



***Nevada Governor's Office of the Western Regional Education Compact  
for the  
Nevada Western Interstate Commission for Higher Education***

Commission Meeting Minutes

February 1, 2017

1:30 p.m. – 4:00 p.m.

In Attendance:

Vic Redding-Commissioner, State of Nevada WICHE

Fred Lokken – Commissioner, State of Nevada WICHE

Brian L. Mitchell – Director, Governor's Office of Science, Innovation and Technology

Jeannine Warner – Director, Governor's Office of the Western Regional Education Compact

Kim Weisenthal – Accountant Technician, Governor's Office of the Western Regional Education Compact

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

Not in Attendance:

Vance Farrow – Executive Commissioner, State of Nevada WICHE

**1. Call to order.**

The meeting was called to order by Commissioner Redding. The meeting was posted in accordance with the State of Nevada's Open Meeting Law (OML).

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

**3. Discussion, recommendations, and action regarding the minutes from the November 2, 2016 Commission meeting.**

Commissioner Lokken moved to approve the minutes as submitted. Commissioner Redding seconded the motion. All were in favor. Motion carried.

**4. Review of Fiscal Year 2016 End of Year financials.**

Director Warner reported on the Fiscal Year 2016 year-end financials for the Administrative Budget Account (B/A 2995). In the Budget Status Report, the reversion was higher than usual primarily due to the transfer of the Nevada WICHE office from the Nevada System Higher

Education (NSHE) to the Governor's Office and staff vacancies. There were about six weeks during which WICHE used NSHE supplies. Additionally, the director was out on extended leave for four months and over the period of approximately one-month there was an administrative staff vacancy during which supplies were not used. There was a minor excess in salaries but those are state-driven. The In-State Travel category was high due to the transfer, as well.

Ms. Warner reported to the Commission on the Fiscal year 2016 year-end financials for the Loan & Stipend Fund (BA 2681). In sum, for the 2681 Budget, the non-General Fund revenue was \$593,349. Of that amount, \$289,153 was reverted to the General Fund as "lost future revenue". The balance forward was \$25,953. In the new RN to APRN nursing program, seven of ten program slots were funded at Orvis. All of the slots in the additional fields were filled and funded. It is anticipated that all nursing slots will be funded this year.

Commissioner Redding inquired as to why the reversion was so high. Director Warner explained, first, there was a "pharmacy differential". The program budgets high, meaning slots are budgeted at the three-year higher support fee amount, when in reality some of those students will attend a four-year school with lower annual support fees. This is typical and happens every year. Unless all five first-year students attend a three-year school, the program will experience this pharmacy differential. Second, this year there were three nursing slots unfunded due to timing of the new nursing program at Orvis. Finally, Ms. Warner further reported the primary reason for the high reversion amount is due to large lump sum payments. Commissioner Redding asked about a couple of accounts creeping into the 3-4 months past-due status reflected on the Aging Report. Director Warner explained there is the FY2017 first quarter to report on that will provide a more accurate picture of where the program is currently.

There was no new information to report on the Accounts Receivable Report or the Income Statement, and there were no questions. The Collection Accounts report is presented annually at the request of the Commissioners. There was no activity on old accounts, and one person with two accounts defaulted and was placed with collections. The Controller's contract with a private outside collection agency ended yesterday. They are looking into a new system that will allow them to process bank levies and would like to continue pursuing collections.

There were further questions or comments.

##### **5. Fiscal Year 2017 1<sup>st</sup> Quarter Financial Reports:**

In the Administrative Account (2995), the realized funds reflective in the 1<sup>st</sup> quarter Budget Status Report appear high because the annual dues of \$145,000.00 had not yet been paid, but are now.

In the Loan & Stipend Fund (2681), all slots were funded. However, that week a Physician Assistant student dropped funding, so that slot needs refilled.

Income Statement or Accounts Receivable Report – no questions or comments.

On the Aging Report for *Student Grant Loans*, Ms. Weisenthal reported the \$28,476 showing 1-month past due has been paid in full as a lump sum payment from one student. Also, the account shoring 1-year past due of \$8,655 went to collections. For *Student Loans*, two accounts showed one-month past due for a total loan amount of \$33,251, but both accounts are current. Ms. Weisenthal noted that she sees a trend every few months with the same students who get behind on their payments, but eventually bring them current.

