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I. Introduction

The structure for the first section of this report follows the Guidelines for Preparation of the Financial Resources Review (FRR) format received from the Northwest Commission on Colleges and Universities. In order to appropriately answer the questions in the Guidelines, each item, “a” through “f” is addressed. After the questions in the Guidelines are addressed, the report follows the Commission’s Template for Preparing a Financial Resources Review (FRR), which begins on page 18. The following appendices contain the requested documentation in the Guidelines:

- Actual budget results for the last three years, Appendix 1
- Budget projections for a minimum of three years, Appendix 1
- Actual enrollments for the last three years and projected enrollments for the next three years, Appendix 19
- The institution’s most recent audited financial statement and the accompanying management letter, Appendices 16 and 18.

This Financial Resources Review is in response to the April 2010 NWCCU Comprehensive Evaluation visit for reaffirmation of accreditation, Recommendation 2. Below is the recommendation:

The committee notes the University’s stated intention of becoming a “Very High Research” institution and that this goal is consistent with UNLV’s mission and strategic priorities. At the same time, the committee observes that budget reductions and attendant program and services adjustments have resulted in a serious decline in support services to faculty seeking or administering extramural funding. This, combined with increased teaching loads (as a result of further budget restrictions), appears to compromise the realization of this priority. The committee therefore recommends that the University ensure that policies, structures, and resources adequate to meet the needs of such research programs and activities are deemed to be consistent with and extensions of the University’s distinctive mission, a mission so critical to the economic and cultural environment of Nevada (Standard 7.B.5).

The University of Nevada, Las Vegas (UNLV) is one of eight institutions of the Nevada System of Higher Education (NSHE). The institutions include four community colleges, two universities, one four-year state college, and one research institute. Much like a corporate board of directors, the Board of Regents (BOR) governs the Nevada System of Higher Education. Board members are elected from each of thirteen districts defined by the Nevada Legislature and serve a six-year term. Terms are staggered to ensure continuity. Nevada law contains procedures for the appointment of regents to complete terms when a vacancy occurs. The regents set policies and approve budgets for Nevada’s entire public system of higher education. The chancellor is the Chief Executive Officer and Treasurer of the NSHE and is responsible to the BOR for
implementing Board policies and for the financial management of the NSHE. At its June 2009 meeting, the Board of Regents appointed Executive Vice Chancellor Daniel Klaich as the next chancellor, replacing Chancellor Jim Rogers who was retiring.

Three standing committees of the Board of Regents are delegated the responsibility for oversight of the NSHE and institutional finances, investments, facilities, real estate, and audits:
• Budget and Finance Committee
• Investment and Facilities Committee
• Audit Committee.

None of these committees acts unilaterally; instead, the meeting minutes and any action items are referred to the full Board for approval at its next regularly scheduled meeting. The NSHE develops a priority list of items for special consideration such as constructing new facilities. Annual and biennial budgets, short-term and long-term financial plans, investment performance, and periodic audits are completed in accordance with regulations set forth in the NSHE governing documents such as the Board of Regents Handbook and the NSHE Procedures Manual, which are based on Nevada state revised statutes.

UNLV administration is headed by a president who is responsible for the functioning of the university as documented in the Board of Regents Handbook. The president creates the administrative structure that best fits the mission of the institution. The president reports to the chancellor, and through the chancellor to the Board of Regents. In August 2009, Executive Vice President and Provost Neal Smatresk was appointed interim president. In December 2010, the BOR appointed Dr. Smatresk president.

The president’s Cabinet includes the Senior Vice President for Finance and Business, Gerry Bomotti. This is an executive position responsible for supporting the University’s teaching, research, and public service mission by providing quality financial, business, and administrative services to the University community and ensuring transparency in planning and budgeting. Institutional services include:
• Budgeting
• General and financial accounting
• Facilities management, planning and construction, and real estate operations
• Human resources and payroll
• Purchasing and contracting services
• Risk management and safety
• Campus parking and transportation services
• Athletic and Thomas and Mack business office operations
• Campus internal audit
• Legislative liaison support
The Senior Vice President for Finance and Business has the authority and responsibility to meet these requirements in the most effective and efficient manner possible and he provided much of the data in this report.

Throughout this document budgets are referred to in terms of bienniums and fiscal years (FY). Bienniums and fiscal years are defined below.

<table>
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<tr>
<th>Biennium 2009-2011</th>
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<tr>
<td><strong>Fiscal Year 2010</strong> = July 1, 2009 – June 30, 2010</td>
</tr>
<tr>
<td><strong>Fiscal Year 2011</strong> = July 1, 2010 – June 30, 2011</td>
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<table>
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<tr>
<th>Biennium 2011-2013</th>
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<tbody>
<tr>
<td><strong>Fiscal Year 2012</strong> = July 1, 2011 – June 30, 2012</td>
</tr>
<tr>
<td><strong>Fiscal Year 2013</strong> = July 1, 2012 – June 30, 2013</td>
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UNLV’s proposed budget for the upcoming 2011-2013 biennium was included in Chancellor Klaich’s NSHE budget proposal. The budget Chancellor Klaich submitted to the governor’s office in August 2010 requested a slight increase over the 2009-2011 biennial budget.

In January 2011, newly elected Governor Brian Sandoval presented a proposed executive budget for the state. Once the legislative session began in February 2011, a budget was requested from the chancellor matching the funding levels presented by the governor in his proposed budget. NSHE allocated the reduced state legislative appropriation to the institutions and requested new budgets from each.

When UNLV received the request for the new budget, President Smatresk and the cabinet reviewed the proposed reduced state appropriations. Discussion was held on what additional budget cuts the non-academic areas could absorb and still perform the services required to operate the university. It was determined that some of the reductions would have to come from academic areas (which had been largely protected from the FY 2008-2011 reduced budgets) and that the planning process would be driven through the colleges. The President gave the deans several guidelines to use in formulating the new college budget proposals, which included:
- Ensure faculty involvement
- Focus on the core mission of UNLV
- Review the college strategic plan
- Determine how restructuring their college could create sustainability
- Review the quality of educational programs and research endeavors.
Deans worked with their college faculty to develop college-level budget cut proposals that were submitted to the President’s Office.

The president also created a task force including faculty at large, the Faculty Senate, and other campus constituents to review the college plans. The most recent UNLV proposal was made public the first week of May 2011, however, until the legislature finalizes the NSHE budget, it is still just a proposal of how to meet the proposed funding levels.

a. Explain and appraise the institution’s current financial and enrollment situation in terms of its strengths and concerns (for example, if the institution has debt, an explanation should be provided of how the institution is addressing the issue of debt).

Financial Strengths

• UNLV has been able to increase its unrestricted net assets\(^1\) in the four most recently completed fiscal years.

• UNLV will be able to increase operating revenue through application of increased student fees in each of the next two fiscal years to partially offset reductions in non-operating revenue brought about by expected decreases in state appropriations. As a result, when these anticipated revenue increases are combined with estimated reductions in expenses, UNLV anticipates that its primary reserve ratio and viability ratio will remain at benchmark levels for its peer institutions.

• UNLV’s overall debt levels have been stable, with a decline in fiscal year 2010 that is expected to continue in fiscal year 2011.

• UNLV has been able to consistently increase levels of scholarship support for low income students to partially offset assessed increases in collected tuition and fees, as documented in Appendix 1.

• UNLV’s fundraising efforts have steadily increased both the number of alumni donors and the amounts of total gifts for the prior three fiscal years.

Financial Concerns

• Currently proposed spending reductions to offset anticipated reductions in state appropriations over fiscal years 2012 and 2013, which, if implemented to their fullest extent, could lead to elimination of a number of degree programs, affecting approximately 2,400 students. Proposed layoffs of 330

\(^1\) UNLV’s assets include capital assets such as land and buildings and investment assets.
faculty and staff could force cancellation of course sections, increasing class sizes and scheduled teaching loads for remaining faculty. Maintenance, paperwork processing and both facilities and programmatic support will be cut, compromising the university’s ability to respond to work requests in a timely manner.

Enrollment Strengths

• Undergraduate student headcount enrollments have consistently increased in the first-time and full-time student categories, partially offset by declines in the number of part-time students, with an overall net gain.

• Increases in advising and tutoring support, along with improvements in administrative processing are leading to improvements in year-to-year undergraduate student retention, with the largest improvement in freshman-sophomore retention rate.

• Increases in recruiting outreach, coupled with improvements in admissions procedures are leading to increased yield rates from available applications, and increased freshmen class sizes.

Enrollment Concerns

• The net effects of proposed budget cuts on overall student enrollment are unknown. Currently proposed degree program closures will affect 2,400 students (about 9% of the student body) and could lead to some reductions in enrollments, as some affected students may elect to go to other institutions or discontinue enrollment in college courses.

