

# Nevada Higher Education Finance 101

## HOW IS THE NEVADA SYSTEM OF HIGHER EDUCATION ORGANIZED?

The Nevada System of Higher Education (NSHE) is the State's public system of higher education and is governed by a 13-member elected Board of Regents. The system includes seven teaching institutions plus the Desert Research Institute. Table 1 shows Full Time Equivalent (FTE) enrollment for each institution.

**Table 1: NSHE Full Time Equivalent Enrollment Fall 2015**

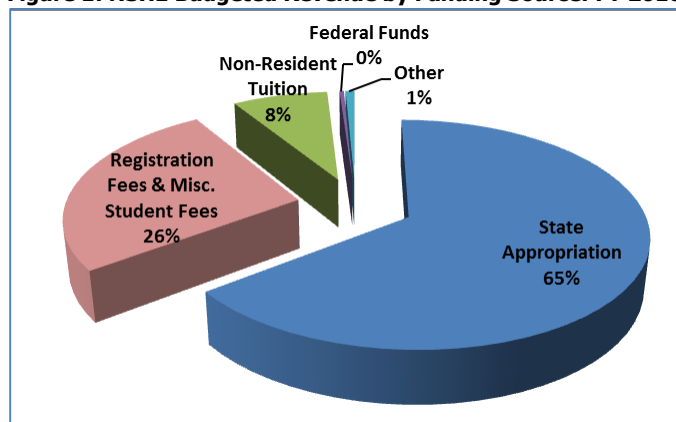
Type	Institution	Fall 2015 FTE
Research Universities	University of Nevada Reno (UNR)	17,380
	University of Nevada Las Vegas (UNLV)	21,724
State College	Nevada State College (NSC)	2,248
2-Year Institutions	College of Southern Nevada (CSN)	18,446
	Great Basin College (GBC)	1,853
	Truckee Meadows Community College (TMCC)	6,350
	Western Nevada College (WNC)	2,375
<b>TOTAL</b>		<b>70,375</b>

Source: NSHE Enrollment, Preliminary data

## WHAT FUNDING SOURCES DO NEVADA'S HIGHER EDUCATION INSTITUTIONS RECEIVE?

NSHE revenue is projected to be \$840 million from all sources in FY 2016, which is a 10 percent increase over FY 2015. NSHE institutions receive funding primarily from State and student sources as shown in Figure 1. Local revenue is not provided to NSHE institutions. The share of State funding has decreased from 79 percent of funding in FY 2009 to 65 percent in FY 2016. Conversely, the share paid by student sources increased from 21 percent in FY 2009 to 34 percent in FY 2016.

**Figure 1: NSHE Budgeted Revenue by Funding Source: FY 2016**



Source: NSHE 2015-16 Operating Budget

Table 2 presents the level of State versus Non-General Fund revenues for each institution in FY 2015.

**Table 2: State vs. Non-General Fund Revenue 2014-2015**

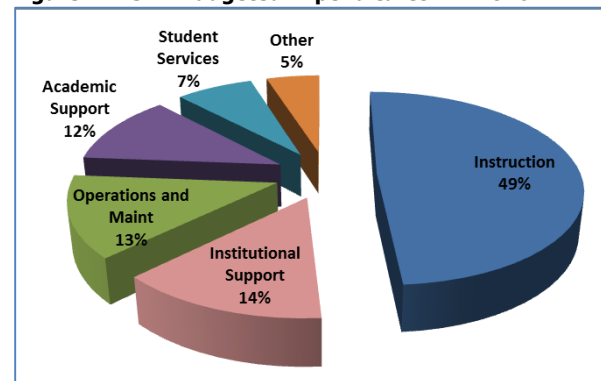
	State Appropriations	Non-General Fund Revenue	% of Total Revenue from State
UNR	90,297,959	86,218,616	51.2%
UNLV	129,029,820	107,439,959	54.6%
CSN	86,453,916	43,969,382	66.3%
GBC	12,506,483	3,484,655	78.2%
TMCC	29,947,712	12,522,626	70.5%
WNC	13,446,404	4,531,493	74.8%
NSC	12,479,287	6,441,898	66.0%
<b>TOTAL</b>	<b>374,161,581</b>	<b>264,608,629</b>	

Source: NSHE State Operating Budget, 2014-2015

## HOW ARE NSHE FUNDS EXPENDED?

Nearly half of NSHE's funds are spent on instruction (see Figure 2). The next highest expenditure categories are instructional support, operations and maintenance, and student support.

**Figure 2: NSHE Budgeted Expenditures: FY 2016**



Source: NSHE 2015-16 Operating Budget

## HOW DOES THE STATE DETERMINE FUNDING FOR EACH NSHE INSTITUTION?

In 2013, the Legislature implemented a new funding formula for NSHE institutions that emphasizes student outcomes, a policy change that reflects a growing national trend. Key elements of the formula are discussed below.

**Weighted Student Credit Hours:** The new formula focuses on courses completed by Nevada residents, which is measured by weighted student credit hours (WSCH). The weights for each credit hour were developed independently by the National Center for Higher Education Management Systems and vary by discipline cluster, type of institution, and course level (lower division, upper division, masters, and doctoral). Disciplines in the liberal arts have lower weights than disciplines in the sciences and engineering to reflect differences in the costs. The amount of WSCH for each institution was adjusted in FY 2016 to reflect caseload increases and to eliminate F grades for nonattendance/

effort. State funding provided per WSCH is \$153.09 in FY 2016 and \$153.33 in FY 2017.

