



**The State of the System**  
**by**  
**Interim Chancellor James E. Rogers**

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## Table of Contents

Opening.....	1
I. Efficiency, Effectiveness and Integrity.....	2
II. Manage Enrollment and State College System, Millennium and Grade Point Average.....	2
III. Nevada State College.....	2
IV. Personnel Policy.....	3
V. Indirect Cost Recovery.....	4
VI. Carryover Reversion.....	4
VII. Elected vs. Appointed Board.....	5
VIII. Reduction of the Size of the Board.....	6
IX. The Future.....	6
X. Latinos and African-Americans.....	7
XI. Need Based Scholarships and Student Loans.....	7
XII. The Legislature as a Source of Funds.....	8
XIII. Capital Funding.....	8
XIV. Open Meeting Law.....	9
XV. Information Technology.....	10
XVI. Legal Counsel for the System.....	10
XVII. Research.....	10
XVIII. Development and Support of Foundations and Capital Campaigns.....	11
XIX. Development of Sports Programs.....	11
XX. Presidents' Roles in their Communities.....	12
XXI. Civility.....	12
XXII. Master Plan.....	12
XXIII. Conclusion.....	12

## **The State of the System Address**

By Chancellor Jim Rogers  
University and Community College System of Nevada

We Americans have the great gifts of freedom and democracy but it has been our education system that has fulfilled the promise of democracy. It has brought us out of the economic and political backwaters of the world to make us the greatest country the world has ever known. For our state, the University and Community College System holds the same promise.

I have served as chancellor since May 7<sup>th</sup> of 2004; a little over seven months. I have chosen this time to give this address on the state of the System of higher education in Nevada because I want the people of this state, the Legislature, the Regents, and the institutions to hear my assessment of higher education in Nevada; what its strengths are; what its shortcomings are; and what we all need to do to make it better. It will take a unified effort from all to realize the promise that higher education holds for this incredibly dynamic state. To accomplish the tasks ahead I hope, and in fact expect, all Regents, all presidents, and all institutions to stand shoulder-to-shoulder to solve the many problems we face.

I could speak volumes about what higher education does well, but I will only touch on a few subjects. I want to focus on what higher education needs from the Regents, the Governor, the Legislature, and the people of Nevada to do better and to make this the state we want to leave to our children and grandchildren.

I came to the job as Chancellor with some misconceptions about this System. I had no appreciation of the breadth of impact this System has on every aspect of the state's business and cultural life and how well the institutions have performed their tasks; whether it is in educating nurses, teachers, and engineers, or in performing basic research or adding to the cultural richness and diversity of ideas throughout the state. While I have always valued, supported and have been active, as an outsider, in higher education, I now believe that I underestimated the effectiveness of the System, especially when I see how under funded it is. The more I have learned, the more I have come to realize that this System is one of the greatest overachievers in United States public supported higher education.

However, there is one belief that I had when I began this position that remains as unshaken and solid as any belief I have ever had. It is a conviction that comes as close to being an article of faith as any belief that I hold. That belief is: There is no value we hold, no mission we can embark upon, and no cause that can be more just and noble than the cause of raising the achievement standards, goals and aspirations of education in Nevada. The Regents and the people of this state must understand, however, that nobility of cause does not equate to victory, and progress is not a law of nature. There are unfortunate states in our country whose higher educational systems are going backward. We must work together to make sure we do not join those states that are going backward. We must be one of the states moving forward at warp speed.

There may be demagogues who will try to sell shortcuts and short-term solutions that create immediate prosperity and economic success for this state, but there are no shortcuts to prosperity that ignore the need for the technical and cultural development higher education brings. There is no shortcut or cheap fix to create a world-class system of higher education.

Even though we are in a hurry, we must recognize that every mile we travel must still consist of 5,280 feet.

### **I. Efficiency, Effectiveness, Integrity**

The people of this country and especially the general populous of this state are accused of wanting only immediate gratification. Some say Nevadans are not willing to sacrifice anything today to invest in the future of our state. Some think that the words spoken by John Kennedy at his inauguration have no application in Nevada. I do not believe that is true.

The many responsible people in this state **do ask what they can do for this state.** However, they want to know that when they invest their tax and private dollars that those moneys are going to produce a world-class product and are being spent efficiently, effectively, and are being managed by people of talent, vision, productivity and integrity.

