



*Nevada Governor's Office of the Western Regional Education Compact*

*for the*

*Nevada Western Interstate Commission for Higher Education (WICHE)*

Commission Meeting Minutes

March 13, 2018

8:00 AM

In Attendance:

**Fred Lokken:** Executive Commissioner, State of Nevada WICHE

**Chester Burton:** Commissioner, State of Nevada WICHE

**Brian Mitchell:** Director, Governor's Office of Science, Innovation and Technology (OSIT)

**Gillian Barclay:** Commissioner, State of Nevada WICHE

**Jeannine Warner:** Director, State of Nevada WICHE

**Gregg Ott:** Deputy Attorney General (DAG), Office of the Attorney General, State of Nevada

**Guests:** Jennifer Ouellette, the new LCB Budget Analyst for WICHE. There are no members of the public present.

1. Call to order at 8:10 a.m. This meeting was posted in accordance with the Nevada Open Meeting Law (OML).

2. There was no public comment.

3. Commissioner Lokken welcomed Gillian Barclay as the new Commissioner for WICHE. She is the new Health Care Industry Specialist with the State of NEVADA Governor's Office of Economic Development (GOED) and is based in Las Vegas.

Chester Burton has recently joined as Commissioner for WICHE. He is currently the CFO for the Nevada System of Higher Education.

4. Director Warner noted that as Ms. Lennox has been out of the office, the minutes from the February 1, 2017 and February 1, 2018 Commission meeting were not completed. Gregg Ott noted that per the Open Meeting law regulations regarding minutes, there is good cause for exception due to unexpected illness in this case. The meeting minutes will be placed as an agenda item at the next meeting.

5. Director Warner asked Commissioner Lokken to give some background and comment on the Commissioner role at the regional level.

Commissioner Lokken discussed the history and his relationship with Nevada WICHE since 2015. He has had a long history with regional WICHE over 20 years. WICHE is the leader in the Western United States in terms of higher education. It was the first of the beginning four Regional Compacts. It was chartered back in the 1950's in recognition of the special challenges that all Western states were facing at the time. Providing the proper number of physicians for their

population is a challenge for the Western states. In the 1950's and 1960's mental health professionals, dentists and lawyers were in short supply. Collaboration and creation of the Compact, gave opportunity to help foster and attract professions that Nevada identified it needed. Nevada recognized it had one institution that was not a one-size-fits-all. Many degree options were not available, as was true in other Western states. The first Compact included 13 states. There are now 16 participating states, including the Northern Mariana Islands and Guam. These were added in the 2 ½ years that Commissioner Lokken has been in his role with Nevada WICHE. This accomplishment required effort over six years. It was the first time that all Western states agreed to a shared membership, which is three ways. This represents a different expense package to regional WICHE for membership and recognizes this is a group that wants to be included and meets all of the needs.

Due to the efforts of the previous CEO of Regional WICHE, David Longanecker, attendance at the Regional meetings has increased by approximately one-third to two-thirds of the membership. At these meetings he sees the benefits of networking. The Northern Mariana Islands have just opened a casino, which is their first major economic undertaking. One of their legislators spoke with Vic Redding. They reached out to Nevada for assistance through UNLV to learn how to manage their casino and how to fit in legally with gaming regulations etc. They were guided to UNLV and have been working closely with Nevada for assistance on how to properly regulate their gaming industry. The activities embraced by Regional WICHE relate to higher education. Western Undergraduate Exchange (WUE) was an early program that recognized the need for an undergraduate exchange program enabling states that did not have certain programs to send their students to a neighboring state, but pay in-state tuition. The financial benefit of WUE has drifted over time, but there are a large number of students utilizing this successful program. There are no parameters placed on it. There are about 160 institutions in the 15 Western states. Each state offers varied programs that have been successful.

One of the true gifts of Regional WICHE membership is data collection. When we go to the Regional meeting, we receive updates that provide a sense of trends in higher education in the Western States, such as identification of the priorities and challenges from a regional perspective. This data has proven to be valuable. The Regional WICHE relationship includes a legislative advisory group with our state Commissioners providing regional networking. The Regional office makes contact with others in our state. Nevada may be the only place not yet visited by the Regional President, but the Commission is working on that. Nevada has been designated the regional meeting site in either 2020 or 2021.

