



Nevada Governor's Office of the Western Regional Education Compact

for the

Nevada Western Interstate Commission for Higher Education (WICHE)

Commission Meeting Minutes

June 25, 2018

3:00 PM

In Attendance:

Fred Lokken – Executive Commissioner, Nevada WICHE

Chester Burton– Commissioner, Nevada WICHE

Gillian Barclay – Commissioner, Nevada WICHE

Colleen Lennox– Accountant Technician 1, Nevada WICHE

David Gardner – Deputy Attorney General (DAG), Office of the Attorney General

Guests:

Brian Mitchell – Director, Office of the Governor, Office of Science, Innovation and Technology (OSIT)

1. **Call to order.** The meeting was called to order by Commissioner Lokken at 3:12 PM. This meeting was posted in accordance with the State of Nevada's Open Meeting Law (OML).
2. **Public Comment.** There was no public comment.

Ms. Lennox distributed, as an informational email from 6/22/18 between Jeannine Warner and David Gardner, confirming that WICHE can accept contracts from students that are emailed back for certification.

3. **Discussion, recommendations and action regarding the minutes from the February 1, 2018, March 13, 2018 and May 16, 2018 Nevada WICHE Commission meetings.**

Commissioner Burton made a motion to approve meeting minutes without changes for all three meeting dates as stated above. Commissioner Lokken seconded the motion. All were in favor of approving minutes from all three meetings. Commissioner Barclay abstained regarding the February 1, 2018 as she was not in attendance.

4. Discussion, recommendations and action regarding temporary delegation of application certification and support fee contracts signature authority for the limited time period, as designated by the Commission, during which the vacancy of the interim or new WICHE Director position exists; review and certification of Fiscal Year 2018 applicant certification lists for the PSEP and HCAP programs.

Ms. Lennox stated she has received some, but not complete, training from Ms. Warner. She has provided applicant certification lists for the PSEP and HCAP programs for the Commissioners to review if they wish. She has the contracts and their statuses some are some for signature today. There will be more to sign later this week. She suggested that when the new Director starts, perhaps there can be some crossover time for contracts training and she can still help sign. Per statute, the Commissioners have the authority to delegate to Colleen in the interim and then possibly during the training period re-delegate back to the new Director. David Gardner confirmed that this is correct.

Commissioner Burton asked if it would be appropriate in terms of the Director vacancy, to have the supervisor of that position to be the approving authority.

Commissioner Lokken responded that this would be an option to consider, however there is a problem with no background. He stated Commissioner Barclay has assisted with the allocations for some of the last minute slots. As Executive Commissioner, had been told he has authority to sign the contracts and this has been discussed with Brian. Brian has indicated that he will assist WICHE as necessary.

Ms. Lennox stated that the new Director would need to understand and at least have some training on the HCAP and PSEP contracts and programs and on how to allocate amounts to each contract.

Commissioner Burton commented he is concerned about the same person preparing, approving and signing as well.

Ms. Lennox stated that from an internal controls standpoint, we currently have only one other staff, who is temporary. Director Mitchell is often traveling and not available. There are other student contracts anticipated to return for processing.

Commissioner Burton motioned to maintain the status quo and have Commissioner Lokken continue to sign the contracts. Commissioner Barclay seconded this motion. Commissioner Lokken confirmed with Mr. Gardner that this would fulfill our statutory obligations. All voted in favor, the motion carried.

Ms. Lennox added there was an arrangement for review and ranking of applications agreed between Gillian and Catherine Prato of the State Board of Nursing. She sent the questions only with an alpha identifying system to Gillian and Catherine. Catherine provided the rankings. Ms. Lennox has made available to the Commissioners all the applications and backup paperwork if they would like to review. Currently there are fewer applicants than slots.

Commissioner Lokken motioned to leave the certification process, as it is on Agenda Item No. 4. Commissioner Burton seconded. All voted in favor, the motion carried.

5. Discussion, recommendations and action regarding 2019-2021 Biennial Budget request for Agency 017 – the Western Regional Education Compact’s Loan & Stipend Fund (B/A 101-2681); need to discuss who will recommend and submit AOO for Budget Account 2995, Fund for Administrative Expenses.