To many who have the power to fund education, any claim of effectiveness and efficiency in academia is suspect. I am pleased to report that many of the hardest working and most dedicated people that I have ever known are working at the University and Community College System of Nevada.

### **II. Manage Enrollment and State College System, Millennium, and GPA**

The AB 203 Committee has recognized the individual institutions to be effective and efficient, but the System, as a whole, is a high cost system. This means that our System's structure, that is the community colleges and universities, does not function efficiently. In many instances the wrong institution is being used to educate students. Nevada has not created a state college system until recently and too much of the higher education process has occurred in our two research universities. This means we need to control and direct our enrollment more effectively to utilize the community colleges and state college where education can be provided more economically.

There are three projects we must undertake to make our System more effective and cost efficient:

First, we need to ask the Legislature to adjust the Millennium Scholarship payout between universities and community colleges so that it is more economically advantageous for Millennium scholars to attend the community colleges.

Second, the Regents should also accelerate the phase-in of higher GPA and class standing requirements for admission to the universities in order to redirect more students to community colleges and the state college. We also must institute a class standing criteria for admission. A 3.0 grade point average is a meaningless criteria if that grade average represents students who rank in the lower one-half of their class. The University of Nevada, Reno and the University of Nevada, Las Vegas should not accept students who are not in the top 25% of their high school graduation class.

Third, we must continue to support the Nevada State College and recognize that the state college system must ultimately be expanded.

### **III. Nevada State College**

For many months I have been fearful that the Nevada State College system would fail. Were Nevada State College to fail it would seriously damage the potential of both universities. I now feel confident that Nevada State College will become a reality.

There is however a new threat on the horizon and that is an insistence that Nevada State College be merged in some manner with the Community College of Southern Nevada. The justification is a short-term cost saving. My analysis would indicate that a merger may save pennies in the short run, but cost us millions in the long run when we find that the eventual needs to expand both colleges require separate campuses, separate facilities and separate administrations. It will cost millions of dollars to separate institutions that should have never been joined.

Nevada, like so many states, seems so desperate to create short-term fixes that it fails to look down the road to see what its needs will be ten years from now. A thoughtless marriage of these institutions will create a messy, ugly, expensive divorce in the future of higher education. The merger of the institutions is shortsighted. Nevada's population will continue to grow for the next 20 years at the same rate. We must create institutions that will build that future.

#### **IV. Personnel Policy**

Some of the employment policies of this System have bred inefficiency to the point of being grossly wasteful. Many of these policies are relics of the past. One policy relates to termination of incompetent employees. To be unable to remove an employee in an extreme case for up to 23 months, 30 days and 23 hours after determining the employee is incompetent squanders the System's funds. The Regents must institute changes for efficient management of the System to develop credibility with the state legislature, taxpayers and the private sector, if we want them to become our partners.

In making this proposal I want to clearly differentiate between teaching faculty and positions that have unfortunately acquired the title description of "administrative faculty." No one believes in academic freedom more than I. To the extent that tenure supports academic freedom, I support tenure. I want no person or system to have any power, real or apparent, to chill academic freedom.

Non-teaching faculty, including accountants, lawyers, office workers, administrators and others similarly situated must be subject to strict standards of performance and if any of these individuals are removed from their jobs it should be done fairly and quickly. No individual has a vested right to a job when that individual fails to perform adequately.

I cringe when I hear someone say that "academia is not efficient and cannot be made efficient." That is nonsense. If we are to attract private investment, if we are to be able to make the legislature feel the moneys from taxpayers are being used properly, we must be ever vigilant of the duty to efficiently use all funds we receive. The components of efficiency may be slightly different between academia and the business world, but where academia and private industry perform the same functions, the same rules of efficiency apply.

##### **A) Management by the Chancellor**

In John McCain's book on courage, he quotes a wonderful line from Aung San Sun Kyi of Burma, who won the Nobel Peace Prize in 1991. She said, "It is not power that corrupts, but fear. Fear of losing power corrupts those who wield (it)..."

There is a lesson here about power for all of us. The Board of Regents has plenary power over this System. The Board should not abdicate its authority on policy, or budgetary matters, or its control of the chancellor. However, the Board currently retains ultimate total management authority over its presidents. This has created a managerial morass that makes the Okefenokee Swamp look like Teflon.

I will not go into the managerial specifics. However, the failure of this Board to delegate to the chancellor the power necessary to manage cripples the System. This System will never compete against the truly world-class universities in the United States without a proper managerial structure. You must understand the distinction between making policy and carrying out policy in an expeditious and efficient manner. A part-time Board can set policy. However, it cannot manage and operate the system.