Programming has moved strongly into health fields, particularly with mental health. There is development of a pilot program in rural mental health. This had success in Arizona. The regional level is pleased to see the states collaborate within this environment and would likely fit well in Nevada. Previous Nevada WICHE Commissioner, Vance Farrow, was working on this and other health-related projects with Regional WICHE. An example of useful data offered by Regional is their "Knocking At The College Door" report, ninth edition. It reports on the United States K-12 anticipated graduation populations projected to 2035. It reports anticipated high school graduation rates in every state, and provides individual state analysis. This data shows that the traditional model of the 18-24 year old is going away. It is expected that we will peak in Nevada by 2025. Regardless of growth, many people come into Nevada without children. Nevada will see decline in the 18-24 year age group starting in 2025. This never returns; it only keeps going down. This is true for the entire US, except for the South. This decline has already begun in the North-Central States. Those of us tied to higher education are focussed on the 18-20 year old age group. Awareness of this longitudinal data gives us a heads up to start good strategic planning.

In the last executive commission meeting a couple of weeks ago, Regional intends to push out to internal organizational functions. They consider new program initiatives for the Western states including cybersecurity. This is not a direction that WICHE has previously taken, but is a multi-campus, multi-system issue. All agreed that bringing the Western region together to recognize this could be an area of collaboration would help to reach a safer, more secure cyber environment for our institutions by protecting the privacy of our students and staff. The Nevada WICHE Commission arranged with Caleb Cage of Homeland Security, regarding training for Nevada WICHE through the state on cybersecurity. This training is offered free of charge but nobody has taken advantage of it.

Documentation provided by Regional indicates Nevada's return on investment its membership and participation in the organization provides. I think this return is one of the incredible stories of higher education in the US. Regional is now writing grants, working with the Gates Foundation and Native American colleges nationally.

Because Nevada is one of the first WICHE Regional Compacts, it is one of the best managed and most capable states in the Compact. The Regional office views Nevada as the national leader in grant opportunities amongst the Compacts. Nevada leads the effort in NC-SARA Reciprocity Agreement which helped create the solution to provide benefits in Nevada and across the country.

Commissioner Burton added that the Governor set a goal for 60% of the residents in Nevada to have some sort of post secondary certification or degree by 2025, which is a very heavy lift, but a grant was received for post-secondary attainment. He believes Nevada will be one of the participating states. This will help identify further action to take. Nevada is now ranked 48<sup>th</sup> or 49<sup>th</sup> and at about 26%, sixty percent remains a big goal. This is another way to show Nevadans are not in this by themselves. Nevada can study research in best practices and coordinate with sister states on this issue. Commissioner Lokken added that completion is an issue, especially in the Western States. The Passport grant program through TMCC is a way the 15 Western states can better coordinate transfer. One of the reasons people do not complete the program is because student credits are not accepted to be transferred when moving to another state, even though they are accredited. The philosophy of the Passport program has been very well received to make that count. So a student is empowered and they can attain it. This is all leadership on the Western state side. Nevada was one of the first members, joining in 1957 or 1958 and we have been one of the top three benefactors of this membership in terms of how our students have been able to go to other states. Development and improvement in the Nevada educational system was seen. Many UNR and UNLV students enter via the WUE program. This is allowing Nevada to co-mingle as a region and receives benefits.

When the Regional meeting comes to the state, there is an opportunity to showcase Nevada programs. It is not uncommon to meet at or nearby a University campus. The regional board rotates through to visit each of the member states. This gives Nevada a chance to tell its own story about the economic development, partnership with higher education, redefinition of the economy, meets the challenges of completion and addresses under-represented populations. Nevada brings all of its partners together to benefit from that. Commissioner Lokken wonders how to build on previous progress and says the challenge is to see how Nevada WICHE can help other state agencies by opening this resource.

Director Warner states that she wants to give Director Mitchell the opportunity to discuss the Governor's office role with the Nevada WICHE office.

Director Mitchell asked if WUE has a return requirement.

Ms. Warner responded that it does not; she will address that in her presentation and will be sharing the programs with the group. She added that the PSEP program has a return requirement. Commissioner Burton clarified that WUE is not the same as in-state tuition, it is 150% of in-state tuition. UNR has regulated this somewhat, however it is up to individual institutions to decide administration. Commissioner Lokken adds that other institutions can cap as UNR did, but institutions cannot refuse. Institutions that choose to participate in WUE may choose to cap.

Director Mitchell states that previously WICHE was a state agency and was later moved over to NSHE about 15 or 20 years ago. At the start of the recession, around 2007, it was moved to NSHE for administrative efficiencies. WICHE was part of NSHE for a number of years. In 2015, former Commissioner Vic Redding approached Mike Willden and the Director in the Governor's office about WICHE moving back to the state within the Governor's office. Per SB195 in 2015, this was proposed and enacted by the Legislature and approved by the Governor. This is how WICHE was moved under the Governor's office. Previously NSHE and Vic Redding in particular, was responsible for oversight of WICHE, that responsibility changed to the Governor. The Governor delegated the oversight to Director Mitchell's office, because they shared a similar workforce development program. Since 2015, Director Mitchell has overseen the WICHE office. In practice, that means he does not determine how the WICHE programs run. The Commissioners decide how to fill the slots for programs such as mental health or psych nursing. The daily administrative management such as travel requests, vacation requests, and office supply orders are reviewed and approved through him, similar to the way he runs these functions through the Governor's office. He is available as a resource to WICHE staff and serves as its liaison to the Governor. If there are concerns or initiatives the Commission wants to propose, he is happy to relay those to the Governor and report back.

