billion in FY 2008-09, totaling \$2.088 billion for the 2007-09 biennium. This is \$274.5 million greater than the \$1.813 billion appropriated for the 2005-07 biennium, representing a 15.2 percent increase. An annual tax on slot machines, interest earned on investments from the Permanent School Fund, revenue from leases of federal land for mineral exploration and from royalties, and local school support tax from sales that cannot be attributed to a specific county also provide funding for the DSA and are included in the previous table as "Miscellaneous DSA Revenues." In past biennia, a portion of the estate tax collected by the state has been included as a funding source in the DSA; however, due to changes in federal law, that source of funding is no longer available.

The following table displays the DSA budget as approved by the 2005 Legislature, actual revenues and expenditures for FY 2005-06, projections for FY 2006-07, and the Governor's recommendations for the 2007-09 biennium. As recommended, funding for K-12 education (DSA and the Department of Education) represents approximately 33.1 percent of the state's General Fund for the 2007-09 biennium; this represents a decrease in K-12's share of the General Fund, which is 33.9 percent in the current biennium.

| DISTRIBUTIVE SCHOOL ACCOUNT - SUMMARY FOR 2007-09 BIENNIUM               |                                    |                   |                                    |                      |                                   |                                   |
|--|------------------------------------|-------------------|------------------------------------|----------------------|-----------------------------------|-----------------------------------|
|  | 2005-06<br>Legislature<br>Approved | 2005-06<br>Actual | 2006-07<br>Legislature<br>Approved | 2006-07<br>Estimated | 2007-08<br>Governor<br>Recommends | 2008-09<br>Governor<br>Recommends |
| TOTAL ENROLLMENT *   | 405,606.0                          | 400,103.2         | 422,453.0                          | 412,297.4            | 425,270.2                         | 436,675.2                         |
| BASIC SUPPORT  | 4,486                              | 4,482             | 4,696                              | 4,702                | 5,122                             | 5,329                             |
| TOTAL REGULAR BASIC SUPPORT **   | 1,819,511,660                      | 1,793,262,542     | 1,983,868,424                      | 1,938,622,375        | 2,178,084,163                     | 2,326,946,494                     |
| CLASS-SIZE REDUCTION   | 125,552,187                        | 125,552,187       | 137,922,619                        | 137,922,619          | 141,209,596                       | 153,710,996                       |
| SPECIAL EDUCATION ***  | 97,617,555                         | 97,617,555        | 103,715,266                        | 103,715,266          | 111,303,886                       | 121,250,664                       |
| SPECIAL UNITS/GIFTED & TALENTED  | 203,808                            | 169,264           | 216,132                            | 250,676              | 227,392                           | 238,159                           |
| ADULT HIGH SCHOOL DIPLOMA  | 18,435,662                         | 18,430,209        | 21,484,388                         | 21,500,951           | 21,447,955                        | 23,362,996                        |
| SCHOOL LUNCH PROGRAM STATE MATCH   | 588,732                            | 588,732           | 588,732                            | 588,732              | 588,732                           | 588,732                           |
| NRS ADJUSTMENT   | 0                                  | 131,992           | 0                                  | 0                    | 0                                 | 0                                 |
| SCHOOL IMPROVEMENT PROGRAMS:   |                                    |                   |                                    |                      |                                   |                                   |
| REMEDATION   | 6,818,788                          | 6,818,788         | 7,089,336                          | 7,089,336            | 0                                 | 0                                 |
| RPDP, NELIP & LEAD   | 10,332,421                         | 10,329,114        | 10,510,364                         | 10,513,671           | 13,650,776                        | 14,076,887                        |
| SPECIAL FUNDING:   |                                    |                   |                                    |                      |                                   |                                   |
| EARLY CHILDHOOD EDUCATION  | 3,032,172                          | 3,032,172         | 3,152,479                          | 3,152,479            | 3,251,671                         | 3,338,875                         |
| AT-RISK SCHOOLS RETIREMENT CREDIT  | 16,138,996                         | 11,141,975        | 18,433,608                         | 23,430,629           | 0                                 | 0                                 |
| HIGH IMPACT RETIREMENT CREDIT  | 9,369,907                          | 6,976,617         | 9,763,443                          | 12,156,733           | 0                                 | 0                                 |
| RETIRED EMPLOYEES' INSURANCE SUBSIDY                                     | 8,391,659                          | 8,391,659         | 9,171,421                          | 15,171,421           | 18,402,091                        | 21,484,996                        |
| SPECIAL ELEMENTARY COUNSELING  | 850,000                            | 850,000           | 850,000                            | 850,000              | 850,000                           | 850,000                           |
| EMPOWERMENT SCHOOLS  | 0                                  | 0                 | 0                                  | 0                    | 29,665,947                        | 31,070,767                        |
| SPECIAL TRANSPORTATION   | 81,663                             | 112,012           | 81,663                             | 112,012              | 112,012                           | 112,012                           |
| OTHER ADJUSTMENTS  | 0                                  | 121,999           | 0                                  | 0                    | 0                                 | 0                                 |
| TOTAL REQUIRED STATE SUPPORT **  | 2,116,925,210                      | 2,083,526,817     | 2,306,847,874                      | 2,275,076,899        | 2,518,794,221                     | 2,697,031,578                     |
| LESS   |                                    |                   |                                    |                      |                                   |                                   |
| LOCAL SCHOOL SUPPORT TAX (LSST)  | (944,454,048)                      | (986,785,529)     | (1,001,121,291)                    | (1,033,164,449)      | (1,097,220,645)                   | (1,174,026,090)                   |
| PROPERTY TAX (ONE-THIRD)   | (190,244,063)                      | (193,723,427)     | (204,865,724)                      | (222,834,382)        | (249,130,875)                     | (277,752,843)                     |
| CHARTER SCHOOL SPECIAL PAY   | 28,169                             | 0                 | 28,169                             | 0                    | 0                                 | 0                                 |
| TOTAL STATE SHARE **   | 982,255,268                        | 903,017,861       | 1,100,889,028                      | 1,019,078,068        | 1,172,442,701                     | 1,245,252,645                     |
| STATE SHARE ELEMENTS   |                                    |                   |                                    |                      |                                   |                                   |
| GENERAL FUND   | 849,687,448                        | 849,687,448       | 963,564,914                        | 963,564,914          | 1,012,678,154                     | 1,075,036,081                     |
| DSA SHARE OF SLOT TAX  | 36,342,372                         | 36,757,113        | 37,968,811                         | 37,022,590           | 38,080,449                        | 40,768,234                        |
| PERMANENT SCHOOL FUND INTEREST   | 5,377,740                          | 8,281,185         | 5,490,122                          | 4,621,839            | 8,615,745                         | 8,788,060                         |
| FEDERAL MINERAL LEASE REVENUE  | 3,746,080                          | 7,608,185         | 3,858,462                          | 2,746,080            | 8,071,523                         | 8,313,669                         |
| OUT OF STATE LSST  | 82,055,962                         | 94,428,822        | 86,979,320                         | 98,866,977           | 104,996,730                       | 112,346,501                       |
| ESTATE TAX   | 5,045,666                          | 3,335,978         | 3,027,399                          | 0                    | 100                               | 100                               |
| PRIOR YEAR REFUNDS   | 0                                  | 91,201            | 0                                  | 0                    | 0                                 | 0                                 |
| FEDERAL COST ALLOCATION CREDIT   | 0                                  | 163,688           | 0                                  | 0                    | 0                                 | 0                                 |
| REVERTED TO THE GENERAL FUND   | 0                                  | (91,201)          | 0                                  | 0                    | 0                                 | 0                                 |
| BALANCE FORWARD FROM OTHER ACCTS   | 0                                  | 0                 | 0                                  | 11,110               | 0                                 | 0                                 |
| BALANCE FORWARD  | 0                                  | (97,244,558)      | 0                                  | 97,244,558           | 0                                 | 0                                 |
| TOTAL SHARE STATE ELEMENTS **  | 982,255,268                        | 903,017,861       | 1,100,889,028                      | 1,204,078,068        | 1,172,442,701                     | 1,245,252,645                     |
| ESTIMATED REVERSION  | 0                                  | 0                 | 0                                  | 185,000,000          | 0                                 | 0                                 |
| *** Special Education Units  |                                    | No. of Units      | \$ per Unit                        |                      | No. of Units                      | \$ per Unit                       |
|  | 2005-06                            | 2,835             | 34,433.00                          | 2007-08              | 3,046                             | 36,541.00                         |
|  | 2006-07                            | 2,953             | 35,122.00                          | 2008-09              | 3,128                             | 38,763.00                         |
| * FY 06 Apportioned and FY 07, 08, & 09 Estimated and Projected Weighted |                                    |                   |                                    |                      |                                   |                                   |
| ** Totals may not balance due to rounding                                |                                    |                   |                                    |                      |                                   |                                   |
| *** Special Education Units funded separately from Basic Support         |                                    |                   |                                    |                      |                                   |                                   |

## **BASIC SUPPORT PER PUPIL**

The 2005 Legislature estimated the statewide average guaranteed basic support for operating purposes at \$4,486 per pupil in FY 2005-06. The actual FY 2005-06 per-pupil support of \$4,482 was attributable to higher-than-anticipated growth in enrollment in districts that were guaranteed at lower-than-average basic support per pupil. For FY 2006-07, the legislatively-approved statewide estimated average for guaranteed basic support for operating purposes is \$4,696. The chart below compares the statewide average guaranteed basic support funding and increases/decreases by fiscal year since FY 1999-2000:

| 1999-00<br>Actual | 2000-01<br>Actual | 2001-02<br>Actual | 2002-03<br>Actual | 2003-04<br>Actual | 2004-05<br>Actual | 2005-06<br>Actual | 2006-07<br>Leg App | 2007-08<br>Gov Rec | 2008-09<br>Gov Rec |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| \$3,802           | \$3,815           | \$3,921           | \$3,987           | \$4,298           | \$4,424           | \$4,482           | \$4,696            | \$5,122            | \$5,329            |
| (\$2)             | \$13              | \$106             | \$66              | \$311             | \$126             | \$58              | \$214              | \$426              | \$207              |

The guaranteed basic support per pupil should not be confused with expenditures per pupil. As indicated earlier, other resources not considered within the Nevada Plan are also available to cover school districts' operating costs.

## **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 three-year-olds and four-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:

| 1999-00<br>Actual | 2000-01<br>Actual | 2001-02<br>Actual | 2002-03<br>Actual | 2003-04<br>Actual | 2004-05<br>Actual | 2005-06<br>Actual | 2006-07<br>Projected | 2007-08<br>Gov Rec | 2008-09<br>Gov Rec |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|--------------------|--------------------|
| 315,489           | 328,867           | 344,765           | 358,641           | 373,498           | 387,834           | 400,103           | 412,297              | 425,270            | 436,675            |
| 4.96%             | 4.24%             | 4.83%             | 4.02%             | 4.14%             | 3.84%             | 3.16%             | 3.05%                | 3.15%              | 2.68%              |

Based on most recent enrollments, weighted enrollment (utilized to distribute DSA funds to school districts) increased by approximately 6.31 percent over the current biennium, to 412,297 students in FY 2006-07. The actual number of students is lower than the 422,453 students projected by the 2005 Legislature. The Executive Budget projects an enrollment increase of 3.15 percent in FY 2007-08 over the FY 2006-07 estimated weighted enrollment and an increase of 2.68 percent in FY 2008-09.

## **POSITIONS AND SALARIES**

To determine the number of employees needed to accommodate the additional students, the Budget Division calculated the actual student-employee ratios for each major job classification in the FY 2005-06 base year. Position counts for each year of

the upcoming biennium were computed by maintaining the same student-employee ratio in each job classification. The number of pupils per licensed instructional position (teacher) decreased to an average of 20.1:1, somewhat lower than the average of 20.5:1 upon which the 2005-07 budget was based. The Budget Division estimates that an additional 1,815 licensed instructional personnel will be needed to maintain the average of 20.1:1 student-teacher ratio throughout the upcoming biennium.

The Executive Budget recommends cost-of-living salary increases for school district employees of two percent in FY 2007-08 and four percent in FY 2008-09. The cost of these increases is \$44.3 million in FY 2007-08 and \$139.2 million in FY 2008-09. In addition, fringe benefits have been adjusted for the increase in the retirement contribution rate from 19.75 percent to 20.50 percent, with a corresponding reduction in salary costs for approximately one-half of the amount for the employee portion of the increase. This is consistent with the methodology that will be utilized to implement the retirement increase for state employees on the employer-paid plan. Further, The Executive Budget recommends that group insurance costs for school district personnel be budgeted on a per-employee amount rather than a percentage of salaries, and further recommends that these amounts be increased 12 percent each year of the upcoming biennium. The cost of these adjustments to retirement and group insurance is \$30.9 million in FY 2007-08 and \$61.7 million in FY 2008-09.

