

Leadership Development Academy
November 4, 2014

University Finance and Budgeting

Shared Governance

- Legislature/Governor
- Board of Regents
 - Nevada System of Higher Education (NSHE)
 - UNLV Administration
 - UNLV Foundation
 - UNLV Research Foundation
 - Faculty Senate
 - Classified Staff Council
 - Student Government

Fiscal Year

- The fiscal year begins on July 1 of each year and the biennium begins on July 1 of each odd numbered year (the current biennium began on July 1, 2013 and runs through June 30, 2015)

Cash Basis vs. Accrual Basis

UNLV's budget operates for the most part on a cash basis on the expense side and is converted to accrual basis at year end to conform to relevant accounting and reporting requirements. Accrual basis is a concept that recognizes revenue that is earned but may not be collected (or revenue collected in advance of being earned, i.e. tuition and fees, which is a liability until earned). The accrual basis also recognizes expenses incurred but not yet paid, such as utility expense used/incurred for the month that is billed and paid in a subsequent month.

Strategic Plan to Drive Budgets

- The university strategic planning process provides for the priority development of the state and annual self-supporting budgets and capital/1 time allocations.
- The strategic planning process broadly defines priorities for the operating and capital budgets with a multi-year forward-looking view. (See <http://planning.unlv.edu/>)
- Strategic planning process includes a campus master plan, which was updated and approved by the Board November 2012 <http://www.unlv.edu/masterplan> .

Capital Funding vs. Operating Funding and One-Time vs. Base Funds

- The State Operating funding is our ongoing base funding and as part of the budget process is approved by the Governor /Legislature/Board of Regents (BoR).
- The FY14 and FY15 budget was approved by the Legislature/Governor in the 2013 legislative session.
- Budgets are approved annually by the BoR
- In past years State funds lapsed after one year, i.e. if were not used by fiscal year end they had to be returned to the State General Fund. In the 2013 legislative session a bill was passed allowing registration fees and tuition to be carried over subject to certain requirements.
- Non-State operating budgets (“self supporting”) are approved annually by the BoR. Some accounts don’t have outside of UNLV budget approval (e.g. Grants & Contracts, donor funds, etc.)

Capital Funding vs. Operating Funding and One-Time vs. Base Funds

- The State funded Capital Improvement Project funding (CIP) and/or the Deferred Maintenance funding is also granted in the odd year during the legislative session. These represent one time funds, meaning there is no commitment of receiving these moneys other than one time.
- CIP funds must be spent within 4 years. Thus the 13/15 CIP funds granted in the 2013 legislative session must be used by the end of FY17.
- Typically UNLV receives \$5M of the total \$15M NSHE funding, which comes from slot tax revenue. This is to be used for Deferred Maintenance only (and was raided/reduced greatly during the budget cut years).
- CIP one-time funding is also requested for major capital projects. For example the 2013 legislative session UNLV was reappropriated “planning funds” for the Hotel College Academic Building of \$3.2M.
- Other examples of one-time funding are funds received from the “pay date shift” in FY12, which provided a total of \$24M, of which \$12.7 was given to the Provost.

State Budget Process

- Every even calendar year the two year biennial and CIP budget is prepared and submitted to Board of Regents
- Board approves then sends to Governor and LCB by August 31 of the even numbered year
- Governor's budget is released the following January –odd year and is finalized in legislative session (usually in June)
- The Governor's budget is based on the official revenue forecast provided by the Economic Forum, a panel of 5 economic and taxation experts from the private sector
- The Board of Regents approves the operating and capital budget, but also on an annual basis the State Budget

Self Supporting Budgets

- Defined by NSHE as budgeted non-state funds with annual expenditures exceeding \$25,000
- Examples – UNLV event centers (Thomas and Mack, Sam Boyd Stadium and Cox Pavilion), Student Housing, Dining, Student Union, Student Recreation and Wellness Center, Parking Services
- Most Self supporting budgets are charged a 3.5% administrative overhead fee based on gross income, to offset incremental indirect costs to support campus infrastructure and operations (Some exceptions apply to this charge such as gift funds, student course fees, etc.)
- Self-supporting department budget requests are made to the Budget Office identifying non-state revenue sources and projected expenses

Self Supporting Budgets

(continued)

- Required to cover direct costs for items such as salaries and wages, operations
- All self-supporting budgets must maintain positive fund balances and are required to submit annual balanced budgets to the Budget Office for approval.
- Self-supporting budgets must be approved by the Board.