Commissioner Lokken stated that when he came into the office, WICHE was in the process of moving from NSHE to Carson City. As a commissioner, he has never clearly understood this relationship. He stated there is need for further refinement of the relationship and roles, because the legislation does not specify this. , WICHE was an independent

agency since the 1950's. It then migrated after some possible fiscal mismanagement to NSHE. In the 2017 Legislative session, a bill was proposed to move WICHE under DETR. At that time, there had been no conversation with the Nevada WICHE Commission about this move. Our role as Commissioners is not clear. Maybe we need a conversation to provide clear understanding to the Directors and Commissioners of their roles. We took action as a Commission and voted to move the operations budget under Director Mitchell. However, we have not taken action to transfer anything else, and this should be discussed.

There was discussion about development of an organizational chart. One was discussed but it did not capture the essence, role and mission. The Commission still does not yet have a document that explains this relationship with OSIT. These projects are needed so all can move forward. We must have conversations on the Commissioner's role in performance of the WICHE Director's evaluation and to define the level of input each has on the evaluation.

Commissioner Lokken raised the issue of the budget because the agency's staff members were reduced which has continued since before it departed NSHE. The NRS states the Commission can have Jeannine and the Director's role, and can hire classified employees. The agency has a real staffing issue related to training and operation. The programs in the past year have suffered as a result. Nobody else in state government can help us with this difficult situation. At this point in time, as a Commission, we have not had discussion about budget or staffing priorities. We are not spending money that we have been allocated to spend. We have the big issue of asking the Legislature for being able to retain the money that has been returned to us, the loan repayments. We have to get the general fund appropriation to cover our yearly expenses. Previously, there was a problem with tuition and we were then allowed to keep this. WICHE needs to work with Director Mitchell and the Governor's office on these issues. The current Commission is looking to the new Commissioners to help us with the legislative process on deadlines and timing and for determination of what is appropriate. Jeannine commented that she copied the Nevada state budget timeline in the packet for the Commissioners to reference as part of the meeting packet.

Director Warner gave an overview of the history and purpose of WICHE; who we are, what we do and why we do it. Reference and orientation materials will be sent to the new Commissioners. Regional WICHE was established in 1953 for student exchange. The original programs focus was WY/CO medical, schools reserve seats, state covers out-of-state tuition and return to workforce.

Director Warner recalled the story she likes to tell students of how the program began back in the 1950's. There was an incoming president at University of WY who's son was not able to get into Medical school in Colorado, because he was not a resident. He came up with an idea for student exchange between Wyoming and Colorado to cover out-of-state tuition. This formed a collaborative relationship to meet workforce needs. This is how WICHE started, with a handful of states. Today there are now 16 states and territories that participate in the Compact. The Regional WICHE office administers the Western Regional Education Compact, which is governed by three gubernatorially-appointed Commissioners who facilitate resource sharing amongst higher-ed systems.

Nevada WICHE joined the Compact in 1959 and is now approaching its 60<sup>th</sup> anniversary. There is a new mission statement that came into effect, which is the Governor's office mission statement. This has replaced its former mission statement which was:

*Purpose:*

- Carry out the goals, objectives and programs of the WICHE Compact.
- Share resources higher-ed institutions and safety net providers.
- Meet the educational, health care, workforce needs of Nevadans.

[Nevada WICHE serves Nevadans who are seeking a relatively affordable education at the undergraduate and graduate levels. We serve students who are seeking financial assistance to acquire professional degrees in high demand fields, and Nevadans in need of health care with an emphasis on underserved populations. We do this through three regional exchange programs. We have one state-specific program which is designed to meet the demands of Nevada for professional workforce shortages].

As Commissioner Lokken discussed, the WUE program is for undergrad students looking to go out-of-state. They are allowed to pay 150% of resident tuition. The Western Regional Graduate program is similar to WUE, but the students pay resident tuition in select graduate fields. There is more information on these programs on the WICHE

website. These are regionally administered, but Nevada's office supports these programs and expends its resources on these programs.

