



Nevada Governor's Office of the Western Regional Education Compact

for the

Nevada Western Interstate Commission for Higher Education (WICHE)

Commission Meeting Minutes
August 17, 2018, 9:16 a.m.

In Attendance:

Fred Lokken – Executive Commissioner, Nevada WICHE

Chester Burton – Commissioner, Nevada WICHE

Gillian Barclay – Commissioner, Nevada WICHE

Lena Frias – Director, Nevada WICHE

Colleen Lennox – Accountant Technician 1, Nevada WICHE

Guests:

Jennifer Ouellette – Program Analyst, Nevada WICHE, Fiscal Analysis Division, Legislative Counsel Bureau

1. **Call to order.** Commissioner Lokken calls the meeting to order at 9:16 a.m. This meeting was posted in accordance with the State of Nevada's Open Meeting Law (OML).
2. **Public comment.** There is no public comment.
3. **Discussion, recommendations and action regarding the minutes from the June 25, 2018, 3:00 p.m., Nevada WICHE Commission meeting.** Chet Burton motions to approve the June 25, 2018 minutes with no changes. Gillian Barclay seconds the motion. Fred Lokken calls for the vote; all vote aye, the motion carries unanimously.
4. **Introduction of new WICHE Director, Lena Frias.** She is first-generation American; her family emigrated from Germany. Her given name is Marlene (Marlayna) however, her formal nickname is Lena (Layna). Prior to Nevada WICHE she worked as Finance and Grant Manager at Nevada Rural Housing Authority (NRHA) in Carson City. NRHA provides affordable housing and economic development solutions for rural Nevada. She supervised four staff and managed the agency's accounting department's \$15 million in funding.

Over the past 30 years she worked in diverse areas of the public, private and non-profit sectors. A few prior roles were: Administration Director for a Non-Profit serving victims of domestic violence; Administrative Services Officer at the Division of Public and Behavioral

Health (DPBH) managing \$35 million in grant funds; the Women, Infants and Children (WIC) program managing over \$70 million in grant funds.

Prior to work at the State of Nevada, She operated her own mortgage business in Reno for over seven years and previously has held a California Real Estate license and Nevada Mortgage Loan Originator's license. Lena has several years of experience in the lending world. Before moving to Nevada in 2004, she worked in Silicon Valley in semiconductor manufacturing and supply chain management.

For the past ten years Lena has lived with her husband in Gardnerville. They have four adult boys and use their spare time to adventure in Nevada's backcountry to truly embrace the "don't fence me in" spirit exploring old ghost towns and mining sites. She is a Toastmaster and serves as Vice President of Public Relations for her local chapter.

Colleen comments that working with Lena is a pleasure. Lena is able to assess who she is talking with and meet them on their level. She is a good mentor and helps me to understand state systems better. When we are doing something new, she informs me and discusses the state process. We both continually learn from each other and I appreciate the outlook she brings. We need to work very closely together as a team and Lena does that, thank you for being here.

Lena agrees with Colleen and feels the same way. Colleen and I are learning to work together well and I look forward to taking WICHE into a more efficient and effective future.

Fred comments Lena is always available when called and he has good communications with her. He feels the relationship with OSIT is stable. Colleen agrees. Fred mentions we have not previously put into the public record the process after Jeannine Warner stepped down. Wherever possible, we wanted to expedite the state hiring process. Since it was an administrative role, Brian Mitchell took the lead. He put together a position description, posted it and we received several applications. He invited Colleen and I to serve on the review committee. Brian used a unique interview process that streamlined the number interview meetings. We saw our top candidate and she accepted.

5. Discussion, recommendations and action regarding Nevada WICHE's Performance Measures.

Lena begins; since it is year-end, I have a couple of questions to help finalize WICHE's budget for the next biennium in fiscal years 2020 and 2021. Does the Commission see any reason to change the current performance measures? The agency has three performance measures. My insight is that we are behind in performance measures reporting. If the Commission decides to keep these in place, the agency needs to do a better job reporting its statistics.

WICHE's performance measures are as follows: The first performance measure reports the number of professionals serving Nevadans. The agency has not provided updated numbers on this performance measure for the past few years. Lena is uncertain of the last report date, because most of them remain in projected status. The data source for this measure is practice questionnaires and timesheets provided by funded students and then entered into the programs database. At minimum, the agency is several years behind in reporting on this performance measure.

The second performance measure is the percent of actual loan repayments to projected loan repayment. The second measure is the only measure current in its reporting with the last report in 2016. We retrieve this data from biennial revenue projections for non-state revenue compared with year-end actuals. Actual and projected cash receipts come from agency internal worksheets.

The third performance measure is the number of Nevadans served by WICHE supported participants, last reported in 2014. Its data source is practice questionnaires returned by participants and entered into the programs database.

The structure of WICHE's performance measures should encourage program improvement, effectiveness and the related internal controls.

Lena's initial observation is that agency goals tied to these measures are likely not well suited, because they have not been attainable or reported timely by WICHE. The agency submitted them late or not at all in the last few legislative sessions.

Lena's questions are; does the effort and time needed to report on these measures make it attainable and does the current internal WICHE structure impede its ability to provide regular updates? If these measures remain in place for the next biennium then better planning of agency priorities and timelines is required to keep them realistic and flexible. Lena does not want to continue with unreported measures.

Chet replies; the only subjective measure is the one about empowered growth of a vibrant and sustainable economy. The number of participants and loan repayments is straightforward. If we plan to ask the Legislature for money, it is necessary to track and measure. The commissioners link the WICHE plenary body and Nevada WICHE and the Legislature approves the annual Regional dues. I notice there is no measurement of Nevada student participation. Nevada's System of Higher Education (NSHE) tracks it, but does not fund it. NSHE receives data on the number of students utilizing WICHE from Regional WICHE headquarters. I recommend a performance measure to add measurements of NV WICHE participating students and dollars saved by those students. Because, WICHE is a Western U.S. program that encompasses 15 states and all of NSHE's performance indicators are Nevada-centric.