New Funding Formula

- A new funding formula was approved in the 2013 legislative session for UNLV appropriation.
- Key elements:
 - State general fund dollars distributed but campuses retain student registration fees and tuition
 - As a result of the above there is the potential for us not to have to address “lapse” of state funds at fiscal year end
 - Based on a much improved “course matrix”
 - Based on Nevada Resident FTE’s only
 - Uses last full year of actual FTE’s as baseline (old formula used 3 year weighted average) – FY12 in the case of FY14/FY15 budgets and FY14 in the case of FY16/FY17 budgets.
 - Based on completed courses, rather than enrollments

New Funding Formula

- O&M of facilities basically eliminated as everything is based on student FTE/WSCH
- First ever “Research Factor” for O&M support of research space (<2% of budget)
- Has performance funding component carve out starting at 5% of state general fund budget per year beginning in FY15 and increasing up to 20%

New Funding Formula

Table 1 - Summary of the General Fund Budget for the 2013-15 Biennium			
FY13 Base GF Budget - UNLV Fund 2101			
Biennial General Fund Base			
Assumes addition of state GF for 1.35% of FY13 salary + benefits			
	FY13	FY14	FY15
Sources			
FY13 General Fund	123,590,871		
Add'l GF revenue per formula worksheet (gross of all Salary and Benefit adjustments and formula changes)		3,458,055	6,841,075
Add'l GF to restore 2.5% salary cut (calc at 1.35% + frg) - Maximum BOE draw per NSHE for FY14 and FY 15		2,187,456	2,199,225
Total sources		5,645,511	9,040,300
State Mandatory Adjustments (vs. FY 13 Base Budget)			
PEBP change		(985,503)	(833,552)
Retirement Increase 1%		1,337,042	1,337,042
REGIA change		(342,283)	8,022
Restore 2.5% salary cut plus fringe		4,262,750	4,271,732
Professional Merit & related fringe benefits		-	2,908,922
Classified Steps & related fringe benefits		-	449,746
Total of State Mandatory Adjustments		4,272,006	8,141,912
Summary of Net State Adjustments		1,373,504	898,388
Other Adjustments			
Faculty Tenure & Promotion		446,492	892,984
FY15 Central Amt for merit (Those not covered by the state - Dean's and above and new positions created in FY 14)		-	328,314
Projected additional revenue shortfall (Dependent upon updated enrollment and non-resident tuition projections)		See Non GF Revenue section below	
Total Other Adjustments		446,492	1,221,298
Summary of all Adjustments		927,012	(322,910)

New Funding Formula

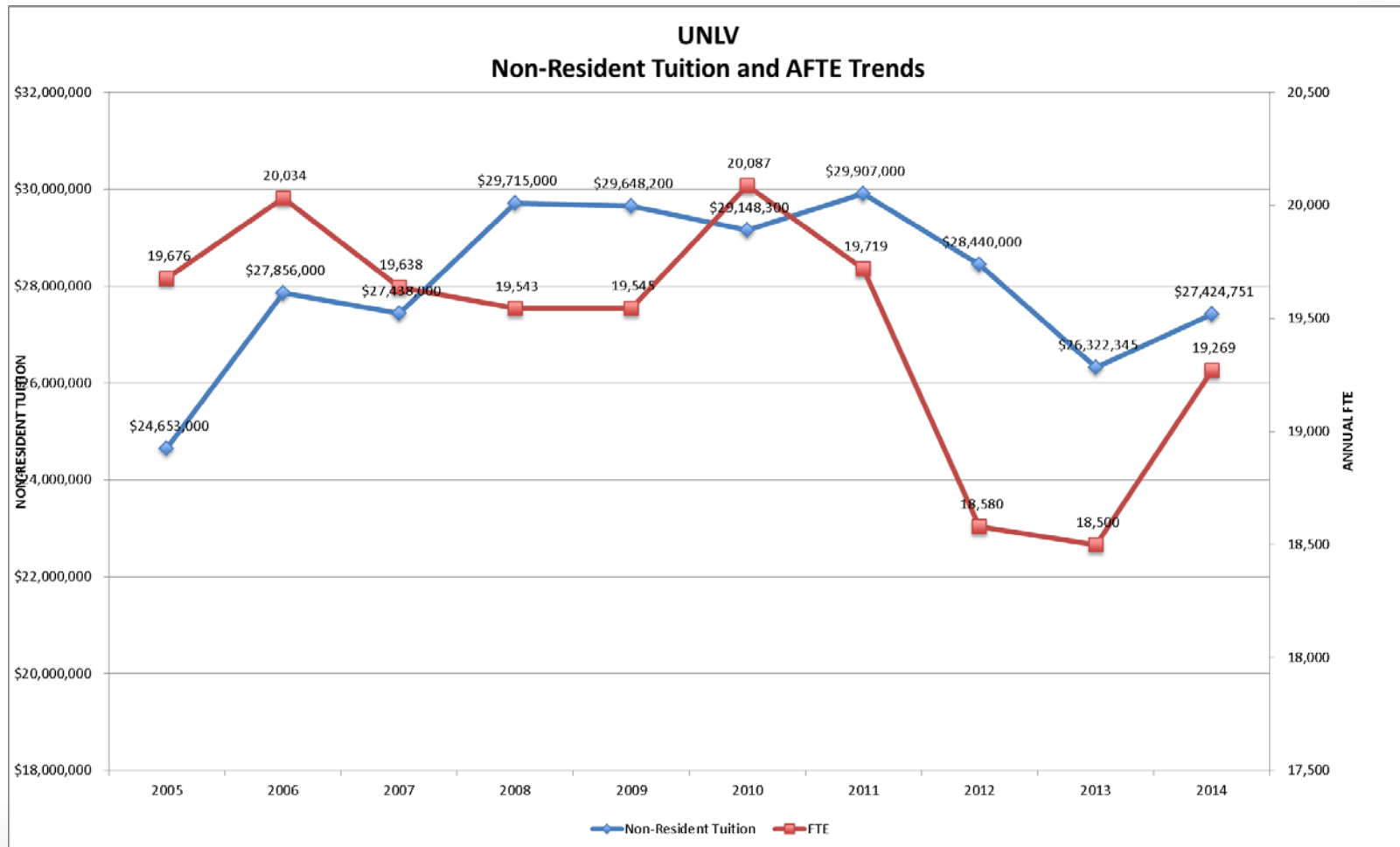
Non General Fund Revenue - Actuals and Projections:

