

The State of Nevada WICHE
Commission Meeting
Minutes for January 25, 2012
Disc #2, File #25

Attendance: Executive Commissioner Carl Shaff, Commissioner Joseph Hardy, Commissioner Jane Nichols, Jeannine Sherrick, Dana Westre, Cameron Vandenberg (Deputy Attorney General), Carrie Parker (Deputy Attorney General), Vic Redding (NSHE Fiscal).

1. **Call to Order.** Meeting was called to order by Commissioner Shaff at 3:00 p.m.
2. **Public Comment.** Commissioner Hardy said he received a phone call from Senator Raggio asking how to recommend a WICHE applicant. Commissioner Shaff stated he also received the call and has taken care of it with Ms. Sherrick. He said that veterinary medicine applicants are ranked by the universities and the rankings given to the WICHE Regional office. The selection is then made by Regional. The selection is a process strictly done at the school and Regional office level.
3. **Approval of the November 22, 2011, Minutes.** Minutes were reviewed by the Commission. Commissioner Hardy moved for approval. Commissioner Nichols seconded. Approved.
4. **Certification of Annual Year 2011 Alternate Applications in the Fields of Nursing, Optometry, Pharmacy, and Physician Assistant.** Ms. Sherrick stated all applicants have been notified according to Open Meeting Law requirements. These applications were received after the October 15th deadline and will go on the Alternate list. Commissioner Nichols moved for approval. Commissioner Hardy seconded. Approved.
5. **Veterinary Medicine Participant Schoepp's Request for New Terms.** Ms. Sherrick stated that in a previous meeting the Commission had called for payment in full. The participant was notified but was denied a bank loan, and the denial letter was reviewed. The participant has a current principal balance of approximately \$30,000. She has requested new terms and payments in the amount of \$150 per month for the first year, \$200 per month for the second year, and \$275 per month for the remainder of a ten-year term. Commissioner Shaff asked the age of the loan. Ms. Sherrick answered repayment first began in 1983. Ms. Westre added the first renewal of terms made through the previous WICHE director expired and, therefore, new terms are required. Commissioner Nichols stated that given the circumstances, she moved for the Commission to undo the previous action taken on the participant and approve the new terms with incremental increases. Commissioner Hardy asked if there was interest on the account. Ms. Sherrick answered no, interest has been paid in full. Commissioner Hardy seconded the motion. Approved.
6. **Financial Reporting.** The CAIS and Aging reports, Income Statement, Accounts Receivable report, Fiscal Year 2012 revenue projections and the Fiscal Years 2013-2016 revenue projections were reviewed by the Commission. Ms. Sherrick stated that the

CAIS, Aging and Income reports are standard quarterly reports. The projections are for current and future funding decisions. There were no questions on the quarterly reports.

Ms. Sherrick reviewed an informational spreadsheet containing three years of historical slots funded by program. The green section represented PSEP and the blue HCAP. The document reflected total slots funded, total slots cut, and total spent for each program in each of the three years. It further identified actual support over the last three years – how much was General Fund revenue and how much was from cash receipts, the slots the funds were allocated toward, and the slots that were not filled. Commissioner Shaff stated that inquiries come in, such as the one regarding the veterinary medicine student from Senator Raggio, and that he is aware the state is in a difficult situation. Budgets are tight, and WICHE is one of the few agencies that demonstrate a positive economic impact for the state of Nevada. It is very important that the Legislature knows how well the program is doing. While this information will not get the program additional funding, it may keep the program from further cuts. Commissioner Hardy agreed. Information should show how much was spent, how much was cut, how much revenue was brought in year after year, with the reality of what funding was brought in as to who came back to practice in Nevada, and the economic benefit. He asked if this can be done on one page, because anything that is more than $\frac{3}{4}$ of a page will not get read. The page should show the number of students that were funded in a given year and the number of students that returned, and if there was an economic analysis that shows the revenue a doctor in the community brings in. That doctor generates a certain amount of additional economic revenue dollars beyond the practice itself. The multiplier of having a hospital or doctor or veterinarian or dentist is a known factor in the WICHE archives. Commissioner Shaff stated that there is information from Dr. Packham's office that can be compiled into a one-page document. It reflects how impressive WICHE's impact on Nevada is. Ms. Sherrick stated this is part of the practice questionnaire project underway. The questionnaires are sent out annually, and this student return data is compiled.