### **INFLATION**

For FY 2007-08, The Executive Budget recommends a three percent increase over the FY 2005-06 amounts for textbooks, library books, instructional and other supplies, and instructional computer software, and then an additional three percent increase for FY 2008-09. The cost of this recommendation is \$9.9 million over the biennium. Consistent with the recommended budgets for state agencies, no inflation is recommended in the DSA for utilities.

### **SUPPLEMENTAL APPROPRIATION**

The Executive Budget recommends a supplemental appropriation in the amount of \$8,218,777 (\$2.2 million for FY 2005-06 and \$6.0 million for FY 2006-07) for distribution to the school districts to reimburse the costs of providing health insurance subsidies to the school district retirees who are participants in the Public Employees' Benefits program.

### **SPECIAL EDUCATION**

Nevada provides state funding for special education on the basis of special education program units, which are defined by NRS 387.1211 as organized instructional units in which a licensed, full-time teacher is providing an instructional program that meets minimum standards prescribed by the State Board of Education. To qualify for a full apportionment, a unit must have operated the full school day (330 minutes) for at least nine of the school months within a school year.

For FY 2006-07, the state is funding 2,953 special education units at \$35,122 each, totaling \$103.7 million. For the upcoming biennium, the Governor recommends 3,046 special education units, at a cost of \$36,541 each, or \$111.3 million for FY 2007-08, and 3,128 special education units, at a cost of \$38,763 each or \$121.3 million for FY 2008-09, an increase of 7.3 percent and 8.9 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 instructional programs incorporating education technology for gifted and talented pupils. For the current biennium, \$203,808 and \$216,132 were authorized for FY 2005-06 and FY 2006-07, respectively. The Executive Budget recommends continuing funding in the amounts of \$227,392 and \$238,159 for FY 2007-08 and FY 2008-09.

### **CLASS SIZE REDUCTION**

During the 17 years that the Class Size Reduction (CSR) program has been implemented in the state, a total of \$1.26 billion in state funds has been spent to pay for the teachers required to reduce pupil-teacher ratios. For FY 2007-08, The Executive Budget recommends \$141.2 million in funding for class-size reduction, which is a 2.4 percent increase over the amount legislatively approved for FY 2006-07. For FY 2008-09, The Executive Budget recommends \$153.7 million, which is an 8.9 percent increase over the amount recommended for FY 2007-08. These amounts are recommended to maintain the CSR program at its current pupil-teacher ratios and to continue the 23.5 teachers in selected “high-risk” kindergartens.

The 2005 Legislature continued authority for all school districts, subject to the approval of the State Superintendent of Public Instruction, to operate 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, the 2005 Legislature continued flexibility in the use of CSR funding to address class sizes in grades 4, 5 and 6 in rural school districts (i.e., school districts located in a county whose population is under 100,000), subject to the approval of the State Superintendent of Public Instruction. The rural school districts are authorized in grades 1 through 6 to use CSR funding to operate a program of alternative pupil-teacher ratios. The alternative pupil-teacher ratios may not exceed 22:1 in grades 1, 2 and 3 and may not exceed 25:1 in grades 4 and 5 or grades 4, 5 and 6 in school districts that include grade 6 in elementary school. If any school district receives approval to carry out a program of remedial education or alternative pupil-teacher ratios, the school district must evaluate the effectiveness of the alternative CSR program on team teaching, pupil discipline and the academic achievement of pupils.

### **ADULT HIGH SCHOOL DIPLOMA PROGRAM**

Each session, the Legislature determines an amount of funding for adult high school diploma programs for the general public and for the state’s prison inmates in the four school districts that operate programs within prison facilities. Actual expenditures for the program in FY 2005-06 were \$18.4 million, and a total of \$21.5 million is authorized

for FY 2006-07. For the upcoming biennium, The Executive Budget recommends \$21.4 million in FY 2007-08 and \$23.4 million in FY 2008-09.

### **REGIONAL PROFESSIONAL DEVELOPMENT PROGRAMS**

The Governor recommends continued funding for the Regional Professional Development Programs (RPDP), including the Nevada Early Literacy Intervention Program (NELIP) at \$27.7 million for the 2007-09 biennium; this is a 33 percent increase in funds as compared to the funds approved for the 2005-07 biennium.

### **EARLY CHILDHOOD EDUCATION**

For the 2007-09 biennium, the Governor recommends \$3.3 million in each fiscal year to continue the competitive grants to school districts and community-based organizations for early childhood programs. This represents a 6.6 percent increase over for amounts approved for the 2005-07 biennium.

### **RETIREMENT CREDITS REALLOCATED TO EMPOWERMENT SCHOOLS**

Since initially approved by the 2003 Legislature, funding has been provided for the purchase of retirement credits for certain high impact-positions and teachers in at-risk schools. The high-impact fields eligible for retirement credits are mathematics, science, special education, English as a second language, and school psychology. At-risk schools include those that carry a designation of demonstrating need for improvement or those in which at least 65 percent of pupils enrolled in the school are eligible for free or reduced-price lunches.

The Governor recommends that the funding to finance the retirement credit program (\$29.7 million in FY 2007-08 and \$31.1 million in FY 2008-09) be reallocated to fund a new program of "Empowerment Schools." According to The Executive Budget, Empowerment Schools will allow for "decentralization and site based budgeting, merit pay and school safety."

### **SCHOOL REMEDIATION TRUST FUND**

The 2005 Legislature approved the creation of the Account for Programs for Innovation and the Prevention of Remediation (referred to as the School Remediation Trust Fund) and appropriated \$50 million for each year of the 2005-07 biennium to the account. The funding was to be utilized in grades K-6 and be disbursed upon the recommendation of the Governor's Commission on Educational Excellence, with the exception that in FY 2006-07, \$22 million of the \$50 million was to be utilized to provide full-day kindergarten in certain schools. The 2005 Legislature approved an additional \$13.9 million over the biennium in the Distributive School Account for remediation needs for grades 7-12, and that funding was transferred into the trust fund.



The Governor recommends General Funds of \$59.8 million in FY 2007-08 and \$61.3 million in FY 2008-09 to continue the activities of the School Remediation Trust Fund, to be allocated as follows:

|   | <u>FY 2007-08</u>   | <u>FY 2008-09</u>   | <u>TOTAL</u>         |
|---|---------------------|---------------------|----------------------|
| Commission on Educational Excellence Admin. | \$ 33,394           | \$ 32,554           | \$ 65,948            |
| Full-Day Kindergarten                       | \$24,978,445        | \$26,497,134        | \$ 51,475,579        |
| Innovation & Prevention of Remediation      | \$27,696,898        | \$27,696,898        | \$ 55,393,796        |
| Secondary School Remediation                | <u>\$ 7,089,336</u> | <u>\$ 7,089,336</u> | <u>\$ 14,178,672</u> |
| TOTAL                                       | \$59,798,073        | \$61,315,922        | \$121,113,995        |

Full-Day Kindergarten – In FY 2006-07, \$22 million was allocated from the School Remediation Trust Fund to implement full-day kindergarten in certain at-risk schools; the funding was made available to pay for salaries and benefits of the additional kindergarten teachers required to implement the program in 114 elementary schools. These schools were determined to be at risk based upon a free and reduced lunch count of pupils of at least 55.1 percent of the student enrollment. For the 2007-09 biennium, the Governor recommends funding of \$51.5 million to provide for the ongoing costs of the teachers in the 114 schools; however, the Governor did not recommend funding for the expansion of the full-day kindergarten program.

Programs for Innovation and the Prevention of Remediation (Elementary and Secondary Schools): The 2005 Legislature allocated \$78.0 million within the School Remediation Trust Fund over the 2005-07 biennium for programs for innovation and the prevention of remediation in grades K-6 and an additional \$13.9 million for remediation in grades 7-12, a total of nearly \$92 million. For the 2007-09 biennium, the Governor is recommending \$55.4 million to continue the innovative/remediation programs in grades K-6; this is a 29 percent decrease in funds from the amount approved for the 2005-07 biennium for grades K-6. For programs in grades 7-12, the Governor is recommending funding of \$14.2 million over the 2007-09 biennium, which is a two percent increase over the amount approved for the 2005-07 biennium for grades 7-12.

## **DEPARTMENT OF EDUCATION**

The Executive Budget recommends total funding for the Department of Education (excluding the Distributive School Account and the School Remediation Trust Fund) in the amount of \$308.2 million in FY 2007-08 and \$311.9 million in FY 2008-09, an increase of 3.2 percent for the 2007-09 biennium compared to the 2005-07 biennium. Of this amount, General Fund support is recommended in the amount of \$58.3 million for the upcoming biennium, compared to \$49.6 million for the 2005-07 biennium. This represents a increase in General Fund support of approximately 17.6 percent, which is primarily the result of an increase in the costs of the testing program, increases in the amount of teacher signing bonuses, funding of school support teams in non-Title I schools, and inclusion of the continuation of \$1.0 million each year for Career and Technical Education programs in the operating budget rather than as a one-time appropriation.

The Executive Budget recommends seven new full-time positions and the reauthorization of the Grant Writer position that was approved by the 2005 Legislature.

The new positions include a Teacher Licensing Analyst, a Child and Nutrition Consultant, three Information Technology positions and two Administrative Assistant positions. The recommendations also include the elimination of one-half of the Education Consultant position from the Drug Abuse Education budget account and a half-time Administrative Assistant position from the Staffing Services budget account. Both are recommended for elimination due to decreases in the federal grants that support the positions.

### **SUPPLEMENTAL AND ONE-TIME APPROPRIATIONS**

The Executive Budget recommends a \$125,000 supplemental appropriation to support a shortfall in the funding provided for the nationally certified school counselors program. This program provides a five percent salary increase for all school counselors who hold national certification.

Although not included in The Executive Budget, the department indicates that a supplemental appropriation of approximately \$1.5 million will be requested to support the teacher signing bonus program in FY 2006-07, bringing the cost of the program to \$13.9 million for the 2005-07 biennium. This program provides newly-hired teachers with a \$2,000 bonus. For the 2007-09 biennium, the Governor recommends \$14.8 million to continue the program.

The Executive Budget is recommending a one-time appropriation in the amount of \$129,000 to upgrade the department's videoconferencing equipment.

### **SCHOOL SUPPORT TEAMS IN NON-TITLE I SCHOOLS**

Under the No Child Left Behind Act (NCLBA), Title I schools that have received a designation of "demonstrating need for improvement" for three or more consecutive years must be assigned a School Support Team (SST). School Support Teams identify, review and investigate problems that have contributed to the "demonstrating need for improvement" designation. Title I schools receive approximately \$20,000 in federal Title I funds per team, per year to assist in SST activities.

Nevada Revised Statute 385.3721 requires an SST for all schools that have received a designation of "demonstrating need for improvement," regardless of whether it is a Title I school. However, state funding has not been considered by the Legislature, primarily because there have not been any non-Title I schools designated at the third level until now. For FY 2007-08, the department estimates that as many as 102 non-Title I schools may reach the third level of designation, and 236 non-Title I schools in FY 2008-09. The Executive Budget recommends state General Funds in the amount of \$1.2 million in FY 2007-08 and \$2.5 million in FY 2008-09 to support School Support Teams in these non-Title I schools. The funding would provide \$10,000 per school for an SST facilitator. In addition, the recommendations include \$150,000 in each fiscal year to pay substitute teachers to allow teachers to participate in the SST process.

## **PROFICIENCY TESTING**

The Legislature requires statewide testing to measure how Nevada's pupils compare to those in other states and to the nation as a whole. Under the No Child Left Behind Act, reading and math tests are administered annually in grades 3 through 8. Students in grades 10 through 12 are currently tested in math, reading and writing on the High School Proficiency Exam (HSPE). Beginning in school year 2007-08, students taking the HSPE will also be tested in science. The Executive Budget recommends General Funds of \$10.3 million over the 2007-09 biennium for the testing program; this represents a 21.7 percent increase over the \$8.5 million appropriated for the 2005-07 biennium.

## **SAIN – SYSTEM FOR ACCOUNTABILITY INFORMATION IN NEVADA**

According to NRS 386.650, the purpose of the SAIN program is to provide an automated system of accountability that will provide longitudinal comparisons of academic achievement, rate of attendance and rate of graduation of pupils over time. The system is required to have the capacity to analyze results of pupils by teacher or paraprofessional, classroom, and school. The Executive Budget recommends state General Funds in the amount of \$321,161 in FY 2007-08 and \$336,173 in FY 2008-09 to support the SAIN program. This is a 64.3 percent increase in General Funds over amounts approved by the 2005 Legislature for each fiscal year of the 2005-07 biennium.

## **EDUCATIONAL TECHNOLOGY**

The Executive Budget recommends \$10.78 million in General Funds over the 2007-09 biennium to continue the state-funded Education Technology program. This is an eight percent increase over the \$9.95 million in General Funds approved by the 2005 Legislature.

## **CAREER AND TECHNICAL EDUCATION**

The 2005 Legislature approved a one-time General Fund appropriation of \$1.0 million in each fiscal year of the 2005-07 biennium to provide grants to form and support technical skills advisory committees in school districts with secondary schools. The funds were to be utilized to establish, maintain and expand Career and Technical Education (CTE) programs. For the upcoming biennium, The Executive Budget recommends ongoing General Fund appropriations of \$1.0 million each year to continue the program.