A third exchange program is the Professional Student Exchange Program (PSEP) and was established in 1962 and is the Wyoming-Colorado relationship I mentioned earlier. Nevada started funding in this program in Veterinary Medicine and Dentistry. The support fee for the student to go out of state helps with the out of state cost differential. With this program, students can get preferential admission through our programs and in some fields such as Veterinary Medicine; they do not compete against the rest of the nation's students; they compete with other WICHE students in Nevada. This is a great advantage for students and requires students to return to Nevada and meet workforce needs. PSEP is a loan forgiveness program, because it gives students the support fee, students then repay the loan by coming back to the state and working, Nevada WICHE then forgives the loan. Program benefits provide educational access for programs not often found in our home state such as Veterinary Medicine and Occupational Therapy. Private schools have high tuition, and expensive private schools participate in the PSEP program. PSEP offers ten specific fields and provides the financial support to attend those schools. Nevada is the only state that has a 25% loan repayment requirement. Of that 100% support fee we provide, 25% is a loan and 75% is a grant that is forgiven if students provide their service. This 25% loan financial repayment is crucial to the agency operations, it is our non-general fund revenue to help support future programs and slots. Under the PSEP program, we have a return requirement which is a year, for a year funding. If we give the student four years of funds, they are required to work four years anywhere in the state or two years of support for two years of work in the state.

In 1997, the Legislature asked Nevada WICHE to design a program for its underserved populations. From this request, the Health Care Access Plan (HCAP) program was implemented. The focus of this program is underserved healthcare and workforce priorities and is designed to send participants to school so they can come back and enter the workforce serving underserved populations. It is a state-specific, custom program administered by our office and the Commission. PSEP is limited to the ten fields they provide. The Commission has the authority for this program, with Governor approval. The Mental Health Initiative is under the HCAP program. We provide a support fee to attend school, the loan repayment portion is 10%, because of the underserved requirement. We require them to work for two years in the state, specifically serving underserved populations.

In the past, WICHE operated a loan repayment program that started in 2005, but was recently eliminated in 2016. It was a loan repayment program that most states have nationally. We collaborated with the state loan repayment program and matched funds with the National Health Service Corps program. However, due to mental health needs in the state, Nevada WICHE transferred this program to a mental health focus. This change was an additional response to our reduction in resources that occurred while at NSHE.

The benefits and impacts of the programs Nevada WICHE administers help the state with recruitment and retention of its highly needed health care workforce. The students get access to schools, financial assistance, and institutions they otherwise may not have. The state gets great benefits resulting from these programs. First and foremost, it avoids costly duplication of facilities. Our office programs guarantee an educated workforce, because, participants are required to work in the state for a certain number of years. People have access to health care services from these practitioners. We can target our state needs and doing so has significant economic impacts. Our professionals come back, hire people, buy equipment etc. This in turn, creates healthier Nevadans.

*Core Functions:*

[We provide educational opportunities through our collaborations and access to skills. Nevada WICHE provides skilled workforce in professions of greatest need, provide health care needs to Nevadans with an emphasis on underserved populations and contribute to the economic development of our state. We ensure placement of our practitioners that creates and attracts businesses.]

In 2008, Director Warner conducted a return on investment study which, at that time, showed a 1:10 ratio for every dollar the state put into the programs.

Commissioner Barclay asked Director Warner to restate the impact, dollar for dollar, what she said regarding the study.

The study was conducted to determine the return for every dollar the state puts into our programs. Given the number of slots and people funded, for every \$1 the state puts in, \$10 is returned.

Director Warner as requested by Director Mitchell, will distribute the following the meeting, the Powerpoint presentation just discussed to Commission Barclay and Director Mitchell, as requested by Director Mitchell.

Regarding the administrative operations, we have the authority under NRS 223 under the Governor's office that went into effect in 2015/FY16. Since 1959, we have been under the authority of NRS 397. Under NRS 397.063, the Commissioners have their loan and stipend fund, the program budget, BA 2681. This account for FY18 is \$1,125,000. It is comprised of 66% general fund and 34% Non-General Fund revenue from the loan repayments. We have approximately \$9 million dollars in outstanding student accounts.

Administrative expenses are under NRS 397.062, budget account 2995, and is \$383,000 in both years of the biennium. It consists of 100% General Fund. Per statute, the Commission "shall pay expenses incurred in administering the budget account 2681 programs and shall pay expenses incurred in collecting money due to the state from budget account 2681". The Account authority for budget account 2995 is OSIT Director and the budget account authority for BA2681 is the Commission.

For the Administrative Component, there are 3 Commissioners, 2 Executive officers and 1 Classified fiscal staff including Colleen Lennox, who was not able to be present today.

For operating the agency, we have four primary functions,

- Executive: OSIT and WICHE Directors
- Fiscal: Accountant Technician 1 (AT1)
- Programs: Duties absorbed by WICHE Director and AT1
- Admin/Clerical: Duties absorbed by WICHE Director and AT1

The details regarding the relevant statutes are available. Director Warner can provide them upon request. There are approximately 20-24.