I know it takes great courage to overcome fear of the unknown and delegate managerial power to the chancellor. However, if the Regents fail to give the chancellor ultimate authority over presidents, the Regents will never remove the perceived cloud of managerial incompetence from this System. The only way the system will function in an efficient and highly productive manner is to give the chancellor the authority and power to manage the System.

**B) Chief Administrative Officer to the Board and External Relations**

The Board currently has a Chief Administrative Officer whose job description also includes external relations. External relations must be directed by the chancellor. This position must be split. The Chief Administrative Officer should be under and report only to the Board. External relations should be solely the chancellor's function.

**C) Presidents' Contracts**

I have heretofore made suggestions to you on modifying the contracts of the presidents to require performance standards. The presidents have agreed with this suggestion. This is a very positive accomplishment.

I will bring other policy changes to you in the upcoming months to improve the efficiency and credibility of this System.

Let me now address issues concerning the Legislature.

**V. Indirect Cost Recovery**

For many sessions, the System has asked the Legislature to allow the universities to retain the 25% cost recovery on research grants. The state may need the funds but this particular way of revenue generation by the state stifles the entrepreneurial drive of the institutions who are seeking grants. If this state is going to attain the goal of having first-rate research universities, it must provide the incentive to those institutions to be entrepreneurial. The entrepreneurial system is the best method ever devised to foster motivation and creativity. The Legislature should pass legislation to allow the 25% cost recovery to be retained by our institutions. If the Legislature desires, it can restrict the use of that 25% to renovation and construction of research space.

**VI. Carryover Reversion**

The current budgetary laws of the state require that any unexpended state funds be reverted to the state. This policy does not promote efficient use of taxpayer dollars. This is a good example of a short-term fix that created long-term failures. Reversion provides an incentive to spend taxpayer dollars, whether that be wisely or unwisely, or lose them. I want to propose a policy for the Legislature that promotes good management of money and will help solve another critically serious need. Nevada has not even begun to fund need-based scholarships. This is one of the reasons for the low college going rate. I believe that an excellent way to kill two birds with one stone is to allow the institutions to keep unexpended funds, but to

require that they be placed in that institution's need-based scholarship fund. I must point out, however, that this will not fully address the shortage of need based scholarships.

## **VII. Elected vs. Appointed Board**

The Board of Regents has been a controversial public body. Forty-eight of fifty states have appointed Regents. The solution to all of Nevada's regential problems is to appoint regents. Right? Not in my opinion.

I do not know what caused other states to create appointed boards, but appointed boards have their problems also. I can tell you this; I like a Board that answers to the public at large and not to a governor. A board being appointed by a governor, like Kenny Guinn, who knows and understands education is one thing; a board appointed by and responding to a governor who does not understand education is problematic. I trust the public more than I trust governors. I see no shortcomings in the present board that all human beings do not have. I find nothing wrong with our board that cannot easily be cured. My major criticism of this board is that it has not adopted proper managerial concepts. I believe the Board should set policy and delegate management of the System to the chancellor. But with this solution, almost all the problems you have seen over the last two years will disappear.

During my short tenure as your interim chancellor, the Board has been cooperative, flexible and open minded in delegating managerial power and authority to the chancellor's office. If the Legislature changes this Board from an elected Board to an appointed Board, the Legislature will commit the ultimate sin in a democracy. It will usurp the power of the electorate to control its higher education destiny. It will also render the present board impotent during the six-year period it takes to make the change. I also firmly believe it is no more likely that an appointed Board in the State of Nevada will be more effective than the present Board is. In fact, I predict it will be less effective.

This Board is intelligent and has the ability to correct its managerial problems. I ask those who want to change this Board to rethink their position.

If Beverly and I did not feel comfortable with the sound policy making ability of this Board, we would not have committed over 60 million dollars of our moneys to the System in the upcoming years.

If, however, the Legislature feels compelled to move toward an appointed Board, then I have the following suggestions. I have read the proposed constitutional amendment which passed in the last session, and I believe that proposed amendment to be shortsighted and worthy of being defeated in the next session of the Legislature.