## **IMPROVING AMERICA'S SCHOOLS – TITLE I**

Title I programs include the majority of the federal funds utilized by school districts to comply with the federal No Child Left Behind Act (NCLBA) requirements. The Executive Budget includes federal funds of \$84.7 million for each fiscal year of the 2007-09 biennium for Title I programs. Of this amount, \$77.3 million in each fiscal year of the 2007-09 biennium will be utilized for Title I basic programs, including migrant and neglected and delinquent programs; \$539,433 will continue the federal Even Start program; \$6.7 million will be used for the Reading First program, and \$173,246 will be

utilized for school improvement purposes. Federal funding for the Comprehensive School Reform program is eliminated.

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

Five of the programs included in the NCLBA federal legislation are included in this budget account. The Governor's 2007-09 biennium budget includes the following grant amounts for each year of the upcoming biennium: Title II – Teacher Quality Grant - \$14.8 million; Title II – Education Technology Grant - \$1.6 million; Title II – Mathematics and Science Partnerships - \$1.2; Title V – Innovative Education Grant - \$769,101; and Title VI – State Assessment Grant - \$4.9 million.

### **DRUG ABUSE EDUCATION**

The Title IV Safe and Drug Free Schools and Communities federal grant provides drug abuse education in elementary and secondary schools in the state, as well as programs to prevent violence in and around schools. For the 2007-09 biennium, The Executive Budget reflects a 34.2 percent decrease in this federal grant from the \$4.1 million approved for the current biennium to \$2.69 million for the 2007-09 biennium. As a result of the decrease in the federal funds, the Governor recommends a reduction in sub-grant awards to the school districts (aid to schools) and a decrease in the Education Consultant position that administers the grant from full-time to half-time.

### **NEVADA SYSTEM OF HIGHER EDUCATION**

The Nevada System of Higher Education (NSHE) is governed by a 13-member Board of Regents. The system comprises the Chancellor's Office; the University of Nevada, Reno (UNR); the University of Nevada, Las Vegas (UNLV); the Nevada State College at Henderson (NSCH); 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). NSHE budgets are primarily formula-driven.

### **GOVERNOR RECOMMENDS 15.4 PERCENT FUNDING INCREASE**

NSHE's total operating budget for the 2007-09 biennium is \$1.71 billion, net of interagency transfers, which is \$227.3 million or 15.4 percent, higher than the \$1.48 billion approved by the Legislature for the 2005-07 biennium. The Governor recommends \$1.34 billion in General Fund appropriations for the 2007-09 biennium, which is an increase of \$185.9 million, or 16.2 percent, over the legislatively-approved amount for 2005-07. Funding totals reflect COLA appropriations on behalf of NSHE. The Governor's budget allocates 19.5 percent of recommended General Fund appropriations to NSHE during the 2007-09 biennium, which is slightly lower than the 19.8 percent approved by the 2005 Legislature.

## **ENROLLMENT GROWTH CONTINUES TO SLOW**

Enrollment growth has slowed significantly at the NSHE. System-wide, actual FTE enrollments grew by 2.01 percent in FY 2005-06 over FY 2004-05 actuals - substantially lower than the budgeted enrollment growth of 5.5 percent. Projected enrollments in FY 2007-08 are 2.49 percent lower system-wide than the FTE enrollments budgeted in FY 2006-07. This slowdown has led to a hold harmless position for most of the campuses. The system projects enrollment growth of 3.47 percent in FY 2008-09.

With the exception of Nevada State College, the NSHE used three-year weighted averages from FY 2003-04 through FY 2004-06 to project enrollment percentage changes. Annualized actual and projected FTE enrollments by institution are summarized as follows:

| <b>Campus</b> | <b>FY 05<br/>Actual<br/>FTE</b> | <b>FY 06<br/>Budget<br/>FTE</b> | <b>FY 06<br/>Actual<br/>FTE</b> | <b>% chg<br/>FY06 Act/<br/>FY05 Act</b> | <b>FY 07<br/>Budget<br/>FTE</b> | <b>FY 08<br/>Budget<br/>FTE</b> | <b>% chg<br/>FY 08/<br/>FY 07</b> | <b>FY 09<br/>Budgeted<br/>FTE</b> | <b>% chg<br/>FY 09/<br/>FY 08</b> |
|---------------|---------------------------------|---------------------------------|---------------------------------|---|---------------------------------|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| UNLV          | 19,675                          | 21,221                          | 20,034                          | 1.82%                                   | 22,769                          | 21,808                          | -4.22%                            | 22,753                            | 4.33%                             |
| UNR           | 12,009                          | 12,762                          | 12,224                          | 1.79%                                   | 13,357                          | 12,802                          | -4.16%                            | 13,102                            | 2.34%                             |
| CCSN          | 17,685                          | 18,414                          | 17,891                          | 1.16%                                   | 19,143                          | 18,573                          | -2.98%                            | 18,924                            | 1.89%                             |
| TMCC          | 5,845                           | 6,213                           | 6,026                           | 3.10%                                   | 6,588                           | 6,556                           | -0.49%                            | 6,838                             | 4.30%                             |
| WNCC          | 2,247                           | 2,298                           | 2,331                           | 3.74%                                   | 2,345                           | 2,472                           | 5.42%                             | 2,546                             | 2.99%                             |
| GBC           | 1,343                           | 1,381                           | 1,363                           | 1.49%                                   | 1,412                           | 1,406                           | -0.42%                            | 1,428                             | 1.56%                             |
| NSCH          | 943                             | 1,123                           | 1,079                           | 14.42%                                  | 1,347                           | 1,677                           | 24.5%                             | 1,968                             | 17.35%                            |
| <b>Totals</b> | <b>59,747</b>                   | <b>63,412</b>                   | <b>60,948</b>                   | <b>2.01%</b>                            | <b>66,961</b>                   | <b>65,294</b>                   | <b>-2.49%</b>                     | <b>67,559</b>                     | <b>3.47%</b>                      |

Based upon preliminary fall 2006 (FY 2007) enrollment counts, projected FTE enrollments for FY 2007-08 and FY 2008-09 will likely drop below the Governor's recommended amounts.

## **FORMULA FUNDING AND HOLD HARMLESS**

In fiscal year 2006-07, the Legislature funded higher education formulas at 84.50 percent. Because of the slowdown in the rate of enrollment growth, the formula maintenance calculation at the 84.50 percent level yields lower overall funding than current service levels (i.e., a hold harmless position). At 84.50 percent, the formula maintenance calculations result in net system-wide reductions of \$9.87 million in FY 2007-08 and \$4.05 million in FY 2008-09 (\$13.92 million for the biennium). Independent of the campuses experiencing growth at the 84.50 percent funding level, hold harmless campus maintenance reductions total \$15.43 million in FY 2007-08 and \$13.00 million in FY 2008-09 (\$28.43 million for the biennium).

The Governor recommends enhancing the formula by one percent (to 85.5 percent) adding \$7.91 million in FY 2007-08 and \$8.45 million in FY 2008-09. However, the formula enhancement alone would not lift all campuses out of hold harmless positions. The Governor recommends an additional \$8.98 million in FY 2007-08 and \$8.99 million in FY 2008-09 to bring UNR, CCSN and Great Basin College completely out of hold harmless positions.

| Institution          | FY 2008                    |                      |                                   | FY 2009                    |                      |                                   |
|----------------------|----------------------------|----------------------|-----------------------------------|----------------------------|----------------------|-----------------------------------|
|                      | M-200<br>Change @<br>84.5% | E-200 add<br>@ 85.5% | E-202 add<br>for Hold<br>Harmless | M-200<br>Change @<br>84.5% | E-200 add<br>@ 85.5% | E-202 add<br>for Hold<br>Harmless |
| UNR                  | <\$6,361,542>              | \$2,126,173          | \$4,235,369                       | <\$6,416,683>              | \$2,274,340          | \$4,142,343                       |
| UNLV                 | <\$2,545,747>              | \$3,016,904          |                                   | \$1,349,638                | \$3,231,610          |                                   |
| CCSN                 | <\$5,247,597>              | \$1,435,784          | \$3,811,813                       | <\$5,400,934>              | \$1,516,586          | \$3,884,348                       |
| GBC                  | <\$1,147,626>              | \$210,538            | \$937,088                         | <\$1,180,773>              | \$222,190            | \$958,583                         |
| TMCC                 | <\$121,999>                | \$587,631            |                                   | \$141,120                  | \$621,175            |                                   |
| WNCC                 | \$93,699                   | \$284,474            |                                   | <\$3,482>                  | \$299,163            |                                   |
| NSC                  | \$4,291,961                | \$211,877            |                                   | \$6,375,756                | \$243,587            |                                   |
| DRI                  | \$135,611                  | \$40,516             |                                   | \$55,183                   | \$42,221             |                                   |
| Non-formula equip    | \$1,033,656                |                      |                                   | \$1,033,656                |                      |                                   |
| <b>System Totals</b> | <b>&lt;\$9,869,584&gt;</b> | <b>\$7,913,897</b>   | <b>\$8,984,270</b>                | <b>&lt;\$4,046,519&gt;</b> | <b>\$8,450,872</b>   | <b>\$8,985,274</b>                |

### **FEE AND TUITION INCREASES**

The Board of Regents approved annual full-time undergraduate and graduate student fee increases at the colleges and universities ranging from \$2.25 per credit to \$25.75 per credit during the 2007-09 biennium. Registration fee and nonresident tuition increases for full-time students range from 2.6 percent to 15.0 percent per year. Current and Regent-approved fee schedules are provided below:

| Type of Institution/Fee     | FY 2007         | Regent Apprvd FY 2008 | % Change | Regent Apprvd FY 2009 | % Change |
|-----------------------------|-----------------|-----------------------|----------|-----------------------|----------|
| <b>Community Colleges</b>   |                 |                       |          |                       |          |
| Resident                    | \$52.50/credit  | \$54.75/credit        | 4.3%     | \$57.25/credit        | 4.6%     |
| Upper Div (GBC)             | \$79.00/credit  | \$85.75/credit        | 8.5%     | \$93.50/credit        | 9.0%     |
| Nonresident                 | \$4,962/year    | \$5,385/year          | 8.5%     | \$5,709/year          | 6.0%     |
| <b>Nevada State College</b> |                 |                       |          |                       |          |
| Resident                    | \$79.00/credit  | \$85.75/credit        | 8.5%     | \$93.50/credit        | 9.0%     |
| Nonresident                 | \$7,437/year    | \$8,097/year          | 8.9%     | \$8,398/year          | 3.7%     |
| <b>Universities</b>         |                 |                       |          |                       |          |
| Resident Undergrad          | \$105.25/credit | \$116.75/credit       | 10.9%    | \$129.50/credit       | 10.9%    |
| Resident Graduate           | \$149.75/credit | \$172.25/credit       | 15.0%    | \$198.00/credit       | 15.0%    |
| Nonresident                 | \$9,911/year    | \$10,810/year         | 9.1%     | \$11,095/year         | 2.6%     |

### **ONE-TIME APPROPRIATION - INTEGRATE PROJECT**

The Governor recommends a one-time appropriation of \$10.0 million to fund the first phase of a multi-phased systems project anticipated to cost a total of \$92.0 million. According to NSHE, the Integrated Information System Project (IIS), also known as INtegrate project, would: (1) replace current NSHE financial, human resources and student administration applications; (2) replace interfaces with non-IIS systems; (3) replace some non-IIS systems at various campuses; and (4) build an NSHE data warehouse. NSHE has identified \$15.0 million in institutional sources to assist with the funding of the project. NSHE indicates the Board of Regents is considering a number of additional non-state funding sources, including student fees, to assist with project completion. NSHE anticipates the INtegrate project will take from five to eight years to complete.

## **ADJUSTED BASE**

The adjusted base totals \$781.6 million in FY 2007-08, net of interagency transfers, reflecting an increase of 2.3 percent over the FY 2006-07 legislatively-approved budget of \$764.2 million. In FY 2008-09, the adjusted base increases to \$793.1 million, or an additional 1.5 percent. NSHE's adjusted base budget includes adjustments such as professional merit, classified step increases, and extension of contractual obligations. There are several other notable items within the adjusted base, as follows:

- **Indirect Cost Recovery:** Pursuant to a letter of intent issued by the 2005 money committees, Indirect Cost Recoveries (ICR) are removed as a revenue source. In FY 2006-07, residual ICR revenues allocated to the state-supported budgets totaled \$1.3 million system-wide.
- **National Direct Student Loan Program (NDSL):** The NDSL program provides financial assistance for need-based students to attend universities and colleges. Nevada has consistently provided the state matching funds needed to secure federal funding for the NDSL program. However, in a recent report, NSHE indicated that federal funding for NDSL has been eliminated. NSHE also noted there may be a partial recall (25 percent) of the federal portion of the revolving funds previously provided to participating institutions. The Governor proposes to eliminate the state share of funding in the base budget (\$50,904 per year), but restore the funding in a maintenance decision item.
- **DRI Weather Modification:** Prior to the 2005 Legislative Session, the Interim Finance Committee traditionally allocated Contingency Funds to support the weather modification program. Rather than continuing this practice, the 2005 Legislature added General Fund appropriations totaling \$1.05 million to the DRI budget for the 2005-07 biennium. Funding for the weather modification program is continued in the adjusted base budget.
- **FICA Alternative:** The FICA alternative enables certain part-time employees to contribute a percentage of their pre-tax earnings to personal investment accounts rather than Social Security. The plan enables state agencies to eliminate the matching employer contribution for those employees participating in the plan, resulting in savings to the state.