A significant issue that impacted several of the past general fund budgets was the drop in student derived revenue as a result of declining full-paying Non-resident students as well as the overall decline in FTE. The chart and table below show the trends for collection of non-resident tuition over the last ten years along with the changes in actual Annual FTE during that period. The actual revenue shortfalls to budget for FY13 – FY11 are summarized below, and have required us to adjust our expenditure budgets to cover these shortfalls. FY14 showed enrollment growth resulting in student fee revenue over budget of \$3,185,102.

Non-General Fund Actual Revenue Shortfalls in the State Budget:

Fiscal Year	Shortfall
FY13	\$5.9M
FY12	\$2.3 M
FY11	\$2.9M

New Funding Formula



Foundation/Private Funds

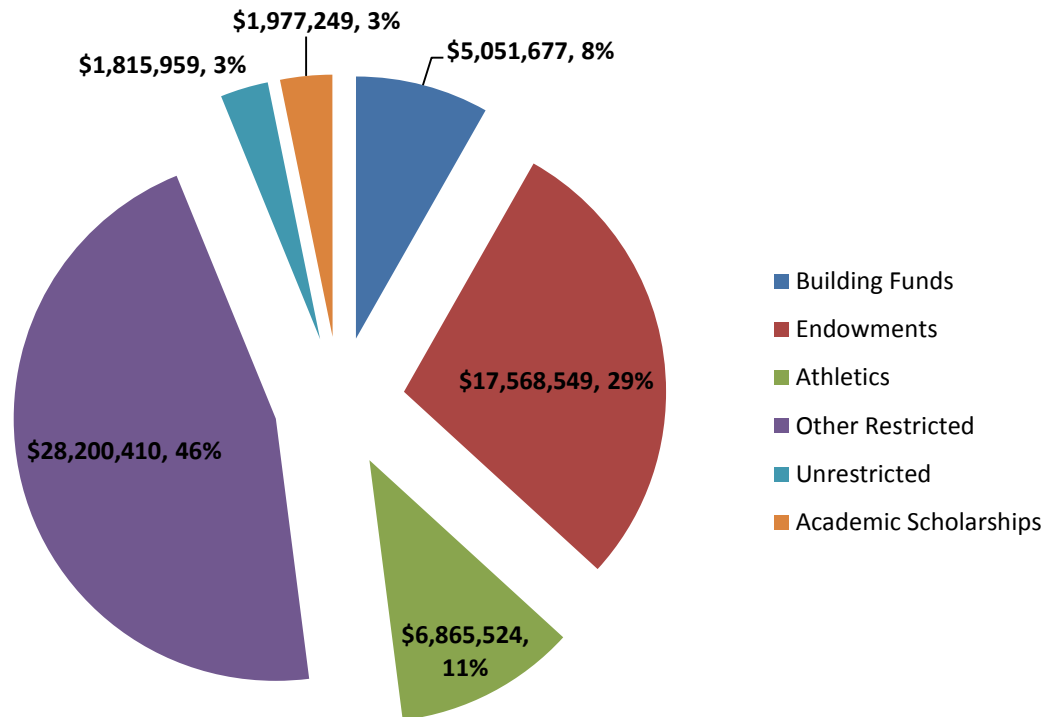
- All fundraising activities at UNLV are coordinated through the UNLV Foundation, a 501(c)(3) organization.
- The UNLV Foundation is a legally distinct entity whose sole purpose is to raise and manage private funds for the benefit of UNLV
- The NSHE Board of Regents authorized the establishment of the UNLV Foundation and is its primary governing board. The members of the Board are corporate members of the Foundation who appoint members to the Board of Trustees of the Foundation.
- The Foundation is required to comply with administrative and financial accounting policies established by the Board.
- The Foundation is responsible for all gift receipting, gift fund accounting, donor recognition, and other common functions necessary to the development function.

Foundation/Private Funds

- No member of the university community is authorized to conduct fundraising activities on behalf of UNLV or any of its parts without specific authorization of the UNLV Foundation.
- Funds gifted to UNLV are held by the UNLV Foundation, along with endowment funds held in NSHE accounts. In 2013–14, contributions and commitments totaled more than \$61.5 million to UNLV through the UNLV Foundation and the NSHE Board of Regents.
- At the end of FY14 the Foundation had total invested assets held for UNLV at a fair market value of \$229M, of which \$57.2M were invested by NSHE.