Commissioner Lokken reminded staff the board took action, in either 2015 or 2016, that allocated the administrative budget to Director Brian Mitchell. If the commission does nothing, he is the one responsible for identifying this. However, elements of the budget are impacted in discussions with the Governor’s Office. The deadline for some of this could be as late as August 31, 2018.

Commissioner Burton stated the need to discuss Agenda No. 9, which could have a direct impact on the budget. He commented that Budget Account 2681 regarding loans and stipends and staffing has been relatively static, however if recommendations are not made in time, we would have to wait another two years.

Commissioner Burton made a motion to combine Agenda items No. 9 and No. 5 to discuss jointly for possible action prior to making recommendations. Commissioner Lokken seconded this motion. All voted in favor, the motion carried.

9. Discussion, recommendation, and action regarding justification for additional WICHE Program and/or Administrative Support Staff to address shortage issue.

Commissioner Lokken stated the Governor’s office staff is willing to place a staff position in the budget request, for at least .5 FTE. What kind of staff position does the Nevada office need? There are recognized issues such as loan management and additional issues of no marketing in place, new software needs and other issues for discussion at the next public meeting. WICHE currently has a temporary Administrative Assistant who has made an impact on the office; however, this person is not interested at this time in permanent employment. We have an Accountant Technician 1 who is working above her classification for a number of reasons and a Director position funded at the level of a Program Officer 3. There was discussion in the Governor’s office, with a special Human Resources Ad-Hoc committee, of an at-will position. The Commission should consider the option of a classified position to give the Director’s job position more security.

Commissioner Burton is concerned for the need of a certain hierarchy for making these decisions. First, where should this position reside? Determine the appropriate level of the position, then the supervisor should have input.

He questioned how the loan funds would ultimately be impacted if WICHE positions were reclassified and added, with an approximate \$9.1 million loan portfolio and an annual 35% annual administrative fee, which he feels is high for a loan portfolio.

Commissioner Barclay asked if OSIT absorbs any administrative costs for WICHE.

Commissioner Lokken responded that there is no provision with OSIT and they have no obligation, other than space rent and Director Mitchell's time.

He stated WICHE is currently managing a little over 200 recurring loans and the portfolio of \$9.1 million, on top of the regular yearly portfolio. We are looking at the Governor's support for a revision to create a fund that would allow us to provide money needed for the year, up-front. Then, if there are additional funds, rather than allow that to revert it could be an additional source of money to fill more slots.

Commissioner Burton stated, ultimately all we can do, as a Commission regarding the budget is to provide input and recommendations for the department. It appears to him that we do need the Director and two support positions incorporated into the budget Bill Draft Request (BDR) along with any other related items such as training, travel and computer equipment related to that additional position and/or new hire.

Ms. Lennox noted that there would be higher administrative costs, as WICHE would require a new workstation/office space. The current office is 504 square feet. The lines of authority for operation appear tied into that, which needs delegation to another. She referred to Ms. Warner's previous presentation.

Ms. Lennox referred to the presentation in March when Ms. Warner stated the four types of separate, distinct duties, which included executive, fiscal, administrative and programs. The Program Officer duties would be a huge burden removed from the fiscal staff and the Director. It seems to her that if the Commission wanted to receive the best benefit for the money, they would add a Program Officer. Administration duties are easy to share, however it is difficult for the fiscal and Director to split the program duties and vice versa. However, each of the staff can do their own administrative duties and add those duties to their own Full Time Equivalents (FTEs). The Program Officer would be the most difficult to share or replace. Commissioner Lokken said he would pass the recommendations on to Director Mitchell.

Colleen stated that originally WICHE had a Program Officer. The agency had 3.5 FTE. The 0.5 FTE was for an Administrative Assistant, 1.0 FTE for Program Officer, 1.0 FTE for Director and 1.0 for the Accountant Technician 1. During the recession, the 1.0 FTE Program Officer was lost;

the 0.5 Administrative Assistant was vacant and lost also. All of the Program Officer job duties were spread out between the two remaining staff with each position assigned 1.5 FTE.