During the 2005 Legislative Session, no savings estimates were available when NSHE's budgets were being considered, so the Legislature was unable to adjust General Fund appropriations. Accordingly, the money committees advised the NSHE, through a letter of intent, to revert any savings that accrue from the FICA alternative plan during the 2005-07 biennium. In accordance with the letter of intent provisions, the system reverted \$600,017 at the close of FY 2005-06. The Governor's budget incorporates the FICA alternative savings in the 2007-09 biennium – no further reversion adjustments will be necessary.

- System Administration Audit Contract: The Governor recommends a base adjustment that nearly doubles the cost of the independent audit contract (from \$345,800 in FY 2006-07 to \$682,500 in FY 2008-09).

### **MAINTENANCE ITEMS**

Independent of the cost-of-living (COLA) recommendation, the maintenance section of the operating budget totals \$51.9 million for the biennium, which includes General Fund appropriations of \$27.1 million. New space operating and fringe adjustments are the largest increase components. Maintenance formula funding drops by \$13.9 million for the biennium due to the enrollment growth slowdown. However, as previously noted, the Governor recommends formula percentage enhancements and hold harmless provisions.

The Governor's recommended COLAs add \$44.5 million in salary adjustment transfers funded by \$35.6 million in General Fund appropriations (at 80 percent of the calculated COLA value). The maintenance modules are described in more detail below.

- Insurance Inflation: The Governor recommends \$539,346 in FY 2007-08 and \$779,949 in FY 2008-09 to cover inflationary insurance costs, including property and contents, allied health, vehicle liability, comprehensive and collision, and excess liability.
- UNLV Paradise Lease Inflation: The Governor recommends \$1.57 million per year for lease cost increases on the Paradise Elementary School property scheduled to take effect January 20, 2007. UNLV previously paid \$154,150 to lease the facility; the new lease rate would represent an increase of more than 1,000 percent. UNLV indicates the increase is being appealed to Clark County.
- Operation and Maintenance of New Space: The Governor recommends \$8.19 million in FY 2007-08 and \$13.56 million in FY 2008-09 for Operations and Maintenance (O&M) costs related to new space added or anticipated to be added during the 2007-09 biennium, distributed as follows:

| <b>Campus</b> | <b>FY 2008</b>     | <b>FY 2009</b>      |
|---------------|--------------------|---------------------|
| UNLV          | \$4,686,384        | \$6,296,920         |
| UNR           | \$1,765,736        | \$5,045,181         |
| CCSN          | \$758,938          | \$1,119,270         |
| GBC           | \$295,050          | \$309,498           |
| NSC           | \$425,862          | \$417,791           |
| DRI           | \$234,123          | \$343,883           |
| System Admin  | \$25,979           | \$25,979            |
| <b>Totals</b> | <b>\$8,192,072</b> | <b>\$13,558,522</b> |

- New Space Rentals: The Executive Budget includes \$1.28 million in FY 2007-08 and \$1.31 million in FY 2008-09 for new space rentals at NSC, DRI and CCSN as follows:



| <b>Campus</b> | <b>FY 2008</b>     | <b>FY 2009</b>     |
|---------------|--------------------|--------------------|
| CCSN          | \$175,000          | \$175,000          |
| NSC           | \$927,520          | \$958,578          |
| DRI           | \$181,090          | \$181,090          |
| <b>Totals</b> | <b>\$1,283,610</b> | <b>\$1,314,668</b> |

- Athletic Fee Waivers: The Governor recommends \$202,175 in FY 2007-08 and \$324,570 in FY 2008-09 to fund fee and tuition cost increases associated with the existing fee waiver programs at UNR and UNLV. The 2005 Legislature approved the direct appropriations for fee waivers at the FY 2005-06 funding level for both years of the biennium. Funding is proposed as follows:

| <b>Account</b> | <b>FY 2008</b>   | <b>FY 2009</b>   |
|----------------|------------------|------------------|
| UNLV ICA       | \$169,416        | \$241,303        |
| UNR ICA        | \$32,759         | \$83,267         |
| <b>Totals</b>  | <b>\$202,175</b> | <b>\$324,570</b> |

- Redfield High Tech Center O&M: TMCC is responsible for Operations and Maintenance (O&M) costs associated with the Redfield High Tech Center, while the remaining building on the Redfield campus site is the responsibility of UNR. The Executive Budget retains funding in TMCC's budget to cover O&M costs for the High Tech Center. However, instead of providing for O&M directly, the Governor proposes that TMCC pay UNR for O&M services via a recharge mechanism.
- Fringe Rate Adjustments: The Governor recommends \$13.74 million in FY 2007-08 and \$20.56 million in FY 2008-09 to fund fringe rate adjustments. The most significant increases are reflected in the employee health, retired employee group insurance and retirement rates. The Budget Division indicates that the Governor's budget adds a personnel assessment to NSHE's self-supported (non-state) accounts, costing NSHE \$203,809 in FY 2007-08 and \$190,937 in FY 2008-09.
- Cost-of-Living Adjustments: The Governor recommends intra-agency transfers of \$10.82 million in FY 2007-08 to fund a two percent cost-of-living adjustment (COLA) and \$33.63 million in FY 2008-09 to fund an additional four percent COLA. The transfer transactions represent 100 percent of the COLA costs, while General Fund appropriations to the Board of Examiners' salary adjustment account reflect 80 percent of the full COLA cost (\$8.66 million in FY 2007-08 and \$26.92 million in FY 2008-09).

The Governor's recommendation maintains the process begun during the 2005 Legislative Session, whereby General Fund appropriations for NSHE professional positions reside in the Board of Examiners account rather than within a Nevada System of Higher Education account.

## ENHANCEMENTS

- Workforce Development Grant: The Governor recommends \$3.0 million in FY 2007-08 and \$4.0 million in FY 2008-09 to support workforce and economic development initiatives. The NSHE requested \$10.43 million in ongoing funding and \$7.91 million in one-time funding for various workforce/economic development initiatives. The Governor did not recommend the full amount requested, and it is not clear at this time how the proposed funds would be distributed.
- Medical Risk Management and Malpractice: The Governor recommends \$78,272 in FY 2007-08 and \$142,460 in FY 2008-09, the bulk of which will provide the state share of medical risk management. Funding is also provided for malpractice costs associated with physician faculty in NSHE health science programs.
- DRI Institutional Support: The Governor recommends state General Fund appropriations of \$949,904 in FY 2007-08 and \$959,376 in FY 2008-09 to provide salary and benefits for three existing Vice President positions (Academic Affairs, Institutional Advancement and Government and Business Relations), and three Administrative Assistant positions to support the Vice Presidents. NSHE notes that the positions are currently funded through Indirect Cost Recovery (ICR) revenues generated through DRI's grant and contract activities. The Governor also recommends funding for a new Chief Information Officer position with an Administrative Assistant to provide support.
- Western Undergraduate Exchange: NRS 396.543 provides the Board of Regents with authority to enter into agreements with other states to grant full or partial waivers of nonresident tuition conditioned upon reciprocal agreements being available in the participating states. Nevada participates in the Western Undergraduate Exchange (WUE) - a program of the Western Interstate Commission for Higher Education (WICHE). WUE enables students in western states to enroll in two-year and four-year college programs at a reduced tuition level that is considerably less than nonresident tuition.

WICHE recently endorsed the addition of California as a participating member of Western Undergraduate Exchange. UNR accepted California WUE students in FY 2007 and, as a result, experienced significant decreases in nonresident tuition revenues. The Governor's base budget restores UNR's nonresident tuition revenues to levels attained prior to the addition of California. However, as an enhancement, the Governor proposes to add General Fund appropriations of \$1.6 million per year to UNR's budgets, with corresponding nonresident tuition reductions. The Governor's budget also adds General Fund appropriations of \$525,599 in FY 2007-08 and \$582,998 in FY 2008-09 to support UNLV WUE enrollments. However, NSHE indicates the nonresident tuition decrease at UNLV is not tied to WUE.

- P-21 Council and College Goal Sunday: The Executive Budget includes \$200,000 in each year of the biennium to provide operating support for College Goal Sunday and

staff in the north and south for the P-21 Council. College Goal Sunday is a one-day event that encourages Nevada high school seniors to visit a location near them to obtain information about higher education opportunities and to complete financial aid forms.

- Chronic Fatigue Syndrome: The Governor recommends \$400,000 in FY 2007-08 and \$600,000 in FY 2008-09 to provide funding for faculty, staff and operating costs to study, research and understand Chronic Fatigue Syndrome. Supporting narrative indicates the funding will include a treatment component if possible. No details have been provided at this time on the recommended expenditure plan. The Chronic Fatigue Syndrome enhancement was not included in NSHE's budget request.
- DRI Groundwater Study: The Executive Budget includes \$1.0 million per year to map and study Nevada's groundwater resources. Supporting narrative indicates a collaborative process will be designed to improve decision-making and reduce conflict by generating more accurate information on Nevada's groundwater resources.
- Nevada Scholars Program: The Governor recommends \$100,000 per year at both UNR and UNLV (\$400,000 total for the biennium) to establish the Nevada Scholars scholarship and mentorship program. The Executive Budget narrative indicates the program will build a pool of Nevada students who will be competitive at the regional and national level for prestigious postgraduate awards and programs.
- Nye County Service Area Transfer: Until recently, the Community College of Southern Nevada (CCSN) served Nye County residents. However, the Board of Regents approved an agreement between CCSN and Great Basin College (GBC) that removed Nye County from the CCSN service area and placed it in GBC's service area, effective fiscal year 2007. NSHE informed the Interim Finance Committee of the transfer at the June 13, 2006 meeting.

The higher education funding formulas recognize economies of scale and increased costs associated with the provision of services in a rural setting. Due to its small size, GBC currently enjoys more lucrative formula funding ratios or percentages than the larger community colleges. Consequently, the transition results in an increase in the formula amount, per student, calculated for the Nye County area. The Governor's budget reflects the increase of \$142,053 in FY 2007-08 and \$284,054 in FY 2008-09.

- UNLV Intercollegiate Athletics Transfer: The Governor proposes to transfer positions and operating funding for support of athletic facilities from the UNLV main campus account to the UNLV Intercollegiate Athletics account. The Executive Budget transfers appropriations of \$1.11 million in FY 2007-08 and \$1.14 million in FY 2008-09.

## **CAPITAL IMPROVEMENTS**

The Governor recommends funding for a total of 17 NSHE capital improvement projects. Ten of the 17 items seek furniture, fixtures & equipment or completion funding for previously-authorized projects. A total of \$278.57 million in funding is recommended, with \$226.57 million coming from state sources and \$52.00 million recommended from other sources.

| <b>Project Number</b> | <b>Inst</b> | <b>Project Description</b>                 | <b>State Funds (Mil \$)</b> | <b>Other Funds (Mil \$)</b> | <b>Total Request (Mil \$)</b> |
|-----------------------|-------------|--|-----------------------------|-----------------------------|-------------------------------|
| C09*                  | UNLV        | Science, Eng & Tech Bldg - FF&E            | \$21.022                    | \$0                         | \$21.022                      |
| C10                   | UNR         | Knowledge Center - FF&E                    | \$18.951                    | \$0                         | \$18.951                      |
| C11                   | UNR         | Math & Science Center – FF&E               | \$10.813                    | \$0                         | \$10.813                      |
| C12*                  | NSC         | Academic/Student Svcs – FF&E               | \$4.032                     | \$0                         | \$4.032                       |
| C13                   | CCSN        | Classroom Bldg, W. Charleston - FF&E       | \$4.481                     | \$0                         | \$4.481                       |
| C14                   | CCSN        | Transportation Technology – FF&E           | \$2.622                     | \$0                         | \$2.622                       |
| C15                   | GBC         | Electrical & Industrial Tech Bldg – FF&E   | \$1.761                     | \$0                         | \$1.761                       |
| C16*                  | UNLV        | Greenspun Completion                       | \$19.362                    | \$0                         | \$19.362                      |
| C17                   | DRI         | CAVE Completion                            | \$9.508                     | \$0                         | \$9.508                       |
| C18                   | UNR         | Math & Science Center Completion           | \$6.211                     | \$0                         | \$6.211                       |
| C24                   | WNCC        | ADA Retrofit                               | \$3.721                     | \$0                         | \$3.721                       |
| C89                   | UNHSC       | UNLV Shadow Lane Biomed Research Bldg      | \$15.750                    | \$0                         | \$15.750                      |
| C90                   | UNHSC       | Medical Ed Learning Lab Bldg-Reno          | \$37.000                    | \$16.000                    | \$53.000                      |
| C91                   | UNHSC       | Advanced Clinical Trng & Research Ctr-L.V. | \$57.250                    | \$31.000                    | \$88.250                      |
| M04                   | TMCC        | Red Mtn Bldg Fire Code Deficiencies        | \$1.754                     | \$0                         | \$1.754                       |
| M38                   | TMCC        | IGT Structural Reinforcement               | \$2.333                     | \$0                         | \$2.333                       |
| M47                   | Multiple    | Deferred Maintenance (HECC/SHECC)          | \$10.000                    | \$5.000                     | \$15.000                      |
|                       |             | <b>NSHE Totals</b>                         | <b>\$226.571</b>            | <b>\$52.000</b>             | <b>\$278.571</b>              |

## **WICHE**

In 1959, the Nevada Legislature approved Nevada's participation as a member of the Western Interstate Commission for Higher Education (WICHE) in order that educational assistance could be provided 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.

