

## INSTITUTIONAL RESPONSES TO COMMITTEE QUESTIONS

During the February 12, 2024, meeting, the following information was requested by the Committee:

- Specific data from the University of Nevada, Las Vegas regarding funding disparity related to STEM; and
- “Wolf Pack Rising, ‘23-’27 Strategic Plan” for the University of Nevada, Reno.

Information related to the UNLV request is attached and the UNLV strategic plan can be accessed [here](#). Please note that the Committee requested the strategic plan for UNR only as it was central to the institution’s presentation on its mission and funding formula recommendations. The strategic plans for other institutions will be provided separately upon request.

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## Memorandum

TO: Justice James W. Hardesty, Chair of the ad hoc committee on Higher Education Funding

FROM: Casey Wyman, Vice President of Business Affairs & CFO Business Affairs

CC: Keith E. Whitfield, UNLV President

DATE: April 15, 2024

RE: Funding Formula Considerations

***On March 18, 2024, Heidi Haartz, a member of the ad hoc Committee on Higher Education Funding, requested additional information/data concerning funding disparities, with a particular focus on STEM disciplines.***

As outlined by President Whitfield, Engineering is identified as one of the programs most significantly underfunded when compared to the cost of degree production. Engineering, Nursing, and Business are also highlighted as the programs facing substantial funding shortfalls. To bring their funding levels on par with other undergraduate programs at UNLV, it is estimated that the following additional funds would be required:

- Nursing: \$2.7 million
- Business: \$2.4 million
- Engineering: \$1.5 million

Although adjusting the funding allocation weights for these programs could theoretically direct more resources to them, such adjustments, within the constraints of the current funding formula, would result in the redirection of funds from other programs. This approach, therefore, would not inherently enable the institution to increase its overall degree production.



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RE: Funding Formula Considerations

### **Recommendations requested by Chairman Hardesty for revising the NSHE funding formula, including the Performance Pool**

**As indicated during the vendor presentation, Nevada has a weighted enrollment formula based on cost (completed student credit hours weighted by discipline level). Many of you indicated that each institution and its student population is unique. Should the committee consider an enrollment-weighted formula based on student attributes? And if so, what specific student attributes would be most appropriate for your institution?**

- We have identified the following factors that are associated with lower likelihood of persistence and graduation:
  - Graduated from low-performing high school
  - Pell status (receiving Pell)
  - First-generation (no parent has earned a bachelor's degree or higher)
  - Low core High School GPA (below 3.0)
  - Low Math ACT component score (below 22)
  - Low English ACT component score (below 18)
  - Below 15 credit hours enrolled
- The profile of the incoming class on these risk factors could be determined at the census point, which could then be used as a multiplier for the weighted student credit hour (WSCH) count, such that schools with higher-risk students receive a larger increment in funding. For example, dividing the total number of risk factors by the number of students will yield an average risk-per-student ratio ranging from 0 to 7. This "risk ratio" could form a risk weighting factor for each institution. For example, the risk ratio for the fall 2024 degree-seeking first-time, full-time (FTFT) student cohort was 2.47.
- Additionally, the cost of delivery should be assessed by comparing that of peer institutions. Separating out the average cost for Carnegie R1 universities, state, and community colleges



would assist in understanding the cost differentials of our different institutions and funding accordingly. UNLV has higher costs for facilities, student support, and academics due to high research activity. Faculty contracts should also be considered differently and funded appropriately. In particular, research-intensive faculty members at R1 institutions command higher salaries in the national marketplace and teach fewer classes due to research responsibilities. Salary offers must align with the market to remain competitive and recruit top faculty.

**If you recommend the inclusion of student attributes, your student attributes should be presented in the form of a data definition that could be used to identify student groups in the funding formula. For example, part-time students are defined as students who complete/enroll in fewer than 12 credit hours per semester. Also, provide recommendations for data sources, in addition to the data definitions.**

**Student Support Services – If you recommended that student support services be considered in the funding formula, how can the formula be adjusted to recognize the need for appropriate funding for student support services? How should the need for (or use of) student support services be measured so that such services can be appropriately considered in the funding distribution methodology?**

- Addressing the costs of student support services via the student risk profile described above is preferable. By applying extra weighting to populations with higher risk profiles, we can allocate the necessary funds for the additional support services these higher-risk students require.
- The formula should also consider and reward the successful transfer and completion of community college and university students. Building strong relationships with our peer institutions to serve all students in the state with the best education possible for the career pathway benefits all.
- Building a strong pipeline between Clark County's K-12 students and UNLV is an important way to increase our pool of college-ready students. To achieve this, funding should be directed towards comprehensive programs that engage students throughout the year, including summer initiatives. These programs would offer young students a taste of university life, encouraging their interest in higher education from an early age. This approach differs from our dual enrollment initiatives because it targets everyone, even those who have not yet decided to attend college. This inclusive strategy aims to inspire and prepare a more diverse and larger pool of future college students.