One account 5-months past due totaling of \$12,638 has been turned over to collections. The account 6-months past due with a balance of \$3,146 is in forbearance and should not be reflected on the Aging Report. The accounts 7-months past due of \$3,058 are comprised of two students. One account is current, the other is practicing nurse and staff is attempting to contact this individual concerning the account. Ms. Warner stated she anticipates a couple of conversions.

Commissioner Lokken asked if the money from loan repayments goes back to the General Fund. Commissioner Redding explained that loan repayments go into the pot that funds the current year's slots, basically, it recycles, and the General Fund monies are used last. This is consistent with every other state agency. Commissioner Lokken asks where the reversions come in. Commissioner Redding explained the problem is with lump sum payoffs, which is when the agency gets more student cash than anticipated in a given fiscal year than there are slots on which to expend it. The student funds are expended first, and if there is an excess of General Fund revenue then at the end of the year it goes back to the General Fund. It is a double-whammy for the WICHE agency because extra money paid back this year cannot be used. However, the income stream in the out-years no longer exists because the loan has been paid. Then, in the out-years, more is needed from the General Fund. It is something the agency has struggled with for a long time. Commissioner Lokken wanted to know if the money that comes back to the agency is, by definition, State money even if it exceeds the fiscal year in which it was expended. Commissioner Redding said yes, that it is authorized revenue. Commissioner Redding answered yes, and because it exceeds the budget. As an example, if the agency is budgeted is to spend \$5, and consists of \$3 in General Fund and \$2 in student fee repayments. However, if the agency receives \$4 in student fee repayments, the agency still cannot spend more than \$5. There is now extra money that goes back to the General Fund. The General Fund is the last dollar. It is a problem because in those out-years because the agency's General Fund need goes up, but it is artificial because the money has already paid it back. Commissioner Redding mentioned the State meets the agency halfway because if the student repayments are below projected amounts, then there is a shortfall. Commissioner Lokken said there is also the potential for a cash flow problem where the agency has to get money advanced

to be solvent until the money does come in. Ms. Warner mentioned that WICHE has had that experience with the Vet Med slot just last year. The agency had the money in one year, but based on very low revenue projections the money was not available in the next year. A little financial juggling was necessary to determine who was approved for funding and who was not, and the incoming revenue had to be closely monitored. The Governor's Finance Office (GFO) is aware of the situation, they were having those discussions about WICHE's budget to see if the situation can be resolved, but she had not yet heard anything back. Commissioner Lokken was curious if there is anything the Commission could do about that. Commissioner Redding wanted to hold that discussion at this time but thought it would fit in nicely under a biennium budget discussion.

There was no further discussion.

**6. Discussion, recommendations, and action regarding HCAP Pharmacy participant S. Safford petitioning for forgiveness of the triple-principle penalty as a result of default on service obligation due to medical hardship (ref: NAC 397.060).**

Commissioner Lokken made a motion to go into closed session per NRS 241.030 to consider the physical and mental health of a person; Commissioner Redding seconded. Motion passed. Mr. Mitchell had no comments or questions on the previous budget discussion and excused himself for the remainder of the meeting.

It was confirmed no public was present. The Commission entered into closed session.

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Commissioner Lokken motioned to enter back into open session; Commissioner Redding seconded. Motion approved. The Commission reentered into open session.

Regarding Ms. Safford's petition for loan forgiveness, Commissioner Lokken moved to forgive the entire amount of principal and interest from the balance remaining on Ms. Safford's account; Commissioner Redding seconded. Motion passed.

Ms. Warner stated Ms. Safford had a very difficult time and fought hard to overcome her situation, and she will be very grateful for the Commission's decision. Commissioner Lokken noted the remarkable amount of professionalism and compassion from the staff in working with the participant. Commissioner Redding requested that the record reflect the write-off of the 5 year of bad debt.

**7. Discussion, recommendations, and action regarding 2017-2019 Governor's Recommended Budget for WREC'S Account for Administrative Expenses (B/A 2995).**

Ms. Warner stated the Agency Request Budget (AO1) was submitted pursuant to direction from the Commission; and, the Governor's Recommended Budget (GO1) was distributed to the Commission. Ms. Warner state the good news was the 5% budget cut was not implemented.