The Executive Budget recommends funding for professional support fees at \$1.18 million in FY 2007-08, an 8.1 percent decrease compared to \$1.29 million approved in FY 2006-07, and \$1.17 million in FY 2008-09, an additional 1.2 percent decrease from the amount recommended for FY 2007-08. The Governor recommends a number of program reductions and expansions for WICHE, including:

- A new UNLV Dental Graduate Loan Repayment program;
- A new out-of-state Dental Lab Technician program;
- A new program for teachers of deaf and hearing impaired students;
- A new Clinical Lab Scientist program;

- Expanding the Mental Health Federal Matching program (one new professional slot);
- Expanding the Physician Assistant program (one new professional slot);
- Reducing the Dental Federal Matching program (two professional slots); and
- Reducing the Veterinary Medicine program (one professional slot).

## **DEPARTMENT OF CULTURAL AFFAIRS**

The Department of Cultural Affairs provides leadership in cultural and information management, preservation of cultural heritage and the promotion of cultural resources, activities and education. The department currently operates with 160.17 FTE positions and is comprised of four divisions: the Division of Museums and History, State Library and Archives, the State Historic Preservation Office and the Nevada Arts Council.

The Executive Budget recommends General Fund appropriations for the department of \$14.6 million in FY 2007-08 and \$15.2 million in FY 2008-09. The recommended General Fund total of \$29.77 million for the 2007-09 biennium represents an increase of 18.4 percent over the \$25.15 million approved by the Legislature for the 2005-07 biennium. The Governor recommends total funding of \$18.90 million in FY 2007-08 and \$20.15 million in FY 2008-09. Additionally, The Executive Budget recommends a net addition of 17.71 positions which would bring the department to a total of 177.88 FTE positions.

The Governor recommends three General Fund supplemental appropriations totaling \$70,624, as follows: \$2,786 and \$9,925 for the Nevada Historical Society and the Nevada State Museum, Carson City, to cover anticipated utilities shortfalls for FY 2006-07, and \$57,913 for the Nevada State Library to cover unrealized vacancy savings and lower-than-anticipated federal receipts based on actual personnel costs for three federally-funded positions in FY 2006-07.

The Executive Budget recommends the following one-time General Fund appropriations totaling \$2.25 million over the 2007-09 biennium:

- \$265,678 for the Director's Office to purchase computer replacement equipment and software for all agencies supported by General Funds within the department;
- \$506,092 for the State Museum in Carson City to purchase new and replacement equipment and a portion of the Liberty Belle antique slot machine collection;
- \$120,000 for the restoration of the McKeen Motor Car and feasibility study of the Hall-Scott Motor Car, No. 22, in compliance with the recently amended McKeen Motor Car agreement; and
- \$1.36 million for the State Library and Archives division to fund collection development for public libraries and to purchase three new Microfilm Remote Access Systems, a Records Center Box Tracking Software System and replacement equipment.

## **NEVADA STATE LIBRARY/ARCHIVES AND RECORDS**

The division of State Library and Archives provides a variety of support services to assist state agencies, public libraries and the general public throughout the state. One such service is the bookmobile program, in which the state provides three bookmobiles to serve in rural areas. The Governor recommends an enhancement of \$40,000 each fiscal year to increase the bookmobile base funding from \$77,953 to \$117,953 per fiscal year, an increase of 51 percent over the funding provided in the 2005-07 biennium. The Executive Budget also recommends a General Fund appropriation of \$363,984 in FY 2008-09 for the addition of four positions to staff the new 31,150 square foot Southern Nevada Records Center. Details of the new center are described below in the Capital Improvements section under CIP-C19. The new positions are: Management Analyst II, Supply Technician III, Supply Assistant, and Maintenance Repair Specialist I.

## **NEVADA ARTS COUNCIL**

The Nevada Arts Council promotes Nevada's cultural life through grants and technical assistance to individuals, as well as organizations. The Governor recommends a General Fund appropriation in the amount of \$141,210 over the 2007-09 biennium to support two new positions: Accountant Technician I and Administrative Assistant I. The agency indicates the accounting position is needed to provide accounting and fiscal support, which will help resolve various audit concerns. The Administrative Assistant position converts an existing half-time contract clerical position to a full-time state classified position that will function as the primary Administrative Assistant at the new Lorenzi Park facility (described below as Capital Improvement Project CIP-C19).

## **DIVISION OF MUSEUMS AND HISTORY**

The division includes the following facilities: the Nevada Historical Society in Reno, the Nevada State Museum and Historical Society in Las Vegas, the Boulder City Railroad Museum, the East Ely Railroad Depot Museum, the Lost City Museum in Overton and the Carson City facilities, which include the administration office, the Nevada State Museum, and the Nevada State Railroad Museum. The Executive Budget recommends a combination of funding from admission charges, private funds and General Funds (\$788,095) totaling \$1.03 million in FY 2008-09 to support increased utilities, operating costs and staffing (12.51 new positions) for the new Nevada State Museum, slated to open in July 2008 at the Las Vegas Springs Preserve site.

To address various deferred maintenance and maintenance construction needs within the division, the Governor recommends General Fund appropriations totaling \$885,290 in FY 2007-08. Major projects to be funded include stucco repair and exterior painting at the East Ely Railroad Depot; exterior painting, railroad track, railroad crossing, track lighting, and electrical panel replacement at the V&T Interpretive Center in Carson City; and stucco and compact shelving repair at the Nevada Historical Society in Reno.

## **CAPITAL IMPROVEMENTS**

The Executive Budget recommends state funding over the 2007-09 biennium for the following Capital Improvement Program (CIP) projects within the department:

**CIP-C01** - \$2.9 million to construct an entrance to comply with the Americans with Disabilities Act (ADA) and a connecting structure for the State Museum in Carson City (a continuation of CIP 05-C27 funded in the 2005 Capital Improvement Program). This project would augment the 2005 CIP project to allow for unanticipated inflation, evidenced by construction bids that exceeded the project's budget by nearly 50 percent.

**CIP-C02** - \$11.5 million for a construction funding shortage for the Las Vegas Spring Preserve Museum (CIP 03-A03). In 2002, voters approved Question #1, which provided bond issue proceeds of \$35 million to support the planning, design, construction and exhibit costs for a new state museum to be built at the Las Vegas Springs Preserve site. However, due to the current increase in steel, concrete and other related construction costs, construction estimates were significantly higher than the available funding. This project will cover unanticipated inflation to allow for the completion of the intended 75,000 square foot. building.

**CIP-C19** - \$1.6 million to remodel a portion of the Southern Nevada State Museum (Lorenzi Park) into a departmental resource center. The center will include space for the new Southern Nevada Records Center, services for the Library to the Blind and Physically Handicapped, a research and exhibit museum, the Nevada Arts Council and the State Historic Preservation Office. The project is anticipated to be completed by early fall of FY 2008-09.





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|                                    | 2005 - 2006<br>Actual | 2006 - 2007<br>Work Program | 2007 - 2008<br>Governor<br>Recommended | %<br>Change | 2008 - 2009<br>Governor<br>Recommended | %<br>Change |
|------------------------------------|-----------------------|-----------------------------|--|-------------|--|-------------|
| <b>EDUCATION</b>                   |                       |                             |  |             |  |             |
| <b>DEPARTMENT OF EDUCATION</b>     |                       |                             |  |             |  |             |
| DISTRIBUTIVE SCHOOL ACCOUNT        | 903,017,861           | 1,198,144,695               | 1,172,442,700                          | -2.15       | 1,245,252,645                          | 6.21        |
| GENERAL FUND                       | 849,596,247           | 963,564,913                 | 1,012,678,153                          | 5.10        | 1,075,036,081                          | 6.16        |
| BALANCE FORWARD                    | -97,244,558           | 97,255,668                  |  | -100.00     |  |             |
| FEDERAL FUND                       | 7,608,185             | 3,858,462                   | 8,071,523                              | 109.19      | 8,313,669                              | 3.00        |
| INTER AGENCY TRANSFER              | 163,688               |                             |  |             |  |             |
| OTHER FUND                         | 142,894,299           | 133,465,652                 | 151,693,024                            | 13.66       | 161,902,895                            | 6.73        |
| NDE - SCHOOL REMEDIATION TRUST FU  | 44,924,060            | 68,984,064                  | 59,798,073                             | -13.32      | 61,315,922                             | 2.54        |
| GENERAL FUND                       | 50,000,000            | 50,000,000                  | 59,798,073                             | 19.60       | 61,315,922                             | 2.54        |
| BALANCE FORWARD                    | -11,894,728           | 11,894,728                  |  | -100.00     |  |             |
| INTER AGENCY TRANSFER              | 6,818,788             | 7,089,336                   |  | -100.00     |  |             |
| NDE - OTHER STATE EDUCATION PROGI  | 17,699,686            | 12,622,791                  | 17,617,629                             | 39.57       | 18,399,404                             | 4.44        |
| GENERAL FUND                       | 17,767,784            | 12,375,447                  | 17,579,629                             | 42.05       | 18,340,404                             | 4.33        |
| BALANCE FORWARD                    | -174,342              | 239,379                     |  | -100.00     | 21,000                                 |             |
| INTER AGENCY TRANSFER              | 97,720                |                             |  |             |  |             |
| OTHER FUND                         | 8,524                 | 7,965                       | 38,000                                 | 377.09      | 38,000                                 |             |
| NDE - EDUCATION STATE PROGRAMS     | 2,695,556             | 2,908,938                   | 3,083,974                              | 6.02        | 3,258,514                              | 5.66        |
| GENERAL FUND                       | 2,600,929             | 2,736,906                   | 2,932,387                              | 7.14        | 3,009,684                              | 2.64        |
| INTER AGENCY TRANSFER              | 84,876                | 169,032                     | 142,036                                | -15.97      | 239,279                                | 68.46       |
| OTHER FUND                         | 9,751                 | 3,000                       | 9,551                                  | 218.37      | 9,551                                  |             |
| NDE - EDUCATION SUPPORT SERVICES   | 2,183,541             | 2,520,847                   | 2,943,501                              | 16.77       | 3,013,551                              | 2.38        |
| GENERAL FUND                       | 956,969               | 1,016,567                   | 1,152,304                              | 13.35       | 1,203,573                              | 4.45        |
| BALANCE FORWARD                    | -63,825               | 142,275                     | 192,472                                | 35.28       | 118,201                                | -38.59      |
| INTER AGENCY TRANSFER              | 1,290,397             | 1,362,005                   | 1,598,725                              | 17.38       | 1,691,777                              | 5.82        |
| NDE - EDUCATION STAFFING SERVICES  | 337,394               | 468,526                     | 496,217                                | 5.91        | 532,519                                | 7.32        |
| INTER AGENCY TRANSFER              | 337,394               | 468,526                     | 496,217                                | 5.91        | 532,519                                | 7.32        |
| NDE - PROFICIENCY TESTING          | 4,123,153             | 4,349,220                   | 5,016,438                              | 15.34       | 5,375,516                              | 7.16        |
| GENERAL FUND                       | 4,123,153             | 4,331,677                   | 5,006,798                              | 15.59       | 5,345,695                              | 6.77        |
| INTER AGENCY TRANSFER              |                       | 17,543                      | 9,640                                  | -45.05      | 29,821                                 | 209.35      |
| NDE - TEACHER EDUCATION AND LICEN: | 1,300,890             | 1,443,819                   | 2,104,080                              | 45.73       | 2,198,763                              | 4.50        |
| GENERAL FUND                       |                       | 100                         | 100                                    |             | 100                                    |             |
| BALANCE FORWARD                    | 28,267                | 122,245                     | 363,211                                | 197.12      | 473,869                                | 30.47       |
| INTER AGENCY TRANSFER              | 64,363                | 82,428                      | 91,719                                 | 11.27       | 96,149                                 | 4.83        |
| OTHER FUND                         | 1,208,260             | 1,239,046                   | 1,649,050                              | 33.09       | 1,628,645                              | -1.24       |
| NDE - ELEMENTARY & SECONDARY ED -  | 70,444,387            | 82,325,072                  | 84,678,544                             | 2.86        | 84,678,545                             |             |
| FEDERAL FUND                       | 70,444,387            | 82,325,072                  | 84,678,544                             | 2.86        | 84,678,545                             |             |
| NDE - ELEMENTARY & SECONDARY ED T  | 23,020,926            | 26,668,171                  | 23,248,894                             | -12.82      | 23,248,895                             |             |
| FEDERAL FUND                       | 23,020,926            | 26,668,171                  | 23,248,894                             | -12.82      | 23,248,895                             |             |