• Graduate student FTE is currently 2,878, and has declined by 328 FTE, or about 10% of the total, over the past four years as shown in the table below. Some of this decline may be due to graduate program closures initiated in fall 2009. A large undergraduate FTE increase, leading to a net gain of 345 FTE over the past four years, has offset the graduate FTE decline.

<table>
<thead>
<tr>
<th>Student Enrollment – Total</th>
<th>Actual Current Year -3</th>
<th>Actual Current Year -2</th>
<th>Actual Current Year -1</th>
<th>Actual Current Year (Note 2)</th>
<th>Projected Current Year +1</th>
<th>Projected Current Year +2</th>
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<tr>
<td>Undergraduate FTE</td>
<td>16,338</td>
<td>16,463</td>
<td>16,978</td>
<td>16,803</td>
<td>16,850</td>
<td>16,850</td>
</tr>
<tr>
<td>Graduate FTE</td>
<td>3,206</td>
<td>3,082</td>
<td>3,108</td>
<td>2,878</td>
<td>2,850</td>
<td>2,850</td>
</tr>
<tr>
<td>Other Programs FTE</td>
<td>5,338</td>
<td>5,296</td>
<td>5,471</td>
<td>5,546</td>
<td>5,600</td>
<td>5,700</td>
</tr>
<tr>
<td>Total FTE</td>
<td>24,882</td>
<td>24,841</td>
<td>25,557</td>
<td>25,227</td>
<td>25,300</td>
<td>25,400</td>
</tr>
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b. Describe the institution’s plans and a framework for working through the above identified challenging issues (for example, how does the institution plan to enhance and strengthen available resources.

This report is being submitted prior to the end of the current Nevada legislative session, and, at the time of this writing (mid-May 2011), the state budget and, therefore, the appropriation for higher education, have not yet been finalized.

UNLV’s overall framework for working through the above-identified challenging issues is based on an approach that raises operating revenue through increasing both student registration fees and student enrollments, reducing costs through salary cuts, hiring freezes, and layoffs associated with eliminating programs with low numbers of majors, and maintaining essential campus services, especially in the area of research support.

To address the financial challenges, through increases in collected student fees and tuition UNLV has been able to increase operating revenue by $13.6 million in FY 2009, another $11.1 million in FY 2010 and another $9.1 million (projected) in FY 2011. UNLV plans to further increase student registration fees, projecting increases of $4 million in FY 2012 and another $10 million in FY 2013.

UNLV has increased its fundraising efforts. On December 31, 2009, UNLV successfully completed its first comprehensive capital campaign. Although a new campaign has not yet begun due to the economic climate of southern Nevada, the university and the foundation have been strategically building the base of supporters through the identification of new major gift donors and cultivating them for current annual gifts, and through the stewarding of current donors to position them for a major gift in the next campaign. The focus on building the number of donors has been successful with more than ten percent increases in the number of donors each year for the last three years. Donor support is not used to fill gaps in state funding, but instead is used to enhance state-supported programs and facilities.

UNLV has achieved a reduction in operating expenditures through cuts in staffing, the 4.6% unpaid leave and implementation of other cost savings. To address the enrollment challenges, UNLV is increasing its recruiting efforts to both increase the pool of student applicants and increase the registration yield from the applicant pool.

UNLV is also increasing its awards of financial aid and scholarships to help offset increases in fees and tuition, Appendix 1.

UNLV has been increasing its levels of student tutoring and advising to improve student retention, and has also improved its efficiency in processing student
course registrations and financial charges. Students may access enrollment, advising, and tutoring services in “one-stop shop” facilities.

c. Address the Board’s involvement in financial planning. This includes providing evidence (through minutes of Board meetings and Board actions) of the Board’s understanding of the fiscal challenges facing the institution and how they are being addressed.

The Nevada System of Higher Education has been consistently involved with the financial planning process for UNLV for many years and understands the fiscal challenges facing the institution. As reflected in the September 2009 BOR meeting minutes, the BOR meeting heard Chancellor Klaich speak about the current economic climate requiring him to focus on the funding of higher education in Nevada and what could be done to assist the institutions in surviving. In terms of what the BOR could do to help the institutions over the next two years, the chancellor said there would need to be an extraordinary effort involved in the re-evaluation of higher education’s funding mechanism. Klaich also stated that, in addition to diversity, there needed to be discussion on access to higher education for all, Appendix 3.

Chancellor Klaich expressed that the future of higher education in Nevada depended partially upon NSHE’s ability to explain the value it brings to the citizens. He also expressed that Nevada would be a fundamentally different state when the economy recovered, and that higher education could help shape the future and provide a more educated population. These efforts could include workforce training at the community colleges and having the two research universities support master’s and doctoral programs to drive research and contribute to a new economy. Klaich also believed it would be important to transfer some baccalaureate degrees to Nevada State College to relieve the pressure on the research universities, Appendix 3.

Another example of the BOR’s understanding of the fiscal challenges facing UNLV is that in the December 2009 BOR meeting, fees were approved for UNLV to support the Academic Success Center (the center offers a wide array of services for students including tutoring on any subject), athletics, and graduate assistantships, Appendix 4.

Also discussed at that meeting was the governor’s request that the NSHE present a plan by December 15th for a budget reduction of 1.4% for the remainder of the 2010 fiscal year and a reduction of 3% for the 2011 fiscal year. Although Chancellor Klaich stated that he understood that the State was in the midst of a difficult economic situation, and that the NSHE needed to be part of the solution, he also knew that the NSHE had received a disproportionately larger budget reduction in the last legislative cycle than any other state agency. Klaich reported that over the following week, NSHE staff would begin meeting with
representatives from every campus to understand the institution’s budget priorities.

At their April 2010 meeting, the BOR approved the request for an increased tuition and fee structure for the 2011-13 biennium for the William S. Boyd School of Law, Appendix 5.

In the August 2010 Board of Regents meeting, Chancellor Klaich’s proposed NSHE budget for the 2011-2013 biennium, requesting a slight increase over the 2009-2011 biennium budget, was approved for submission to the governor’s office. By requesting funding at a slightly higher level than the previous biennium, Klaich was implicitly stating that the previous funding and subsequent reductions were not adequate for the NSHE institutions. Follow-up on the submitted budget proposal occurred in the September 2010 meeting, during which the BOR queried the chancellor regarding conversations with the gubernatorial candidates regarding the content of the proposed budget.

In the December 2010 Board of Regents meeting, Appendix 11, the chancellor updated the board on communications with the newly elected governor regarding the upcoming budgetary process. Also at this meeting, differential fees were approved for the following UNLV programs:

- Architecture
- Nursing
- Physical Therapy

Differential fees have become necessary to support high-cost professional degree programs, and the BOR has understood the necessity of fee increases, again showing their understanding of the fiscal challenges facing UNLV.

In the same meeting, the BOR asked the chancellor to bring options forward for campus mergers, consolidations, and closures for future discussion regarding budget reductions. In the March 2011 meeting, the BOR voted to take these options off the table, however, the legislature subsequently requested the BOR reconsider the options in this area.

During the April 2011 BOR meeting, differential fees were approved for the College of Business MBA program.

The recent actions of the BOR detailed above show that they understand the fiscal challenges faced by UNLV and the other institutions. Meeting minutes for the 2010 BOR meetings are provided as Appendices 5 through 11. Meeting minutes are not yet posted by the BOR for the 2011 meetings and therefore the Senior Vice President for Finance and Business provided his notes to assist in recapping BOR actions in 2011.
d. Explicate the assumptions underlying the institution’s budgetary and enrollment projections.

Budgetary projections

UNLV’s current state budget projections for the 2011-2013 biennium (fiscal years 2012 and 2013) are based on the governor’s January 2011 budget proposal. The governor’s budget proposal called for reductions in State General Fund support for higher education of $162.5 million in base funding, a 29% decline from the FY 2011 budget. As submitted in UNLV’s March 2011 budget plan, UNLV’s share of the proposed reductions is currently estimated to be $47.5 million in base funding by FY 2013, a 27.5% reduction. These reductions recommended by the governor are based on:

• Reduced revenues for the state of Nevada as a result of sunsetted taxes, the expiration of American Recovery and Reinvestment Act (ARRA) federal supplement and other onetime money used in the current biennium.

• Executive decisions in the governor’s office about priorities for state spending, and the governor’s position on tax increases and extension of sunsetted taxes.

The Governor’s budget proposal assumed that there would be a decline in overall revenues for the biennium, due to no ARRA funds, no new taxation, very and very limited state borrowing. State revenue would be supplemented with an increased diversion of local property taxes and capital construction funds to state operating funds.