Commissioner Nichols asked if the \$176,000 revenue gap for the current fiscal year been taken care of by not filling slots. Mr. Redding stated that the budget contains two parts: the appropriated General Fund and the authorized amount from loan repayments. The combination of the two equals the total number of slots approved to fund. Commissioner Nichols asked if the projected cash receipts in the second column are less than what was authorized to spend, and is it expected to not reach the authorized amount. Mr. Redding answered yes. He added that there are accounts receivable in collections that are part of that authorization and, yes, the cash receipts shown reflect what is projected to be received, not including these one-time collections sources. Commissioner Hardy asked if spending is being kept within the budget, even though it would be nice to spend more to help more if the funds were there. Mr. Redding stated that the contractual obligation to Regional WICHE and its PSEP program will be met. The slots that could be funded, if funding allows, will be the HCAP slots which have not yet been filled. Ms. Sherrick stated the funds are being monitored very closely. When the next biennial budget is built, revenue from payoffs will be factored in. Ms. Westre stated that there are details available on the variation in the numbers from fiscal year to fiscal year, if the Commission would like that information. Commissioner Shaff stated that when the session begins, an effort

needs to be made to meet with the Governor's office and legislators to discuss the advantages WICHE gives to the state. Without the funds, the program cannot do what it was charged to do in the 1950's. Commissioner Hardy agreed. Ms. Sherrick stated that a scenario for what can be funded based on the revenue projections will be presented at a future meeting.

7. **Collections Accounts and General Revenue Corporation (GRC) Status Report; Staff Authorization for Litigation and Write-off Approvals.** Ms. Sherrick stated that GRC provided a year-end report which includes recommendations for write-offs. The report was brought to the Commission without participant names to discuss internal procedures for write-offs and litigations. First, she recommended accounts be brought before the Commission for write-off approval. Second, the accounts recommended for litigation will have a "Legal Authorization Worksheet" sent from GRC to be signed by WICHE approving litigation. The question procedurally is who does the Commission want to authorize to sign the form? Commissioner Shaff stated that the Director can sign, and if desired a Commissioner co-signer. He wants the process to move ahead. Commissioner Nichols asked what is going to be accomplished today: does staff need to come before the Commission for approval to write-off accounts or does the staff have the ability to write off, and secondly, who signs the paperwork? Ms. Sherrick stated yes. Commissioner Nichols suggested coming before the Commission for write-off approval and the staff be authorized to sign the paperwork on behalf of the Commission's decision. Commissioner Hardy agreed. Legal counsel agreed. Commissioner Shaff asked legal counsel if GRC recommends this and the staff recommends it, and time is of the essence, under this type of situation does an open meeting need to take place? Ms. Vandenberg stated an open meeting would need to be held. It was mentioned that no accounts can be decided upon today based on Open Meeting Law requirements; however, the procedure as mentioned can be approved. Commissioner Nichols asked if the Commission can approve the staff to notify the account holders of the pending action. Ms. Vandenberg stated yes. The 21-day notification has to be followed per Open Meeting Law if the Commission is taking action, no matter what kind of action. Ms. Sherrick stated notifications go out via certified mail, and asked legal counsel what would happen if the mail was returned unclaimed. Ms. Vandenberg stated that, normally, she has had good addresses when she has had to deal with these situations, and that this will have to be thought about a bit. Addresses can be obtained through licensing boards, etc.