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|  | 2005 - 2006<br>Actual | 2006 - 2007<br>Work Program | 2007 - 2008<br>Governor<br>Recommended | %<br>Change  | 2008 - 2009<br>Governor<br>Recommended | %<br>Change |
|--|-----------------------|-----------------------------|--|--------------|--|-------------|
| <b>EDUCATION</b>                       |                       |                             |  |              |  |             |
| NDE - DISCRETIONARY GRANTS - UNRE      | 2,646,628             | 2,713,691                   | 2,754,961                              | 1.52         | 2,780,713                              | .93         |
| BALANCE FORWARD                        | -35,394               | 132,119                     |  | -100.00      | 25,752                                 |             |
| FEDERAL FUND                           | 2,542,669             | 2,265,175                   | 2,754,961                              | 21.62        | 2,754,961                              |             |
| OTHER FUND                             | 139,353               | 316,397                     |  | -100.00      |  |             |
| NDE - DISCRETIONARY GRANTS - RESTF     | 13,813,582            | 15,405,449                  | 15,045,479                             | -2.34        | 15,045,499                             | .00         |
| BALANCE FORWARD                        | 1,100                 |                             |  |              |  |             |
| FEDERAL FUND                           | 13,812,482            | 15,405,449                  | 15,045,479                             | -2.34        | 15,045,499                             | .00         |
| NDE - STUDENT INCENTIVE GRANTS         | 525,571               | 528,204                     | 532,129                                | .74          | 534,827                                | .51         |
| GENERAL FUND                           | 375,417               | 376,952                     | 381,358                                | 1.17         | 382,870                                | .40         |
| FEDERAL FUND                           | 150,154               | 150,206                     | 150,206                                |              | 150,206                                |             |
| INTER AGENCY TRANSFER                  |                       | 1,046                       | 565                                    | -45.98       | 1,751                                  | 209.91      |
| NDE - CAREER AND TECHNICAL EDUCAT      | 9,348,430             | 9,264,845                   | 9,253,829                              | -.12         | 9,281,812                              | .30         |
| GENERAL FUND                           | 361,079               | 365,406                     | 379,292                                | 3.80         | 392,500                                | 3.48        |
| FEDERAL FUND                           | 8,975,526             | 8,886,651                   | 8,867,038                              | -.22         | 8,865,895                              | -.01        |
| INTER AGENCY TRANSFER                  | 11,825                | 12,788                      | 7,499                                  | -41.36       | 23,417                                 | 212.27      |
| NDE - CONTINUING EDUCATION             | 5,046,868             | 4,991,371                   | 4,788,745                              | -4.06        | 4,798,637                              | .21         |
| GENERAL FUND                           | 551,124               | 558,063                     | 614,015                                | 10.03        | 617,430                                | .56         |
| BALANCE FORWARD                        | -11,110               |                             |  |              |  |             |
| FEDERAL FUND                           | 4,487,064             | 4,421,277                   | 4,171,628                              | -5.65        | 4,171,628                              |             |
| INTER AGENCY TRANSFER                  | 19,790                | 12,031                      | 3,102                                  | -74.22       | 9,579                                  | 208.80      |
| NDE - GEAR UP                          | 1,153,599             | 1,202,959                   | 1,500,000                              | 24.69        | 1,500,000                              |             |
| FEDERAL FUND                           | 1,153,599             | 1,202,959                   | 1,500,000                              | 24.69        | 1,500,000                              |             |
| NDE - NUTRITION EDUCATION PROGRAM      | 66,231,863            | 67,980,749                  | 69,046,094                             | 1.57         | 71,156,067                             | 3.06        |
| GENERAL FUND                           | 275,804               | 278,640                     | 307,108                                | 10.22        | 315,286                                | 2.66        |
| BALANCE FORWARD                        | -3,714                | 186,281                     |  | -100.00      |  |             |
| FEDERAL FUND                           | 65,937,415            | 67,480,942                  | 68,730,214                             | 1.85         | 70,820,049                             | 3.04        |
| INTER AGENCY TRANSFER                  | 19,367                | 24,886                      | 5,694                                  | -77.12       | 17,654                                 | 210.05      |
| OTHER FUND                             | 2,991                 | 10,000                      | 3,078                                  | -69.22       | 3,078                                  |             |
| NDE - DRUG ABUSE EDUCATION             | 1,777,932             | 2,043,002                   | 1,345,228                              | -34.15       | 1,345,228                              |             |
| FEDERAL FUND                           | 1,777,932             | 2,043,002                   | 1,345,228                              | -34.15       | 1,345,228                              |             |
| NDE - SCHOOL HEALTH EDUCATION - AII    | 348,057               | 230,750                     | 231,046                                | .13          | 231,046                                |             |
| FEDERAL FUND                           | 348,057               | 230,750                     | 231,046                                | .13          | 231,046                                |             |
| NDE - INDIVIDUALS WITH DISABILITIES (I | 64,914,796            | 67,265,611                  | 64,522,502                             | -4.08        | 64,521,375                             | -.00        |
| GENERAL FUND                           | 175,188               | 215,103                     | 175,220                                | -18.54       | 175,221                                | .00         |
| FEDERAL FUND                           | 64,697,034            | 67,012,625                  | 64,304,766                             | -4.04        | 64,301,565                             | -.00        |
| INTER AGENCY TRANSFER                  | 42,574                | 37,883                      | 42,516                                 | 12.23        | 44,589                                 | 4.88        |
| <b>TOTAL-DEPARTMENT OF EDUCATION</b>   | <b>1,235,554,780</b>  | <b>1,572,062,774</b>        | <b>1,540,450,063</b>                   | <b>-2.01</b> | <b>1,618,469,478</b>                   | <b>5.06</b> |
| GENERAL FUND                           | 926,783,694           | 1,035,819,774               | 1,101,004,437                          | 6.29         | 1,166,134,766                          | 5.92        |
| BALANCE FORWARD                        | -109,398,304          | 109,972,695                 | 555,683                                | -99.49       | 638,822                                | 14.96       |
| FEDERAL FUND                           | 264,955,430           | 281,950,741                 | 283,099,527                            | .41          | 285,427,186                            | .82         |
| INTER AGENCY TRANSFER                  | 8,950,782             | 9,277,504                   | 2,397,713                              | -74.16       | 2,686,535                              | 12.05       |

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|  | 2005 - 2006<br>Actual | 2006 - 2007<br>Work Program | 2007 - 2008<br>Governor<br>Recommended | %<br>Change | 2008 - 2009<br>Governor<br>Recommended | %<br>Change |
|--|-----------------------|-----------------------------|--|-------------|--|-------------|
| <b>EDUCATION</b>                             |                       |                             |  |             |  |             |
| OTHER FUND                                   | 144,263,178           | 135,042,060                 | 153,392,703                            | 13.59       | 163,582,169                            | 6.64        |
| <b>COMMISSION ON POSTSECONDARY EDUCATION</b> |                       |                             |  |             |  |             |
| COMMISSION ON POSTSECONDARY EDU              | 358,861               | 359,750                     | 380,804                                | 5.85        | 400,463                                | 5.16        |
| GENERAL FUND                                 | 242,654               | 244,994                     | 276,514                                | 12.87       | 308,483                                | 11.56       |
| FEDERAL FUND                                 | 116,207               | 104,000                     | 98,400                                 | -5.38       | 73,800                                 | -25.00      |
| INTER AGENCY TRANSFER                        |                       | 10,756                      | 5,890                                  | -45.24      | 18,180                                 | 208.66      |
| <b>TOTAL-COMMISSION ON POSTSECONDA</b>       | <b>358,861</b>        | <b>359,750</b>              | <b>380,804</b>                         | <b>5.85</b> | <b>400,463</b>                         | <b>5.16</b> |
| GENERAL FUND                                 | 242,654               | 244,994                     | 276,514                                | 12.87       | 308,483                                | 11.56       |
| FEDERAL FUND                                 | 116,207               | 104,000                     | 98,400                                 | -5.38       | 73,800                                 | -25.00      |
| INTER AGENCY TRANSFER                        |                       | 10,756                      | 5,890                                  | -45.24      | 18,180                                 | 208.66      |

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|  | 2005 - 2006<br>Actual | 2006 - 2007<br>Work Program | 2007 - 2008<br>Governor<br>Recommended | %<br>Change | 2008 - 2009<br>Governor<br>Recommended | %<br>Change |
|--|-----------------------|-----------------------------|--|-------------|--|-------------|
| <b>EDUCATION</b>                         |                       |                             |  |             |  |             |
| <b>NEVADA SYSTEM OF HIGHER EDUCATION</b> |                       |                             |  |             |  |             |
| NSHE SYSTEM ADMINISTRATION               | 4,597,857             | 4,859,225                   | 8,890,631                              | 82.96       | 10,204,725                             | 14.78       |
| GENERAL FUND                             | 4,465,030             | 4,555,582                   | 8,699,724                              | 90.97       | 9,847,017                              | 13.19       |
| INTER AGENCY TRANSFER                    | 21,367                | 192,183                     | 79,447                                 | -58.66      | 246,248                                | 209.95      |
| OTHER FUND                               | 111,460               | 111,460                     | 111,460                                |             | 111,460                                |             |
| NSHE SALARY ADJUSTMENTS                  | 9,472,641             | 24,988,092                  | 8,663,928                              | -65.33      | 26,917,227                             | 210.68      |
| GENERAL FUND                             | 9,472,641             | 24,988,092                  | 8,663,928                              | -65.33      | 26,917,227                             | 210.68      |
| NSHE - SPECIAL PROJECTS                  | 1,064,250             | 4,752,752                   | 2,745,533                              | -42.23      | 2,765,473                              | .73         |
| GENERAL FUND                             | 2,467,097             | 2,366,543                   | 2,741,156                              | 15.83       | 2,751,671                              | .38         |
| BALANCE FORWARD                          | -1,519,838            | 2,021,911                   |  | -100.00     |  |             |
| INTER AGENCY TRANSFER                    | 116,991               | 364,298                     | 4,377                                  | -98.80      | 13,802                                 | 215.33      |
| UNIVERSITY PRESS                         | 779,891               | 819,767                     | 891,272                                | 8.72        | 951,070                                | 6.71        |
| GENERAL FUND                             | 767,595               | 785,102                     | 880,094                                | 12.10       | 916,225                                | 4.11        |
| INTER AGENCY TRANSFER                    | 12,296                | 34,665                      | 11,178                                 | -67.75      | 34,845                                 | 211.73      |
| SYSTEM COMPUTING CENTER                  | 20,610,960            | 22,283,493                  | 23,073,706                             | 3.55        | 23,881,399                             | 3.50        |
| GENERAL FUND                             | 20,610,960            | 21,659,261                  | 22,854,951                             | 5.52        | 23,202,871                             | 1.52        |
| INTER AGENCY TRANSFER                    |                       | 624,232                     | 218,755                                | -64.96      | 678,528                                | 210.18      |
| NATIONAL DIRECT STUDENT LOAN PROJ        |                       | 50,904                      | 50,904                                 |             | 50,904                                 |             |
| GENERAL FUND                             |                       | 50,904                      | 50,904                                 |             | 50,904                                 |             |
| UNIVERSITY OF NEVADA - RENO              | 164,652,744           | 176,694,299                 | 186,079,925                            | 5.31        | 198,655,218                            | 6.76        |
| GENERAL FUND                             | 120,951,220           | 123,939,366                 | 137,820,410                            | 11.20       | 142,124,063                            | 3.12        |
| BALANCE FORWARD                          | -16,187               | 691,087                     |  | -100.00     |  |             |
| INTER AGENCY TRANSFER                    | 9,586,058             | 14,252,859                  | 11,197,739                             | -21.44      | 16,313,314                             | 45.68       |
| OTHER FUND                               | 34,131,653            | 37,810,987                  | 37,061,776                             | -1.98       | 40,217,841                             | 8.52        |
| INTERCOLLEGIATE ATHLETICS - UNR          | 5,434,471             | 5,592,321                   | 5,898,249                              | 5.47        | 6,136,798                              | 4.04        |
| GENERAL FUND                             | 5,387,090             | 5,457,948                   | 5,824,866                              | 6.72        | 5,983,481                              | 2.72        |
| INTER AGENCY TRANSFER                    | 47,381                | 134,373                     | 73,383                                 | -45.39      | 153,317                                | 108.93      |
| STATEWIDE PROGRAMS - UNR                 | 7,430,374             | 7,848,337                   | 8,442,554                              | 7.57        | 8,894,757                              | 5.36        |
| GENERAL FUND                             | 7,361,900             | 7,473,392                   | 8,319,422                              | 11.32       | 8,511,480                              | 2.31        |
| INTER AGENCY TRANSFER                    | 68,474                | 374,945                     | 123,132                                | -67.16      | 383,277                                | 211.27      |
| SCHOOL OF MEDICAL SCIENCES               | 28,250,261            | 33,993,892                  | 37,135,008                             | 9.24        | 39,273,735                             | 5.76        |
| GENERAL FUND                             | 25,782,994            | 30,705,592                  | 34,143,855                             | 11.20       | 34,973,615                             | 2.43        |
| INTER AGENCY TRANSFER                    | 409,528               | 1,193,554                   | 507,287                                | -57.50      | 1,581,366                              | 211.73      |
| OTHER FUND                               | 2,057,739             | 2,094,746                   | 2,483,866                              | 18.58       | 2,718,754                              | 9.46        |
| NSHE HEALTH LABORATORY AND RESE          | 1,843,888             | 1,928,771                   | 2,054,149                              | 6.50        | 2,144,717                              | 4.41        |
| GENERAL FUND                             | 1,792,588             | 1,806,750                   | 2,026,993                              | 12.19       | 2,060,833                              | 1.67        |
| INTER AGENCY TRANSFER                    | 51,300                | 122,021                     | 27,156                                 | -77.74      | 83,884                                 | 208.90      |
| AGRICULTURE EXPERIMENT STATION           | 9,388,572             | 9,819,554                   | 10,434,923                             | 6.27        | 10,959,411                             | 5.03        |
| GENERAL FUND                             | 7,934,073             | 8,058,015                   | 9,040,960                              | 12.20       | 9,267,900                              | 2.51        |
| FEDERAL FUND                             | 1,282,530             | 1,282,530                   | 1,253,645                              | -2.25       | 1,253,645                              |             |
| INTER AGENCY TRANSFER                    | 171,969               | 479,009                     | 140,318                                | -70.71      | 437,866                                | 212.05      |