To address the revenue shortfall, the governor’s proposal requested cuts in all state-supported areas, including higher education. The Nevada Legislature reviews and votes on the governor’s proposal, and has authority to amend both the proposal and the tax code to address revenue shortfalls. UNLV has been participating in the NSHE effort to lobby the Legislature to allocate additional funds for higher education for the 2011-2013 biennium.

In early May 2011, the State of Nevada Economic Forum issued a revised forecast, projecting an increase of $331 million in general fund revenue (increases of $133.6 million for FY 2011, $98.1 million for FY 2012, and $99.2 million for FY 2013). During the week following the issuance of the Economic Forum revised forecast, the governor recommended using $10 million per year of this additional income towards NSHE funding. The legislature is considering that recommendation and talking about a higher amount, but tied to a new tax proposal. Although the most recent (May 2011) state economic forecast has slightly improved, any estimated revenue increases would only partially offset the cuts proposed in January 2011. It is widely anticipated that the Legislature will
likely not raise taxes and fees by any amount that would significantly address planned revenue shortfalls. UNLV’s state legislative appropriation for the next biennium (fiscal years 2012 and 2013) will be known sometime in the summer of 2011. At that time, UNLV will adjust its proposed budget to reflect actual appropriated amounts.

Until these changes occur, NSHE and UNLV must continue to plan for an operating scenario that uses the amounts of state general fund appropriations described in the governor’s January 2011 budget proposal.

Recent and projected trends in UNLV’s financial resources are discussed in Section IV, below. Classified by major categories in UNLV’s unaudited financial statements, both historical and projected (Appendix 1), UNLV’s financial assumptions for preparing this budget are:

- **UNLV’s operating income** will increase slightly, as a result of:
  - Increases in UNLV’s overall operating revenues, (non-state appropriated) primarily due to increases in student tuition and fees (after scholarship allowances) on the order of $4-10 million in each year of the upcoming biennium
  - Reductions in UNLV’s operating expenses, primarily due 4.6% unpaid leave from this budget cycle, the assumed 5% reduction for the next biennium and faculty and staff position cuts on the order of $7-10 million in each year of the upcoming biennium.

- **UNLV’s non-operating revenue**, which includes state legislative appropriations, will decrease significantly, assuming that:
  - The state legislature adopts a 2011-2013 biennial budget with major reductions in UNLV’s formula-funded state appropriation
  - UNLV’s allocated share of the state higher education budget will remain about the same as previous years
  - UNLV will experience a significant reduction in state legislative appropriations, currently estimated to be $47.5 million in base funding by FY 2013
  - UNLV’s revenue from federal grants and contracts will remain flat

- **UNLV’s capital grants and gifts** will remain unchanged

The net effect of the current budgetary projections is that UNLV’s overall expenses will slightly exceed revenues by $5.8 million in fiscal year 2012 and $16.6 million in fiscal year 2013, leading to reductions in UNLV’s net end-of-year assets in each fiscal year (Appendix 1).
Enrollment projections

UNLV projects slightly reduced or flat enrollment for academic years 2011-2012 and 2012-2013 based on the following assumptions:

Possible Reductions

- Departments and degree programs in the process of being closed as a result of cuts already implemented in the 2009-2011 biennium will slightly decrease overall enrollments, because new students will not matriculate into these programs to replace those who graduate, some continuing students will change majors, and some will transfer to other institutions. Overall, UNLV lost 330 FTE students (1.3% of enrollment) between academic year 2009-2010 and the current academic year 2010-2011.

- If all proposed department and degree program cuts are implemented per the March 2011 budget plan, it is estimated that 2,400 undergraduate and graduate students (9% of total headcount) would be affected. If the pattern observed for program and department closures that occurred in fiscal years 2010 and 2011 is repeated, the number of students leaving UNLV could be about half the number of affected students, resulting in a potential 5% reduction in FTE.

- Increases in student fees, partially offset by financial aid increases, combined with Nevada’s continued economic downturn, may also deter some students from matriculating or continuing at UNLV. UNLV has recently observed increases in the number of administratively dropped students as a result of nonpayment of fees.

Possible Increases

- UNLV is engaged in efforts to maintain for Fall 2011 and future years, the 5% increase in yield of freshmen applicants that was observed for Fall 2010 compared to Fall 2009. These efforts consisted of:
  - Improved outreach and recruitment efforts by UNLV’s Office of Enrollment and Student Services to both increase the pool of available applicants and increase the average entering freshman GPA by 0.1 on a scale of 4.0 (2.5%).
  - Providing earlier offers of admission and financial aid, especially incentives offered to high achieving in-state and out-of-state students, which will increase the number of matriculating and graduating students.

- Improvements in year-over-year retention will take place through a combination of:
- Operational changes to identify and support at-risk students upon admission will improve retention through earlier intervention and intensive advising.

- Retention initiatives for all students, including academic success coaching, tutoring, allocation of advisors assigned full-time to retention efforts, and first-year experience courses will continue to maintain freshmen fall to fall retention rates at the 78% level first achieved in the actual current year (Fall 2010 – Spring 2011).

- Anticipated improvements in student financial support through allocation of 15 percent of the aggregate revenue collected from the proposed FY 12 and 13 increases in student fees.

- More timely and efficient processing of student transfer requests, course registrations, financial aid and student payments will increase the number of students eligible to register for classes each semester.

- Planned course redesign and new course development, an increase in the number of formal academic efforts to address student knowledge and skills needed for satisfactory academic performance, as identified in the University’s recently adopted University Undergraduate Learning Outcomes will increase student engagement and retention.

It is anticipated that the net combined effect of the potential reductions in student enrollments due to declines in some students’ personal finances and budget-driven eliminations of academic departments and degree programs could be offset by potential improvements in student recruiting, financial aid and retention, leading to projected flat enrollments for the campus through the next biennium. Recent and projected trends in student enrollments are discussed in the Template for Preparing a Financial Resources Review.

e. Discuss the contents of the audited financial statements, including any data which may require explanation to be understood.

Beginning in 2006, the Nevada System of Higher Education no longer issued separate audited financial statements for each member institution, but instead provided a single audited financial statement reporting the combined results of the NSHE and all member institutions. UNLV submits its unaudited financial statement in a template identical to the format used by the NSHE. Combined schedules that include financial data for all eight System institutions are provided in the back of the audited NSHE financial statement. The audited financial statement and separate unaudited UNLV financial statements for completed fiscal years are available in Appendices 14 through 16.
UNLV’s operating revenues increased $15.2 million in FY 2010, primarily driven by an increase in tuition and fees of $11.1 million. This increase partially offset a reduction in non-operating revenue derived from a $18.5 million reduction in state appropriation when combined with federal ARRA state fiscal stabilization funds of $61.9 million received in FY 2010 as documented in Appendix 15.

The University’s operating expenses increased $5 million as a result of an increase in federal financial aid and the related expenses. Unrestricted net assets at June 30, 2010 were $176.9 million, an increase of $23.2 million over June 30, 2009.

**f. Address the nature and results of efforts taken since the last Commission review to respond to fiscal concerns and the outcomes of those efforts.**

UNLV underwent an NWCCU Comprehensive Evaluation visit in April 2010 for reaffirmation of accreditation. In August 2010, UNLV received confirmation of the reaffirmation and the committee report. In February 2011, UNLV submitted Standard One, Mission, Core Themes, and Expectations, for the new accreditation cycle.

Although UNLV has been operating with state budget cuts for the past four fiscal years, the extent of the budget cuts in the governor’s proposed executive budget for the 2011-2013 biennium was a surprise. The newly elected governor unveiled his proposed budget in January 2011 in advance of convening the state legislature in February. UNLV and NSHE had a one-month time frame to develop budget plans in response to the governor’s proposal.

In response to previous reductions in state appropriations, UNLV has raised registration fees and cut costs through salary reductions, layoffs, a hiring freeze, supply and services cuts, and a few program closures. To preserve academic programs as much as possible, a majority of the cuts made in the past four years have been administrative. The proposed reductions for the upcoming biennium, if allocated per the governor’s proposal, are of such extent that UNLV will need to make significant cuts in academic programs, and is still, after these cuts are implemented, anticipating to be operating at a net loss.

UNLV has spent an extensive amount of time on reducing expenses due to the diminished income coming into the state. UNLV has also been actively planning for the current legislative session. UNLV has been an extremely active participant in the NSHE’s work of communicating the value of higher education to the citizens of Nevada and developed its own advocacy toolkit, Appendix 2. UNLV’s president has undertaken numerous efforts to involve the community in UNLV’s future. One example is that on April 20, 2011, President Smatresk hosted business community leaders on the campus and showcased students, faculty,
programs, and facilities that could help local business achieve their goals. President Smatresk has been consistently advocating for UNLV through interactions with local constituencies. UNLV has worked to communicate not only the value of higher education to southern Nevada but also the value of the research at UNLV and the outreach of its many programs, centers, and institutes.