Commissioner Lokken stated the decision to shift the administrative budget was not part of the BDR or the expectations of the Governor's Office. OSIT's role was primarily for the location and for Director Mitchell to serve as liaison to represent the agency's needs to the Governor's staff. The financial role is not clear, but that was the decision, because he was the state connected officer to approve travel and leave requests. In the future, this is something that we can revisit as well and Director Mitchell is open to discussion on this. However, we still have the issue of; if we decided to move to the Governor's Office of Economic Development (GOED) someone would have to be willing to process the administrative duties. When WICHE was with NSHE, Vic served in both an administrative and board capacity. Mr. Lokken stated there should be a unified review, with an opportunity for the Commission to have comments about program performance. This has unfortunately been lost.

Ms. Lennox stated that when Vic Redding was the administrator he was also Jeannine's direct supervisor, and the Commission had input on the review process.

Commissioner Lokken stated the bill did not mention where WICHE would be sent. If it were to move to another state agency, it would not have to go back through the legislative process. Ms. Lennox commented that there are advantages to staying under the Governor's Office, but perhaps becoming more independent.

Commissioner Lokken has spoken with Jane Nichols, who guided the relationship with WICHE for 16 years. She always felt the relationship with NSHE was not a suitable fit and there were problems. Her recommendation was that a campus such as UNR or UNLV would be a logical choice. Mr. Lokken stated that this is a common relationship in the other states. A third one to consider would be the Department of Health and Human Services (DHHS).

Commissioner Barclay commented she would recommend NSHE over an independent campus setting.

Commissioner Lokken stated that NSHE anticipates some organizational changes and this may not be an option. He added that there is no reason a WICHE office in Southern Nevada would not be an option, however currently the North is the most comfortable spot. Ms. Lennox noted that historically the 0.5 FTE for the Administrative Assistant position was supposed to be for a Southern Nevada presence.

Ms. Lennox asked the Commission to choose one person to recommend and one to submit. Technically Brian is the signatory on BA 2995, however currently the only signatories on BA2681 are the Commission.

Regarding Agenda No. 9 for BA program budget 2995, Commissioner Burton motioned to recommend addition of 1.0 FTE Program Officer into the FY2020-2021 budget submission, in addition to including the related costs of training and equipment. Commissioner Lokken seconded the motion. All voted in favor, the motion carried.

Regarding Agenda No. 5 for BA 2995 operating budget, it was determined that Commissioner Lokken would represent the Commission in conversations with Director Mitchell/OSIT. Commissioner Burton motioned to give Director Mitchell/OSIT the authority to receive the funds. Commissioner Barclay seconded the motion. All voted in favor, the motion carried. Commissioner Lokken stated that another meeting will be scheduled to discuss the specific needs list outlining an additional position with Director Mitchell.

Commissioner Burton stated that when the new budget is loaded, the new position will be entered as an enhancement and will need to go through a separate review/approval process. Ms. Lennox stated Director Mitchell will likely confer with Darlene Baughn in the Administrative Services Division (ASD) to confirm the requirements for the new position. She clarified that in statute Director Mitchell makes the decisions, however he cannot upload budget for operating expenses. For BA 2681 the Commission has 100% authority. Programs reports directly to the Commission. She stated that we pay ASD a monthly fee for assistance. If the commission were to speak with Darlene Baughn about the program budget and their recommendations, she could enter numbers in NEBS. Ms. Lennox – WICHE has a new budget representative, Betsy Strasburg, who is our new contact supervised by Darlene.

Commissioner Burton stated there are only five expenditure lines for the loans; however, the problem is that structurally, Colleen is the only person to determine stipends/appropriation. This is a plug number that goes into the request after everything else is calculated.

Ms. Lennox stated that with the recently uploaded, new loan database projections numbers can come from the minimum fixed payments expected, however this revenue is not reliable, because people make random windfall payoffs. This is the source of previous projections and the only way to make a forecast. She can provide that number to ASD.

Ms. Lennox confirmed that for academic year 17-18 there are more slots than applicants.

