

Nevada System of Higher Education

Self-Supporting (Non-State) Accounts: Overview of NSHE Practices and Protocols

Ad hoc Committee on Higher Education Funding

February 12, 2024

Topics for today

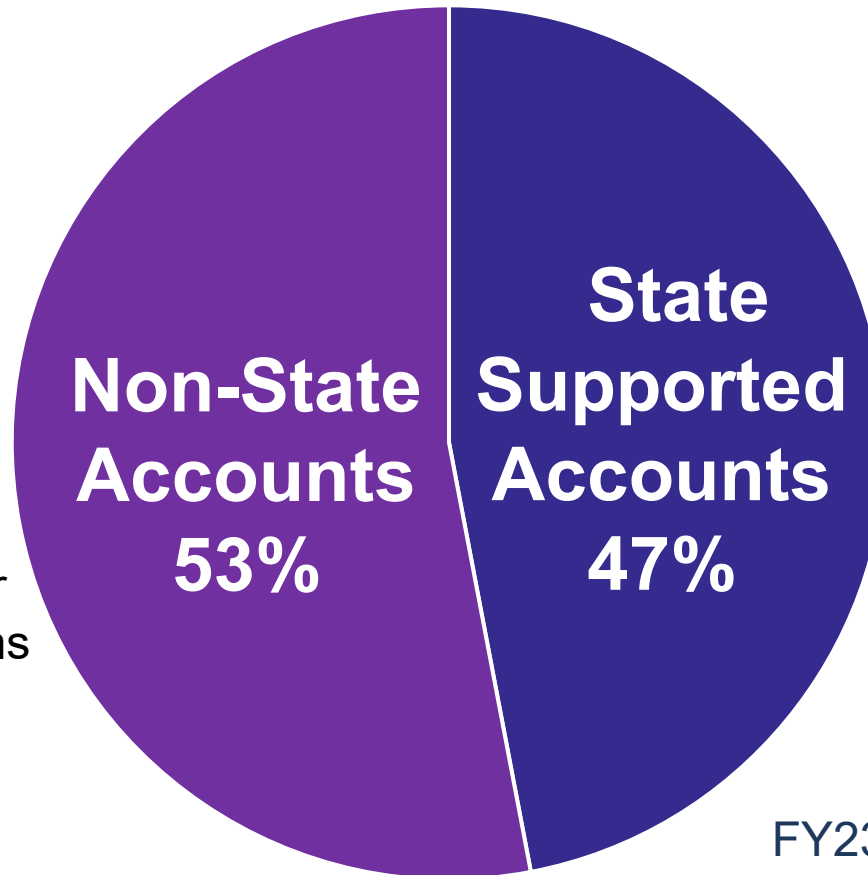
- Perceptions
- State vs. Self-Supporting (Non-State) Accounts
- Self-Supporting Accounts: Sources and Uses of Funds
- Self-Supporting Accounts: Reporting

Perceptions

Perceptions Frequently Include:

- NSHE seeks state support for activities that NSHE could fund from self-supporting accounts
- NSHE should improve transparency of self-supporting activity

NSHE Funding: State Accounts vs. Non-State Accounts



Non-State

- Student Registration Fees
- Other Student Fees
- Student Housing and Dining
- Athletics Ticket Sales and Other
- Grants and Sponsored Programs
- Gifts and Endowment Income
- Investment Income

State

- General Fund Appropriation
- Student Registration Fees
- Student Nonresident Tuition

FY23

Self-Supporting Accounts (Non-State)

Sources:

- Student Tuition and Fees
- Sales and Service (Athletics, Student Services, Auxiliaries)
- Facilities and Administration Revenue (Indirect Cost Recovery)
- Investment Income
- Other Revenues (ex: Leases)

Uses:

- Instruction
- Research
- Public Service
- Academic Support
- Student Services
- Institutional Support
- Operation and Maintenance
- Auxiliaries
- Scholarships

Board of Regents Budget Reports

BOR Handbook Reporting Requirements

- Self-supporting accounts exceeding \$250,000 of projected annual expenditure activity, excluding transfers between accounts, required to be budgeted
- Excluded from this requirement: grants and contracts, plant, endowment, student fees, and scholarship funds

Reports include:

- New fiscal year budgets for approval
- End of year budget to actual including variance narratives

Board of Regents Reports

- Self-Supporting Budget to Actual
- Self-Supporting Annual Operating Budget
- Summer Term Budget to Actual
- Summer Term Annual Operating Budget
- Quarterly Fiscal Exceptions Report
- Annual OMB Compliance Audit
- Annual Independent Financial Statement Audit
- Semi-Annual Consultant Report
- Annual Athletics Program Reports
- Annual Student Fee Account Balance Report
- Annual Technology Fee and iNtegrate Technology Fee Reports
- Annual Tuition and Registration Fee Discounts Report
- Differential Program Fees Report

Legislative Counsel Bureau (LCB) Audit

Assembly Bill 416 (2021 Legislature) required the Legislative Auditor to conduct three performance audits of NSHE:

1. Institutions' Foundations and related gift activity
2. Capital Construction projects at UNLV and UNR
3. Reserve and Self-Supporting Accounts

LCB Audit: Self-Supporting Accounts

The LCB Auditor's observations included:

- Institutions appear to make a concerted effort to utilize all state appropriations before other types of funding
- Multi-campus shared service programs comingle state and non-state funds
- Questionable use of certain Board approved fees
- Inaccurate and incomplete reporting
- Lack of a policy guiding reserve accounts

Policy Updates Responsive to LCB Audit

Policy updates responsive to the LCB Auditors' recommendations were approved by the Board of Regents at their meeting on September 28, 2023

- Expense transfer policy revised to require institution Business Officer designee(s) to review and approve expense transfers under updated guidelines regardless of timing
- Board policy guiding use of state operating funds updated to affirm emphasis on supporting instruction function and compliance with updated expense transfer policy
- Policies updated for use of student fees including requirements for programs with multiple funding sources to separately account for student fee funded expenditures and additional reporting requirements
- New policy approved providing guidance for Working Capital, Reserves, Contingencies, Liquidity



Reporting Updates Responsive to LCB Audit

- New Reports Required Annually:
 - Use of Capital Improvement Fee
 - Use of General Improvement Fee
 - Use of Activities and Program Fee
 - Report on Reserves
- Additional Reporting Improvements:
 - Policy clarification for account exception (deficit) reporting
 - Policy clarification on student fee account balances



NSHE Self-Supporting Accounts: Next Steps

- NSHE is internally continuing implementation of policy and process improvements focused on oversight, transparency, and accountability
- HCM Strategists will provide best practices for ad hoc Committee consideration and recommendations



Questions?

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