Foundation/Private Funds

The following chart illustrates how the \$61.5M in contributions and commitments received were utilized in FY2014:



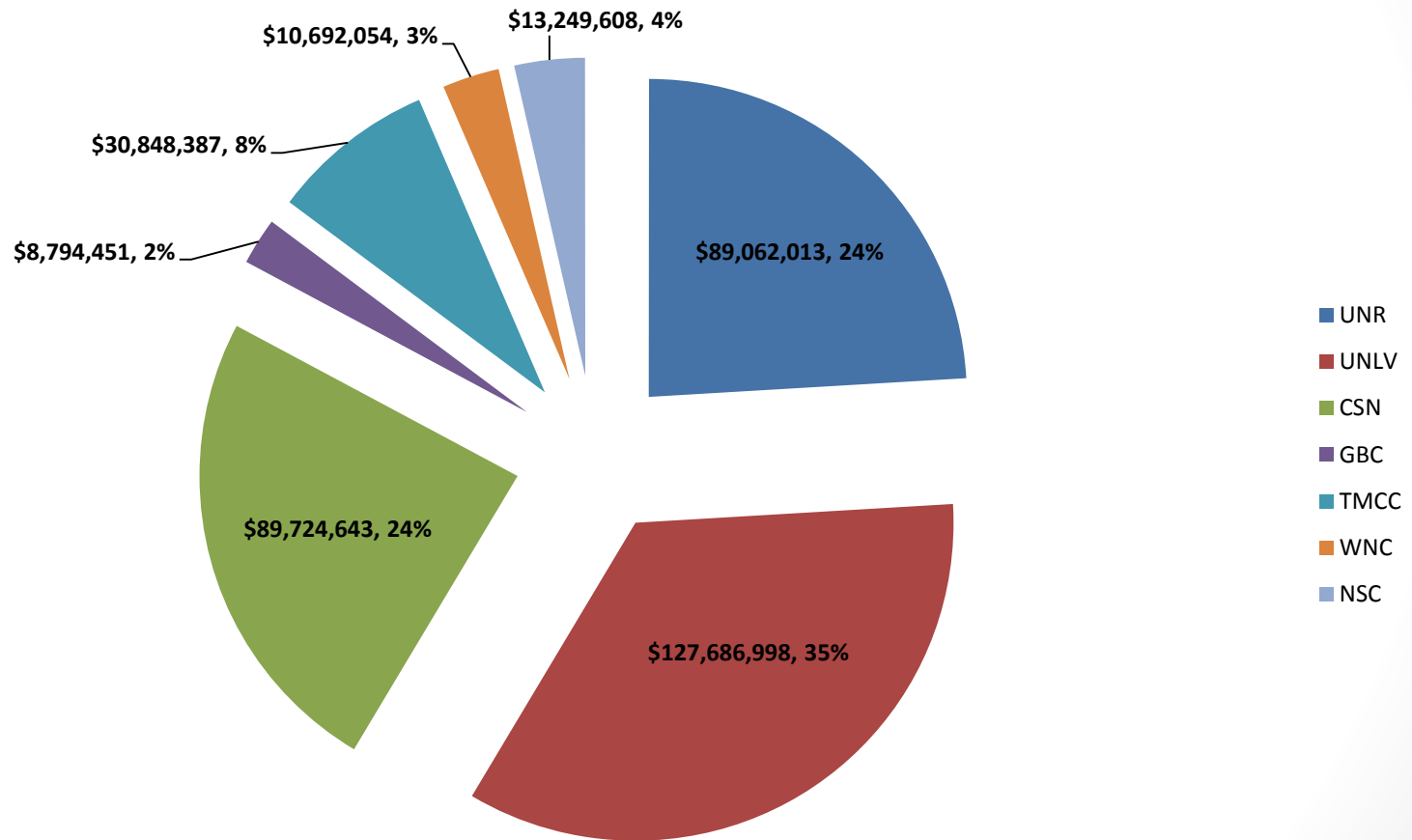
Grants and Contracts

- The Office of Sponsored Projects (OSP) oversees all aspects of grants and contracts.
- This office carefully tracks grant and contract proposals and awards, monitoring expenditures, to provide a basis for reliable projections to include in budget plans.

Facilities & Administrative Fee

- F&A applies to all Federal grant funds to cover indirect costs incurred by the campus to support these grants.
- OMB Circular A-21 defines both direct costs and indirect costs for Federal grants
- Indirect costs per OMB Circular A-21 consist of “Facilities” and “Administrative”
 - “Facilities” indirect costs are defined as depreciation on buildings, capital improvements to land & buildings, and equipment, interest on debt associated with certain buildings, equipment and capital improvements, operation and maintenance expenses, and library expenses.
 - “Administrative” indirect costs are defined as general administration, which are costs incurred by the administrative offices including the president, controller, human resources, payroll, risk management and other business services.
- The fee charged is negotiated with and approved by the Federal Government and is 47% for FY14, 47.5% for FY15 and 48% for FY16. The fee is charged against “direct costs” only, which are costs directly related to the research project/grant. The distribution of this fee is as follows:
 - 48% to VP for Research and Economic Development
 - 40% to Colleges/Departments/Principle Investigator
 - 4% to the President’s Office
 - 4% to the Provost’s Office
 - 4% to the Library