Commissioner Barclay commented that part of the problem with getting the number of applicants is timing and marketing which should have been done early on. Ms. Lennox stated that the problem

was that the marketing did not happen and the marketing pipeline got smaller. The word got out when students received emails from their Dean. This is where the applications came from. For the Legislature, not having enough applicants is a reason for not filling all of them meaning, WICHE ask to retain the slots and improve marketing for the next cycle.

Commissioner Burton recommended that for BA 2681 loans and stipends, the baseline budget be based on FY18 expenditures and be continued without enhancements into the next biennium, and that the office makes the appropriate calculations to understand where the actual appropriation requests need to be and then delegate for approval and processing.

Commissioner Burton also asked for clarification regarding budget 2681 summary there is a small appropriation revenue line for Educated in Healthy Citizenry for \$27,474.18 in 18 and \$18,946.00 in 19. This goes out as a loan disbursement but there is nothing about repayment regarding this. He asked why it is broken out separately as a loan and not part of the normal loan program, with Expenditure 10.

Colleen will confirm with Ms. Warner, but it is her understanding from Ms. Warner that this may be for the continuing students for people who are in the program and already funded. What we need to look at is who have we funded already, including 17-18 that were just now were funded, and then come up with that number. Instead of keeping the exact static number, we want to be certain we are accounting for all the slots that have been filled and projecting ahead for the slots that we anticipate to fill. Colleen confirmed per the Internet/Google that this is an NIH funding program that is passed through to the state. While awaiting further clarification, it was discussed that a determination needed to be made due to the upcoming deadline.

Commissioner Burton made a motion (as stated previously) to use FY18, the current biennium, as a base that we recommend the same funding levels for WICHE loans and stipends, base and maintenance as in the current biennium. Commissioner Lokken seconded the motion. All voted approval, the motion carried.

Commissioner Lokken asked if we were to re-stimulate the marketing that was lost during the recession, and recognize that we are going off the critical list and partner, could we then request more money?

Commissioner Burton stated that because we are reverting the money in the current biennium, will not have a new Director in place, and the budget will be executed in July 1 of next year, it is something we should work towards, but at this point should not ask for more money until the next Legislative session. Commissioner Lokken stated that also with the reversion in the BDR, this could give us additional money for slots.

Colleen stated to confirm, we will we stay static on the 2681 budget and going forward to keep the base. We will have improvements with our marketing as these funds were used to purchase software for this year. She asked if there is a mechanism to request a 5% bump?

Commissioner Burton responded that this would have to be justified within the context that costs and maintenance are going up, etc. in order to ask for any enhancements at this point.

6. Discussion, recommendations and action regarding Health Care Access Program for Master of Social Workers funding – review certified applicants and staff recommendations for support fee awards. (Ref: NRS 397.060)

Colleen stated that the applicant rankings for MSW were done before Jeannine left and they were all sent out. Today, WICHE received some revenues which can allow us to fill more slots; we received \$20,000 that we can try to fund this week.

Commissioner Barclay asked how many applicants came from UNLV.

Ms. Lennox responded that she had not tracked this but has all the MSW information to make that determination. The MSWs were filled and she has already removed and funded an alternate due to a person refusing funds. She stated that there is a fifth slot to fill, however Jeannine has already completed the rankings for review.

Commissioner Burton commented that because he is not in a position to do a thorough review, he motioned to accept the rankings accordingly. Commissioner Lokken seconded the motion. All were in favor with no abstentions or oppositions, and the motion was passed unanimously.

7. Discussion, recommendations and action for budgetary Bill Draft Request (BDR) concepts for revisions to Nevada Revised Statute 397. Concepts include, but are not limited to, a request for a revolving loan account for the increased budget reliability in the Loan & Stipend Programs; transfer and relocation of Agency 017; and, other BDR recommendations.

Commissioner Burton asked to clarify that we don't need a BDR to relocate Agency 017.

Commissioner Lokken responded that we do not if we stay with GOED or any state agency, unless we desire to go back to NSHE for example.

Commissioner Burton stated that he does not think going back to NSHE would be an option.

Commissioner Lokken stated that in terms of locations, Vic agreed that attaching WICHE to one of the universities was not a good idea and recommended the Council on Postsecondary Education in the state. However, he would not be in support of this and thinks that either GOED or DHHS would make more sense.