Ms. Warner summarized B/A 2995:

- Personnel Expense (01): increased due to fringe and unemployment benefits. The COLA was not included for any agency budgets. If COLA funds are needed, the agency can go to the Contingency Fund at a future date.
- Out-of State Travel (02): relatively no change.
- In-State Travel (03): relatively no change.
- Operating Expenses (04):
  - o 7060 (E-225): \$7,500 annually for outsourcing marketing and the ECSI financial management contract.
  - o 7286 (M-150) adds a mail stop for the agency, rather than having agency mail delivered to the ASD office which would then deliver mail to WICHE daily.
  - o 7300 Dues and Registrations pays annual dues for Regional WICHE. Dues increased by \$8,000/\$12,000 from the base.
  - o 7306 (E-226) funds professional development courses to supplement marketing and outreach.
  - o 7370 Publications and Periodicals is the Practice Sights student-tracking database.
  - o 7430 (E-228) Professional Services supports the website to incorporate online applications so they become automatic. A student will be able to submit an online application that will be entered into the agency's program database automatically to reduce manual work. The funds will allow for mobile optimization so students can access the WICHE website in full on their cell phones, as there are limited areas of accessibility on the site.
- Information Services (26): E-710 Equipment Replacement is a state-driven cost for one computer replacement.
- Department cost Allocation (82) provides new funds to pay for support services from the Administrative Services Division (ASD) office for WICHE's Administration Budget (B/A 2995). The ASD will assist WICHE with budget monitoring, work programs and other needed services. These services are provided to almost all other state agencies and were added by the GFO on the agency's behalf. ASD will be assisting with the Administration Budget but not the Loan & Stipend Budget (2681). The WICHE office will manage the programs budget, student loans and payments.
- Attorney General Cost Allocation (89): new funds were added by the GFO for attorney General office's services.

The proposed DETR transfer was removed from the Agency Request Budget (AO1), and the agency will remain where it is currently.

Commissioner Lokken asked if there is software that will help the agency track students. Ms. Warner responded that the Practice Sights database will pick up approximately 75% of the manual work for only \$375. Further, the database is part of a collaboration with the Nevada Primary Care Office, the Division of Public and Behavioral Health and the Office of Rural Health. All entities will use the same database. Reports on student practice activity will be generated for the agency's performance measures, including which students are practicing, when and where the students are practicing by geographic area, and other information. Annual practice forms are statutorily required, so the database will replace the "Practice Questionnaire" forms to help the agency meet this requirement. Staff now needs to get all program data transferred on to the system, and it will be a major but important project. It will require some training, which will be provided by the owners of the database. Commissioner Lokken commented that once all the work to enter the data is completed it will allow staff to reallocate time to address things that have been neglected. The time savings will also be found with the marketing contract and website services.

Commissioner Redding stated he is glad WICHE will continue where it is in OSIT for the next biennium, it is a good fit.

**8. Discussion, recommendations, and action regarding 2017-2019 Governor's Recommended Budget for WREC's Loan & Stipend Fund (B/A 2681), including but not limited to possible renewal and modifications to Nevada WICHE's legislative Letter of Intent from Senate Committee on Finance/Assembly Ways & Means, dated September 29, 2015.**

*To be completed.*

**9. Discussion, recommendations and action regarding the appointment of one (1) Legislative Advisory Committee representative from Nevada for Regional WICHE appointment.**

The current representative is Senator Joe Hardy (R). Traditionally WICHE has an Assembly (D) representative. Commissioner Redding suggests the next representative be Assembly (D) who sits on the Assembly Committee on Education. Commissioner Lokken wonders if consideration is given to geographic distribution-northern Nevada v. Southern Nevada for this choice. Commissioner Redding suggests the Committee Vice Chair, Assemblywoman Amber Joiner (D) District No. 24. She is northern Nevada, Assembly and is a Democrat. The Committee feels the fact that she is in a leadership position on the Assembly Committee is a bonus.

Commissioner Redding motions to ask Regional WICHE to ask Assemblywoman Joiner to be the Legislative Advisory Committee representative. Commissioner Lokken seconded the motion.

Commissioner Lokken suggests Assemblyman Elliot T. Anderson (D), District No. 15. Commissioner Lokken motioned to ask Assemblyman Elliot Anderson to be the alternate choice for Regional WICHE representative; Commissioner Redding seconded. Motion passed unanimously. Ms. Weisenthal will notify Assemblywoman Joiner of the request.

## 10. Director's Report.

- **Review quarterly activities (AY15 3<sup>rd</sup> & 4<sup>th</sup> Quarters)**
- **Update: Interim Finance Committee (January 26, 2017)**
- **NV-PIC reinstatement of Memorandum of Understanding**
- **Status of Memorandum of Understanding with supporting administrative agency**

Director Warner mentions large amount of work to keep up with; FMLA time had an impact.