Regarding agency Initiatives for the current biennium, our programs are attempting to bridge funding. Our focus recently has been more toward provision of resources to students to get them into schools and the workforce. This is bridged by our programs. Other Commission initiatives include an effective Student Exchange Mix, which is our matrix. It is what Nevada WICHE lives on. Director Warner will provide this detailed information to Commissioner Barclay. The Commission's role is to make sure we have balance in what is funded, when to fund, how many to fund and the dollar amount. Another initiative for the biennium is the Mental Health Expansion Project. Director Warner will go into more detail with the development of the 2681 budget.

BA2995 administrative initiatives, seek to expand our marking/outreach. We had some funds this biennium however, we recently realized those funds needed redirection to a new loan management system that will create some great efficiencies and effectiveness. Staff is working with Director Mitchell on that project. This is part of a Regional collaboration with other state offices. Many state offices now require repayment from their students funded in PSEP or other programs, and if they don't there is a default and they have to repay the money. Those states now have to manage those funds and there are a lot of federal and state requirements. It is a very complicated process. I am excited to say that Nevada is leading the way in educating the other states and the regional office on what it takes to manage these student loans and accounts. The regional office has invited Colleen, our account tech, to the Regional meeting in May where we will present on that topic.

We have a big challenge with our revenue structure. We have to project those monies out not only in the current year, but for the next 3-4 years. Because one-third of our programs make up that from revenue, we must have a good understanding of what is going on at any given time. These budget projections are crucial in order to know what is happening with the loans. However, our revenue is impacted by high service rates and less defaults. If our students come back and work, we get less revenue because they are not paying the grant portion back in money. This is a good thing because that means they are working and generating those economic impacts. Also, if a student has decided to take a one-year residency, that revenue is gone and we have to account for that.

A third issue that impacts revenues, which is a huge concern, is that our agency gets large loan repayments throughout the year frequently. For example, if we have a Vet Med student who has a \$50,000 balance due on their loan and we get a check for that amount, the revenue we anticipate to fund future slots has been paid and is now gone. In previous years, we have reverted many of those funds due to large lump sum payments, and that money goes away. In

previous years, we had to commit to four veterinarian slots. When we looked at our projections, we realized there were funds for the first but not the second year. We have to know what is going on because we make a commitment to those slots to the students and schools, to the Regional office. In sum, our revenue structure is erratic and unreliable.

In 2016, we reverted \$289,000 back to the state. In 2017, we reverted \$206,000. This is \$500,000 that went back to the state that we will not get back. For this current fiscal year, we are projecting to be short \$50,000 and cannot fill our slots. We do not know for sure if we will get possible lump sum payoffs. We have the option to get a general fund advance, but we will have to pay it back in the fiscal year so that is not possible. If we project that our nongeneral fund revenue is high and we are short, we have to refuse slots that we committed to our students. If we project low, we won't overextend, however we then have less money to support the students.

An example is the HCAP program, that is \$200,000. We recently gave that money back to the state; an entire program that we are now not funding and will not get back again. Commissioner Redding called this "a financial downward spiral that continues". We operate under crystal ball projections and it is very labor intensive, inconsistent and unreliable. Commissioner Redding has stated that "we feel like we get penalized for doing our job." We need to look at how we are funded as part of the challenge of the Commission going into the biennium, to see if we can work with that revenue stream.

Finally, in the Commissioner packet there is a Legislative Counsel Bureau (LCB) Letter of Intent. This allows us to reallocate slots, for example, to a higher demand field. We have to report any unfunded slots due to funding shortages, and we now have the option to create a balance forward, of any revenue that comes in after May 15th that has been collected, but unexpended. The agency can balance-forward those funds into the next fiscal year for shortages. But we can't revert that money in the following year.

To summarize: as Nevada's population increases, the demand for WICHE services increases. The Commission's role is to continue to seek and develop strategies for effectively impacting education and workforce gaps/shortages with programs and collaborations. The agency needs to respond by adjusting its programs and resources to serve the needs of the people of Nevada.

*The Nevada WICHE Vision:*

[To be a continuous resource for educational, health care and economic opportunities in underserved fields, while serving as the state's regional liaison for collaborative initiatives in education and healthcare].

This concludes Jeannine's presentation.

Commissioner Lokken commented the Commission had looked at the allocations to various professions that are supported in Nevada and there are a number of good reports from state government that let us know areas of potential shortages and mental health is significant. The school districts, through a change in state law, have a new social work effort to address immediate shortage as a priority. Nevada WICHE has moved forward with the first Physicians Assistant program which addresses a need in the state. Director Warner stated that one of the legislators has approached us about funding teachers for the Deaf and Hard of Hearing. So we aren't limited to health care, but cybersecurity, for example, is a high need, how can we help. This can be done through the HCAP program.