If the Legislature wishes to propose a constitutional amendment to appoint Regents, the Legislature should pass an amendment which is more thoughtfully drafted. The problems with the proposed amendment, as I see them, are these:

First, if the size of the Board is to be reduced to nine, and that number incorporated into the constitution, with three to be elected in each of the congressional districts as the proposed amendment requires, the growth of this state will eventually change the composition of the Board, and by 2020 the majority of the Board will once again be elected. I do not believe that a constitutional policy change should be so shortsighted that it has built in obsolescence.

Second, I do not believe that four-year terms for Regents in the proposed constitutional amendment create the institutional memory necessary for good governance. I believe that continuity on the Board would be best served with six-year terms.

Lastly, there should be a process for screening prospective appointments to the Board of Regents similar to that utilized by the judicial selection commission. This would prevent the Board of Regents from falling into the domain of a political spoils system.

### **VIII. Reduction of the Size of the Board**

I have been told that there is serious consideration being given to a bill that will reduce the size of the Board to nine in the next session and make all Regents – including those with unexpired terms, run again.

In looking at the size of the present Board, the number 13 seems high when one compares it to Arizona where the number is seven. However, the seven members of the Arizona Board of Regents only govern the three major Arizona Universities. Each of the 10 community colleges in Arizona has its own elected local governing board.

The beauty of the Nevada Board is that it can and does coordinate and govern eight institutions. This is all of higher education in Nevada.

To cut the Board from 13 would spread the Regents too thin. A cut in board size would reduce Regents ability to respond to the electorate.

I believe the size of the Board should remain the same.

If the proposed constitutional amendment passes this session **and** a bill reducing the number of Regents also passes this session, in the next general election, in 2006, there will be 18 candidates for nine Regent seats. Those 18 candidates will all be saying two things. The first is, “Vote for me.” The second thing they will all be saying is, “Vote against the constitutional amendment for the appointment of Regents.” I respectfully implore the Legislature not to create the turmoil in higher education that this scheme would cause.

### **IX. The Future**

When I speak of your chancellor having adequate authority to run the System, one of the most important areas is compelling all institutions to work together. The relationship between some institutions has not been one of cooperation or even competition; it has, on occasion, been so confrontational that it has injured the System. And, to some degree, this destructive conduct or has been exacerbated by some Regents.

Your chancellor must have authority to direct presidents and schools to work together where joint programs will benefit the entire system. Neither the Regents nor other parties in the state should ever exacerbate the problem by taking a parochial approach to higher education. Everyone in this State would do well to view all of the institutions as our children. Our future lies in these eight children. They each have their chores to perform and should be monitored closely and disciplined if necessary, but any unwarranted attack on any institution should be met with disdain by all.

One good example of cooperation is the University of Nevada, Reno School of Medicine and the related programs at the University of Nevada, Las Vegas. We are in the process of developing such a joint venture and believe that once in operation it will foster the development of other joint ventures in the System.

I also strongly support the expansion of legal education to the north by UNLV’s law school. Several Regents, the dean of the law school and the president of the National Judicial College in Reno and your chancellor are working hard to develop programs in Reno, just as UNR has expanded medical education to the south. As we go forward, there will be more and

more programs that involve multiple schools and your chancellor needs the authority from the Board and the cooperation of the Board to make certain that they work.

## **X. Latinos and African-Americans**

When a culture fails to recognize and utilize the human potential of all its citizens, it not only fails those citizens, but, more importantly, it fails in achieving the opportunity to become a greater culture. That lost potential falls forever into the darkness of “It might have been.”

It took the United States until 1920 to give women the franchise and another 40 or 50 years to start utilizing women’s potential. How many women of incredible potential did we fail and what achievements were lost to all because we never tapped that potential?

It took almost a hundred years before we freed African-Americans from slavery and another hundred years before we started bringing African-Americans into full participation in our culture. How many African-Americans of incredible potential did we fail and, what marvels did they have at their fingertips that we never discovered?

Today in Nevada we face a similar issue. There is a class of citizens who constitute the fastest growing segment of the population and the most underrepresented group in higher education. The Latino population has grown 125% in the last 10 years and is conservatively projected to grow by 42% in the next 10 years. I frankly do not have any simple solution for the under enrollment of Latinos. This is a multifaceted problem.

I am asking that our presidents bring forward solutions or suggestions they may have. I hope to meet with Latino leaders in the north and south to hear their suggestions for addressing this problem. I bring this issue to you, not because I have a solution, but because I know that the best and the brightest within our System can provide solutions that will bring the Latino community into full participation in higher education with other groups.