Fred comments he is looking at some of the data on the Regional website. They produce a Nevada-centric report that reports the number of Western Undergraduate Exchange (WUE) students enrolled at NV institutions. Colleen asks if Fred is talking about WUE or the Western Regional Graduate Program (WRGP). Fred confirms, WUE. Chet explains that is because WUE is under the Regional WICHE Compact agreement. When the Commission talks about ensuring performance measures are well suited and Regional WICHE generates this information annually, then it is a good indicator for the Commission to use.

Fred mentions that when NSHE changed from state supported to keeping its out of state student money, but received no more state support. It diminished taking WUE students, because there was less financial incentive. The campuses that previously committed to WUE participation continued to participate. UNR has a sizeable number, UNLV less so and TMCC measures in the hundreds. NV WICHE can utilize reliable data generated by Regional WICHE. WUE is the most used Regional WICHE program in Nevada, but is not an indicator. I say this because Regional indicates an \$11 million benefit to Nevada, which is another performance indicator. Regional provides this for all of the 15 member states and Nevada has one of the

strongest performing WUE relationships in the Compact. That could be a good indicator for us to use. Lena agrees. Colleen offers feedback, it is important to be clear, WUE is specific to undergrads and WICHE doesn't fund any undergrads. There is a graduate school program like WUE. Chet replies that Nevada's membership as part of the Compact allows it to participate in WUE. Colleen asks if it also covers the grad student component of that. Fred responds there is a second component for grad students and there are 42 WICHE programs, but not all are graduate programs. Colleen asks, if the dues pay into WUE and the other programs. Chet explains that Nevada pays membership dues to the Regional organization. Fred explains regional since the 1950s Regional has created programs such as WUE, which is one of its hallmarks in the 1950's. One hundred sixty eight institutions in the 15 state compact participate in WUE. California is not a big WUE participant, but a number of the other states, such as Wyoming heavily utilize WUE. States have made it hard for out of state students to attain residency. WUE is carrying that bucket. Because of this, I think it is a legitimate measure and a success story we can share with the Legislature.

Chet adds this is a large justification for WICHE participation NSHE shares with the Board of Regents. The question is always; "why do we continue to fund this organization?" Regional WICHE in Colorado does a good job showing the benefits of membership for all the individual states. Colleen comments, the most common question the agency received over the last year is "what do we get for our money?" Fred agrees we can prepare that. As executive commissioner, I brought to the Regional plenary body's attention that recently Regional WICHE administration raised its fees without indicating how any of the 15 states benefitted from increased fees. What the plenary body did hear about is salary increases and he did not think many state Legislatures would favor that. This point changed the dialogue about increased fees. Regional stopped plans for the money from increased fees and the plenary body will discuss it in November. He thinks the Regional organization must be accountable to the states and it has to recognize that perception can be devastating to this decades-long relationship. States are electing new legislators who may not agree as readily.

Lena has been in contact with the ASD analyst compiling WICHE's performance measure information. Lena needs to report on our three current performance measures for 2017 by next week. Is the commission saying they would like to add a fourth and draft the language? Are there recommendations for the language for a fourth indicator?

Fred mentions, because we have the Legislative Counsel Bureau (LCB) present today, he wants to finish the previous conversation. The agency likely does not use the data available on the Regional site if it is behind in its reporting. It is important to notice the Regional website reports Nevada students saved \$16.9 million in graduate tuitions. Over the past ten years, Nevada students have saved over \$100 million. Nevada had 1,494 students participate in the Professional Student Exchange Program (PSEP). Regional collects data on undergrad and graduate participants. The agency needs to utilize the available reports. The site also provides specific percentage data on PSEP graduates, the number of students enrolled in professional programs last year and the support fees paid.

Regarding a new indicator, what kind of indicator do you, Gillian and Chet, want to include that we think would be easy to get the data for?

Chet answers, the number of students participating in both PSEP and WUE and the amount of money saved by Nevada residents who save, because of the opportunity Nevada's

participation in the Compact provides. The Regional website reports these statistics. If the agency wanted statistics over the last ten years then the agency can request that by email. Chet says Margo Colalancia at Regional could provide that immediately. Many statistics provided by Regional analyze this program critically. Regional is sensitive to that need, therefore it is one of the first things covered in every plenary body meeting. Regional provides easy to identify data.

Lena asks if the Commission's direction would be for her to put together a framework for this performance measure regarding an indicator for the number of students participating in WUE and PSEP, and the savings. Chet clarifies it is the amount saved by students due to the opportunity to participate in the program. Fred adds it is clear Regional collects the data and the agency is able to use it.

Chet motions to add a fourth performance indicator to include the number of Nevada residents participating in PSEP and WUE, and the amount of money saved by Nevada residents in tuition because they have access to these programs.

Fred echoes that Chet motioned to direct staff to develop a fourth performance indicator and I second the motion. Is there any discussion on the motion? There is no discussion. Fred called for the vote, all voted aye. The motion carried unanimously.

6. Discussion, recommendations and action regarding Nevada WREC/WICHE's alignment to the State of Nevada's Strategic Planning Framework and Priorities & Performance Based Budgeting (PPBB). Review, evaluation and selection for the 2019-2021 biennium of Nevada WICHE's Strategic Priorities.

Lena refers to attachment (B). Nevada's Strategic Planning Framework which provides information on PPBB. For those not familiar with this planning framework, the Governor's overarching priorities are listed on page 2. Within the priorities provided in the handbook, lie the programs and services of state government and their central core functions.