Commissioner Barclay commented that some areas that may not have been viewed as relevant to health care, such as cybersecurity are now the number one priority for health care in addition to training and pushing those professionals out into the system. At the Healthcare Information and Management Systems Society (HIMSS) conference last week, this was the number one topic discussed, especially concerning academic medical centers over the next five years. This was identified as an area of priority. She is pleased to hear that there is a strategy to train people in aspects of cybersecurity in the state.

Director Warner states this relates to the bridge funding she mentioned. There is need in the state and interest, Nevada WICHE can provide the programs and funding to connect the two.

Commissioner Lokken commented that anything new like this is a priority but doesn't yet have the financing. This gets back to Jeannine's point about where we need the stabilizer funding and if we could keep money instead of reverting it. This could give us additional money to support additional health programs.

As a Commission we have not had the opportunity to discuss the two medical schools and what this will mean. This is something that we support, but we do not have any money to address expansion of programs when there is not enough money. The finance piece is significant to pushing more money out to create revenue to commit to going forward.

*Nevada WICHE Status Report:*

Director Warner started in 2005 was an independent state agency. In 2010, the agency was transferred to NSHE in response to the Great Recession. This was an administrative and physical transfer, the staff was cut about 30% from a 3.5 to 2.2 FTE. Some synergies were gained through NSHE and they provided some fiscal and admin support. In 2015, we were transferred under NRS 223, and another physical transfer to Carson City and delegation of the budget to Director Mitchell and MOU between the two agencies was to be developed but we are still working on that.

She stated the agency experienced a reduction in administrative support. At NSHE, the agency had access to volunteer student workers, front desk reception, and other clerical administrative services that did not move with us when we transferred.

In 2016, she mentioned there were some staffing events which occurred. We had a Family and Medical Leave Act (FMLA) event when staff was out for couple of months. There was only one person operating at 50% of the office. In May of 2016, the Account Tech decided to move on to another job, which again left the agency with one staffperson. The crucial thing about this is, that this individual had 12 years of institutional knowledge and was operating 100% of the financials. When she left, all of that went with her. With one staffperson, we were basically limited to operating at only about 50%.

In 2017, we had our legislative session with the proposed DETR transfer but that was declined. We had another staffing turnover for the fiscal position in March 2017, and went back to operating at 50%. We hired our new AT1, Colleen about nine months ago, however it does take 2-3 years to train in the position. It will take a few years to gain back that institutional knowledge that was lost in 2016.

So here we are in 2018 and we are operating at about 30%, until Colleen gets trained up. We went from 2015 with 2 ½ years of reduced resources, a year and a half without a trained fiscal person, and never recovered from the recession back in 2010. When you lose one person it sets the agency back, very far.

As an example, there is a lot to do to prepare for a meeting, agenda, support documents, getting the meeting packets to commissioners and drafting minutes. Unfortunately, our Account Tech became ill a week ago, and so it set us back. One person is responsible for all four of those agency functions. If one person is gone, we do not have any internal support, backup or crosschecks and our controls are threatened. So the question to the Commissioners is, how do our resource levels impact those four functions, and how does that impact our operations and staff?

Director Warner states that it comes back to those four administrative components; executive, fiscal, programs and clerical. The agency addresses all of those areas with 2.0 FTE. This is our timeline to get things done. We have bonfires; if it is really urgent, it takes three months to get something done. If the Commission has a priority, we will drop everything and get it done in a week however, this postpones everything else in the agency. If it is a priority, it will take six months and all the rest will take 12 months, if it gets done. This is how we operate with 2.0 FTE. If there are delays, this is the reason for those.

Director Warner discussed the status of the slots. There are 17 slots that are unfunded, totaling \$143,951. Three Pharmacy slots are unfunded, 2 new OT slots which is a new program and 12 Master Level Nursing slots. We do not yet know the status of these slots because we have not had the account tech position for a year and a half.

Currently, we may or may not be short. If we are not short, those monies will probably be received in April or May, which is too late to start the recruitment/app/contracts process. The burden placed on staff is pretty enormous and very labor intensive.

The agency has experienced a lot of changes, but the resources have not been adjusted to meet those changes. Director Warner requests that the Commission take a look at this and determine what direction to take. She stated some of this workload is delegated to outside agencies. Director Warner asked the Controller's Office to assist with reconciliation of FY17 financials, however they are unable to do so. It is still not completed and FY18 is not looking good either. Our Regional office had to do WICHE's return data to find out how many of our supported practitioners worked in the state, as we just, didn't have the resources to do that. The agency is having trouble meeting its collaborative agreements because, we do not know how much money we have. Our funding is unreliable, meaning there are a lot of activities postponed or removed. The agency had to cut most of its marketing/advertising and have pretty-much eliminated return enforcement. The office used to track that, however staff is not going to be able to do that. We have had to resort to an honor system online for reporting. A lot of things have been postponed or removed.