**Performance Pool – Provide your recommendations for revising the NSHE Performance Pool. If you recommend its elimination, please provide a detailed description of what should replace it. Further, if you recommend new metrics for the Performance Pool, please provide a data definition and source of data for each new metric.**

- The performance pool should be eliminated because performance outcomes are heavily influenced by macro-societal forces outside the control of the institutions (e.g., population



growth, economic conditions, national college attendance rates, etc.). The current structure of the performance pool effectively acts as a punitive measure, potentially trapping struggling institutions in a detrimental cycle due to external and internal factors. Instead, performance oversight should be the responsibility of institutional leadership through an accountability framework. Echoing the principle that "there are no bad teams, only bad leaders," we believe that institutions failing to achieve desired student outcomes should consider leadership changes.

**Innovation/Capacity Building – Provide your recommendations for capturing innovative and/or capacity building efforts - either in the funding formula or as a direct appropriation, similar to the capacity building projects previously approved by the state legislature. Any recommendations should include specific data definitions and data sources. The timing of data availability should also be a consideration and noted in any recommendations.**

- It is preferable to increase overall funding to allow for institutional innovation and capacity building than to offer targeted funding (e.g., bring funding up to national averages per FTE by institution type, which all NSHE institutions are currently well short of). One-time funding, which has been used in the past, does not allow for the long-term efforts required to innovate and build capacity. Targeted funding also increases compliance and reporting costs.
- To ensure institutions have sufficient resources to build capacity and drive innovation, funding per FTE benchmarks by institution type should be established with reference to national averages, including both state support and net registration fee revenue. Currently, Nevada institutions of higher education sit near the bottom of the nation in net funding per FTE.
- Tax Increment – We urge the committee to recommend to the Nevada Legislature the passage of legislation enabling the board of county commissioners in each county housing an NSHE institution to levy additional taxes. These funds would be dedicated to financing capital projects, deferred maintenance, and critical campus infrastructure enhancements, including technology infrastructure. This approach is modeled after the successful implementation of Assembly Bill 46 during the 2013 Session of the State Legislature, which facilitated similar funding mechanisms for K-12 capital projects.

### **Overall UNLV formula considerations**

1. Implementing a weighting system that addresses the uniqueness of each institution.
  - a. We have identified the following factors that are associated with lower likelihood of persistence and graduation:
    - i. Graduated from low-performing high school
    - ii. Pell status (receiving Pell)
    - iii. First-generation (no parent has earned a bachelor's degree or higher)
    - iv. Low core High School GPA (below 3.0)
    - v. Low Math ACT component score (below 22)
    - vi. Low English ACT component score (below 18)

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- vii. Below 15 credit hours enrolled
  - b. The profile of the incoming class on these risk factors could be determined at census, which could then be used as a multiplier for the WSCH count, such that schools with higher-risk students receive a larger increment in funding. For example, dividing the total number of risk factors by the number of students will yield an average risk-per-student ratio ranging from 0 to 7. This “risk ratio” could form a risk weighting factor for each institution. For example, the risk ratio for the fall 2024 degree-seeking first-time, full-time (FTFT) student cohort was 2.47.
  - c. Weighting systems should be reviewed and enhanced to prevent cannibalization. For example, engineering programs have higher funding incentives, making them attractive offerings for state and community colleges. These programs are the most valuable to students when they include a robust research component that is only available at the university level. Therefore, programs at state and community colleges should be designed to complement, rather than compete with, those at universities. If we maintain a weight-by-discipline system, high-cost programs that are low weights, such as health care and business, should be reviewed and analyzed. Additionally, adding weights based on the institution's mission could be beneficial, acknowledging that universities often have lower teaching loads and faculty with higher salaries due to their research responsibilities. This would help align funding more closely with the actual needs and roles of different educational institutions. The current formula recognizes the research mission at UNLV and UNR by adding a 10% additional weighting factor applied to all upper-division undergraduate and graduate credit hours to account for research mission expenses. This 10% should be reassessed and based on an actual cost analysis of delivering programs at the university versus other institutions in the system.
- 2. Actual cost comparison between R1 universities, state colleges, and community colleges. The cost of delivery should be assessed by comparing that of peer institutions. Separating out the average cost for Carnegie R1 universities, state colleges, and community colleges would assist in understanding the cost differentials of our different institutions and funding accordingly. UNLV has higher costs for facilities, student support, and academics as a result of having high research activity. Faculty contracts should also be considered differently and funded appropriately. In particular, research-intensive faculty members at R1 institutions command higher salaries in the national marketplace and teach fewer classes due to research responsibilities. To remain competitive and recruit top faculty, salary offers must align with the market. The formula should support the missions of the different institutions.
- 3. Student Support Services
  - a. We believe it is preferable to address the costs of student support services via the student risk profile described above. By applying extra weighting to populations with higher risk profiles, we can allocate the necessary funds for the additional support services these higher-risk students require.
  - b. The formula should also consider and reward the successful transfer and completion of the community college and university students. Building strong relationships with our

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peer institutions to serve all students in the state with the best education possible for the career pathway benefits all.