Chancellor Klaich has addressed committees of the legislature numerous times in support of higher education and most recently in April 2011, when he communicated his message of a strategic plan for aligning the goals of the NSHE with those of the state in a time of decreased finances, Appendix 17. Specifically, the chancellor committed to:
- More graduates in less time
- More sponsored research
- Moving to market based fees
- Creating differential fees for select programs with authority to direct the spending of those fees where they are generated
- Creation of a stabilization fund
- A continuous review of all processes and programs for maximum efficiency and effectiveness
- Establishing structures that align the goals of the state, higher education, and private business to assist economic development and diversification
- More intense partnerships with partners in public education

Klaich also stated a commitment to reform in academics, finance, and administration. He called for a review of formula funding and policies on funding and budgeting. Klaich stresses public education becoming more self-sustaining in the future. This alludes to the idea of more autonomy for the NSHE in regard to keeping more of the collected tuition and fees on campuses; Bills addressing these ideas are currently in the legislature. Appendix 17 contains the chancellor’s full statement.

NSHE and the chancellor have, in consultation, come up with numerous revenue options to assist the legislature in the difficult decisions they must make prior to their session ending in June 2010, and it is possible that NSHE and the institutions may not know the final budget numbers until summer.

Despite increasing concerns about the fiscal crisis facing the State of Nevada and its impact on higher education, UNLV remains committed to building its research endeavors. If implemented, the governor’s proposed budget cuts could place unprecedented constraints on the institution’s ability to advance its research agenda at a desirable pace. Currently, UNLV is taking steps to protect research from cuts that could damage its growth potential. A central theme in addressing budget cuts is the protection of mission-critical areas, such as academic programs, student support, and research. To this end, it is anticipated that academic departments and faculty with the greatest research strengths and
funding will be less affected by reduced funds. Also, the institution plans to spare the research support staff from layoffs. These two measures are evidence of UNLV’s continuing support of research.

UNLV is also taking incremental, proactive steps to build research with limited funds. The institution is renegotiating the facilities and administrative (F&A) rate with the federal government, which is expected to increase F&A revenue to be used in support of research. The institution also plans to continue the funding to bring the new Science and Engineering Building (SEB), the university’s first building designed specifically for research, to full functionality. The building contributes to the institution’s case for a higher F&A rate because greater square footage is devoted to research.

The university has also created a new Intellectual Property Committee, which is designed to enhance commercialization of intellectual property resulting from research. UNLV’s Office of Sponsored Programs has stepped up its training program to promote faculty acquisition of grants. This office is also stressing the importance of including financial provisions for graduate assistantships in all competitive grant proposals. Both the Research Office and the Graduate College have introduced a number of online software applications designed to streamline research administrative processes. Additionally, the institution is pursuing a number of research-oriented interdisciplinary initiatives with private industry, government agency, and university partners.

Once the institution is notified of its final budget for the next biennium, it will revisit its mission statement and strategic plan, Focus 50 to 100, to determine if the institution’s current goals are commensurate with its resources. More specifically, the institution will assess if research growth is viable in the current fiscal climate, including its pursuit of the Carnegie classification of “Very High Research Activity”, or if maintenance of the institution’s current status as a “High Research Activity” university is more appropriate.
Template for Preparing a Financial Resources Review

I. Introduction
UNLV underwent an NWCCU Comprehensive Evaluation visit in April 2010 for reaffirmation of accreditation. In August 2010, UNLV received confirmation of the reaffirmation and the committee report. In February 2011, UNLV submitted Standard One, Mission, Core Themes, and Expectations, for the new accreditation cycle.

This is the second part of the University of Nevada Las Vegas’s response to NWCCU’s Recommendation 2 from the Comprehensive Evaluation visit in April 2010. This portion of the report follows the Commission’s Template for Preparing a Financial Resources Review. The following appendices contain the requested documentation in the Guidelines for Preparation of the Financial Resources Review (FRR):

• Actual budget results for the last three years, Appendix 1
• Budget projections for a minimum of three years, Appendix 1
• Actual enrollments for the last three years and projected enrollments for the next three years, Appendix 19
• The institution’s most recent audited financial statement and the accompanying management letter, Appendices 16 and 18.

Below is Recommendation 2:

The committee notes the University’s stated intention of becoming a “Very High Research” institution and that this goal is consistent with UNLV’s mission and strategic priorities. At the same time, the committee observes that budget reductions and attendant program and services adjustments have resulted in a serious decline in support services to faculty seeking or administering extramural funding. This, combined with increased teaching loads (as a result of further budget restrictions), appears to compromise the realization of this priority. The committee therefore recommends that the University ensure that policies, structures, and resources adequate to meet the needs of such research programs and activities are deemed to be consistent with and extensions of the University’s distinctive mission, a mission so critical to the economic and cultural environment of Nevada (Standard 7.B.5).

Provided in Appendix 16 is the most recent audited financial statement. It is completed at the system level and includes all of the NSHE institutions in the one
statement. Appendix 18 is the accompanying management letter from Grant Thornton auditors.

II. Enrollment Management

a. Narrative – current status (actions/changes since last report and outcomes achieved)

Status:

UNLV’s current enrollments have been stable, with total FTE varying slightly around the 25,000 level over the period from actual current year -3 (academic year 2007-8) through actual current year (academic year 2010-2011). Over this entire 4-year period, undergraduate FTE grew by 465, graduate FTE declined by 328, and other program’s FTE grew by 208, for an overall positive net change of 345 FTE.

Actions and changes since last report:

To improve retention of enrolled students, UNLV’s Academic Success Center (ASC) initiated an Academic Success Coaching Program in September 2010 that improves learning support for both regular and alternate admit students through enhanced diagnosis (obtained through counseling and diagnostic/placement testing), advising for course placement based on diagnostic/placement exam results, and advisor-based prescriptions for learning improvements.

The ASC has also established a campus-wide testing center that offers a wide range of math and placement tests administered during orientation, college level examination program exams, and graduate admissions examinations.

In fall 2010, a sophomore year advising experience was established for students advised through campus orientation and admitted in fall 2009, and it provided information about UNLV majors and career preparation, and support for students broadening into new academic areas.

Outcomes achieved:

UNLV’s headcount enrollment of new first-time students and full-time students increased from actual current year -3 to the actual current year as shown in the table below. Headcount enrollment for part-time students declined over this same period. However, increases observed for new first-time students (+138) and full-time students (+846) more than offset the declines in part time students (-270), leading to a net headcount increase of 576 over this time period.
Schedule of Undergraduate Students by Headcount

<table>
<thead>
<tr>
<th>Student Enrollment – Undergraduate Headcount</th>
<th>Actual Current Year -3</th>
<th>Actual Current Year -2</th>
<th>Actual Current Year -1</th>
<th>Actual Current Year</th>
<th>Projected Current Year +1</th>
<th>Projected Current Year +2</th>
</tr>
</thead>
<tbody>
<tr>
<td>New First-time</td>
<td>2,977</td>
<td>3,255</td>
<td>3,236</td>
<td>3,115</td>
<td>3,150</td>
<td>3,150</td>
</tr>
<tr>
<td>Full-time</td>
<td>15,677</td>
<td>15,875</td>
<td>16,391</td>
<td>16,523</td>
<td>16,700</td>
<td>16,700</td>
</tr>
<tr>
<td>Part-time</td>
<td>6,285</td>
<td>6,274</td>
<td>6,317</td>
<td>6,015</td>
<td>6,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Total Undergraduate</td>
<td>21,962</td>
<td>22,149</td>
<td>22,708</td>
<td>22,538</td>
<td>22,600</td>
<td>22,600</td>
</tr>
</tbody>
</table>

Notes:
- Data are for fall semesters and include both state-supported and non state-supported headcounts
- Actual current year is fall 2010
- “New, First-Time” refers to freshmen entering college for the first time since their high school graduation.

The table below shows that freshman-sophomore retention from Actual Current Year -3 to the Actual Current Year rose slightly then fell, and then rose again to a level of 78%. Sophomore-Junior retention rates rose from 61 to 66% and then dropped back to 64%. Junior-Senior retention rates dropped from Year -3 to Year -2, then increased for the next two years. For projected data in all categories, UNLV expects that increases in retention rates resulting from the combined efforts of improvements in processing student registrations and improvements in student learning support will offset any expected decreases in student retention resulting from limitations in course availability or academic program closures.