On pages, 6-7 is essential core function (ECF) three is most relevant as we align the goals and objectives with WICHE under the education of workforce development ECF, goal 3.2. The objective WICHE aligns with is 3.2.3. Then we refer to goal 3.3, which ties to objective 3.3.1.

ECF 4, goal 4.2 correlates to objective 4.2.2. The mentioned priorities presently tie to WICHE. Is there any change or recommendation the Commission wants to address as we align the WICHE agency to PPBB?

Fred agrees the goals and objectives mentioned are the ones WICHE would use. They are the only ones possible for WICHE. It is important to remember that WICHE has never participated in this (PPBB goals-taps the document on the table with his finger). Adding categories that highlight and feature agency activities in, for instance rural Nevada where there is a healthcare crisis or the large number of underserved and uninsured Nevadans who benefit from WICHE programs by increased access to healthcare providers could be relevant. That language is not in PPBB. The Commission would like to know if Lena sees an opportunity for WICHE to participate in changing this document. Gillian agrees adding she is looking at goal 3.2 and thinks we need more focus on Science, Technology, Engineering and Math (STEM) earlier in the healthcare professions, because healthcare professions are STEM careers. It is

not too challenging to create workforce, but there are challenges related to STEM at postgraduate level. I wonder if we can construct language regarding the financial aid WICHE provides. It is clear that many of these opportunities are also STEM focused career training or pathways to support that, but there seems to be a disconnect.

Chet says higher education examines these issues and he sees WICHE as a key component. By focusing only on items under education, WICHE may be short-changing itself. There is also WICHE's contribution to the overall economic development of the state. For instance, under 1.1, job development is at the top. Objective 1.1.4 is to cultivate a diverse and inclusive workforce. Much of what we do through the exchange programs provides economic opportunities for students to pursue education, especially through graduate programs. The by-products of Nevada's participation in the Regional compact lead directly to that goal. This is especially true when students who do not have other opportunities to pursue these types of programs are considered. Nevada's participation in the Compact and its individual grant and loan programs, tie directly into job development.

The Governor has said the reason Nevada has a new medical school at UNLV is because, companies considering a move to Nevada note that health services is one of the biggest obstacles to relocating in Nevada. A key component to NV WICHE programs is to develop more healthcare professionals. NV WICHE should include basic business development and economic development in the goals it supports. When the agency maintains only narrow program focus it limits itself to education and workforce development under the third goal. The agency could broaden its focus. Fred mentions, under 1.1, healthcare is listed. Chet goes on to say it is one of the Governor's seven key industries of focus for state agencies.

Colleen comments that something Vic Redding had said and was repeated by Jeannine is perhaps some focus could go to younger students so they look forward to a graduate education and plan for it, because they know resources are available. Resources for graduate studies are quite difficult to find. She can understand somebody who is getting an Associate's Degree may not pursue further, because they can get a job with an Associate's Degree. If they pursue more education, they may not seek beyond a Bachelor's Degree because they think it is just too hard to get funding, they cannot afford it and must work instead. It is important to get the information out there to enable student's understanding there is support available for graduate studies.

Fred comments, NSHE previously supported outreach and recruitment programs with partners starting in first grade. NSHE has not collaborated or participated in the past few years. Parents need to hear about it as a financing opportunity. WICHE's fiscal year 2018 marketing budget was redirected to purchase a new loan management system. Identifying partnerships will help WICHE's outreach and marketing. Partnerships between WICHE and the school districts at the state level can increase awareness at the school level. Is this a career counseling area? It might start with a presentation in Carson City and then move out to all of the schools. It is important for WICHE and NSHE to do this. Vic's idea was that early outreach brings students to NSHE and WICHE. There are many reasons why applicants have not come to WICHE recently, all related to the fact that we stopped all forms of recruiting. Students do not know we exist.

Gillian is wary of aligning to language like number of jobs. It is important to look at the way we work. She is agreeable to focus on the quality of the workforce instead of alignment to the number of jobs created. She says this sitting in the Office of Economic Development. Colleen asks Gillian to quantify alignment to quality. Gillian answers, the way WICHE works is through scholarships. It is difficult to align our investments to an increased number of jobs. The contribution would be negligible to any of the health professions, however improved quality of care available to Nevada citizens through the people that we train is more easily connected than the number of jobs. Multiple state entities provide that assistance, such as the medical school where the students receive full scholarships. Number of jobs does not equate to economic development.

Fred asks if there something WICHE can do to create more healthcare professional slots. Would that place WICHE in a support role by providing healthcare professionals to occupy those jobs? He interprets what Chet said earlier to mean the disconnect between WICHE and the strategic goals and objectives is in the language of the Governor's document. Gillian agrees and points out the combination of scholarships and contribution to the number of professionals WICHE provides advances the agendas of increased quality, access to care, access to services for Nevada citizens, but not an increased number of jobs.

Fred comments that he always needs to explain what WICHE does whenever he mentions he is with WICHE. He is surprised the document does not mention improvement to the quality of life or maintenance of the quality of life as an over-arching objective. From its inception, it is clear that WICHE's mission is to create better health care, psychiatric care, increase access to undergraduate education and address mental health issues. It is challenging to define WICHE concepts in the Governor's Strategic Plan document. Does the Commission think it is productive to identify WICHE's support role in 1.1.3 relevant to its provision of the professionals to occupy existing jobs?