Commissioner Hardy stated, thus far, the Commission has handled accounts on an individual basis and he would like to continue in this way. He added it would be best to leave the notification open-ended and not state a write-off is being considered in the correspondence. This might generate the individual to pay off their loan not knowing what action is being considered. Commissioner Shaff reiterated that the Commission is to authorize recommended write-off and litigation accounts. Ms. Vandenberg stated she did not know which legal representation would be involved in litigation as she has not had that occur since she has been WICHE's legal counsel. Commissioner Hardy moved that the Commission give approval for staff to write-off or litigate on collection accounts based on action taken for each individual account. Commissioner Nichols seconded. Approved.

8. **Contingencies for Fiscal Year 2012 Potential Revenue Shortfall; Determine Fields/Slots to be Funded or Unfunded, Including Fiscal Years 2012-2013 Support Fee Reallocation for 3rd Year Pharmacy Student Declining Support.** Ms. Sherrick referred to Item #6, the HCAP Fiscal Year 2012 Budget. She stated the document reflects slots authorized to be funded, the amount of each slot, and the amount of revenue needed to pay all HCAP slots in full. It does not include the cost for funding the HCAP Loan Repayment program. Based on the projections of potentially \$38,000 to fill \$36,000 in slots, she recommends at this time funding second year nursing students at half the support fee amount with a service obligation of 1.5 years; not fund the one graduate nurse; fund physical therapy in full; and, if receipts come in, fund first year HCAP. Should the funding come in at the end of the year, Loan Repayment slots can then be funded.

Commissioner Hardy stated that he has talked to dentists that are moving out of the area. He asked, did the state become dentist-rich and, if so, is WICHE funding in an area in which dentists are not used as much? Ms. Sherrick answered there may be saturation in the urban areas, but according to the latest information rural areas still have great need, for example the dentist in Mesquite whom we funded this last fiscal year. Commissioner Hardy asked if it is a national mandate that placement be in an urban setting, or is it up to WICHE where the dentist pays back the obligation. Ms. Sherrick answered service has to be an “underserved population” anywhere in the state of Nevada, and there are a variety of definitions as to what is underserved. The definition can include urban areas or clinics that serve veterans, Medicare/Medicaid, community health clinics, etc. Commissioner Hardy asked, is this a national definition of underserved or does WICHE have control over that as a state? Ms. Sherrick answered both – we start with the national definition and incorporate actual data provided on Nevada (by the Office of Rural Health). Referring back to the Mesquite dentist, he is one of few, if not the only, dentist in Mesquite that serves Medicare/Medicaid patients, but he did not qualify for assistance under the federal program.

Commissioner Nichols confirmed that what is being suggested to the Commission is fund 12 slots that are already part of the program at less than the promised amount right now, and give them the remaining funds if they come in later in the fiscal year only in the fields of nursing and PT; fund no dental positions and no new HCAP awards. Ms. Sherrick stated yes; then, if available, the Commission can allocate the second half. The nurses have been calling asking for assistance. Receiving half of the amount would be better than receiving none. If receipts come in later in the fiscal year, the Commission could recommend funding the second half, or they can allocate it to first year HCAP slots or Loan Repayment slots. Commissioner Nichols stated she does not understand how the WICHE obligation to second year students can be walked away from. She added she understands if funds are not there; however, it does not make sense not to give the money they were told they would receive to new students, instead. It would attack the integrity of the program if the focus is not on the obligation already established. Commissioner Hardy agreed and asked if any new HCAP students are being funded right now. Ms. Sherrick answered no. Commissioner Hardy stated for the new slots, the money does not exist. Ms. Sherrick confirmed not at this time, and it is not currently projected unless unexpected cash receipts come in over the next

few months. Ms. Sherrick answered the funding for the continuing students is projected to be there, but the risk is funding their full amounts right now based on a projection of \$38,000 by the end of the year to pay \$36,000 in slots. As of January 25th, the projection is only \$2,000 more than what is needed to fund second-year students in full.