Schedule of Actual and Projected Retention (in percents)

<table>
<thead>
<tr>
<th>Student Retention (Cohort)</th>
<th>Actual Current Year -3</th>
<th>Actual Current Year -2</th>
<th>Actual Current Year -1</th>
<th>Actual Current Year</th>
<th>Projected Current Year +1</th>
<th>Projected Current Year +2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retention Fr - Soph</td>
<td>75</td>
<td>76</td>
<td>73</td>
<td>78</td>
<td>78</td>
<td>78</td>
</tr>
<tr>
<td>Retention Soph – Jr.</td>
<td>61</td>
<td>64</td>
<td>66</td>
<td>64</td>
<td>65</td>
<td>66</td>
</tr>
<tr>
<td>Retention Jr. – Sr.</td>
<td>58</td>
<td>55</td>
<td>58</td>
<td>59</td>
<td>60</td>
<td>61</td>
</tr>
</tbody>
</table>

Notes:
- Freshman-sophomore retention and progression rates are based on new, first time, full time freshmen entering in the Fall semester.
The actual current year freshman-sophomore rate is calculated using a time frame corresponding to fall 2009 entering freshmen enrolled in fall 2010. Actual current year sophomore-junior retention rates are computed for fall 2009-fall 2010, using the freshman cohort entering in fall 2008. Actual current year junior-senior retention rates are computed for fall 2009-fall 2010, using the freshman cohort entering in fall 2007.

b. Goals and specific action plans to achieve goals, including new programs, facilities or other initiatives

Goals:

UNLV's goals for student enrollment, as stated in its Focus 50-100 Strategic Plan are:

Goal I. Develop an integrated student educational environment, improving advising, learning support, and first-year programs, to improve student learning and retention.

Goal II. Continue to improve enrollment management and admissions activities

Specific Action plans to achieve goals:

Goal I Action Plans

UNLV's Academic Success Center (ASC) has recently established several major initiatives in the retention area, including:

- Academic success coaching
- A First Year Experience course
- Intensive advising with alternatively admitted students

Additionally, three unique advisors who support retention efforts, a Commencement Concierge, a Class Concierge and a Re-entry Concierge have been assigned to support student persistence to graduation. Early assessment data indicate a higher fall-to-fall retention rate (87%) for students who participate in the tutoring services offered than rates observed for UNLV's student body as a whole. ASC's future efforts will focused on the growth of these academic support services over the next three years to reach a larger proportion of the student population.

UNLV is also initiating a coordinated campaign to improve student persistence and graduation rates, that includes several aspects:

- Formation of a collaborative operations team among the Financial Aid, Registrar, Admission, Cashiering, and Student Accounts areas with the chief objectives of facilitating student registration and continuing enrollment through improvements in operations.
• The Academic Success Center will enhance its partnerships with other units to increase sophomore student persistence through programming efforts geared towards this student population.

• Expansion of the Early Alert program to respond to students with mid-semester grades below C, and monitoring its effectiveness through feedback from faculty. This includes increasing visibility of academic advisors through Mid-Semester Tent Events located in high-traffic areas of the campus.

Goal II Action Plans

In the area of recruitment, UNLV’s Office of Enrollment Services (Enrollment Services) has targeted national college fairs, high schools that have historically consistent enrollment ties to UNLV, and high-achieving juniors and seniors with outreach and marketing efforts (in the process, UNLV plans to achieve National Merit sponsor school status). Through improvements in UNLV’s communication efforts with undergraduate applicants, Enrollment Services has increased the overall entering student yield by 5% in Fall 2010, in spite of a decline in the number of applications. Related efforts in UNLV’s Financial Aid and Scholarships Office has worked to short the scholarship awarding and packaging timelines, and improve the disbursement procedures to new undergraduates.

New programs, facilities or other initiatives

New Programs. UNLV is not at this time planning any new academic degree programs or majors. Instead, it is planning for closure or consolidation of some academic departments, reorganization of some colleges and elimination of degree programs. The extent of these changes will not be known until the 2011-2013 biennial state legislative appropriation is finalized sometime in summer 2011.

New facilities. UNLV is currently planning several new facilities including the William F. Harrah College of Hotel Administration academic building and a hospitality campus, called INNovation Village. Planning has commenced for INNovation Village. However, UNLV has not initiated any new capital construction projects. Some limited renovations and repairs to existing facilities are taking place, using funds allocated in previous budget cycles, to better accommodate existing academic programs.

New Initiatives. UNLV is not planning any new student initiatives, but intends to continue to support initiatives recently established that have successfully attracted students, including

• Urban Sustainability Initiative, that includes
  - Curriculum development in the William F. Harrah Hotel Administration
  - Development of a doctoral nursing degree with a sustainability emphasis
- Graduate Research Assistantships in supporting sustainability related research in several disciplines
- Undergraduate internships focused on campus sustainability efforts

• Solar Energy Initiative that includes
  - Establishment of an undergraduate minor in solar and renewable energy, funded with a $500,000 grant from NV Energy
  - Partnerships with on-campus and off-campus units in the areas of design of LEED-certified buildings and solar energy and hydrogen systems, and
  - Research in several areas, including solar systems, materials science, economics, and grid technologies

III. Schedule of Actual and Projected FTE Enrollments - Total
The table below shows that UNLV's overall FTE enrollments grew by 676 FTE (2.7%) between actual current year -3 and actual current year -1, then declined by 330 (about 1%) in the actual current year. It is expected that the net effects of efforts to increase the pool of qualified applicants, increase the registration yield of applicants from this pool, improve student financial aid support and improve retention rates of admitted students will be offset by student departures as a consequence of both limitations in class availability and proposed and implemented academic program closures, resulting in projected flat FTE enrollments for years +1 and +2.

<table>
<thead>
<tr>
<th>Student Enrollment – Total</th>
<th>Actual Current Year -3</th>
<th>Actual Current Year -2</th>
<th>Actual Current Year -1</th>
<th>Actual Current Year</th>
<th>Projected Current Year +1</th>
<th>Projected Current Year +2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate FTE</td>
<td>16,338</td>
<td>16,463</td>
<td>16,978</td>
<td>16,803</td>
<td>16,850</td>
<td>16,850</td>
</tr>
<tr>
<td>Graduate FTE</td>
<td>3,206</td>
<td>3,082</td>
<td>3,108</td>
<td>2,878</td>
<td>2,850</td>
<td>2,850</td>
</tr>
<tr>
<td>Other Programs FTE</td>
<td>5,338</td>
<td>5,296</td>
<td>5,471</td>
<td>5,546</td>
<td>5,600</td>
<td>5,700</td>
</tr>
<tr>
<td>Total FTE</td>
<td>24,881</td>
<td>24,841</td>
<td>25,557</td>
<td>25,227</td>
<td>25,300</td>
<td>25,400</td>
</tr>
</tbody>
</table>

Notes:
- FTE Enrollments are formula funded and represent the official academic year enrollments reported to the Nevada System of Higher Education. Annual FTE includes formula-funded summer enrollments (Nursing and Nursing-related), fall and spring.
- Actual current year is computed for summer term 2010, fall Semester 2010 and spring semester 2011.
- FYE is calculated as (total SCH in each category) / (# SCH for full-time status). The number of SCH for full time status is 15 for undergraduates, 12 for master’s students, and 9 for doctoral students.
- Undergraduate and graduate FTE includes state-supported (formula funded) only.
d. Schedule of Undergraduate Students by Headcount

The table below shows that total undergraduate headcounts grew by 746 (3.4%) between actual current year -3 and actual current year -1, then declined by 170 students (-0.8%) to the actual current year. Growth was primarily due to increases in the number of new first-time and full-time continuing students, which, through current year -1, more than offset declines in part-time students. Projected undergraduate headcount enrollment is expected to remain stable for the next two years, for the same reasons as discussed for part c; that headcount increases resulting from improved recruiting, financial support and retention efforts will be offset by decreases resulting from academic program closures.