- c. Building a strong pipeline between Clark County's K-12 students and UNLV is an important way to increase our pool of college-ready students. To achieve this, funding should be directed towards comprehensive programs that engage students throughout the year, including summer initiatives. These programs would offer young students a taste of university life, encouraging their interest in higher education from an early age. This approach differs from our dual enrollment initiatives because it targets everyone, even those who have not yet decided to attend college. This inclusive strategy aims to inspire and prepare a more diverse and larger pool of future college students.
4. Inflation adjustments, including utility increases. From 2008-2021, inflation and adjusted state appropriations have caused a decline in financial support for UNLV. This has significant impacts. It's shifted some of the financial burden to our students. They've seen a 1.8% annual increase in tuition and fees. We have fewer financial resources for academic, research, and student support and growing pressure to improve student outcomes with a shrinking and uncertain resource base. It's diminished our ability to invest in new programs and make critical investments in existing programs and necessary technological improvements.
5. Strengthen the relationships between community colleges and universities by rewarding for successful transfers and completions. Also, assessing the relationships of K-12 connections and ensuring as many of those students are ready to enter and successfully complete at an NSHE institution.
6. Setting aside the performance pool as a separate entity reduces the base budget by 20%, effectively functioning as a penalty if specific metrics are unmet. This can lead to budget shortfalls, negatively impacting student access and success. While it's important to have performance metric targets, they should serve as an incentive for budget enhancement rather than a separate carve-out, which can be punitive in nature and counterproductive to the intended goals.
7. Funding for fee waivers to prevent student fee increases to support the waivers. This includes professional schools.
8. Consider the economic impact of the university on the communities it serves. Rewarding for the value brought to the communities through research, economic development, and workforce.
9. Allocating resources to support infrastructure more dynamically will help alleviate substantial financial burdens over the course of the year. A comprehensive understanding of the needs, encompassing deferred maintenance, capital improvement projects, ADA accommodations, varying utility costs, lease funding, capital projects, and technology to support research, is crucial to distributing limited resources effectively. By prioritizing these requirements, the allocation formula can shift from a "something for everyone" approach to one that focuses on the most pressing needs. For example, utility costs have increased by \$5 million dollars over the last five years. As local municipalities approve rate increases, we don't have funding to keep up.



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Additionally, as ADA standards increase at the federal level, we lack funds for infrastructure improvements and student support resources to comply with these evolving standards. Staying in compliance with ADA requirements is crucial for maintaining our commitment to access, equity, and inclusion. UNLV is significantly below the square footage per student ratio of our R1 peers. To accommodate 40,000 students, UNLV would require more than a 50% increase in available space. We would like to have the ability to evaluate space needs and request immediate funding as we add space. Leased spaces provide an alternative to building new structures to accommodate growth. At present, the state budget does not include funding for leases. Instead, institutions tend to construct intricate and costly infrastructure to meet their needs. However, leasing offers a "proof of concept" approach to asset acquisition, helping to ascertain the necessity of such infrastructure. Additionally, incorporating lease funding provides greater flexibility in adapting to changing requirements, as leases can be terminated more readily than divesting from owned assets.

10. The current funding formula does not provide financial benefits to the institution for the recruitment and completion of out-of-state and international students. Adjusting the formula to include funding for these students could demonstrate Nevada's potential to attract qualified and ambitious students seeking post-education opportunities, thereby cultivating a highly skilled and educated populace to meet the demand for advanced jobs. This approach not only builds a highly skilled and educated workforce to meet the demand for advanced jobs but also enhances the learning environment by bringing varied perspectives and experiences into classrooms, benefiting local students and the broader community. Approximately 70 percent of our graduates stay in Southern Nevada and continue to contribute to our local workforce in meaningful ways. This demonstrates that bringing the brightest minds to UNLV has long-term positive impacts on our city.
11. Other non-formula issues include Business Center South's support for an expanding campus and athletics programs that keep pace with student growth and the expansion of professional schools to meet the needs of the rapidly growing state population.