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|----------------------------------|-----------------------|-----------------------------|--|-------------|--|-------------|
| <b>EDUCATION</b>                 |                       |                             |  |             |  |             |
| COOPERATIVE EXTENSION SERVICE    | 9,453,946             | 10,335,832                  | 11,143,762                             | 7.82        | 11,838,968                             | 6.24        |
| GENERAL FUND                     | 7,711,888             | 7,958,662                   | 9,123,444                              | 14.64       | 9,415,480                              | 3.20        |
| FEDERAL FUND                     | 1,100,075             | 1,214,924                   | 1,195,311                              | -1.61       | 1,197,186                              | .16         |
| INTER AGENCY TRANSFER            | 52,245                | 534,638                     | 181,395                                | -66.07      | 566,278                                | 212.18      |
| OTHER FUND                       | 589,738               | 627,608                     | 643,612                                | 2.55        | 660,024                                | 2.55        |
| BUSINESS CENTER NORTH            | 2,258,372             | 2,375,102                   | 2,527,804                              | 6.43        | 2,682,696                              | 6.13        |
| GENERAL FUND                     | 2,189,668             | 2,225,024                   | 2,485,543                              | 11.71       | 2,551,265                              | 2.64        |
| INTER AGENCY TRANSFER            | 68,704                | 150,078                     | 42,261                                 | -71.84      | 131,431                                | 211.00      |
| UNIVERSITY OF NEVADA - LAS VEGAS | 222,040,846           | 241,761,467                 | 257,960,069                            | 6.70        | 276,318,162                            | 7.12        |
| GENERAL FUND                     | 148,156,801           | 149,886,957                 | 167,470,538                            | 11.73       | 169,847,774                            | 1.42        |
| BALANCE FORWARD                  | -382,707              | 1,062,662                   |  | -100.00     |  |             |
| INTER AGENCY TRANSFER            | 5,683,749             | 12,038,659                  | 5,990,943                              | -50.24      | 12,878,265                             | 114.96      |
| OTHER FUND                       | 68,583,003            | 78,773,189                  | 84,498,588                             | 7.27        | 93,592,123                             | 10.76       |
| INTERCOLLEGIATE ATHLETICS - UNLV | 4,718,533             | 4,926,752                   | 6,384,288                              | 29.58       | 6,672,756                              | 4.52        |
| GENERAL FUND                     | 4,665,716             | 4,777,527                   | 6,335,053                              | 32.60       | 6,519,109                              | 2.91        |
| INTER AGENCY TRANSFER            | 52,817                | 149,225                     | 49,235                                 | -67.01      | 153,647                                | 212.07      |
| STATEWIDE PROGRAMS - UNLV        | 1,305,277             | 1,364,603                   | 1,440,110                              | 5.53        | 1,526,780                              | 6.02        |
| GENERAL FUND                     | 1,284,899             | 1,306,109                   | 1,418,144                              | 8.58        | 1,458,093                              | 2.82        |
| INTER AGENCY TRANSFER            | 20,378                | 58,494                      | 21,966                                 | -62.45      | 68,687                                 | 212.70      |
| UNLV LAW SCHOOL                  | 11,381,345            | 11,776,346                  | 12,657,814                             | 7.49        | 13,301,671                             | 5.09        |
| GENERAL FUND                     | 8,011,493             | 8,153,772                   | 9,038,943                              | 10.86       | 9,260,910                              | 2.46        |
| INTER AGENCY TRANSFER            | 121,778               | 458,109                     | 163,856                                | -64.23      | 511,540                                | 212.19      |
| OTHER FUND                       | 3,248,074             | 3,164,465                   | 3,455,015                              | 9.18        | 3,529,221                              | 2.15        |
| DENTAL SCHOOL - UNLV             | 11,764,359            | 12,299,929                  | 13,110,356                             | 6.59        | 13,882,344                             | 5.89        |
| GENERAL FUND                     | 7,361,963             | 7,558,066                   | 8,373,214                              | 10.79       | 8,627,124                              | 3.03        |
| INTER AGENCY TRANSFER            | 36,119                | 455,906                     | 197,190                                | -56.75      | 615,710                                | 212.24      |
| OTHER FUND                       | 4,366,277             | 4,285,957                   | 4,539,952                              | 5.93        | 4,639,510                              | 2.19        |
| BUSINESS CENTER SOUTH            | 1,914,460             | 2,020,414                   | 2,148,782                              | 6.35        | 2,287,346                              | 6.45        |
| GENERAL FUND                     | 1,865,223             | 1,896,828                   | 2,113,544                              | 11.43       | 2,177,228                              | 3.01        |
| INTER AGENCY TRANSFER            | 49,237                | 123,586                     | 35,238                                 | -71.49      | 110,118                                | 212.50      |
| DESERT RESEARCH INSTITUTE        | 7,587,583             | 9,455,693                   | 11,398,870                             | 20.55       | 11,846,735                             | 3.93        |
| GENERAL FUND                     | 7,795,532             | 7,940,225                   | 11,139,447                             | 40.29       | 11,353,115                             | 1.92        |
| BALANCE FORWARD                  | -437,706              | 1,105,623                   |  | -100.00     |  |             |
| INTER AGENCY TRANSFER            | 81,271                | 261,359                     | 110,937                                | -57.55      | 345,134                                | 211.11      |
| OTHER FUND                       | 148,486               | 148,486                     | 148,486                                |             | 148,486                                |             |
| GREAT BASIN COLLEGE              | 15,766,279            | 16,554,751                  | 18,938,070                             | 14.40       | 19,955,844                             | 5.37        |
| GENERAL FUND                     | 13,767,077            | 14,079,872                  | 16,815,599                             | 19.43       | 17,183,457                             | 2.19        |
| INTER AGENCY TRANSFER            | 253,571               | 706,771                     | 264,500                                | -62.58      | 825,814                                | 212.22      |
| OTHER FUND                       | 1,745,631             | 1,768,108                   | 1,857,971                              | 5.08        | 1,946,573                              | 4.77        |

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|--|-----------------------|-----------------------------|--|--------------|--|-------------|
| <b>EDUCATION</b>                               |                       |                             |  |              |  |             |
| WESTERN NEVADA COMMUNITY COLLEGE               | 21,481,879            | 22,586,407                  | 24,322,486                             | 7.69         | 25,578,389                             | 5.16        |
| GENERAL FUND                                   | 18,413,422            | 18,756,858                  | 21,026,111                             | 12.10        | 21,381,341                             | 1.69        |
| INTER AGENCY TRANSFER                          | 358,020               | 959,307                     | 355,230                                | -62.97       | 1,106,663                              | 211.53      |
| OTHER FUND                                     | 2,710,437             | 2,870,242                   | 2,941,145                              | 2.47         | 3,090,385                              | 5.07        |
| COMMUNITY COLLEGE OF SOUTHERN NEVADA           | 109,976,668           | 120,955,663                 | 126,572,619                            | 4.64         | 133,553,826                            | 5.52        |
| GENERAL FUND                                   | 83,741,954            | 89,256,692                  | 97,522,965                             | 9.26         | 99,586,614                             | 2.12        |
| INTER AGENCY TRANSFER                          | 834,378               | 4,430,091                   | 1,680,610                              | -62.06       | 5,220,903                              | 210.66      |
| OTHER FUND                                     | 25,400,336            | 27,268,880                  | 27,369,044                             | .37          | 28,746,309                             | 5.03        |
| TRUCKEE MEADOWS COMMUNITY COLLEGE              | 43,474,923            | 47,255,944                  | 50,242,379                             | 6.32         | 53,110,482                             | 5.71        |
| GENERAL FUND                                   | 35,295,074            | 36,604,794                  | 40,879,046                             | 11.68        | 41,747,097                             | 2.12        |
| INTER AGENCY TRANSFER                          | 308,400               | 1,816,979                   | 704,001                                | -61.25       | 2,185,321                              | 210.41      |
| OTHER FUND                                     | 7,871,449             | 8,834,171                   | 8,659,332                              | -1.98        | 9,178,064                              | 5.99        |
| NEVADA STATE COLLEGE AT HENDERSON              | 10,013,156            | 11,845,363                  | 18,116,628                             | 52.94        | 20,827,828                             | 14.97       |
| GENERAL FUND                                   | 8,287,264             | 9,565,135                   | 15,373,147                             | 60.72        | 17,155,957                             | 11.60       |
| INTER AGENCY TRANSFER                          | 55,363                | 190,329                     | 152,969                                | -19.63       | 475,719                                | 210.99      |
| OTHER FUND                                     | 1,670,529             | 2,089,899                   | 2,590,512                              | 23.95        | 3,196,152                              | 23.38       |
| <b>TOTAL-NEVADA SYSTEM OF HIGHER EDUCATION</b> | <b>726,663,535</b>    | <b>809,145,673</b>          | <b>851,324,819</b>                     | <b>5.21</b>  | <b>924,219,261</b>                     | <b>8.56</b> |
| GENERAL FUND                                   | 555,541,162           | 591,813,068                 | 650,182,001                            | 9.86         | 684,871,851                            | 5.34        |
| BALANCE FORWARD                                | -2,356,438            | 4,881,283                   |  |              |  | .00         |
| FEDERAL FUND                                   | 2,382,605             | 2,497,454                   | 2,448,956                              | -1.94        | 2,450,831                              | .08         |
| INTER AGENCY TRANSFER                          | 18,461,394            | 40,105,670                  | 22,333,103                             | -44.31       | 45,121,677                             | 102.04      |
| OTHER FUND                                     | 152,634,812           | 169,848,198                 | 176,360,759                            | 3.83         | 191,774,902                            | 8.74        |
| <b>WICHE PROGRAM</b>                           |                       |                             |  |              |  |             |
| W.I.C.H.E. ADMINISTRATION                      | 328,660               | 340,766                     | 381,742                                | 12.02        | 441,014                                | 15.53       |
| GENERAL FUND                                   | 323,795               | 333,863                     | 373,568                                | 11.89        | 424,517                                | 13.64       |
| INTER AGENCY TRANSFER                          | 4,865                 | 6,903                       | 8,174                                  | 18.41        | 16,497                                 | 101.82      |
| W.I.C.H.E. LOAN & STIPEND                      | 1,228,661             | 1,285,578                   | 1,181,450                              | -8.10        | 1,166,848                              | -1.24       |
| GENERAL FUND                                   | 646,266               | 797,728                     | 688,600                                | -13.68       | 673,998                                | -2.12       |
| OTHER FUND                                     | 582,395               | 487,850                     | 492,850                                | 1.02         | 492,850                                |             |
| <b>TOTAL-WICHE PROGRAM</b>                     | <b>1,557,321</b>      | <b>1,626,344</b>            | <b>1,563,192</b>                       | <b>-3.88</b> | <b>1,607,862</b>                       | <b>2.86</b> |
| GENERAL FUND                                   | 970,061               | 1,131,591                   | 1,062,168                              | -6.13        | 1,098,515                              | 3.42        |
| INTER AGENCY TRANSFER                          | 4,865                 | 6,903                       | 8,174                                  | 18.41        | 16,497                                 | 101.82      |
| OTHER FUND                                     | 582,395               | 487,850                     | 492,850                                |              | 492,850                                | .00         |