The resource shortage has cost the state money.

Director Warner discussed the numerous current projects as detailed in the Powerpoint slide. With limited resources we are limited in what we can do. Director Warner's objective is to see the agency operate more efficiently, effectively and professionally through continuous improvement.

Director Warner stated that she will be working on financial training at the direction of Director Mitchell, as when the account tech was out nobody was working consistently. However, this will take away from some of the programs as reported from the last meeting. There will be outsourcing and development of more automated systems; again the honor system for practice. She asked the Commission to contribute on the status of health and workforce needs, and whatever ideas and solutions they may have.

She emphasized that the agency needs to recover and rebuild because, it has been struggling for a long time and it is ready to move forward. Whatever the Commissioners will decide has significant impacts either for good or bad. This will have an impact for the next 15 years. A student in now, in 4-5 years of school will have 10 years of loan repayments, and 5 years of work. The agency needs to be at its best to provide the best.

Comissioner Lokken asked if there were any questions/comments. He stated that we have to do something to help the staff currently. He talked with Director Warner about having resources to go to from other departments, and to temporarily bring staff members in, so that the trained and professional staff can focus on getting caught up. There has been discussion about moving to a new software solution. He stated that it has been brought to their attention that the agency has not been calculating things correctly and have perhaps not been collecting money appropriately.

Director Warner commented that it has been very labor intensive to collect monthly loan repayments and the new system will do that for us. Director Mitchell has been supportive and will approve the funds to do so. The system will transfer all the data into an Excel spreadsheet. She stated that Colleen has been doing an amazing job of looking at some of the deficiencies of the system and the Regional office has invited her to speak on it. She has done an amazing job in finding solutions to correct these problems.

Commissioner Lokken stated that we have an obligation to the state and agency on reporting the status of these funds. If somebody is not paying, we do not necessarily know right now. We have due process and a fiduciary responsibility and at some point this becomes a burden to the students which is unsettling. We need to schedule another meetin that is focused more on action, if we possibly can. Also, we need to have a discussion with Director Mitchell about staffing because this is an important part of the formula. What this agency does is so unique that nobody can help, for example, with the Controller's office. As Commissioners we have to help Director Warner figure this out.

Director Warner stated that we are unique to the state and we have to get creative on how we do things. Comissioner Lokken asked if there is a collection issue with other WICHE regional offices. They raised our fees and they first wanted to address the internal structure. There needs to be clarificaiton on how this increase is benefiting programming as well.

Director Warner stated that this is part of the collaboration that Colleen has been asked to attend at Regional in May. Not all states have a return requirement but now many more states are coming on board with a return or default requirement. Montana, in particular, has just gone through legislation to have that return requirement and require them to pay back the funds if they don't need it. They need staff in place in order to monitor the loans. We can give input on how this is done. Director Warner emphasized; this is why it is so important that these funds need be monitored.

Director Warner is hoping in May to find a system that works for most of the other Regional state offices. Two of them have their own custom system; Arizona had their own IT person create a system, but the other states are looking to Nevada to see how this is handled. The goal is to see if the Regional WICHE office can serve as the coordinator and to have a group discount to pay for the system to share resources for direction and assistance.

Comissioner Lokken indicates the need to move forward to Agenda Item 6.

6. Director Warner stated the Commission is statutorily required to review applicants and certify them. This has been delegated to the Director. Students are required to be a resident of Nevada for one year for their application to be complete. She referred to the application list in the Commissioners packet for final approval. Of note, is in the Pharmacy program there are only two qualified applicants for five slots. WICHE had to cut all of its marketing and recruitment. There are two applicants for Occupational Therapy (OT) for two slots, but that is for next year. For this

fiscal year the two OT slots are unfunded. This is a new program and is the first year for OT. Again, marketing has been inhibited and very limited due to staffing turnover.

Commissioner Lokken asked what the deadline/timeframe is for marketing to get the apps in on time.

Director Warner responds that the PSEP deadline is Oct. 15. The OT applicants must be submitted a year in advance and will be funded next year. We have two for funding next year. As a new program, because there has been no marketing, the word has not gotten out resulting in no applications received.

For PSEP programs we rely on the schools and regional offices for the marketing as part of the outsourcing. For HCAP, we often have to postpone this to a later date. She has started the recruitment for the Master of Social Work (MSW) program for five slots and is receiving applications. These were due on Friday. She is also working in collaboration with UNR School of Social Work and Dept. of Education to fund the Social Workers due to high need. They built 160 jobs into the schools that could not be filled. We also have Master of Nursing (MSN) however, we have done no recruitment. The problem is time constraints in getting the correspondence out and the selection/ review process for the contracts.