Chet replies the issue goes back to discussions NSHE had about the medical school and WICHE does the same thing. He understands the jobs are there, but unless there is a trained professional to fill the job, then it is merely a vacant position, not a job. By training people through its programs, NV WICHE provides workforce to fill those jobs. NSHE had this same conversation about the medical school. Do 60 medical school graduates create the jobs for Doctors? No. The need is there and WICHE provides trained workforce to fill the jobs that would remain vacant if trained people were unavailable. Gillian says that is exactly what she said. WICHE programs improve access to quality services rather than creating jobs. We support the processes for students to acquire skill sets and competencies needed to fill jobs. In her experience with GOED she knows access points are the number one issue in Nevada along with not enough skilled people to fill the positions. WICHE contributes to increased numbers of skilled individuals to fill the available jobs.

Fred asks if it is productive to make the differentiation. Lena answers that timing is important as we close out the budgets and tie out our budget recommendations to the goals, and objectives in the Governor's Strategic Plan. Do we want to include more language to add support to WICHE's mission? Primary focus ties out to goals and objectives for education, work force development, and health and human services. If we go further to include business development to align with 1.1.3, which is specific to number of jobs, do we also add 1.1.4, a diverse and inclusive work force? Fred says we need a clarification, because we cannot create

jobs and Gillian is correct. Fred thinks that many in the legislative process and the Governor's Office still require an introduction to NV WICHE. People ask, what does WICHE do? What is the value of WICHE? This is a critical point. Nevada has a chronic shortage of qualified healthcare professionals. Relying on other states to meet Nevada's needs has not worked. To address our shortages; Nevada needs to consider both the notion of a new medical school to grow qualified workforce from within to address the shortages and it needs to realize the model of WICHE loans and grants that require to a number of years worked has been effective since the inception of WICHE. The state might consider giving more money to WICHE to fund more slots then we could grow more professionals and place more focus on shortages in Clark County and the rural areas that we cannot address with the limited number of slots we have right now. From a principal point of view, Fred wants to see mention of that in there. WICHE supports other health field job-creating agencies by providing professionals to fill the jobs.

Chet adds that if healthcare infrastructure is not here then companies will not relocate to Nevada. The associated new jobs will not be here either and that message resonates very well. Fred adds this is a quality of life issue.

Colleen says she has a comment that ties between both concepts. She was talking with a student the other day who is a Physician's Assistant. He was born, grew up and went to school in Smith Valley, achieved his PA license with the help of a WICHE program. He returned to practice in rural Smith Valley. He serves his old teachers, coaches and people in the community he has known all of his life. That level of familiarity with his patient base is invaluable to quality of care. The people he serves in Smith Valley value that relationship more than they would a practitioner who moved here from out of state.

Fred comments this also speaks to the recruitment piece that is missing, because we have any number of Nevadans who can come to realize there is help available for higher education as they come up through K-12 if we help them. Colleen says this case is a homegrown, perfect case scenario.

Fred says it sounds like we are fine with the essential Core Functions of Government we have had. Just to review, under education and science would be 1.1, WICHE supports efforts to increase successful new healthcare professions with flexibility in the slots funded. Lena asks, support to the 1.1.3? Fred says yes and asks if is everyone agrees. Chet thinks it is best to highlight how WICHE programs align to the goals. The link between education and business development is clear whenever he meets with the Governor's staff to talk about the role of education in business development. For example, after they inked their agreement, the first meetings Tesla had were with higher education to discuss who would train their workforce. Higher education did not create the jobs, Tesla did. Higher education created the trained people to fill the jobs. Fred remembers that Chet mentioned objective 1.1.4, which calls for cultivation of a diverse and inclusive workforce. Invariably, many of the professionals Nevada attracts come from other states. Many professionals immigrated to the United States to acquire advanced degrees. By inference, this opens the door to more diversity although it is not the focus. Chet adds that economically challenged students are given a pathway to advanced degrees.

Fred mentions that New York University Medical School now waives the \$54,000 per year tuition for every medical student, to reduce debt in the hope that the students will practice their

professions in underserved areas. That is a courageous and remarkable thing to do. Many times, students argue they cannot afford to work in a rural area because of their huge education debts.

Fred says the motion would be; include the strategic goals and objectives already in place and add 3.2.2, science, technology engineering and mathematics (STEM), 3.2.3; 3.3 and 3.3.1. They all fit what WICHE does and for Lena to establish WICHE's causal link under 1.1 to how we support efforts to increase healthcare professionals in Nevada, and 1.1.4, how we support cultivation of greater diversity and inclusiveness. Chet seconds the motion. Gillian asks if in WICHE's past, have there ever been any programs for veterans. Colleen answers that to her recollection there are not, but that doesn't mean there have not been any prior to the 1980's which was covered in her agency research. Fred says that is a good idea, because it is one of the categories. Fred comments we recently accepted an unsecured loan for a veteran who could not provide the usual documentation, but he thinks there is a high likelihood he will succeed. Gillian says that is wonderful. Fred says he thought it was the right thing to do. Gillian agrees that is was the right thing to do. Fred goes on to say the acceptance was due to absence of an official WICHE policy. He agrees with Gillian. A veteran specific program would be a good addition to NV WICHE. Perhaps this is something to include in an upcoming retreat to help the Commission identify how to add it as a supported category. Gillian asks if a question regarding active military status is included in the application. Colleen answers no. Fred says it is necessary to add. Gillian says she would like to find a way to capture that information, because veterans may apply but we would not know. Colleen says we did not know the one student was a veteran until he informed her in a phone conversation. He sounded desperate to get this funding. He works as a Psychiatric Nurse at the state hospital and was the model, perfect WICHE candidate. As Fred said, this applicant had an issue that we helped him with. This topic can be part of an upcoming retreat this fall to prepare the Commission for discussion about a veteran specific WICHE program. The Commission can give Lena guidance on how that is done. Fred asks if Lena will hang on to that idea for them to discuss later.

Fred called for the vote; all voted aye; the motion carried unanimously. Fred thanked everyone and commented this is a marked improvement to what we have been doing.