Regarding the revolving loan account for increased budget reliability, Commissioner Lokken stated that Andrew Clinger is willing to draft the language on this and understands the problem the gap creates. Nevada WICHE has a very large payment due to Regional WICHE by November, and this is usually what causes the cash flow imbalance. The decision was made not to fill the slots for fear that we could overdraw. It was a very difficult decision to make as we did not know what was coming in for collections.

Commissioner Burton stated the revolving account makes all the sense in the world instead of funds going back to the state treasury and this will eliminate the issues related to that.

Also he is surprised there has not been an administrative fee attached to the loans and thinks this would be appropriate, stating that it would help defray the costs to the taxpayers. He recommends that the BDR set up the loan fund as a revolving fund, not subject to annual appropriations and in addition, as part of the loan servicing, that a fee be charged to all loan applicants.

Ms. Lennox stated that the origination for HCAP 90% grant, 10% loan is that the legislators wanted people to move quickly into the workforce. We might have a more difficult time if students also have to pay a loan fee because if they don't return their service time they are subject to a triple principle penalty. There is extra risk in taking those funds from the state. The idea behind the repayment is not to make money, but for the students to come back and work in Nevada.

He thought the administrative fee was minimal, around 2-5%, which could be added to the BDR. Commissioner Burton also thinks it would be easier when asking for an additional FTE, as the recipients would start to have some "skin in the game." This could also be a revenue source for ongoing software support.

Commissioner Burton stated the account could be funded and would not be subject to annual state budgeting rules. The money would be repaid and can roll over each fiscal year. The only appropriation that we would ask for would be to recharge in terms of bad debt, or if we wanted to expand the program. Otherwise, it would be totally self-sufficient. He believes that the Legislature would be more receptive to giving us more flexibility, as with tuition.

Ms. Lennox asked if the revenue is large enough to fund all of the slots.

Commissioner Burton stated that this would be reviewed each year for need, and if there is bad debt or you want to increase it, then you would have to go back to the Legislature, but it would not be near the numbers we are requesting today.

Commissioner Lokken stated that in conversations with the Governor's Office, it was getting our normal allocations, but then using this first to address the cash flow problem because there is not enough money up front to make payments in the fall and then we don't know how many slots. The idea is that we could find out through use, then we would know how much to keep as a recurring fund.

Commissioner Lokken stated that it would be wise to have the new Director at the legislative hearings. Ms. Lennox commented that the legislative intent was that the fund would grow versus go back to the state treasury.

8. **Discussion, recommendation, and action regarding proposed practice survey procure to reduce staff workload by shifting the responsibility for completing survey forms from the WICHE staff to the participants; and, require participants to access the survey online and submit information on an annual basis.**

Ms. Lennox stated that she is working on renewing WICHE's D4 contract which provides website hosting and domain name. She has discussed with John Dunlap the possibility of a secure portal for students to complete and submit their E-forms. WICHE paid a sum to D4 for this service, however four of the applications were lost and it was shut down immediately. Mr. Dunlap stated that they now have better ability to put this on a portal. Ms. Lennox states this will require an enhancement for the next budget. Our contract is finished on June 30, and she said we could continue just for a few months. However, this would require more funding but does not yet have a dollar amount. There is a possibility that D4 could work with NV E-Pro, a new secure portal. This could reduce staff time.

Commissioner Lokken asked; if we have a dollar figure, could this be an operating expense? Colleen responded that we do and suggested we use the marketing budget and possibly do a work program, as we did with Margill software. She will try to get a number.

Commissioner Burton motioned to delegate the authority to Ms. Lennox as part of the budget process and to add the cost, as it appears there is a cost benefit. Commissioner Barclay seconded the motion. All voted in favor, the motion carried.

9. **New business/future agenda items.**

There was discussion regarding the WICHE Director recruitment. The interviews have been conducted and the selection process and reference checking is currently in review.

Ms. Lennox distributed additional handouts regarding the budget prepared by Ms. Warner.

10. **Public Comment***. There was no public comment.

11. **Adjournment.** Having no further business and receiving no public comment the meeting adjourned at 4:45 p.m.

AMENDED