We must not only make our System available to minorities, we must go out and actively recruit minorities and “bring” them into the System. They are too important to our culture and economy for us not to aggressively address this issue.

I will also meet with African-American leaders to determine how we more effectively recruit those students into higher education. I know there has long been a great frustration among the African Americans in Nevada over their belief that we have not adequately responded to their desires to become more educated and more productive citizens. Their needs and our needs are one and the same. What is good for them is good for everyone. The System must respond more quickly in more substantive ways! We cannot afford to lose one minute of their potential.

## **XI. Need Based Scholarships and Student Loans**

There are two related issues that I want to address: Is there any more important problem than our lack of need based scholarships? I think not. This is one where the entire System must begin a crusade to raise funds to help students who do not have the financial ability to go to college.

The second is providing loans to students. Our tuition is now among the lowest in the nation. However, it makes no difference how low tuition is if the student has no source of funds to pay that tuition. In the future we are going to have to raise tuition, and without providing need based loans even more students will be prevented from obtaining a college education.

## **XII. Legislature as a Source of Funds**

We all know the budgetary limitations facing our state. We have also heard rumors about the desire of some legislators to deal in a parsimonious manner with the higher education budget in the upcoming legislative session.

Word has come from several legislators that “The System must learn to live within its means.” This seems to imply that the System makes little effort to live within its means and also implies that the System has no regard for the fact that funds are limited.

From my review as an outsider who knows something about controlling costs, I can tell you that this System does not squander money. It uses its funds very efficiently, and, as I have said before, given the support it receives, the System is the greatest over achiever in American education.

I am reminded of that absurd statement that “the beatings will continue until morale improves.” While the Nevada Legislature has the right to spend the taxpayers’ money as it sees fit, I would suggest to our Legislature it cannot ween the horse from eating. The concept that if we will build a great university system then the Legislature will fund it,” is a concept that defies logic. Only if the System gets adequate funding from the public and private sector can it grow into a world class higher education system.

I do not presume to advise the Legislature on the extent to which it funds higher-education. However, I cannot, as the interim chancellor, fail to inform this legislature that its investment is being used in very productive ways and that without substantial inputs of money, the System is condemned to being a follower instead of a leader in higher education. Productivity of the System is high in spite of some inefficiencies. I pledge to the Legislature that those pockets of inefficiency will be eliminated during my tenure.

As to rumors that the Legislature is thinking of cutting our budget, which is 84.6% of the national average, let me be absolutely clear on this matter: If true, I cannot imagine anything that could be more shortsighted for Nevada. We must support the full funding of the funding formula.

## **XIII. Capital Funding**

Consider these facts:

Nevada has been the **fastest** growing state for 17 straight years. Our System of higher education is the **third** fastest growing system in the US. Nevada has the lowest college going rate of any state in the United States. Nevada’s high school graduates are growing at the fastest rate of any state. WICHE predicts that Nevada high school graduates will increase by 120% by 2018 while the national average for the same period will be only 10%.

What all this means is that with the third fastest growing system in the U.S., we are not only failing to catch up to the needs of our state for higher education, we are in fact falling further behind. We have a System that is perpetually falling below the growth rate necessary to improve our college attendance rate. Higher education is not growing fast enough to meet the needs of Nevada. The Board, the Legislature, the business leaders, and the people of Nevada must understand and face the infrastructure needs presented by our tremendous growth.

The best estimate we have at this time is that the capital funding availability in the next session of the Legislature will be between \$150 million and \$200 million for the next biennium. The capital budget needs for higher education in this state for the next biennium are somewhere between \$300 and \$500 million. We are one billion dollars behind in remodeling outdated and unproductive science, engineering, and medical facilities at the University of Nevada, Reno and

the University of Nevada, Las Vegas. No matter how one looks at this picture, the future of the State of Nevada is being placed in jeopardy by inadequate funding of higher education.

I will propose to the Governor and legislative leaders a new method of obtaining funds for capital projects. Other states such as Arizona and Connecticut have developed innovative plans to meet capital funding needs. Nevada needs to develop a plan to meet the needs of this state. I will work with the leadership of this state to promote a capital funding and renovation proposal that will meet the needs of the System in the next session and beyond. A goodly portion of capital construction must also come from private funds.

When I came into this position, my focus was primarily on the two universities, the University of Nevada, Reno and the University of Nevada, Las Vegas. I had been involved in giving both of these schools substantial funds and I had helped raise substantial funds for both.