7. Discussion, recommendations, and action regarding Agency 017, the State of Nevada WICHE/Governor's Office of the Western Regional Education Compact, 5-year update to its Mission Statement and Strategic Plan.

Lena indicates the most important topic of focus is the Mission Statement and asks if there is any desire to refine or update the Mission Statement. Does the Commission feel the current statement is comprehensive and covers the mission of Nevada WICHE clearly? She reads the Mission Statement aloud to include remote attendees (see attachment 6). Fred comments that it is awkward, but it covers what it needs to cover and he sees no need to change it. Gillian agrees with Fred that it is awkward, but covers what it needs to cover. Chet says he thinks it covers everything discussed today. Fred mentions the common practice: If you cannot repeat the mission statement easily then it is too long and wants it included at the retreat.

Lena brings up the second portion of item No. 7 is about the Strategic Plan and because of her short time here, she cannot give much input about it. It may be something to explore later. She does want to notify the commissioners of her time spent to review the former director's

Strategic Plan draft and historical information on WICHE. She has been working on a Strengths, Weaknesses, Opportunities and Threat (SWOT) analysis on fiscal, operational inefficiencies and other areas of improvement within the agency. Included in the meeting packet are the current goals, objectives and strategies that tie out to our last Strategic Plan. Her only input is that a draft plan is under development and as we go forward, she will reach out to the commissioners for input and provide recommendations on our Strategic Plan. Is there anything else we need to discuss today on this topic? She is identifying known, incomplete issues from past Commission meetings regarding the next biennium. She is providing this to the Commission for consideration, because her recent start with WICHE presents a good opportunity for her to learn and gain insight from all of them.

Fred brings up that two-thirds of the Commission is also new to WICHE and this is an important conversation. He asks Gillian and Chet if they have any discussion on the Strategic Plan. Chet says it clearly needs revision, but he thinks today's comments are germane to the process. Gillian agrees. Fred adds this aligns with our priorities, such as focus on veterans.

The Commission identified WICHE's alignment with new Core Functions and goals within the Governor's document. Lena agrees. This clarifies our purpose. She notes that for all of us, the notion of an efficient plan without verbosity suits the agency's need for clarity and direction. This will facilitate understanding when we work with other agencies, the Legislature, Governor's Office or the public. Everybody will understand what WICHE does in a way our current documents do not. This is a good opportunity to provide information outside of our organization. Colleen asks if there is a motion for this item. Fred answers it is for information only. Fred asks Lena if the Organizational Chart is part of the mission statement, philosophy and vision. Lena answers no; it is for information only. Fred wants to be on the record that he "hates this org chart, does not understand this org chart, it cannot work in this way and that is why we cannot use it". This is a shame on us; it does not make any sense. Colleen mentions that organizational chart was not created by WICHE. Fred comments no, but we approved it and nobody that voted for it is here.

8. Discussion, recommendation, and action regarding a BDR for BA 2681 to change to a revolving loan fund to prevent future reversions.

Colleen brings up that Chet presented this idea for a revolving loan fund in the last meeting. His idea was a completely independent revolving loan fund in which the agency would have a gradually decreasing general fund ask and be completely self-supporting. Another idea was for the agency to keep its general fund ask every year and the loan revenues would remain in the account, BA2681 rather than reverting each year. In her opinion, this was the original legislative intent in NRS 397, because then the agency can grow the ability to fund more slots without a bigger ask from the General Fund. The Legislature that ratified NRS 397 did not anticipate reversions of the loan revenues to the General Fund in the future. Some of the reversions are quite large. She considers of all the slots that could have been filled, perhaps, 15 or 20 more slots. Funding more slots would be a significant improvement to Nevada's quality of life, quality of workforce and increased healthcare access.

Fred adds he has met with Mike Willden and Andrew Clinger twice on this topic. Reversion has been a topic since he came on three years ago. In talking with Andrew Clinger, it was a topic when he was the Governor's Finance Office Budget Analyst for WICHE.

The problem is the money is unreliable; we never know how much is going to be generated each year. Apparently, WICHE has a chronic problem balancing its revenue due to a cash flow problem. The agency finds itself in a cycle of requesting advancements to cover the major payment in the fall to Regional WICHE for the PSEP invoice. Then it must rely upon the possibility it will receive enough loan revenues to balance its budget each year. All agree this is not the way to budget. The notion of catching-up the revenue, because it is unreliable, is not a decent source for self-support. To balance its budget the agency relies on unexpected, large loan pay-offs. If those do not materialize then it is not a good source of revenue. In Fred's conversations with Clinger and Willden, the notion was for a Bill Draft Request that would revert the loan revenues exceeding an adequate cash reserve for the agency to be financially stable and not require money from the General Fund each year to balance its budget, but otherwise could become additional money for slots. The agency must monitor that closely and possibly create a recruitment plan with individuals in a second tier of slots to fund as a year-end decision by the Commission each May. The wonderful thing about this BDR is its sponsorship by the Governor's Office, which helps tremendously. Fred is under the impression that the BDR submission date is close to the start of the Session, because of the nature of the request. Andrew Clinger has all kinds of horror stories about how frustrating this issue was in the past and no one could figure out the original legislative intent. We can only speculate on that. It is important for the Legislature to understand that this is not a money-grab by the agency, but it is a financial stability solution offering the ability to fund extra slots when possible.