<table>
<thead>
<tr>
<th>Student Enrollment – Undergraduate Headcount</th>
<th>Actual Current Year -3</th>
<th>Actual Current Year -2</th>
<th>Actual Current Year -1</th>
<th>Actual Current Year</th>
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- Actual current year is fall 2010
- “New, First-Time” refers to freshmen entering college for the first time since their high school graduation.

f. Number of Resident (living on campus) Students

The table below shows that the number of on-campus resident students has ranged from a high of 8.9% (1/11.2) to a low of 6.2% (1/16.2) in over the past four years. UNLV has experienced a declining occupancy rate since “Actual Current year – 1,” probably a result of the decline in the economy, and is working with a consultant on determining a housing master plan that will improve occupancy rates.
### Number of Resident (living on campus) Students

<table>
<thead>
<tr>
<th>Resident students</th>
<th>Actual Current Year -3</th>
<th>Actual Current Year -2</th>
<th>Actual Current Year -1</th>
<th>Actual Current Year</th>
<th>Projected Current Year +1</th>
<th>Projected Current Year +2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident Students</td>
<td>1,296</td>
<td>1,393</td>
<td>1,175</td>
<td>1,002</td>
<td>1,050</td>
<td>1,150</td>
</tr>
<tr>
<td>Normal Capacity</td>
<td>1,545</td>
<td>1,545</td>
<td>1,545</td>
<td>1,343</td>
<td>1,343</td>
<td>1,343</td>
</tr>
<tr>
<td>Resident Students/Undergraduate FT Headcount</td>
<td>1,296/15,547</td>
<td>1,407/15,752</td>
<td>1,194/16,266</td>
<td>1,002/16,261</td>
<td>1,050/16,300</td>
<td>1,150/16,300</td>
</tr>
<tr>
<td></td>
<td>1/12.1</td>
<td>1/11.2</td>
<td>1/13.7</td>
<td>1/16.2</td>
<td>1/15.5</td>
<td>1/14.2</td>
</tr>
<tr>
<td>Resident Students/Undergraduate FT Headcount Projections</td>
<td>1,400/15,547</td>
<td>1,400/15,572</td>
<td>1,250/16,266</td>
<td>1,150/16,261</td>
<td>1,050/16,300</td>
<td>1,150/16,300</td>
</tr>
<tr>
<td></td>
<td>1/11.1</td>
<td>1/11.1</td>
<td>1/13.01</td>
<td>1/14.1</td>
<td>1/15.5</td>
<td>1/14.2</td>
</tr>
</tbody>
</table>

**Notes:**
- UNLV used the definition of “Resident students” provided by NWCCU President Elman
- Undergraduate full time headcount used in the denominator has been adjusted to reflect only students likely to use dorms. It excludes non-formula funded students (law, dental, summer and other self-supporting programs). Because of this exclusion, the FT headcount data in this table are slightly lower than the values reported in the full time headcount table
- Rooms in “Number of Resident Students” are revenue-generating only. These figures do not count the number of non-revenue generating rooms such as those used for Resident Assistants, Multicultural Assistants and Graduate Assistants. UNLV currently has approximately 50 non-revenue generating rooms.
- UNLV took rooms offline as occupancy decreased, reducing normal capacity to “1,343” beginning Fall 2010.

### III. Fundraising

**a. Narrative – How does the institution’s fundraising contribute to the financial health of the institution? (Discuss annual and campaign staffing, goals, and initiatives, as well as any changes in fundraising plans or personnel)**

The UNLV Foundation’s fundraising for UNLV is providing enhancements to UNLV beyond its non-gift resources. Over 90% of UNLV’s gifts are restricted to provide scholarships and fellowships, support programs and research, enhance faculty salaries and provide facilities or facility improvements. At a time of dwindling state funding, gifts from UNLV donors allow the university to continue to recruit top faculty and students; ensure students with the greatest need can attend; allow for special opportunities for the campus and the community such as lectures and programming; and make capital improvements that would not
otherwise occur. UNLV’s current fundraising initiatives are focused on support for top faculty positions and a new practice facility for men’s basketball - fully constructed with private gifts.

Fiscal year 2010 was the second largest fundraising year in the university’s history with over $43 million received in cash and cash equivalent gifts. UNLV endowment funds continued to grow and just surpassed the $170 million mark, with $110 million held and invested by the UNLV Foundation and $60 million held and invested by the Nevada System of Higher Education.

On December 31, 2009, UNLV successfully completed its first comprehensive campaign, Invent the Future. This campaign raised $537 million in funds; 97.2% of these funds are restricted, with 57% expended during the 7-year campaign period. The remaining funds have been directed to endowments, or are expected through estate commitments and pledge fulfillments.

Planning for a future campaign has not yet commenced because of the current economic climate in southern Nevada. However, during this period, the UNLV Foundation and the university have been strategically building the base of supporters through the identification of new major gift donors and cultivating them for current annual gifts; and through the stewarding of current donors to position them for a major gift in the next campaign. An emphasis on building the number of donors has been successful with more than ten percent increases in the number of donors each year for the last three years.

Changes in the strategies for conducting major gift fund raising were implemented in the last year of the campaign. Responsibility for identification of fund raising priorities and goals, identification of top donors, and relationship building with those donors is now shared by the deans of the colleges in collaboration with their development officers. Each area now has defined top 25 donors and donor prospects with distinct strategies planned for each prospect. Deans are calling on donors to build relationships and provide the strategic vision for their college.

At the end of the campaign, the Foundation staff declined through attrition. The Foundation will need personnel with established relationships with major gift donors in place to help launch the next campaign. Therefore, the UNLV Foundation, in collaboration with deans, is focused on hiring new fundraising staff and internal staff to support their fundraising. The goal for the end of fiscal year 2012 is for all colleges to have a full-time development officer in place.

b. Schedule of Fundraising
The table below summarizes UNLV’s recent and projected annual fundraising activity. The actual current year is reported for three fiscal quarters through March 31, 2011. Because the actual current year is not yet completed,
discussion of fund raising trends will cover the three-year period from actual current year -3 through actual current year -1.

The number of alumni donors increased steadily over the three year period, and represent an increasing percentage of UNLV’s alumni, ranging from 3.1% in year -3 to 5.8% in year -1. UNLV projects that it will continue to increase the size of its alumni donor pool relative to number of alumni for year +1 (7%) and year +2 (8%) through increased outreach efforts.

UNLV’s total gifts have increased from year -3 through year -1. Unrestricted and restricted gifts increased from year -3 to year -2, then declined in year -1, likely a result of the national and state economic downturn. Endowed gifts dropped significantly in year -2 and recovered somewhat in year -1. If fundraising in the fourth quarter of 2011 matches occurs in proportion to the amounts raised through March 31, 2011, then total gifts for the actual current year will match or be slightly below the amount raised in year -1. Projected gifts for the years +1 and +2 are conservatively estimated to be below amounts recently raised due to residual effects of the national and state economic downturn.

<table>
<thead>
<tr>
<th>Fundraising</th>
<th>Actual Current Year -3</th>
<th>Actual Current Year -2</th>
<th>Actual Current Year -1</th>
<th>Actual Current Year as of 3/31/11</th>
<th>Projected Current Year +1</th>
<th>Projected Current Year +2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Fundraising Staff</td>
<td>17</td>
<td>15</td>
<td>12</td>
<td>12</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td># Alumni Donors</td>
<td>2,265</td>
<td>3,155</td>
<td>4,558</td>
<td>3,300*</td>
<td>6,000</td>
<td>7,200</td>
</tr>
<tr>
<td># Alumni</td>
<td>72,108</td>
<td>76,602</td>
<td>79,027</td>
<td>82,496**</td>
<td>85,000</td>
<td>87,500</td>
</tr>
<tr>
<td>Unrestricted Gifts</td>
<td>$1,244,516</td>
<td>$1,416,067</td>
<td>$1,068,892</td>
<td>$1,016,740</td>
<td>$1,100,000</td>
<td>$1,100,000</td>
</tr>
<tr>
<td>Restricted Gifts</td>
<td>$20,445,756</td>
<td>$28,168,720</td>
<td>$27,775,943</td>
<td>$16,173,866</td>
<td>$23,000,000</td>
<td>$15,000,000</td>
</tr>
<tr>
<td>Endowed Gifts</td>
<td>$12,014,629</td>
<td>$8,027,635</td>
<td>$14,367,987</td>
<td>$6,917,867</td>
<td>$10,000,000</td>
<td>$8,000,000</td>
</tr>
<tr>
<td>Total Gifts</td>
<td>$33,704,901</td>
<td>$37,612,422</td>
<td>$43,212,822</td>
<td>$24,108,473</td>
<td>$34,100,000</td>
<td>$24,100,000</td>
</tr>
</tbody>
</table>

* The 3,300 estimate reflects alumni donors for the first three quarters of the Actual Current Year
** The 82,496 value reflects number of alumni at the start of the Actual Current year

IV. Financial Management

a. Narrative – How has the financial health of the institution changed over the last 4 years?

State budget reductions are the primary factor contributing to changes in the financial health of UNLV. There have been significant reductions in fiscal years 2008-2011. During this same time period UNLV’s per credit undergraduate registration fees have increased 54%, graduate per credit registration fees 63%, and non-resident tuition incremental charges increased by 34%. Total income from these
fees has risen approximately 18%\textsuperscript{2} over the 2008-2-010 biennium, with FTE growing less than 0.2% over this period. These increases in fees have partially offset the reduced state legislative appropriations.