I soon learned that Southern Nevada had the third largest multi-campus community college in the United States with 35,000 students, over 15,000 being Latinos. I also learned that its capital needs (specifically a 30 million dollar classroom building) had no prayer for construction in the near future. By the time this building is constructed, the need for space at the Community College of Southern Nevada may well grow to 50,000 students. If we cannot serve 35,000 students, how will we serve 50,000?

We need further funds for construction. I want all of you to note that the City of Phoenix has recently issued bonds for education after a 75% approval vote by the people of Phoenix. This bond issue is for \$950 million. The funds will be used for both construction of facilities and technology. I do not know what the possibilities are for obtaining "capital funds" from the City of Las Vegas or the County of Clark or from the City of Reno or the County of Washoe but we have to look into this possibility.

Inherent in the term "community college" is the concept that these local two-year colleges are designed mostly to benefit "the community in which the schools exist" rather than the state as a whole, although obviously what is good for education in the Counties of Clark and Washoe must have a positive effect on the state as a whole. It seems only fair that not only must the state fund the community colleges, but that the communities in which they exist should also support them financially.

I want the state to understand that this is not a proposal to substitute any of the "local" funds for funds from the state. However, it seems to me that it would be in the best interest of Clark County, Washoe County, as well as other counties to supplement the financial needs of the community colleges in their respective counties to support the growth and development of these communities.

#### **XIV. Open Meeting Law**

When I became chancellor I found that I spent 75 percent of my time during my first two and one-half months dealing with legal issues growing out of matters at CCSN. In analyzing those legal problems, I concluded they came from three sources. The first, which I have already addressed, was the lack of power of the chancellor to resolve them expeditiously. Second was the structure of the system's legal department. The third was the ambiguity created by the Open Meeting Law under which this Board must operate.

Let me say at the outset that I am in complete agreement with the principles of the Open Meeting Law. However the law, as presently drafted, while seemingly simple in its terms, becomes a nightmare of far differing interpretations, which in some instances make carrying out the purposes of the education system difficult if not impossible. I have instructed Mr. Dan

Klaich, our chief counsel, to work closely with the Legislature to attempt to revise the Open Meeting Law to create the clarity needed for this and other boards in this state to function openly while protecting the rights of privacy of those who have a legal right to that protection. Any revisions to the law must respect the confidentiality of employees and students. Of all the laws of this state, the Open Meeting Law must be a model of clarity and leave little or nothing to interpretation.

I do not know whether it is my lawyer's love of the first amendment, whether it is my ownership of multiple outlets for news broadcasting or whether I just abhor secrecy, but whatever the reason, I support openness of government for that openness is paramount to the success of democracy. Our democracy is always being threatened by a basic human desire to protect itself by being secretive. You may not be aware of a recent survey that showed that if the First Amendment were put to a popular vote today, it would fail by a 60% to 40% vote. Given our basic instinct for secrecy and the destructive nature of secrecy, all of us must make sure that laws like the Open Meeting laws are held sacrosanct. However, they must be laws that foster openness of thought and debate, not ones that actually impede them.

Some of the media criticism has been for what the media believes to be the Regents' attempt to hide what the Regents are doing. I know there has been no such attempt, but I also know that sometimes our instincts make us want to do things behind closed doors. One simply cannot allow this to happen. When in doubt, one can rarely go wrong by going public.

#### **XV. Information Technology**

I am distressed to find that the information technology system in UCCSN has not been funded adequately to meet the needs of the Legislature, institutions, or the System in providing information for the management of this System. This is a complicated and expensive project and will undoubtedly not be accomplished in the near future. However, this is an upgrade that the System desperately needs to adequately function in the coming years. We are not only years behind, we are decades behind. However, it is a project that could cost between \$30 and \$100 million over the next five years. This has to be a priority.

#### **XVI. Legal Counsel for the System**

I have heard there are proposals from some legislators to statutorily mandate that all legal representation of the System be provided by the Attorney General. Based on my experience as an attorney and my experience in working with the legal staff within the System, I cannot think of any move that could be more misguided than to require the Attorney General to provide services to the System. The present legal staff of the System is excellent and knowledgeable of the System's legal issues. Additionally, it would be a serious mistake to have legal counsel for the System who serves two masters. I am sure every one will note the changes we have made and how effective those changes have been.

#### **XVII. Research**

We speak of attempting to raise both the University of Nevada, Las Vegas and the University of Nevada, Reno from the beginnings of research universities to a height where we can be among the top research universities in the world. The same is true for the Desert Research Institute.