Colleen says it is important to remember that out of the 100% awarded to students each academic year only 25% or 10% returns as loan revenue. The balance of the awards is all grants repaid with work time. The grant money does not return to the agency and is not the right ratio to support anything that is self-sustaining. Fred answers, unless we change the ratio of grant to loan to more loan and less grant, but that is the only way the fund could be self-sustaining. However, that defeats the purpose of WICHE's programs. Chet adds, if retaining the loan portion in a revolving fund without reversion to the state, which creates a ping-pong effect on agency cash flow, the BDR idea provides stability and avoids serious issues. Fred comments that this issue happened last fall. The Commission could not meet because it did not have a quorum with only one commissioner. Literally, it was the last minute before we knew there was enough money to pay the PSEP invoice. The payment to Regional WICHE was paid late last year, because the agency and Commission could not go through the normal process. Two commissioners left in August of 2017, which disallowed the normal process of authorization to request that the state cover the agency's budgetary shortage. That is like requiring a parent to co-sign on a checking account. The support out of the Governor's Office is straight on and spectacular. For them, this issue was not debatable or discussable. They have a file on WICHE that is quite impressive that goes back through administrations. Mike Willden reviewed it and found this was a recurring conversation. His surprise was that no one had ever acted upon it. The Governor's Office is recommending this action, which is why they are providing the BDR for us. Lena thanks Fred for the history, and says it helps.

Fred asks if the action would be for us to approve this bill draft. Colleen says we do not have a bill draft yet. Lena mentions it is about timing and asks, if the BDR is not due until just prior to the Session then are we in a discussion phase and will address it again? Fred replies the notion is that we would propose language and then Andrew is willing to review it. Lena says ok. Colleen is certain the deadline for budgetary bill draft requests is August 31st. Fred confirms it is, but they said this bill draft is a different kind and is due right before the Session begins. Can we ask Brian to follow up on that to confirm? Fred does not want a misunderstanding that denies WICHE the ability to pursue the reversion. Fred asks Chet if he knows if we have until February. Chet thinks not, because there will be a new Governor in January. It is better to draft and file the BDR soon even though it is not a budgetary BDR. The Commission is not asking for money through this bill draft per se. We are changing the way the money...Fred says it is much like the conversation about the NSHE tuition shift. Chet agrees and says in his opinion there is time, but because we know there will be a change in administration, it is better to write the BDR sooner to avoid getting lost in the shuffle. Fred asks if Chet feels he is able to draft this right now based on today's discussion. Chet replies that he thinks Andrew will draft it. Colleen mentions Andrew could probably write it quickly, because of his familiarity with WICHE's history. Fred clarifies that he was not talking about the bill draft, but do we need action on this to endorse the idea? Lena answers yes.

Fred states the motion; that the Commission approves of recommending this bill draft to the Governor's Office and we should acknowledge that the Governor's Office would draft it. Lena says Okay, and Colleen asks if we want to specify one of the commissioners as a representative to the Governor's Office for questions without convening another meeting? Fred thinks this is not necessary as long as the idea of the BDR is endorsed today going forward. This gives latitude to Andrew to do what is necessary. What we are communicating is; that we expect this to be a reversion that is done for financial stability. Chet says ultimately, WICHE supports it but; it is the Governor's BDR, not the Commission's and they will draft it their way. Fred says that is true. Lena says okay, thank you commissioners. Colleen asks if the Commission wants to do a second and a vote, because there was a motion.

Chet motions for the Commission to support preparation of a BDR for BA 2681 to change to a revolving loan fund versus the current policy of loan revenues reverting back to the state to allow that money to be used to expand the program and fund future loans. Fred seconds the motion and asks if there is any discussion. Colleen asks if Gillian is still there. Fred asks Gillian if this all makes sense. She says sorry, she was on mute. She agrees with the motion. Fred called for the vote; all voted aye; the motion carried unanimously.

9. Discussion, recommendations and action regarding a BDR for BA 2681 to add accounting structure and authority to accommodate non-sufficient fund (NSF) fees owed by the agency to its third-party loan servicer.

Colleen says, there is a timing issue created by non-sufficient funds (NSF) transactions, especially when they happen across the end of the fiscal year. The loan payment is paid to the loan servicer, they pay us and by the time the notice of NSF is received, the \$25 is collected from the student and the loan servicer has paid WICHE the full amount. Because the loan servicer pays us before it receives notice of the NSF, WICHE now owes the servicer for the

returned payment plus a \$15 fee they charge us. WICHE now has a negative balance equaling the returned payment plus the fee. The servicer paid us for the NSF payment, then they pay us again when the student pays in full including a \$25 NSF charge to the student. Because the previous payment was negative, the servicer tracks the negative amount in an escrow transfer account and applies loan payments against it until it becomes positive then they transfer it to WICHE via ACH minus the \$15 fee they charge to us. This practice changes the revenue numbers, because there is a negative balance going forward. In two instances, it happened across the end of the fiscal year, which complicates the issue. As she tried to accommodate the \$15 taken by the loan servicer by reducing loan revenue to pay their \$15 fee, it occurred to her that it is not fall within the budget account's authority to pay fees. BA 2681's very narrow scope protects it and she does not want to damage that integrity, because it is important to the success of the fund. However, because of a conversation with the GFO, she is now aware of the necessity for accounting structure and authority to accommodate those types of fees, because WICHE does not receive a bill for them. The loan servicer reduces our loan revenues and transfers \$15 less. It is difficult to catch unless she looks for it, but once she did, she wondered how to account for the reduced revenue. There is no authority in 2681 to pay for that. The only option WICHE's GFO analyst and she could choose was to true-up the loan revenue by transferring \$15 from NSF fee revenue to the loan GL the loan servicer had reduced by \$15 to pay the fee. This does not provide a true accounting, because the \$15 is an administrative expense and there is no place in 2681 to pay administrative expenses. She asks, in a very narrow way to add it. This is needful if WICHE becomes a revolving loan fund. The fund needs the capability to take care of its own fees of this nature. When a student pays a NSF fee payment and the loan servicer charges WICHE a fee for that, the fund needs the capability to accommodate that correctly and account for it. In discussion with WICHE's GFO analyst ideas examined around 2995 as the admin account, why do we not do a work program. That's all well and good, but there is no structure in 2995 and there is no structure in 2681 to receive it. There is no structure in 2995 to send it or to pay it, because there is no bank fee GL in 2995 and that would require a work program, which would be costly, a huge admin burden. I think it would be cheaper to put structure and a tiny bit of authority there for 2681 to pay its own fees of that nature.