The cumulative state general fund reductions off the FY07 base budget and through the current FY11 budget are approximately $50 million, corresponding to a 27% reduction. These reductions have been addressed in several ways, with the largest proportion coming from reductions in expenditures and, therefore, impacts primarily non-teaching staff positions. A summary of those cumulative cuts and the way the campus has addressed them is shown below.

<table>
<thead>
<tr>
<th>All dollars in Millions</th>
<th>Cumulative Cuts off FY07</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campus-wide Budget Reductions</td>
<td>$26.1</td>
<td>53%</td>
</tr>
<tr>
<td>Budget reductions for other appropriations\textsuperscript{3}</td>
<td>$3.1</td>
<td>6%</td>
</tr>
<tr>
<td>Unpaid leave</td>
<td>$4.0</td>
<td>8%</td>
</tr>
<tr>
<td>Net fee increase - main campus</td>
<td>$11.0</td>
<td>22%</td>
</tr>
<tr>
<td>Net fee increase - Law and Dental</td>
<td>$2.9</td>
<td>6%</td>
</tr>
<tr>
<td>Backfill with non- state funds</td>
<td>$2.5</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>$49.6</td>
<td>100%</td>
</tr>
</tbody>
</table>

The Governor's proposed executive budget would apply an additional $47.5 million in base cuts by FY13. The table below summarizes proposed state general fund reductions.

**Governor’s Executive Budget Proposal**

**Appropriations and Cuts by UNLV major program area**

<table>
<thead>
<tr>
<th>Area</th>
<th>FY 11 General Fund</th>
<th>FY 12 General Fund</th>
<th>FY 13 General Fund</th>
<th>FY 12 General Fund with Property Tax diversion</th>
<th>FY 13 General Fund with Property Tax diversion</th>
<th>Cuts from FY 11 base year</th>
<th>Cuts from FY 11 base year</th>
<th>Avg Cuts/year with property tax diversion</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNLV</td>
<td>145,967,488</td>
<td>125,413,961</td>
<td>106,525,137</td>
<td>-20,553,527</td>
<td>-39,442,351</td>
<td>-29,997,939</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LAW</td>
<td>7,762,242</td>
<td>6,524,974</td>
<td>5,500,387</td>
<td>-1,237,268</td>
<td>-2,261,855</td>
<td>-1,749,561</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intercollegiate Athletics</td>
<td>7,465,366</td>
<td>6,457,744</td>
<td>5,424,714</td>
<td>-1,007,622</td>
<td>-2,040,652</td>
<td>-1,524,137</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Wide Pgms\textsuperscript{4}</td>
<td>1,233,971</td>
<td>1,054,642</td>
<td>892,178</td>
<td>-179,329</td>
<td>-341,793</td>
<td>-260,561</td>
<td></td>
<td></td>
</tr>
<tr>
<td>School of Dental Medicine</td>
<td>8,179,238</td>
<td>6,384,372</td>
<td>5,281,478</td>
<td>-1,794,866</td>
<td>-2,897,760</td>
<td>-2,346,313</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Center South\textsuperscript{5}</td>
<td>1,839,433</td>
<td>1,566,041</td>
<td>1,332,134</td>
<td>-273,392</td>
<td>-507,299</td>
<td>-390,345</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>172,447,738</strong></td>
<td><strong>147,401,734</strong></td>
<td><strong>124,956,028</strong></td>
<td><strong>-25,046,004</strong></td>
<td><strong>-47,491,710</strong></td>
<td><strong>-36,268,856</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\textsuperscript{2} Based on a $24.7 million increase over fiscal years 2009 and 2010 divided by the fiscal 2009 base of $135.7.
\textsuperscript{3} NSHE Business Center South (for work done on behalf of the College of Southern Nevada) and UNLV’s William S. Boyd School of Law.
\textsuperscript{4} State Wide Programs include: Center for Business & Economic Research, National Supercomputing Center for Energy & the Environment, Nevada Small Business Development Center, KUNV Radio, Continuing Education in the Division of Educational Outreach, Marjorie Barrick Museum, the Southern Nevada Writing Project in the College of Education.
\textsuperscript{5} The NSHE Business Center South houses work done on behalf of the College of Southern Nevada.
As of the submission date of this report, the State of Nevada Legislature is still in session and will finalize a state budget for the 2011-2013 biennium sometime in the summer. It is assumed that the governor’s proposed budget is the worst case option for UNLV, and it is possible a better budget will emerge from the 2011 legislative session, especially in light of the May 2011 revised Nevada Economic Forum report that projected increased tax revenues for the next biennium. One specific option that would improve UNLV’s budget outlook is whether the state was willing to “smooth” the cuts equally over each year of the biennium, as opposed to the Governor’s plan to have much smaller cuts in the first year. The net result would be a base reduction in FY13 of $36.3 million for all UNLV appropriations, as opposed to the $47.5 million under the Governor’s initial proposal.

b. What factors have had the greatest impact?

The factors with the greatest impact on the reduced state budget from the state include all those affecting the United States as a whole and Nevada more deeply. UNLV’s Center for Business and Economic Research published this update on April 12, 2011:

With U.S. consumption spending continuing to grow, the Nevada economy shows uneven signs of recovery. In January and February, visitor volume was higher than a year earlier, and that followed gains in the second half of 2010. February gaming revenues were down 6.8 percent below a year earlier—largely because February 2010 saw a surge in baccarat revenues that was not repeated in February 2011. Nevada employment rose by 5,500 jobs (0.5 percent) in February, but the unemployment rate ticked up to 13.6.

The Clark County (UNLV’s location) economic picture continues to improve. February visitor volume was 0.5 percent above a year earlier. Excluding baccarat, February gaming revenues were 1.0 percent above a year earlier.
Because baccarat revenues surged in February 2010, however, total gaming revenues were 7.0 percent lower in February 2011 than in the same month a year earlier. In January, taxable sales were 6 percent above those for the same month a year earlier. Residential construction permits continued to rise through March, and Las Vegas employment rose by 3,500 jobs (0.4 percent) in February. The Las Vegas unemployment rate held steady at 13.7 percent.

With the national economy picking up steam, the Nevada economy is showing modest signs of recovery. An accelerating national economy and the increasing willingness of U.S. businesses to hire could boost consumer spending and help stimulate economic growth in Nevada. Despite concerns that rising fuel prices will slow the national economy and reduce discretionary spending, most of the news from Nevada's tourism, gaming and hospitality sectors remains moderately favorable. Nevada real estate and construction are also showing some signs of life.  

The Las Vegas economy has been dependent on the gaming/hotel, mining, convention, and construction industries for many years. There is very little construction activity in Nevada at this time, and that decline has eliminated many jobs and reduced state tax income. The foreclosure rates continue to grow, which lowers property tax income for the county, and, in the governor’s executive budget proposal, some of the property taxes from the counties are planned to be diverted to the state’s budget for higher education.

c. What initiatives have been implemented to improve the institution’s financial health?

As a result of the increases in per-credit registration fees and out of state tuition charges, UNLV has been able to increase revenue in this category from $122 million in FY 08 to $135.7 million in FY 09, $146.9 million in FY 10, and expects to collect $156.0 million in FY 11. These increases have partially offset reductions in the state appropriation portion of UNLV’s non-operating revenue.

Additional fee increases planned for the upcoming biennium are projected to bring in an additional $4 million over the FY 2011 base FY 2012 and an additional $14 million over the same base in FY 2013. Additional differential fees have been approved by the BOR for some academic programs, as was described on page 10 of this report. However, UNLV is sensitive to the fact that too many increases in costs could price the institution out of the market for a significant number of students, and may have the unintended effect of limiting access to prospective students in lower economic groups. As a result, UNLV is planning a set aside of 15% of the increase in registration fees for student financial aid.

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UNLV has initiated a Tenured Faculty Voluntary Separation Incentive Program. This program is a unique incentive program for tenured faculty members (in academic roles only) who meet specific criteria. The goal of this program is to offer a voluntary incentive buy-out option to help save money and limit the need for terminating tenured faculty.

A positive note is that the Nevada Millennium Scholarship program is solvent through 2014 according to legislators. About 21,000 students now receive the scholarships and 8,000 of recent high school graduates are expected to qualify this fall (2011). The scholarship is given to high school graduates who meet certain criteria, including a specific grade point average, residency, and curriculum.

The NSHE, on behalf of UNLV and the other institutions, has requested legislative support for several other proposals to improve the intuition’s financial health:

- **State Public Works Board:** NSHE seeks exemption from the oversight of the State Public Works Board for greater autonomy in its capital projects. This may reduce costs in the long run.