**Small institution factor:** Because all institutions incur certain fixed costs, the funding formula includes a small institution factor that provides additional funding for colleges with less than 100,000 WSCH. This funding is received by GBC and WNC.

**Research Space-Operation and Maintenance Funding:** The funding model also includes monies for operation and maintenance of research space that is not funded through WSCH. The level of funding provided is based on the size and operational costs of building space dedicated to research activities at the two research universities, UNR and UNLV.

**Mitigation funding for Great Basin College and Western Nevada College:** The State provided mitigation funding to GBC and WNC in both the 2013-2015 and 2015-2017 biennia to minimize funding losses due to the new formula. In FY 2016, GBC will receive \$1.5 million and WNC will receive \$1 million.

**Performance Funding Pool:** In order to incentivize positive outcomes at NSHE teaching institutions, the funding formula includes a performance pool, which is a carve-out of state funds. No additional state funds are provided for this incentive. The performance pool is intended to be implemented over a four year period, representing 5 percent of state funding in FY 2015, 10 percent in FY 2016, 15 percent in FY 2017, and 20 percent in FY 2018. Each institution competes against itself to earn back the carved out funds. UNLV has an unearned carve out of \$318,456 for FY 2016, which it can recoup in FY 2017 by outperforming its performance targets this fiscal year.

**Treatment of non-general fund revenue such as student fees:** Under the prior funding formula, the amount of State funding was reduced by non-State revenues. The new formula allows NSHE institutions to retain these funds. To ensure transparency, student fee and tuition revenue must be budgeted in the institutions' state-supported operating budgets. Table 3 shows the non-general fund revenue for each institution.

**Table 3: Non General Fund Revenue 2014-2015**

Other Revenue	Registration Fees	Non-resident tuition	Misc. Student Fees	Operating Capital Investment	Balance Forward	Total
UNR	59,142,253	26,674,459	391,766	309,424	-366,667	86,218,616
UNLV	76,572,383	29,332,790	1,049,318	485,468		107,439,959
CSN	35,657,378	7,766,764	359,591	185,649		43,969,382
GBC	3,251,803	156,761	73,016	3,075		3,484,655
TMCC	10,678,293	1,556,657	82,740	8,247	196,689	12,522,626
WNC	4,177,494	298,090	6,923	48,981		4,531,493
NSC	5,880,464	438,660	94,503	28,271		6,441,898
<b>TOTAL</b>	<b>195,360,068</b>	<b>66,224,181</b>	<b>2,057,857</b>	<b>1,069,115</b>	<b>-169,978</b>	<b>264,608,629</b>

Note: Table does not show Miscellaneous Revenue amount of \$67,386 (\$67,381 for UNR and \$5 for WNC).

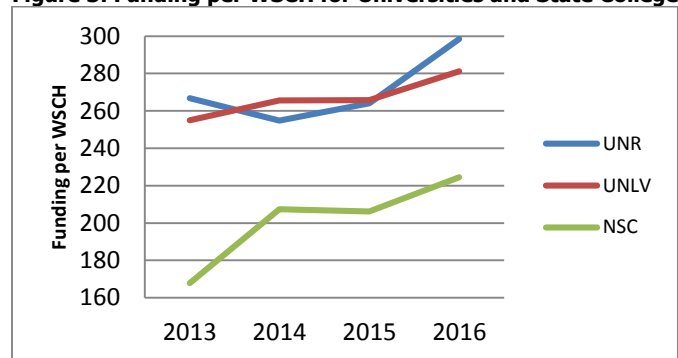
Source: NSHE State Operating Budget, Budget to Actual Comparison, 2014-2015

**Budgets outside the formula:** In FY 2016, 18 percent of total appropriations to NSHE institutions reside outside the funding formula. These allocations include the new Silver State Opportunity Grant, NSHE administrative and computing costs, statewide initiatives, intercollegiate athletics, and the professional schools (Medical Schools, Law School, and Dental School).

**HOW HAS THE NEW FUNDING FORMULA AFFECTED EACH INSTITUTION?**

The impact of the new funding formula has varied significantly by institution. Figures 3 and 4 show total funding per WSCH from State and non-State sources. Figure 3 shows that funding per WSCH has increased at UNR, UNLV, and NSC from FY 2013 to FY 2016. The largest increase has been at NSC (34 percent) followed by UNR (12 percent) and UNLV (10 percent).

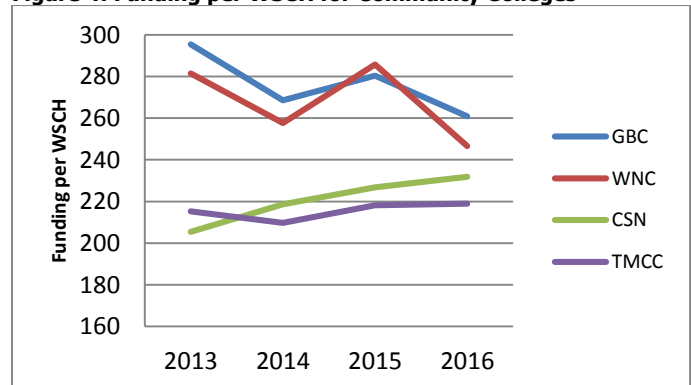
**Figure 3: Funding per WSCH for Universities and State Colleges**



Source: Nevada System of Higher Education

In contrast, Figure 4 shows that funding per WSCH has decreased (12 percent) at the rural colleges of GBC and WNC from FY 2013 to FY 2016. Funding per WSCH has remained relatively flat at TMCC over this time period while funding at CSN has increased by 13 percent.

**Figure 4: Funding per WSCH for Community Colleges**



Source: Nevada System of Higher Education

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