What will that mean to us and the state? Research universities often get far more than one half their incomes from research grants. My own University of Arizona, which ranks 16

among public universities in research income, generates nearly \$500 million per year. The Berkeleys of the world get more than a billion dollars a year. These funds build facilities, draw the best students, recruit the foremost scholars and bring into their communities the most sophisticated businesses and enterprises from throughout the world.

Nevada has a world-class economy. It will only build a world-class culture with world-class research universities coupled with the Desert Research Institute. We must do all we can both privately and publicly to develop the University of Nevada, Reno the University of Nevada, Las Vegas and the Desert Research Institute into major research institutions.

### **XVIII. Development and Support of Foundations and Capital Campaigns**

Our operating budget is approximately \$1 billion. My analysis of funding at other good universities would indicate our operating budget should probably be nearly twice that much. Certainly our source of funds in the next few years is going to have to reach \$2 billion to support this System.

The private sector has to become a major source for funding in that the Legislature has no mechanism for raising the moneys we will need. Both universities, the Nevada State College and the Desert Research Institute and each of the community colleges have a foundation whose sole mission is to raise money. The foundations of all eight institutions have made substantial progress but all have a long way to go to catch up with the productivity of foundations at other major universities.

I do not recommend that the Regents get directly involved in any of these foundations. However whenever asked to become involved in seeking funds from donors, each and every Regent should respond immediately and enthusiastically.

Your chancellor's primary duty must be involvement in all our communities, especially the business sector, in speaking to groups, meeting with individuals and "connecting" the various foundations to those who can financially support the system. It has been said the chancellor's job is not that of a development officer. Nothing could be further from the truth. In fact, not only is the chancellor the chief development officer, each and every president, dean, faculty member and student is responsible for the development of the System.

Each of our universities must, within the very near future, embark upon substantial capital campaigns. All the major private universities in the United States have done so and so have most of the major public state institutions. The University of Nevada, Reno and the University of Nevada, Las Vegas are at least five years behind.

I know the University of Nevada, Las Vegas will soon institute a campaign in the \$400 to \$500 million range. I urge the University of Nevada, Reno to begin to look at doing something substantial. Both schools have access to great sources of private wealth. It is time to enlist the support of the wealthy who have become wealthy because of the two major communities of this state.

### **XIX. Development of Sports Programs**

Academics often discount the value of top rated sports programs in helping to develop a campus life and in contributing to the overall success of a college or university. Like it or not, the sports programs a college or university has are the front page of that university. The connection between most of the people in any community to the college or university system is through its sports programs. It is far easier to get a contribution to the academic arena of a

school when the sports program is at the top of mind of a potential donor. Ask those at Stanford, USC, Notre Dame, Berkeley and Michigan, all first-class academic institutions, how much easier it is to raise funds from a donor when the sports programs are successful.

You will also find that when sports programs are successful, those programs are financially self-sufficient.

## **XX. Presidents' Roles in their Communities**

The new rule of thumb is that 80% of a president's time must be spent in raising funds for their schools. The deans of the various colleges must also "get out of their offices" and sell their product to the business community. Where deans fails to do so, they find their departments never develop adequate funding.

## **XXI. Civility**

I come from a profession which has suffered greatly because of the lack of civility. Lawyers treat each other poorly and it has come home to haunt them. The public will not tolerate a lack of civility and quickly and severely turn on those who are not civil.

At times in the past, the lack of civility among a few Regents has severely injured the reputation of the Regents. I am pleased this conduct has not occurred recently.

## **XXII. Master Plan**

The System has a master plan that has specific goals and targets that I will not describe in detail at this time. However, this plan sets the goals for the System and provides for its effectiveness and efficiency. The master plan is the map to our future and we must support it.

## **XXIII. Conclusion**

There are 66 institutions in existence today in recognizable form that were in existence in the year 1530 (34 years before Shakespeare was born). Two of these institutions are churches – Catholic and Lutheran. Two of these institutions are parliaments – on the Isle of Man and Iceland. Can you guess what the other 62 institutions are? They are all universities. There are two incontrovertible principles I find in these facts. The first is the inherent need in a changing world for institutions of higher learning. This confirms the indispensable role that higher education plays in human culture. The second is that there is no investment we can make that will have a more permanent impact on our culture than investment in higher education. Given the paramount importance of education in all our lives, why do we continue to give it such little support? Isn't it time we really looked at our failures and isn't it time to do something about them?