- **Retain Tuition and Fees:** NSHE proposes that fees paid by in-state students, more of the in-state tuition, and tuition for out-of-state students should remain at each institution and not be counted within the state-supported operating budget. This would require a revamped state budget agreement that stipulates that out-of-state students will not be included in the NSHE budget request to the state and hence will not be part of the funding calculations.

- **Budgetary Transfer Authority:** NSHE is requesting authority to transfer appropriations between budget areas within the NSHE. With the level of the state and local funding that is recommended in the governor’s executive budget proposal, the Board of Regents needs maximum flexibility when determining how the reductions may be implemented.

- **Retain Efficiency Savings:** The Board of Regents will strategically reinvest savings from system-wide efficiency and effectiveness initiatives back into instruction whenever possible. Utilization of savings from these efficiency measures was one of the main considerations for requesting the ability to transfer funds between budget accounts.

- **Funding Formula Interim Study:** A formal interim study of the funding formula will enable the NSHE, the legislature, and executive branch to review a number of issues related to the formula that have generated considerable discussion in the

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7 Legislators address Millennium Scholarship shortfall, By Ed Vogel, LAS VEGAS REVIEW-JOURNAL CAPITAL BUREAU, posted Jun. 24, 2010 | 1:44 p.m.
past, including the issue of retention of students fees outside the state supported operating budget, performance funding, etc.

d. **What outcomes have been achieved, or are projected to be achieved in the next two years?**

UNLV expects to partially offset the significant decrease in state appropriations through a combination of operating revenue increases and cuts in expenditures. The primary outcome of these efforts would be to limit the projected reductions in Net Assets to -0.1% in fiscal year 2012. An additional outcome of the efforts to raise revenue and control expenses will be to maintain the projected Primary Reserve ratio at a value of 0.45 for fiscal year 2011.

Planned preservation of research support staff positions will permit UNLV to maintain current levels of support for externally research grant activity. This projected administrative outcome will help to maintain externally funded grant activity at current levels, and helping UNLV to maintain its Carnegie High Research classification. External research funding is a critical revenue source for graduate student assistantships, supplies, equipment and equipment maintenance.

Depending on the level of appropriated state support for the upcoming biennium, programmatic outcomes are projected to include elimination of degree programs, layoffs of faculty and staff, closures and consolidations of some academic departments and consolidations of some colleges, and potential enrollment declines as students transfer to other institutions. The extent of these changes is not known, but, if UNLV’s state appropriation is implemented at a value matching the governor’s January 20, 2011 proposal, could reach as high as elimination of 36 degree programs affecting 2,400 students (9% of UNLV’s student body), and lead to layoffs of up to 330 personnel, (about 7% of the fiscal year fiscal year 2008 base value). Although there are some preliminary indications that some additional revenues may be found, leading to an appropriation that will be somewhat larger than first proposed, there will still be a significant cut to NSHE’s and UNLV’s state appropriation.

e. **What are the qualifications of the staff responsible for financial management and how long have these individuals been in their positions?**

The Senior Vice President for Finance and Business, Gerry Bomotti, has ultimate responsibility for the financial management of UNLV. Mr. Bomotti joined UNLV in September 2004. He is responsible for the Budget Office, Human Resources and Diversity Initiatives, Facilities Management/Environmental Health and Safety Services, Purchasing, Central Receiving, Controllers Office, Parking, and the Thomas and Mack Center/Sam Boyd Stadium/Cox Pavilion/Athletics Business Office Operations.
Mr. Bomotti has held the traditional Vice President for Business/Finance/Administration duties and responsibilities since 1979 at the University of Alaska, University of Arkansas, Colorado State University and UNLV. He began his career in higher education in Alaska, in the Student Affairs area (Admissions and Records, Student Financial Aid, Institutional Research, etc.). Education includes a B.S. in Mathematics from Oregon State University; M.A. in Mathematics from Washington State University; and Ph.D. program work at the University of Michigan.

Other staff responsible for financial management include Michael Sauer, Associate Vice President of Administration. Mr. Sauer has been with UNLV for over twenty years, serving in his current position for approximately 16 years. He is responsible for Budget Analysis and other areas of operation. Mr. Sauer has a doctorate in Educational Leadership, an M.B.A., and a Bachelor of Arts in Economics.

Kathy Adams is the Executive Director of Budgeting and has held this position for well over a decade. Ms. Adams has an M.B.A and Bachelor of Science in Finance from the State University of New York at Binghamton. Ms. Adams has been with UNLV since 1989.

Chris Viton, a CPA, is the Controller and has been with UNLV for over five years. Mr. Viton held the position of Deputy Controller for four years and has served in his current position almost two years. Before joining UNLV, Mr. Viton held progressively responsible positions in financial management including VP/CFO of a non-profit hospital and interim CFO for University Medical Center of Southern Nevada. Mr. Viton holds an M.B.A in Finance from Rutgers University and a B.S. in Accounting from Penn State University.

f. Schedule of Financial Management
The table below shows the Schedule of UNLV Financial Management. Actual data are for fiscal years ending June 30, 2007 through June 30, 2010. Projected data for fiscal years ending June 30, 2011 and June 30, 2012 include some blank cells because some categories cannot be computed until the end of fiscal 2011, or because state legislative appropriations for FY 2012 are not yet known.
**RECOMMENDATION 2 – FINANCIAL RESOURCES REVIEW**

<table>
<thead>
<tr>
<th>Finances Dollar amounts expressed in thousands</th>
<th>Actual Current Year -3 FY07</th>
<th>Actual Current Year -2 FY08</th>
<th>Actual Current Year -1 FY09</th>
<th>Actual Current Year FY10</th>
<th>Projected Current Year +1 FY11 Estimated</th>
<th>Projected Current Year +2 FY12 Estimated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audited Financials Complete (Yes/No)</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Increase/(Decrease) in Unrestricted Net Assets</td>
<td>$13,158</td>
<td>$10,750</td>
<td>$34,690</td>
<td>$23,228</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase/(Decrease) in Total Net Assets</td>
<td>$49,808</td>
<td>$104,533</td>
<td>($17,420)</td>
<td>$21,832</td>
<td>$12,183</td>
<td>($1,163)</td>
</tr>
<tr>
<td>Total Net Assets (end of year)</td>
<td>$718,809</td>
<td>$823,342</td>
<td>$805,922</td>
<td>$827,754</td>
<td>$839,956</td>
<td>$838,773</td>
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<tr>
<td>Total Debt</td>
<td>$256,392</td>
<td>$249,218</td>
<td>$256,505</td>
<td>$243,560</td>
<td>$230,670</td>
<td></td>
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<tr>
<td>Primary Reserve Ratio</td>
<td>48%</td>
<td>55%</td>
<td>41%</td>
<td>46%</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>Net Operating Revenue Ratio</td>
<td>3.4%</td>
<td>2.6%</td>
<td>8.4%</td>
<td>5.7%</td>
<td>-2.9%</td>
<td></td>
</tr>
<tr>
<td>Return on Net Assets Ratio</td>
<td>6.9%</td>
<td>12.7%</td>
<td>-2.2%</td>
<td>2.6%</td>
<td>1.5%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Viability Ratio</td>
<td>91%</td>
<td>112%</td>
<td>86%</td>
<td>98%</td>
<td>98%</td>
<td></td>
</tr>
</tbody>
</table>

**Primary Reserve Ratio = Expendable Net Assets/Total Expenses**

**Net Operating Revenue Ratio = Change in Unrestricted Net Assets/Total Unrestricted Income**

**Return on Net Assets Ratio = Change in Net Assets/Total Net Assets**

**Viability Ratio = Expendable Net Assets/Long-term Debt**

(Source: Strategic Financial Analysis for Higher Education, by Prager, Sealy & Co, LLC with KPMG)


**V. Conclusion**

Please provide any concluding statements that summarize the financial condition of your institution now and in the foreseeable future.

The University’s financial statement for the year ending June 30, 2010 demonstrates continued stability of the University, as net assets increased by $21.8 million on total revenues of $549.8 million and total expenses of $528.5 million.
The University’s operating expenses were stable, increasing $5 million on increased scholarship and fellowship expenses as the University allocates a portion of fee increases to scholarship activity to maintain access as fees are raised. Unrestricted net assets at June 30, 2010 were $176.9 million, an increase of $23.2 million over June 30, 2009.

As stated throughout this report, the state appropriation for UNLV for the next biennium has not yet been determined. It is expected in the summer and UNLV would be able to provide the information at the time of receipt. In the interim, UNLV is planning an operating scenario based on the governor’s budget proposal that includes a significant reduction in state appropriations with a portion of this reduction offset by increased fees. If the state appropriates a higher level of funding, NSHE will then determine the allocation of those funds.