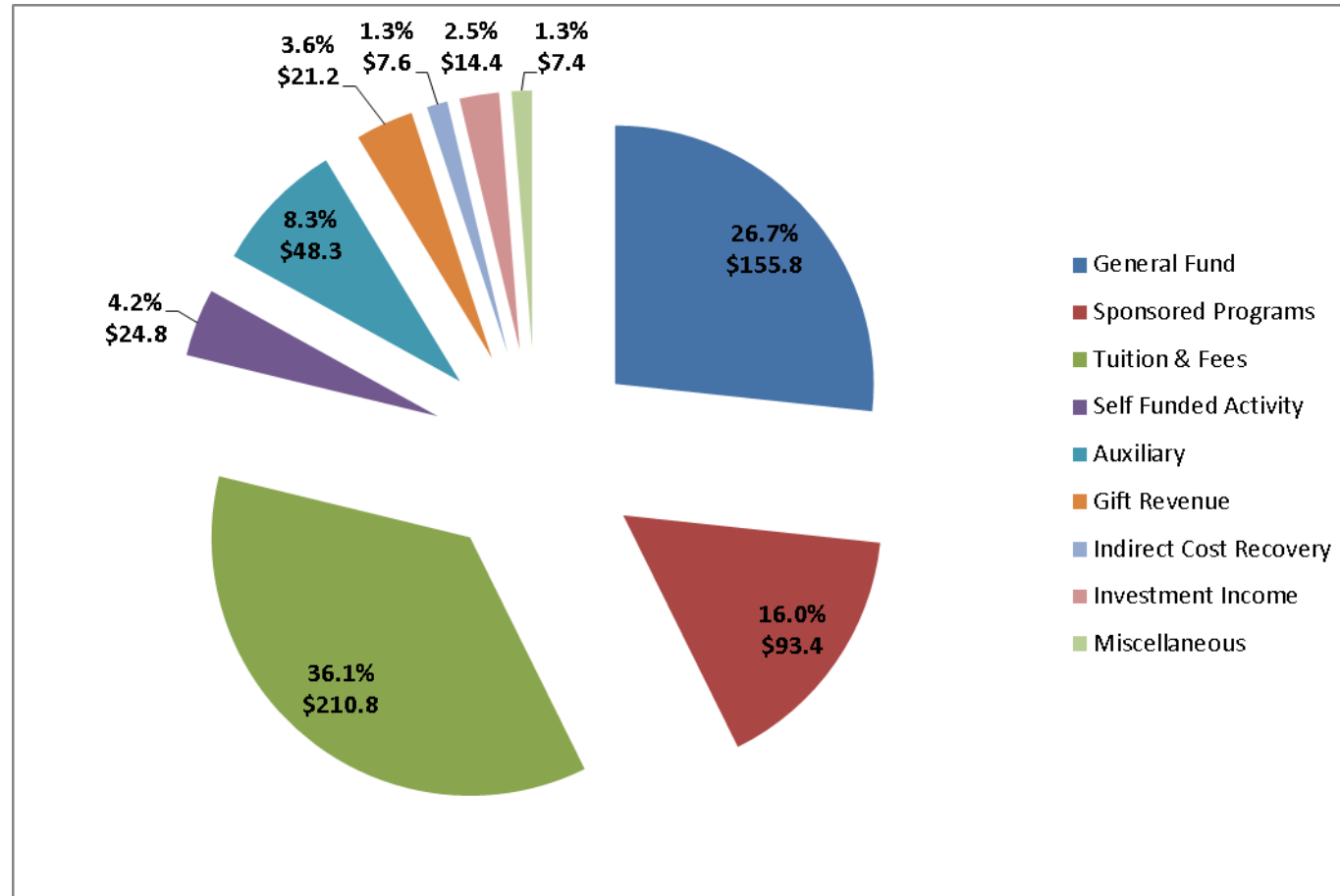
Distribution of NSHE General Fund State Appropriation Budget for FY15 \$370M