Commissioner Nichols asked if staff is recommending the Commission follow the recommendation on partial funding and transfer the \$7,883 from the operating account to enable the partial funding, and then staff will come back to the Commission if and when the money comes in to commit before the end of the fiscal year. Ms. Sherrick answered yes. Commissioner Nichols so moved. Ms. Westre asked is there a risk in waiting to fund the second half that some will graduate and therefore not receive their remaining funding. Ms. Sherrick answered that three have already graduated in December without their second year funding. Commissioner Shaff asked if they are included in the \$36,000. Ms. Sherrick answered no, they are already out of school. They have received one year of funding and will have a one year service obligation. The projections at that time were that not all of the HCAP program slots could be funded so no contracts were sent out, and they graduated out of their nursing programs. She added LCB will be notified. Commissioner Nichols restated the motion to follow the staff recommendation to reduce the dollar amount going to the continuing HCAP loan forgiveness students in nursing and physical therapy, and to transfer \$7,883 from WICHE Administration account to Programs account. Commissioner Hardy seconded.

Commissioner Hardy asked if money will be taken from one account and put into another without IFC's permission. Mr. Redding answered the entire Nevada System of Higher Education made a change in accounting methodology this fiscal year as part of its budget balancing plan, and because these accounts are now under the administration of the Higher Education office there is a one time savings of \$7,883. It is an accounting entry. The Commission approved to go to IFC at its October meeting. When the work programs were done, the Governor's office said it would be stronger if the Commission would identify specifically which HCAP slots the transfer will support. The request will be resubmitted to IFC with this detail, and no problems are anticipated. Commissioner Hardy asked, if WICHE is going to IFC anyway, should the \$3,000 for the regional dues savings also go? Mr. Redding stated the Commission could consider doing that, as well. It is a different kind of money that was intended specifically for dues. If it is the will of the Commission, it can be made part of the request to IFC. Commissioner Hardy stated, if the funds are to be reverted back anyway, the request for \$3,000 might as well also be made to be able to help our students and Nevada. Commissioner Nichols stated she supports that idea, and it fits with the priorities to take care of Nevada students and WICHE slots. Legal stated this would be fine to do.

Ms. Sherrick stated there is a third year pharmacy student who declined support and will not be returning. There is a revenue savings there, as well. The Commission can opt to refill the slot with the alternate who is at a three-year school, however the slot will cost more. If the slot is kept open there will be that savings of \$7,000 this year and \$7,100 next year. In sum, there would be \$10,883 for IFC approval, and \$7,000 in pharmacy slot savings. Commissioner Shaff stated it is too complicated to add in the pharmacy funds in at

this time. Commissioner Hardy asked Legal if it is acceptable to make the motion jointly for the \$7,883 and \$3,000. Ms. Vandenberg answered it is fine to include both amounts in the motion. Commissioner Hardy seconded. Approved.

Commissioner Nichols asked, regarding the pharmacy slot, is the Commission being asked if the funds go to an alternate or if the funds go towards HCAP students. Ms. Sherrick confirmed, yes, that is the question. Commissioner Nichols suggested delaying action on the pharmacy slot. Ms. Sherrick clarified that if the decision is made in April and if the funds go to the alternate, the funds would go to a third year student who would be graduating in 1 month and cost an additional \$2,333. Commissioner Shaff stated that if a special meeting needs to be called that can be done, or this can be added to the March meeting.

9. **Interim Finance Committee Request to Transfer One-Time Savings of \$7,883 from WICHE Administration Account to Programs Account Toward HCAP.** Item discussed under item #8 above.