Commissioner Lokken moved to approve the list as stated in Agenda Item No. 6. Commissioner Barclay seconded this motion. All were in favor and voted aye; the motion carried unanimously. The list is approved.

7. Director Warner stated that this agenda item is an opportunity to bring up areas of interest to the Commission going into the next biennium. Of note, regarding cybersecurity she asked whether or not the Commission would like to have staff research this to acquire any data. Commissioner Barclay mentioned a possible collaboration through GOED and suggested that this may be an opportunity to look at, for example, Pharmacy Technician funding and enhancements.

Commissioner Burton emphasized that we need to look at the appropriate funding and determine what board is needed. He stressed that it is important to note that we have limited resources or ability to fill slots in the current program.

Commissioner Lokken commented that if we make the argument to not revert, it would be on the basis of stabilizing the budget we have. It would be identify those areas in short supply.

Commissioner Burton stated that when the Governor's office reviews the Bill Draft Requests (BDR), discussion on handling the loan repayments and setting up a revolving account makes more sense. He believes this option would be well received by the Legislature.

Director Warner stated that during the last legislative session, discussions had begun with Brody Leiser, WICHE's LCB analyst, to come up with a new system of revenue structure. She stated that there is a deadline of April 15<sup>th</sup> for cleanup items, any non-budgetary BDR. So a decision needs to be made regarding that. Ms. Warner requested that the Commissioners please contact her if there are any new needs that have been identified.

Commissioner Lokken stated that unless WICHE has a major change in the financial structure there will continue to be gaps. He confirmed that there were no items requiring action regarding Agenda Item 8.

8. Commissioner Lokken asked what the review process was and if the Commission needs to schedule time for feedback.

Director Warner responded that it is the responsibility of Director Mitchell to perform the evaluation. She asked the Commission to review the annual goals contained in the meeting packet and update for the next meeting.

Commissioner Burton stated as part of the annual review, Director and supervisor would be in the best position to determine what they want to accomplish and set goals for the upcoming year. They could then bring that forward for discussion and approval. Commissioner Barclay commented that she agrees and thinks there needs to be a more comprehensive process in place.

Director Mitchell stated that when WICHE was moved to the Governor's office in 2015 the Director has served at the pleasure of the Governor. So when there is an annual performance review, he will share with the Commission the goals and responsibilities that have been assigned to Director Warner. Last fall, it was brought to his attention that there were serious fiscal issues and all of the accounts had not been reconciled for WICHE. He gave Ms. Warner the goal of getting those accounts reconciled and corrected as soon as possible. As a second goal, the training needed to be done. Commissioner Lokken stated that when Dana Westre moved on, there was not anybody left who understood the fiscal side and that sets the agency back. He stated that Director Warner has been assigned to spend the bulk of her time on this. Director Mitchell stated the evaluation should be based on the mission and programs and carrying those out effectively.

Comissioner Lokken asked Director Mitchell if there is any formal role in providing feedback on the evaluation. Director Mitchell responded that he would welcome the Commission's input on this.

9. Director Warner stated that she would like to plan another meeting as soon as possible to discuss biennial related subjects at a deeper level.

Commissioner Burton emphasized he would like to see a budget built that can either meet the mission as it currently is, or adjust the budget needs to address the mismatch and lack of available resources.

Comissioner Lokken asked Director Mitchell suggested a BDR that could address how loan repayment process works. There needs to be discussion about staffing, if it is adequate, and how would an additional staffperson help in terms of office efficiency. There needs to be input from the Governor's office on priorities.

Director Mitchell responded regarding the BDR/fiscal issue, this has been a discussion since the 2015 session, and he has asked for input. So far, he has not seen any proposals or way of correcting the issue. He agreed the way the revenue issues, with the early lump sum payments, need to be addressed and would welcome a proposal. He believes the Governor's office would as well. For the good of the agency, this should happen in short order, stating that once the legislative members understand the issue they would be very open to finding a solution.

Regarding the staffing issue, he stated that there has been hesitancy to add new positions and that there needs to be a lot of justification. From his understanding, when the first AT1 was leaving, WICHE was running as it should with two staff. It is what has happened since, that is the issue. He would like to understand what has happened in the past two years to justify additional staff before bringing the request to the Governor's staff.

Comissioner Lokken stated, as Ms. Warren noted prior, that when we lost the third position due to the recession, NSHE assisted with providing flex and temporary employees. This was then lost in the move to the Governor's Office and therefore exacerbated the issue.

Director Warner commented that the agency had been struggling while it was with NSHE with reduced staff prior to the transition because a program officer had been lost.

10. There was no public comment at this time.

11. Having no further business and receiving no public comment, the meeting is adjourned at 2:05 p.m.