UNLV Financial Information

State and Non-State Revenue by Source for FY14

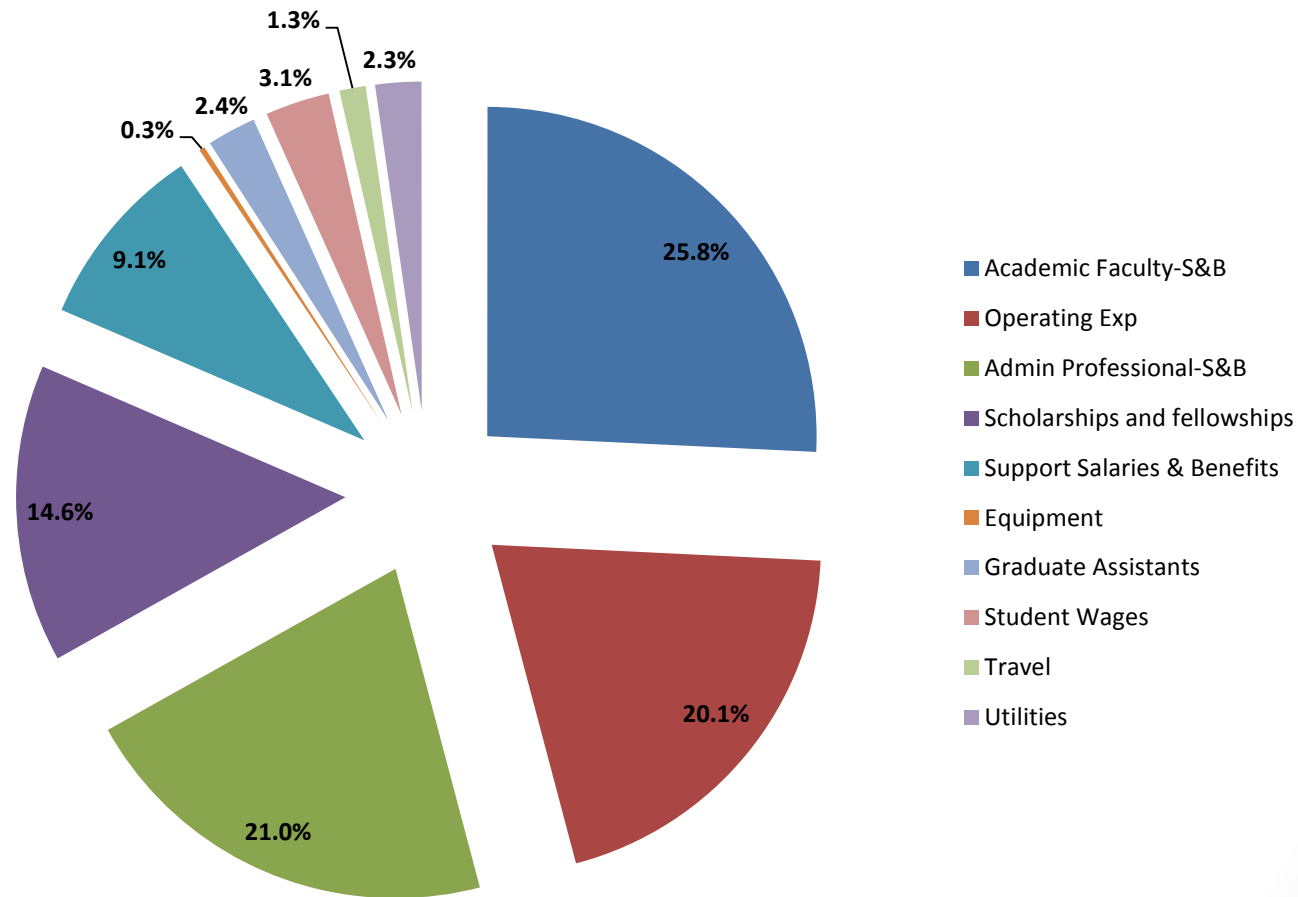
Total Revenues \$583.7M



State and Non-State Expenses by Function for FY14

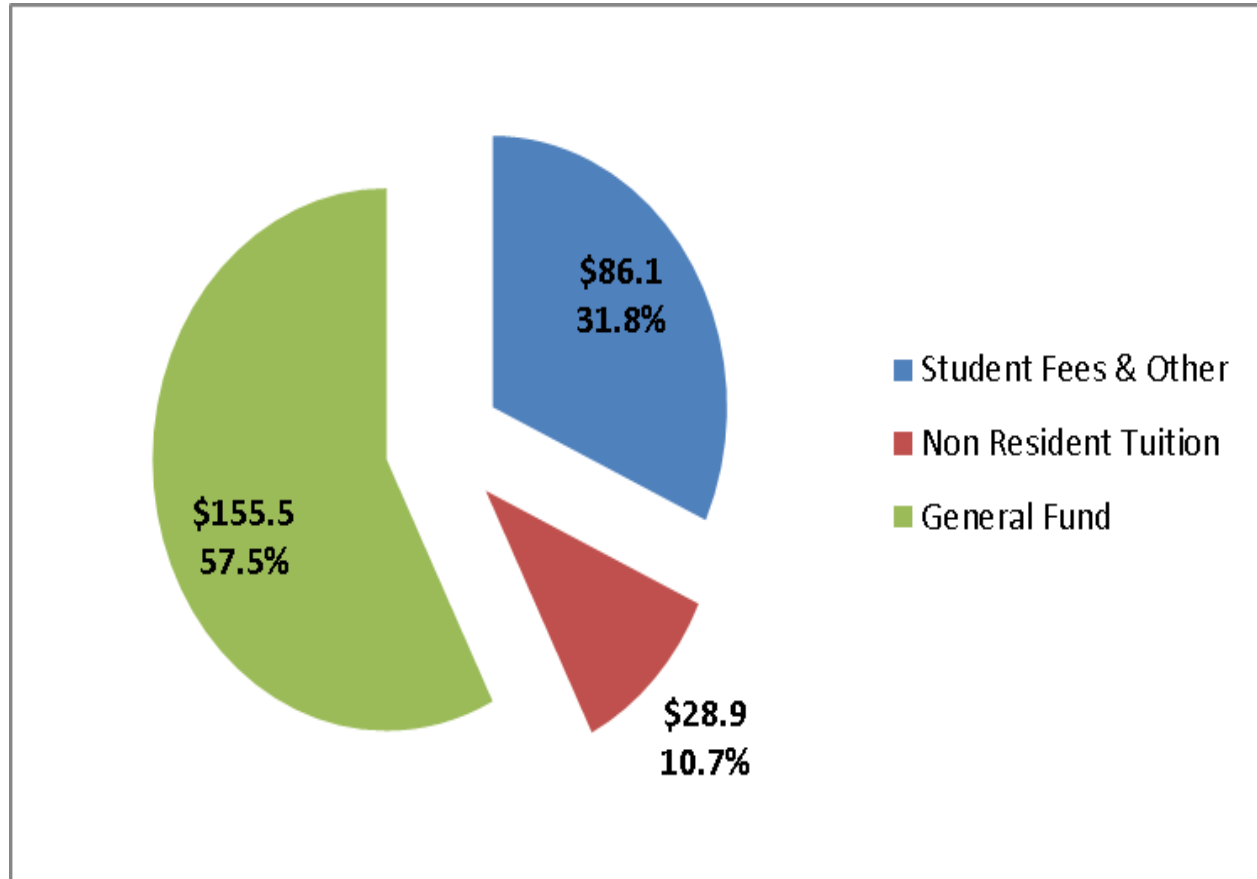
Total Expenses \$583.7M

Total Salaries and Benefits 61%



Total State Supported Operating Budget Revenues FY14

Total State Revenues \$270.5M

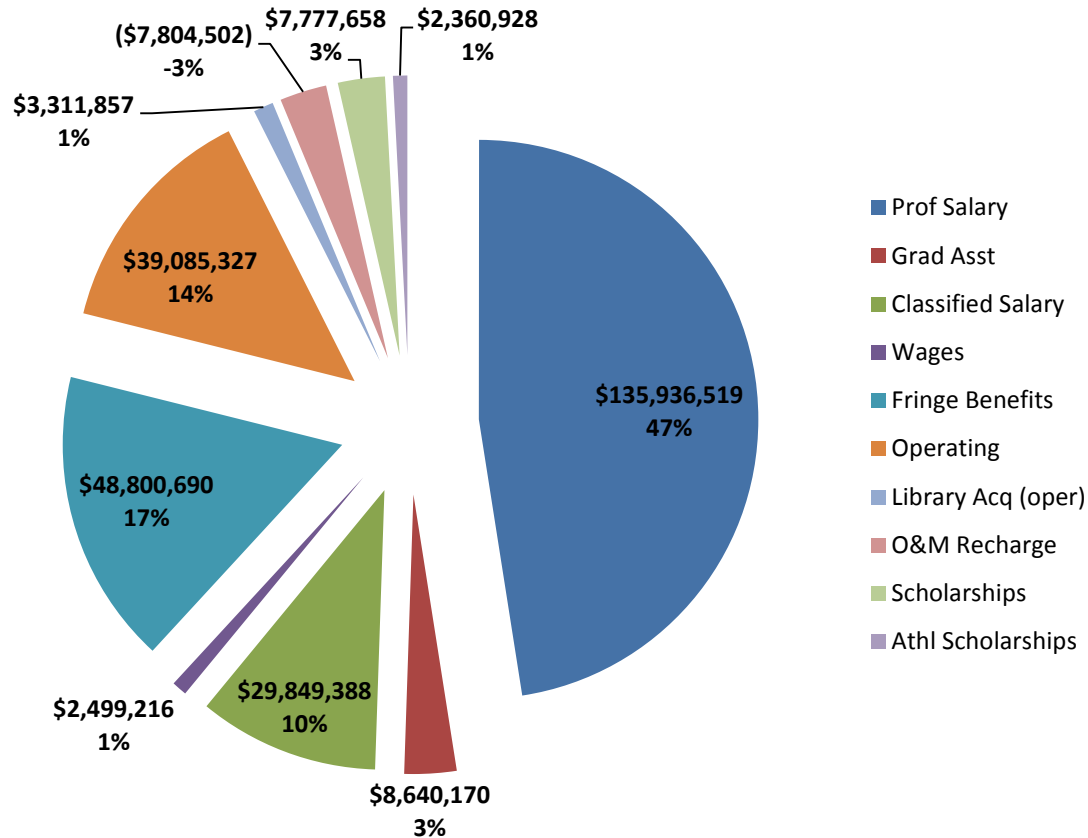


Breakdown of State Supported Operating Budget Revenue by Appropriation FY14				
	Student Fees	Non Resident Tuition	General Fund & Other	Total
UNLV	\$74,450,792	\$27,424,751	\$129,720,122	\$231,595,665
Law	\$4,320,604	\$323,167	\$7,377,009	\$12,020,780
Dental	\$6,854,919	\$1,129,731	\$7,326,825	\$15,311,475
BCS	\$1,628,993			\$1,628,993
State Wide	\$2,862,214			\$2,862,214
ICA	\$7,038,125			\$7,038,125
Total	\$97,155,647	\$28,877,649	\$144,423,956	\$270,457,252