Fred says he understands. Chet thinks this is a sledgehammer to put in a tack, that we are looking at a legislative action for amounts that are between \$15 and \$25. Colleen mentions that our GFO analyst, Tiffany Greenamayer, this is what she said is required. The only way to accommodate that was to add structures, because the structures do not exist. Fred comments that we do not have a BDR. Colleen answers that she wonders; because this is a BDR for 2681 and we have a BDR request for 2681, if this can be incorporated into the BDR that is being written for 2681. Chet mentions, if his memory is correct, did not we once discuss adding a servicing fee for our loans. Colleen answers yes, we talked about collecting a loan application fee or origination fee and I do not know where that would belong in this structure. Chet says that if we had that source of revenue, if it took mainly just a change, I think that would provide a source of funds. Colleen answers that we get revenue for that, we have non-sufficient funds fee revenue to accommodate it. We have a revenue account for it, what we do not have is the expense account for it. Chet says yes, but do we need legislative authority to set up that account? Colleen answers yes, because we have to change the authority, 2681 authority is so

narrow. Chet says do not pay it under 2681, you can pay it as a miscellaneous expense. Colleen replies, not according to the GFO. Chet says it (the expense) is not material. Fred comments that agencies throughout the state are having this problem you are describing. We (NSHE) gets non-sufficient funds fees. Chet agrees and adds that we did not have a non-sufficient funds account at Western Nevada College, I just paid it, I did not have to go back to the Legislature; I paid it out of the miscellaneous account. Colleen says the wording in 397 says the funds in 2681 are to be used solely for loans and grants; it does not accommodate those administrative fees. Chet says he understands that, but there are other sources of funding. Fred asks if you could use operating (account), that would be his expectation. Chet says that is where he would take it from, it is part of the cost of doing business. Colleen agrees and asks, but if we put it in 2995 and the money was already taken from 2681; 2681 has already been reduced by that. Chet responds that we just work it out with the servicer that they do not take it out of that and request they bill us for it or make some other arrangement. Fred mentions that we are going to have a new servicer. Colleen answers, hopefully, but does not know what that structure would be. Lena makes the point that we have operated this way for a long time and the number of instances occurring are minimal or negligible. Colleen agrees and says probably four to six per year. Lena says we have managed to come this far. Colleen says, but ignoring it though, it is not a high priority. Fred says the state has ignored it, because it is a minor issue. I think they turn to another existing pot of money and establish a line item that is miscellaneous or unassigned that provides the money that needs to be transferred. I can discuss that with the GFO, that was the original idea I took to the GFO to ask if we could do a work program from 2995 to 2681 to cover this administrative expense and they said no, because the authority for 2681 is too narrow, it cannot accept it and does not allow that type of expense. Fred says we have to change the practice of the servicer, because that is what creates the budget issue. Explain to them we cannot do that. Lena agrees. Chet agrees and mentions that you spend part of your day already supporting 2681 and you are paid out of 2995, there is overlap there you cannot avoid. Fred says he understand the problem, but everyone is doing a workaround and state auditing is okay with it because it is minor and understandable because otherwise you would have to have all this state action to take care of it and they have so many bills to consider that no action needs to be taken on that. Colleen acknowledges that she will ask the loan servicer to bill us for the fees. Chet says to not allow them to do it. Colleen replies that they already have, which is the problem. Fred says it is asking them to change the practice so it does not happen again. The sadness, way before you, is that they have been getting away with it. Colleen mentions that last year, when we sent this over to ASD, they did not do anything with it either. I think people look at it and they are not quite sure what to do with it, because it does not fit into any of the nice little boxes we work in. Fred says the real sad thing is that not agenized, is the idea of the application fee or service fee and that would be interesting. Chet agrees and adds it is part of the revolving, it does not revert, we could keep it and then you've got a fund that can handle that. Lena agrees.

- 10. Discussion, recommendations and action regarding a BDR for BA 2681 to add accounting structure and authority to accommodate non-sufficient fund (NSF) fees owed by the agency to its third-party loan servicer.**

So then Number 10, we are dealing with Non-sufficient funds. Lena says same thing, different budget account. Colleen says this item was here to allow the Commission to decide which budget account they want to change. Fred says he appreciates the frustration, but honestly thinks Colleen or Lena can have this discussion with the loan servicer. Lena and Colleen say they will reach out to the loan servicer.

11. Discussion, recommendations and action regarding signatory authority between OSIT and WICHE. Within the parameter of the administrative role granted to the director of OSIT by action of the Nevada WICHE Commission, the director of Nevada WICHE shall be delegated primary signatory authorities for Budget Account 2681 and 2995 with Brian L. Mitchel functioning as backup signatory authority.