WICHE was called to IFC on January 26, 2017 to explain rearrangement of funds between categories regarding an initial General Fund advance and a work program that placed the requests over the 10 percent requirement. WICHE was not called upon to testify. There was no fiscal impact.

Director Warner contacted Alyssa with Nevada PIC. The MOU expires in August of 2017. The MOU and the IGA need to be re-executed. Recommend reinstatement of the Psychology interns proposed to fund in the next biennium. Nevada PIC will create new documents for signature.

The Commission directed creation of an MOU regarding administration of the Agency for the current OSIT-WICHE partnership. Director Warner reports it is a work in progress.

Commissioner Lokken remarks that the discussion needs to be continued. He is unhappy with the arrangement and wonders if there is a better fit as a partner with another agency. Commissioner Redding feels OSIT is a good fit. Commissioner Lokken notes that part of the problem is that WICHE is an NRS entity that has autonomy under State Law but now has merged into something. To delineate an MOU; my advice would be to not write an MOU but to write a letter that includes a copy of the printed NRS and this operation needs to be respected in that process. I do not know that is occurring. An MOU can be very nit-picky. Consider, possibly a different reporting line with the Governor's Office that would respect the autonomy of the Agency. There is no problem in sharing office space however, there are ideas that need to play through because this arrangement puts both Brian and Jeannine into an awkward situation and I honestly do not see how we as Commissioners fit into it at all. There is a lot of directing of our Director without any consultation or involvement on the part of the Commission. We know the evaluation issue is an odd thing because there is allegedly a reporting line between Jeannine and an identified superior.

Commissioner Redding identifies three levels to address in the MOU. First, is Congressional Compact, which needs an act of Congress to change. Essentially, that is set in stone. It is important to remember those constraints on what WICHE must do as directed by Congress. The second level asks what exists in statute. Fulfilment of statutory duties is an important focus for the MOU. The third layer is undesirable to detail in statute or congressional compact. This is a detailed description of how to do some of the administrative minutia. For example, how to

deposit a check, who approves leave and other operational details. Building this is like building an upside down wedding cake. Each layer is built considering how it impacts the next layer. Commissioner Redding expresses that the MOU is better with OSIT than elsewhere in State government is because OSIT, by nature is a special purpose entity, which should prevent WICHE from becoming engulfed by a large agency making it harder for the Commission to fulfill its statutory and congressional compact duties.

In a perfect world, the MOU would remind everybody of the obligations in the congressional compact, address our requirements in statute and work through the practical details. I do not feel it is necessary to go down to the transaction level, but who is responsible for what in fulfillment of those duties.

Commissioner Lokken replies that in that process, the difficulty is the third level. Commissioner Redding agrees and asks if that is because it is the only level not spelled out. Commissioner Lokken answers yes, and because it is the one most subject to interpretation. Commissioner Redding says that is certainly appropriate. He goes on to say that if the responsibilities in the third level are viewed through the lens of who is responsible for what in the statute, if our Commission is not responsible for it then somebody else is and that may inform that third layer.

Commissioner Lokken asks who made the decision to locate it where it is? Commissioner Redding says that Jeannine has more history on this than he does. Ms. Warner replies that she does not know about this. Commissioner Lokken says he can truncate this by saying he really does not care about who it is. Ms. Warner was not in on those discussions. Commissioner Lokken understands the decision was made. Commissioner Redding wants to give historical context. In higher education we have some history so I will start with that. Former Commissioner, Senator Joe Hardy, learned he could not serve in the Executive branch and the Legislative branch simultaneously which resulted in resignation from the Commission. Sponsored S.B. 195, which removed WICHE from NSHE. WICHE was placed into NSHE operation in the 2009 Session due to budgetary cuts. WICHE was a round peg in a square hole at NSHE because the Board of Regents had the money appropriated to them but no say in how the money was expended. That was clearly not a good fit.

Senator Hardy recommended removing it from NSHE in legislation but it was not clear where it would be housed. When the appropriations act came out, the appropriations came under the Governor's Office of Science, Innovation and Technology. Ms. Warner says no, it is independent with our own budget, our own agency.

Commissioner Lokken says: In a nutshell that is my concern, if there was not an option to allow it autonomy. We have a structure but we need the supporting environment. It could be a shared environment where there is space available. However, I do not understand why the rest of the hierarchy had to come with it. I guess it would be adding it to that circle. There is also the dilemma that we are a couple of years away from a new Governor who could really mess with that no matter where we reside.