10. **Support Fees for 2013-2015 Biennial Programs Budget; Determine Fields/Slots to be Funded, Including Commitment of Veterinary Medicine (PSEP) Slots for Fiscal Years 2013-2016 to be submitted to WICHE Regional in February 2012.** Commissioner Nichols stated further information needs to be provided to take action and recommended no action be taken today on this item. This is a discussion that needs to take place at the March meeting, Ms. Sherrick answered Item #6, the 2013-2016 projections, is the information that coincides with this item number. Commissioner Nichols stated that it does not provide any information on what slots are likely to be a factor. Ms. Sherrick stated Regional WICHE specifically needs the number of veterinary medicine slots that Nevada will fund starting next fiscal year. The longer it takes to get the numbers to Regional WICHE, Nevada may not get their seats and the schools will start filling them. It is a four-year commitment, and she can make a recommendation based on the projected revenue figures. Commissioner Nichols asked what the staff's recommendation is on the number of veterinary medicine slots. Ms. Sherrick recommended filling two slots with a third as a potential alternate if funds allow. She added she feels comfortable based on the worst case scenario projections that we will be able to pay for two slots over the next four years. Commissioner Nichols asked is the action only for the two veterinary medicine slots and a possible alternate, and not any other fields. Ms. Sherrick answered yes.

Commissioner Nichols asked, in Ms. Sherrick's opinion, is the need for large animal veterinarians great enough in Nevada that it is imperative that we have that option on the table. Ms. Sherrick answered it is imperative that Nevada has the option for these students to have access to the schools and that they get the seats. Commissioner Shaff asked what the veterinary need is for the state. Ms. Sherrick answered there are a lot of small animal veterinarians, but not a lot of large animal veterinarians. Commissioner Shaff asked if it can be dictated whether they become large or small animal veterinarians. Ms. Sherrick answered the Commission would have to discuss if they want to put that requirement on the veterinarians upon graduation, and it would have to be added to their contract. Large animal could be specified so when they go into school they can decide if they want to

commit to large or small animal practice. It was reiterated by Commissioner Shaff that the recommendation is two veterinary slots with one alternate, and to notify Regional WICHE that is what is intended. Commissioner Nichols so moved. Commissioner Hardy seconded. Approved.

Commissioner Nichols recommends that preference be given to students who want to work in rural areas. This may or may not be possible; however, it should be conveyed and there should be that conversation. Commissioner Nichols asked if Nevada WICHE can choose the students to fill their slots. Commissioner Shaff answered no. He has asked that question before from the Regional office and that was the case. Commissioner Nichols said Utah's 2+2 veterinary medicine program might be something to consider, as Nevada Commissioners can be on the selection committee.

11. **There was no agenda item #11.**

12. **New Business.** Commissioner Shaff asked Ms. Vandenberg to introduce WICHE's new Deputy Attorney General. Ms. Vandenberg introduced Carrie Parker who came from private practice. She was a teacher and went into the Peace Corps, then into law school. She has a bankruptcy background and will be a great Deputy Attorney General for WICHE. Commissioner Shaff thanked Ms. Vandenberg for her service to WICHE. Ms. Vandenberg thanked everyone and stated she supports the WICHE program very much and has enjoyed working with everyone.

Commissioner Shaff stated that Commissioner Nichols has announced her retirement as of January 31, 2012, and expressed that she will be missed very much. Commissioner Nichols expressed it has been one of the joys of her life to be on the WICHE Commission both on the state level and on the regional level, and she will miss everyone very much. Commissioner Shaff then announced the new WICHE Commissioner Mr. Vic Redding, who is the Assistant Vice Chancellor of Finance for NSHE. He welcomed Mr. Redding and expressed he admires and respects Mr. Redding and looks forward to working with him. Mr. Redding expressed he is looking forward to working with everyone in his new role.

13. **Next Meeting Dates and Topics for Discussion.** Commissioner Shaff stated staff to get date options out for the April and July meetings. The March strategic planning meeting for the 2013-2015 biennial budget dates can be decided upon. Ms. Sherrick stated that staff has checked with the Attorney General's office and the meeting will need to be an open meeting.
14. **Public Comment.** There was no public comment.
15. **Adjournment.** The meeting adjourned at 4:15 p.m.