Total State Supported Operating Budget FY14

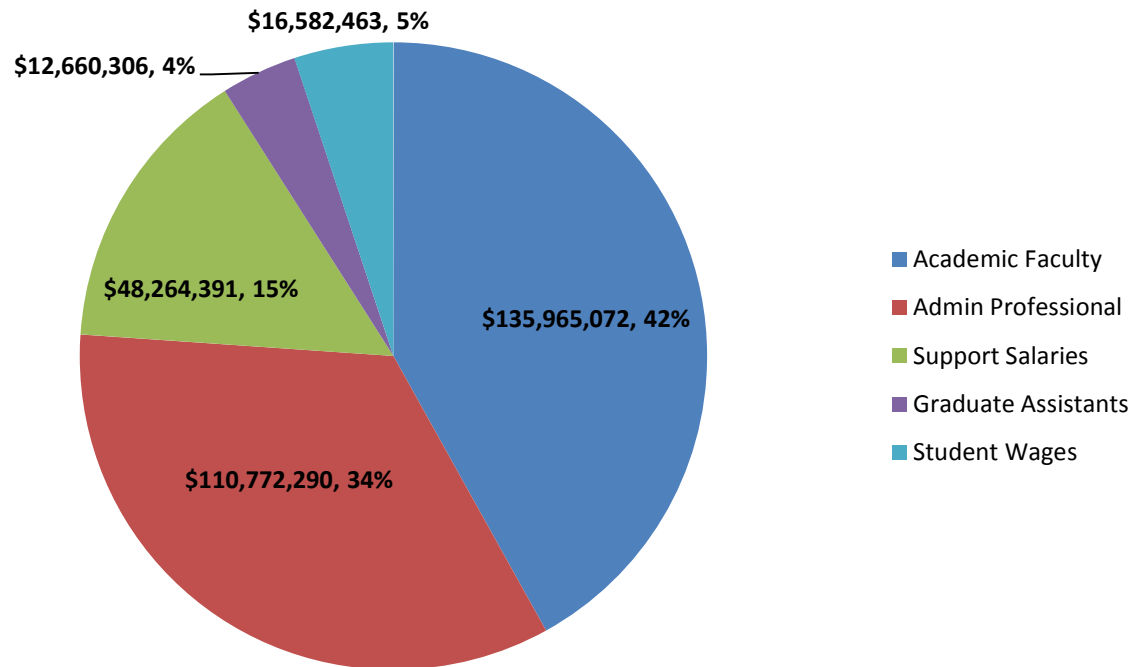
Expenses \$270.5M

Total Salaries & Benefits 78%



Total Base Salary and Benefits of \$324,244,523 by Employee Classification

Total UNLV Budget –All Sources \$583.7M



Centralized Fringe Benefit Pool

- Most research institutions have a “centralized fringe benefit pool” in order to meet requirements of federal grants and contracts and to provide an efficient and effective way to share costs for programs that benefit all employees, regardless of funding source.
- Currently UNLV does not have one and as a result State funds must be used to effectively subsidize benefit costs that accrue to non-State activities.

State/System and Campus Policies & Requirements

- UNLV comes under 3 sets of policy requirements:
 - State level, which includes purchasing/solicitation requirements, state classified staff policies and procedures
 - Board policy, per the Board Handbook and the Procedures and Guidelines Manual
 - University level policies, found in the University Bylaws and policies set by the various departments
- Federal grants and contracts also come under various Federal rules and directives.



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**BUSINESS MANAGER'S
TOOLKIT**



FORMS



**POLICIES &
PROCEDURES**

WELCOME

The Finance and Business Division's knowledgeable staff is committed to serving the needs of UNLV students and employees, community members, and customers.

This site is designed to provide you with answers on how to process business transactions at UNLV and as a guide to the services and policies of our various departments. If you have suggestions or questions, contact any member of our dedicated staff or the Office of the Senior Vice President directly.

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Division of Finance and Business

Forms

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A

- Account Addition - Change Request
- Adjunct Faculty (Volunteer) Contract
- Affidavit of Lost Receipt
- Affidavit of Rejection of Coverage for Workers' Compensation
- Affidavit Rejection of Insurance (ISP's only)
- Asbestos Service Request Form
- Asbestos Abatement Notification Form
- Attorney General's Office Claim Form

B

- Bar Coding Request Form
- Beneficiary Designation and Change Form - Standard Life Insurance



Division of Finance and Business

Policies and Procedures

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A

- Administrative Overhead Assessment
- AED Locations
- AIDS/HIV guidelines
- Alcohol Policy
- Alcohol and drug-free workplace policy
- Americans with Disabilities Act (ADA) policy
- Asbestos Locations and ACM Plans
- Asbestos Management
- Asbestos Management Plan
- Atmospheric Testing Procedures
- Audit Manual
- Automated External Defibrillator (AED) Policy

B

- BBP Fact Sheets
- Biosafety Level 2 Laboratory Standard Operating Procedures
- Biosafety Level 3 Laboratory Standard Operating Procedures
- Bloodborne Pathogens Exposure Control Plan
- Board of Regents Handbook