Lena explains that in her discussions with Brian Mitchell he did let her know, in a verbal conversation and a confirmation email, he is comfortable to delegate the signatory authority back to me as director of WICHE. His request was that he retained a backup signatory authority in case of need. The paperwork has already been completed and signed by Brian regarding signatory authorities for state systems requirements. The forms are signed and were sent to ASD for processing. Since the Commission originally granted this authority to the Governor's Office, this is brought to Commission's attention at Brian's request to formalize the new structure. Fred mentions the previous director was not given this ability and now the director has autonomy to operate without having to go to Brian for permission. And he is now a backup; he is relinquishing something. I guess we (previous Commission) delegated the operating budget to the Governor's Office when we left NSHE. Fred has authority on anything on the program side, but he is just talking about his administrative budget. Anything on the program side would still be under the control of the Commission. Lena agrees. Fred comments that there seems to be a positive relationship between Brian and Lena which is very good because hopefully that changes a cultural, behavioral issue that seemed odd. We certainly discussed how it has been operating with OSIT with Mike Willden and Andrew Clinger, they are now approaching GOED as an alternative for us. We decided that action would not require a bill draft because we are still under the Governor's Office. There is no anticipation that they would say no, our request was to stay in Carson City. Willden's office has already written up the budget for a move. We are looking at a July 1, 2019 move unless the Legislature raises concerns about the move.

Colleen mentions a point of clarity, she notices the way number 11 is worded is that Brian would be signatory back-up for both budget accounts. I want to be clear that Brian was only ever a signatory authority of 2995 and 2681 has always been 100 percent the Commission and the director. Fred says perhaps we should have a motion that clarifies that. Colleen says, the Commission delegated to its director signatory authority for 2681 and therefore the Commission is the back-up for the director for 2681, but Brian wishes to remain as back-up signatory authority for 2995 only. Fred say he does not want this to come back to bite us and asks if there is clarity or do we need to have a motion that says the Commission retains, I guess I provide back-up to you (Lena). Lena agrees and says she can only go by our verbal discussion and by what Brian has drafted to ASD to let them know of the change and did not specifically reference which budget account he was

referring to in the discussion. Fred says it is important to make a clear motion. He motions to affirm the assignment of 2995 (*back to the Commission and the WICHE director*). Fred wants it recognized that the Commission and its executive commissioner retain control of 2681 (*and 2995*). We have not made the decision to shift any authority of the programs budget (2681) (*The Commission is reclaiming 100% primary authority over BA 2995 which it , retaining Brian L. Mitchell as signatory authority in a back-up capacity for BA2995*) or whatever the wording has to be...and want to be clear on that. Fred asks if there is any discussion, Colleen comments that it is important to be clear because, we would almost be granting an authority that wasn't there to begin with. Fred agrees and adds we do not want to add any risk for that. Chet seconds the motion. Fred called for the vote; all voted aye, the motion carried unanimously.

12. **Public comment***. Jennifer says she did not hear anything about the move, can you please give me a brief overview of that? Fred says he can answer and invites comments from other commissioners. We have been in discussions with the Governor's Office over the past several months. These discussions have been accelerated by the resignation of our director. The discussions consider a relocation of WICHE from OSIT. These discussions have been with Brian's full knowledge and cooperation; he has been at all of the meetings. What we are looking for is a more logical partnership, because Brian is providing this administrative support, but we do not have any program contact at all. We (the Commission) had that conversation (about a move and potential destinations) when we could, as a public body. We had thought GOED would be a good candidate, possibly Health and Human Services or possibly returning to NSHE. There have been a few recommendations of campuses hosting us such as the Office of Medicine, but GOED was preferred by the Commission. I took that back to Mike Willden and Andrew Clinger. They have supported this conversation from the outset. They want to know how to help us they feel they were trying to help when they moved us over from NSHE. In the last meeting we affirmed they have already written the budget for the move as if it is to GOED if they agree. Fred was recently talking with Brian about this and thinks it was left up to Brian to contact GOED with a formal request and report back to Mike Willden and Fred has not heard anything. The notion is that if GOED says yes there would be no legislative action needed, because that which moved us to OSIT (NRS 223) just says that we report to the Governor and that we would continue to report to the Governor (at GOED). The notion is that they built the budget to not only include the cost of the move and what we would pay for office space in moving to GOED or some other state agency, which would occur of course after the budget is approved after July1, 2019, but also has approved the funding of an additional position. But, there was honest conversation about that, there are lots of requests and they are probably going to have to go back to all the agencies and talk about a cut. The full time position might have to become a part time position (Program Officer for WICHE) we will cross that bridge when it comes, we are in that process. In a year we would have to go to the Legislature and ask for their support for that move. Fred asks if that makes sense and Jennifer replies yes. Fred continues, GOED makes sense because we see ourselves in an increasingly economic development role related to the support we give to help fill jobs they are creating in these areas of professions as we deal with the growth and expansion of Nevada's economy. Because of the sheer number of PSEP and HCAPs that are in the fields, something attached to

that agency (GOED) would make sense. It does not look pragmatic for us to come back to NSHE and it does not look good for us to go to one campus versus another, because we are looking for something that is agnostic statewide.

13. Colleen adds for clarity, in past meetings the Commission discussed and agreed that they liked the idea of remaining under the Governor's Office for many good reasons, but also being an independent agency again. That was something that was offered in that meeting (Fred) that you discussed with Mike Willden, Andrew Clinger and Brian. I remember it was previously discussed and decided to be independent, but sharing space with GOED made sense because our goals align. Fred replies that is clearly what's established by NRS we remain an independent agency, by choice have established this relationship under the Governor's Office with OSIT, but they acknowledge we would have that option (to move and remain independent) it is just the cost, because in this sense, by remaining within the state apparatus it is just easier for you. Colleen mentions there are significant savings in economy of scale it makes sense. Fred agrees and says that as an independent agency, we need an administrator in the process, although Lena falls in an interesting gray area she cannot give herself leave (approve her own leave time) and someone has to play that role. I think that is why Vic and Vance saw the shifting of the operating budget (BA 2995) as a way to underwrite that. That is a discussion that will have to occur with GOED if they say yes. Fred asks if there is any other public comment and there is not.
14. **Adjournment.** Having no further business and receiving no other public comment the meeting adjourned at 10:48 a.m.