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|---------------------------------------|-----------------------|-----------------------------|--|-------------|--|-------------|
| <b>EDUCATION</b>                      |                       |                             |  |             |  |             |
| <b>DEPARTMENT OF CULTURAL AFFAIRS</b> |                       |                             |  |             |  |             |
| CULTURAL AFFAIRS ADMINISTRATION       | 883,617               | 931,313                     | 968,121                                | 3.95        | 1,013,734                              | 4.71        |
| GENERAL FUND                          | 875,049               | 887,434                     | 936,795                                | 5.56        | 955,614                                | 2.01        |
| INTER AGENCY TRANSFER                 | 8,568                 | 43,879                      | 31,326                                 | -28.61      | 58,120                                 | 85.53       |
| NEVADA HUMANITIES                     | 100,000               | 100,000                     | 100,000                                |             | 100,000                                |             |
| GENERAL FUND                          | 100,000               | 100,000                     | 100,000                                |             | 100,000                                |             |
| COMSTOCK HISTORIC DISTRICT            | 141,904               | 153,393                     | 167,807                                | 9.40        | 176,882                                | 5.41        |
| GENERAL FUND                          | 141,904               | 150,024                     | 165,653                                | 10.42       | 170,222                                | 2.76        |
| INTER AGENCY TRANSFER                 |                       | 3,369                       | 2,154                                  | -36.06      | 6,660                                  | 209.19      |
| STATE HISTORIC PRESERVATION OFFIC     | 1,024,606             | 2,173,594                   | 1,143,871                              | -47.37      | 1,207,119                              | 5.53        |
| GENERAL FUND                          | 312,477               | 321,101                     | 361,012                                | 12.43       | 372,888                                | 3.29        |
| FEDERAL FUND                          | 574,730               | 1,601,991                   | 597,535                                | -62.70      | 632,754                                | 5.89        |
| INTER AGENCY TRANSFER                 | 128,899               | 242,002                     | 176,824                                | -26.93      | 192,977                                | 9.14        |
| OTHER FUND                            | 8,500                 | 8,500                       | 8,500                                  |             | 8,500                                  |             |
| NEVADA STATE LIBRARY                  | 5,055,003             | 4,876,291                   | 4,919,372                              | .88         | 5,058,591                              | 2.83        |
| GENERAL FUND                          | 3,440,052             | 3,435,124                   | 3,942,842                              | 14.78       | 4,003,388                              | 1.54        |
| BALANCE FORWARD                       | -5,100                | 18,809                      |  | -100.00     |  |             |
| FEDERAL FUND                          | 1,198,544             | 1,228,713                   | 930,194                                | -24.30      | 933,163                                | .32         |
| INTER AGENCY TRANSFER                 | 393,583               | 189,818                     | 40,778                                 | -78.52      | 116,482                                | 185.65      |
| OTHER FUND                            | 27,924                | 3,827                       | 5,558                                  | 45.23       | 5,558                                  |             |
| ARCHIVES AND RECORDS                  | 978,349               | 804,537                     | 874,136                                | 8.65        | 1,279,928                              | 46.42       |
| GENERAL FUND                          | 827,949               | 772,698                     | 857,612                                | 10.99       | 1,237,541                              | 44.30       |
| FEDERAL FUND                          | 134,801               | 7,389                       | 2,846                                  | -61.48      | 2,846                                  |             |
| INTER AGENCY TRANSFER                 | 14,072                | 22,828                      | 12,270                                 | -46.25      | 38,133                                 | 210.78      |
| OTHER FUND                            | 1,527                 | 1,622                       | 1,408                                  | -13.19      | 1,408                                  |             |
| MICROGRAPHICS AND IMAGING             | 381,101               | 687,810                     | 602,708                                | -12.37      | 550,059                                | -8.74       |
| BALANCE FORWARD                       | -88,067               | 164,604                     | 133,540                                | -18.87      | 80,891                                 | -39.43      |
| INTER AGENCY TRANSFER                 | 469,168               | 523,206                     | 469,168                                | -10.33      | 469,168                                |             |
| NEVADA STATE LIBRARY - LITERACY       | 121,751               | 233,826                     | 187,016                                | -20.02      | 197,581                                | 5.65        |
| GENERAL FUND                          | 84,737                | 147,586                     | 147,656                                | .05         | 153,187                                | 3.75        |
| FEDERAL FUND                          | 37,014                | 19,347                      | 37,014                                 | 91.32       | 37,014                                 |             |
| INTER AGENCY TRANSFER                 |                       | 66,893                      | 2,346                                  | -96.49      | 7,380                                  | 214.58      |
| NEVADA STATE LIBRARY-CLAN             | 301,027               | 596,016                     | 348,330                                | -41.56      | 358,123                                | 2.81        |
| BALANCE FORWARD                       | -19,883               | 226,009                     |  | -100.00     |  |             |
| FEDERAL FUND                          | 2,600                 | 3,591                       | 2,600                                  | -27.60      | 2,600                                  |             |
| INTER AGENCY TRANSFER                 | 61,833                | 72,994                      | 72,444                                 | -.75        | 93,173                                 | 28.61       |
| OTHER FUND                            | 256,477               | 293,422                     | 273,286                                | -6.86       | 262,350                                | -4.00       |

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|---|-----------------------|-----------------------------|--|--------------|--|-------------|
| <b>EDUCATION</b>                        |                       |                             |  |              |  |             |
| NEVADA ARTS COUNCIL                     | 2,277,853             | 2,448,095                   | 2,320,201                              | -5.22        | 2,386,404                              | 2.85        |
| GENERAL FUND                            | 1,627,058             | 1,696,422                   | 1,822,149                              | 7.41         | 1,861,516                              | 2.16        |
| BALANCE FORWARD                         | -15,365               | 63,376                      |  | -100.00      |  |             |
| FEDERAL FUND                            | 591,600               | 583,300                     | 403,700                                | -30.79       | 403,700                                |             |
| INTER AGENCY TRANSFER                   |                       | 34,203                      | 17,600                                 | -48.54       | 44,436                                 | 152.48      |
| OTHER FUND                              | 74,560                | 70,794                      | 76,752                                 | 8.42         | 76,752                                 |             |
| MUSEUMS AND HISTORY                     | 334,383               | 340,613                     | 452,623                                | 32.88        | 415,984                                | -8.09       |
| GENERAL FUND                            | 320,258               | 321,158                     | 441,501                                | 37.47        | 392,518                                | -11.09      |
| INTER AGENCY TRANSFER                   | 14,125                | 19,455                      | 11,122                                 | -42.83       | 23,466                                 | 110.99      |
| LOST CITY MUSEUM                        | 391,783               | 471,195                     | 466,424                                | -1.01        | 494,889                                | 6.10        |
| GENERAL FUND                            | 325,063               | 375,056                     | 377,770                                | .72          | 389,768                                | 3.18        |
| INTER AGENCY TRANSFER                   |                       | 11,425                      | 6,265                                  | -45.16       | 19,423                                 | 210.02      |
| OTHER FUND                              | 66,720                | 84,714                      | 82,389                                 | -2.74        | 85,698                                 | 4.02        |
| NEVADA HISTORICAL SOCIETY               | 754,213               | 761,474                     | 995,096                                | 30.68        | 924,935                                | -7.05       |
| GENERAL FUND                            | 686,102               | 677,587                     | 931,646                                | 37.49        | 832,841                                | -10.61      |
| INTER AGENCY TRANSFER                   | 36,917                | 21,177                      | 11,749                                 | -44.52       | 36,335                                 | 209.26      |
| OTHER FUND                              | 31,194                | 62,710                      | 51,701                                 | -17.56       | 55,759                                 | 7.85        |
| STATE MUSEUM, CARSON CITY               | 1,801,030             | 1,789,660                   | 1,997,672                              | 11.62        | 2,035,750                              | 1.91        |
| GENERAL FUND                            | 1,445,483             | 1,365,493                   | 1,619,161                              | 18.58        | 1,593,237                              | -1.60       |
| FEDERAL FUND                            | 12,000                | 12,143                      |  | -100.00      |  |             |
| INTER AGENCY TRANSFER                   | 55,177                | 57,771                      | 25,123                                 | -56.51       | 78,176                                 | 211.17      |
| OTHER FUND                              | 288,370               | 354,253                     | 353,388                                | -.24         | 364,337                                | 3.10        |
| MUSEUM & HISTORICAL SOCIETY - LV        | 1,064,610             | 1,288,577                   | 1,126,967                              | -12.54       | 2,228,358                              | 97.73       |
| GENERAL FUND                            | 979,199               | 1,202,941                   | 1,071,901                              | -10.89       | 1,894,435                              | 76.74       |
| INTER AGENCY TRANSFER                   | 53,761                | 42,381                      | 16,545                                 | -60.96       | 51,742                                 | 212.73      |
| OTHER FUND                              | 31,650                | 43,255                      | 38,521                                 | -10.94       | 282,181                                | 632.54      |
| STATE RAILROAD MUSEUMS                  | 1,414,157             | 2,064,860                   | 2,228,456                              | 7.92         | 1,723,301                              | -22.67      |
| GENERAL FUND                            | 1,031,161             | 1,132,394                   | 1,802,104                              | 59.14        | 1,238,040                              | -31.30      |
| BALANCE FORWARD                         | -537,075              | 537,035                     |  | -100.00      |  |             |
| INTER AGENCY TRANSFER                   | 726,025               | 164,542                     | 155,684                                | -5.38        | 198,359                                | 27.41       |
| OTHER FUND                              | 194,046               | 230,889                     | 270,668                                | 17.23        | 286,902                                | 6.00        |
| <b>TOTAL-DEPARTMENT OF CULTURAL AFF</b> | <b>17,025,387</b>     | <b>19,721,254</b>           | <b>18,898,800</b>                      | <b>-4.17</b> | <b>20,151,638</b>                      | <b>6.63</b> |
| GENERAL FUND                            | 12,196,492            | 12,585,018                  | 14,577,802                             | 15.83        | 15,195,195                             | 4.24        |
| BALANCE FORWARD                         | -665,490              | 1,009,833                   | 133,540                                | -86.78       | 80,891                                 | -39.43      |
| FEDERAL FUND                            | 2,551,289             | 3,456,474                   | 1,973,889                              | -42.89       | 2,012,077                              | 1.93        |
| INTER AGENCY TRANSFER                   | 1,962,128             | 1,515,943                   | 1,051,398                              | -30.64       | 1,434,030                              | 36.39       |
| OTHER FUND                              | 980,968               | 1,153,986                   | 1,162,171                              | .71          | 1,429,445                              | 23.00       |
| <b>EDUCATION</b>                        |                       |                             |  |              |  |             |
| GENERAL FUND                            | 1,495,734,063         | 1,641,594,445               | 1,767,102,922                          | 7.65         | 1,867,608,810                          | 5.69        |
| BALANCE FORWARD                         | -112,420,232          | 115,863,811                 | 689,223                                | -99.41       | 719,713                                | 4.42        |
| FEDERAL FUND                            | 270,005,531           | 288,008,669                 | 287,620,772                            | -.13         | 289,963,894                            | .81         |
| INTER AGENCY TRANSFER                   | 29,379,169            | 50,916,776                  | 25,796,278                             | -49.34       | 49,276,919                             | 91.02       |



Nevada Legislative Counsel Bureau  
Source of Funds Summary  
2007 - Fiscal Report

|                             | 2005 - 2006<br>Actual | 2006 - 2007<br>Work Program | 2007 - 2008<br>Governor<br>Recommended | %<br>Change | 2008 - 2009<br>Governor<br>Recommended | %<br>Change |
|-----------------------------|-----------------------|-----------------------------|--|-------------|--|-------------|
| <b>EDUCATION</b>            |                       |                             |  |             |  |             |
| <b>EDUCATION</b>            |                       |                             |  |             |  |             |
| OTHER FUND                  | 298,461,353           | 306,532,094                 | 331,408,483                            | 8.12        | 357,279,366                            | 7.81        |
| <b>TOTAL-EDUCATION</b>      | 1,981,159,884         | 2,402,915,795               | 2,412,617,678                          | .40         | 2,564,848,702                          | 6.31        |
| Less: INTER AGENCY TRANSFER | 29,379,169            | 50,916,776                  | 25,796,278                             | -49.34      | 49,276,919                             | 91.02       |
| <b>NET-EDUCATION</b>        | 1,951,780,715         | 2,351,999,019               | 2,386,821,400                          | 1.48        | 2,515,571,783                          | 5.39        |