This is taking something that is independent and now it is in a situation where two out of the three clearly has that independence, except it does not. Commissioner Lokken goes on to say it covers everything from office coverage issues to if I want to meet with my director she has

to request with two-weeks notice. Ms. Warner interjects that she thinks that is for leave requests rather than meetings. Commissioner Lokken says that he understands, but thinks that she would want to combine it so we do not run him back and forth. She understands his point.

Commissioner Redding agrees that is a very good point, yes. We are very sensitive that it is a two-person operation.

Commissioner Lokken asks if Commissioner Redding can imagine trying to fit that into an MOU that is both respectful but honest. Ms. Warner points out this conversation raises more questions than it answers and we are working on it as it is a valuable document.

Commissioner Lokken mentions this is something that does not require any act in the Legislature since we are independent in our line. It may be a recognition of a tweak to the organizational chart. This is why I am wondering if we can have a conversation with someone and certainly Brian would be welcome at that meeting. It is nothing against him; it is the structure that, putting it with him, invites.

Commissioner Lokken: this is why I am desperately trying to express how I am feeling about this. There is a jurisdiction like the Board of Regents thought it had which, in my mind it, really doesn't but because it thinks it has it, it exercises it or tries to. I don't know that that MOU is going to change that. Because we look at an organizational chart that says she reports to him. And once you say that, it becomes truth. Now that means subservience, that means he must have say or anyone that we would be in an agency would have say pretty much over everything. It is two directors but one is deemed a superior and one is not and now subject to the decisions of this one after years of working independently.

Commissioner Redding: That would be a discussion very informed by working out what the Commission's actual responsibility is in the charter and in statute. For instance, clearly the Commission approves loans, loan forgiveness and things of that nature as we have done today. But does the Commission supervise staff? Does the Commission get into those kinds of problems?

Commissioner Lokken answers that he would argue by definition that is an element to us being a Commission, yes. We are responsible for all of the operational dynamics and staffing. There is nothing in the legislation switching that oversight to OSIT. That is why we suddenly had an organizational chart, because they were wondering how does this all fit together.

Commissioner Redding thinks regarding the status of the MOU there are many unanswered questions.

Commissioner Lokken agrees and thinks they have to be answered very quickly. Commissioner Redding thinks this is a topic worthy of an in person meeting when all three of us are together. Commissioner Lokken suggests a future agenda. Ms. Warner interjects that it is her goal to get the MOU done as a draft to present to the Commission and OSIT for review and discussion.

Commissioner Lokken wants to know of preparation for her presentation today, what percentage of that would be subject to Brian's review. We are basically saying that Brian is your evaluator, right? Ms. Warner agrees, yes. Commissioner Lokken says that he is also suggesting through what is left unsaid that we have input in that evaluation. Ms. Warner clarifies, yes, that is what he is stating. Commissioner Lokken observes that OSIT and WICHE

share an office but they are in different worlds. Did Brian attend any of your budget discussions? Ms. Warner replies no, he declined. That is what the MOU is supposed to address. Commissioner Lokken observes that either way it does not work. Whichever direction Brian goes in this situation, there is an issue. Whoever supervises would be in this position because it is a supervisory role. I do not see why we have a supervisory role.

Commissioner Redding's point of view is that we determine the what. I am less concerned about the how if somebody does not follow through on the "what" we approve because of some disagreement or bureaucratic snag. Then I would be concerned as long as we make the decisions we have the authority to make. As long as they are executed by the staff in the executive branch then I am not that concerned with how that is done. This is my initial response and could definitely be a part of a longer discussion.

Commissioner Lokken tells Commissioner Redding that he would respectfully disagree with that logic. That you do not care who staffs your office at NSHE as long as the work is done. You really do not care who is doing it, you don't care about their expertise or their fit. It just matters if the work gets done.

Commissioner Redding says that if that were a discussion with a regent to me, that would be the response. Clearly staff to staff is a different relationship. This will be a good topic for longer discussion to once and for all to identify the role of the Commission and how things get carried out. Commissioner Lokken appreciates the chance to express how he feels.

There was nothing further in the Director's Report.

**11. New business.**

- **WICHE Commissioners' 2016 Retreat update**
- **Health Care Careers in Nevada 2016-2017 data book**
- **Propose future meeting dates**

*To be completed.*

**12. Public comment.** There was no public comment.

13. Meeting adjourned.