I leave you with two additional facts about higher education that are true throughout all 50 states. I also want to pose a question to the wealthy people in this state.

The first fact is this: NO STATE LEGISLATURE EVER BUILT A GREAT UNIVERSITY. Look across this country at what are considered to be world class universities. Note that not one of them ever got a nickel from a state legislature. USC, Cal Tech, Stanford, Chicago, Vanderbilt, Cornell, Harvard, Yale, Columbia, Princeton, Georgetown, Brown, Colby and Vassar prove my point. Ah ha! You say, the University of Virginia, the University of California, Berkeley and the University of Michigan are all world class universities and they certainly got started by and continue to be subsidized by state legislatures. Let me give you some rather startling statistics. These great public universities get 8% to 15% of their funds from

state legislatures. Michigan has only 8% of its money coming from the state coffers. It is the other 92% from the private sector that has made the University of Michigan a world leader.

For too long have we looked to the government of Nevada for the System's life blood. We have done far too little prospecting elsewhere. While the University of Nevada, Las Vegas gets \$36.6 million and the University of Nevada Reno gets \$55.4 million from grants, those amounts are far behind the nearly \$500 million the University of Arizona, a school in a state similarly situated to ours, gets each year.

It is a universal truism that all great universities look to their alumni, the businesses in the communities where these universities are located and the technical and scientific world at large for their life support systems. Why have we not focused on these sources to the extent necessary? We have begun to reach out to these sources, but far too long after our competitors began this process.

The second fact is this: EVERY MAJOR CITY IN THE UNITED STATES HAS A MAJOR UNIVERSITY. Great cities have not built great universities because it was fashionable. No major city has become a major city without a major university being an integral part of its growth, both economically and culturally. If Las Vegas and Reno are not major cities, they soon will be. However, at this time, neither the University of Nevada, Reno nor the University of Nevada Las Vegas is a major university.

As strong and creative as the economy of Nevada is, and as fast growing as it is, Nevada will never achieve its cultural and economic potential if it does not develop the University of Nevada, Las Vegas, the University of Nevada, Reno, and the Desert Research Institute into major research and learning centers.

And now the question for the monied interests of this State: HOW DO YOU DEFINE FINANCIAL SUCCESS?

If Nevadans define financial success only in terms of how much money they make and accumulate before they draw their last breath, then I tell you our higher education system is condemned to mediocrity.

Let me propose a different definition of financial success. This definition of financial success has long-term effects. Financial success has two parts. The first is how much wealth is produced. The second part, and probably the more important part, is what is done with that wealth.

Princeton, Yale, Harvard, Columbia, Chicago, Stanford and USC are world leaders as academic centers because people who made fortunes decided that the best use of their fortunes was to build great centers of learning and research. I predict those centers of learning will be alive and well 500 years from now and will become additions to the institutions that have already lasted for over 500 years.

Nevada is awash in privately held fortunes. While public corporations have legal restraints on how much they can give to education, there are no prohibitions to prevent individuals from pouring vast sums of money into our three good, and soon to be great, research institutions.

We must all sell the concept that real financial success, while in part being the accumulation of vast sums of money, is only fulfilled when the investment of that money develops cultures that enhance the long-term quality of life for all. Many communities that have mediocre higher education systems have little hope of being raised above mediocrity because they have little private wealth. Nevada, fortunately, is not in that position.

We can make the University of Nevada, Las Vegas a major university. We can do the same at the University of Nevada, Reno and the Desert Research Institute. I believe that the quality of the Nevada State College and community colleges will rise at the same time. A rising tide raises all boats.

I have been a resident of Nevada for 52 years. When I moved here, Las Vegas had a little over 22,000 people and Reno was only slightly larger. What changes there have been; what progress we have made; but more importantly, what financial foundation we have built to provide for and ensure a world class cultural enhancement that is so close I will see it in my lifetime.

Let us not commit the ultimate sin of thinking small. Let us not fall over dollars in order to pick up nickels or save pennies. Let us remember that it is very difficult to save one's way into prosperity. Prosperity comes from building and building comes from builders who are both bold and visionary. Let us be bold. Let us be visionaries. Let us build a higher educational system in Nevada that will bring Nevada out of the cultural backwaters into a position of preeminence in this Nation. Let us build our future with a vision of possibilities and promise for our children and grandchildren.