Standard Seven

Introduction

The economic downturn has been severe in Nevada and has resulted in a significant decrease in revenues, which has created challenges in all state agencies. As a result, in 2007 WNC starting building reserves of state funds. The reserves were built by holding back a percentage of the state allocation in a reserve account. Those reserves cushioned state budget cuts in 2008 and 2009. Reserves and savings from a hiring freeze were also used to reduce ongoing payroll costs. In addition, an employee “buy-out” plan was implemented, which resulted in significant salary savings. The reduced payroll is helping to defray the impact of further budget cuts in 2010 and 2011. As of February 2010, 17% of classified positions are vacant, and 22% and 27% of academic and administrative faculty positions, respectively, remain vacant.

Despite significant cuts in the last biennial budget and further cuts in the current biennial budget, no WNC employees have been laid off. A majority of the employees who took advantage of the buy-out offer were tenured professors. These professors have been replaced with part-time instructors.

A serious effect on instruction and instructional support has been an increase in class size. In fall 2009, many classes reached capacity, and students who were not able to enroll in their first choice had to seek out other availabilities. In that same semester, Admissions and Records began tracking the number of unsuccessful enrollment attempts. There were more than 5,100 such attempts.

Operating budgets for FY2009-10 and 2010-11 include approximately $4 million each year in federal stimulus funding. Over the next two years, alternatives to the one-time federal stimulus dollars must be identified as well as finding efficiencies to further reduce costs. (Table 7.1)

<table>
<thead>
<tr>
<th>Professional</th>
<th>Classified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>15</td>
</tr>
<tr>
<td>Academic Support</td>
<td>1</td>
</tr>
<tr>
<td>Student Services</td>
<td>2</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>8</td>
</tr>
<tr>
<td>Operations &amp; Management</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26</strong></td>
</tr>
</tbody>
</table>

Financial Planning

AUTONOMY IN PLANNING

The Nevada System of Higher Education (NSHE) Board of Regents sets standards for financial performance and monitors compliance with these standards. The board also sets overall parameters for budget requests submitted to the state. The board is responsible for establishing fees, tuition rates, state budget requests, and broad system-wide financial policies.

Advisory boards representing geographic regions throughout northwest Nevada identify needs specific to the diverse
communities served by the college. These boards provide advice directly to the college president. The advisory boards also provide a conduit for the college to disseminate budget and finance information to the smaller communities served by WNC.

Western Nevada College is granted appropriate authority in financial planning and budgeting within the overall mandates and priorities established by the system. Financial management for each institution is delegated to the respective college president. Initial planning and budgeting are performed at the college level; recommendations for significant financial matters, such as fee rates and requests for state funds, are reviewed and approved by the governing board. Funds from the state are appropriated in total rather than by line item. All institutions are prohibited from carrying funds forward from year to year. Similarly, state funds appropriated specifically for employee cost of living adjustments cannot be used for any other purpose.

Although requests for and prioritization of state-funded capital projects are a function of the Board of Regents, the State Public Works Board is responsible for their planning management.

The college is diligent in reviewing grant support for financial feasibility and compatibility with the college’s mission. Before a grant proposal is submitted, it must be reviewed by the Grants Review Committee. Among the issues the committee considers are matching requirements and benefits to the college. The committee makes a recommendation to the college president on all grant applications. The committee includes the vice president of Development and External Affairs, the controller, and faculty and staff from diverse areas. (Exhibits 7.1, 7.2, 7.3) (7.A.1)

BUDGET PROCESS

The college has adopted an all-college and all-funds approach to budgeting. The Budget Committee assists with defining the budget process and identifying budget priorities. The budget process is inclusive—any faculty or staff may submit a budget request. All budget requests must be tied to the college’s strategic plan and program assessment and review. The strategic plan is reviewed and updated periodically based on assessment data.

The budget process is ongoing. The schedule for budget development follows the state’s biennial budget process. The state legislature meets in odd-numbered years and establishes the budgets for the next two years. When the college receives an allocation for the first year of the biennium, it generally knows the amount of state funding for the second year. Shortly after each legislative session ends, planning begins for a budget request for the next two-year cycle. (Exhibits 7.1, 7.4, 7.5) (7.A.2)

PUBLICATION OF BUDGET

Board of Regents policy requires that the college operating budget be approved by the state and any self-supporting budgets in excess of $25,000 be submitted, reviewed, and approved by the regents in August of each year. The board publishes the operating budget and distributes it to the state and other relevant parties. The budget is available to anyone upon request. Faculty and staff have access to the entire college budget through board publications and online. At the end of each year, actual expenditure data is submitted to the governing board and a budget to actual report is published. Summary budget data is included in the college’s annual report that is widely distributed in the communities served by WNC.
Budget information is disseminated to faculty and staff at budget forums held twice a year. The forums are used to facilitate discussion among the faculty and staff and the president and vice presidents. The forums include presentations by the president and vice presidents on the budget development, status of budget requests, priorities, and resources. The chief budget officer works with departments on building budgets and addressing inquiries from faculty and staff. (Appendices 7.1, 7.2; Exhibits 7.1, 7.6, 7.7) (7.A.3)

USE AND LIMIT OF DEBT

Debt service is a small part of the WNC budget. To incur debt, the college must receive the governing board's approval. When approving new debt, the board requires a business plan that addresses repayment. In 2007, Western secured legislative approval for $20 million of bond debt to build a residence hall on the Carson campus. No debt has been issued because the feasibility has not been established.

WNC currently has one note payable, and the balance as of June 30, 2009 was $1,360,315. The proceeds from the note were used to retrofit the Carson campus with an energy efficient heating and air conditioning system and improved conservation devices for utilities savings. This pilot project was designed in collaboration with the State of Nevada. During the planning process, it was demonstrated that the savings in utility bills would exceed the debt repayment. The principal and interest are paid from state operating appropriations that would have gone to utility expense. Annual principal and interest payments are $227,270.

Over the last 10 years, there have been significant building projects on the Carson campus. A library and student center was built as well as a baseball facility. An ADA retrofit project is currently under way that is budgeted at $3,721,000. Phase I of that project has been completed, and Phase II is under design. The library/student center and the ADA project were funded by the state (via capital bonds), and the state is responsible for any debt incurred for those projects. The baseball field was paid for with donations secured by the WNC Foundation.

| Table 7.2: Capital Improvement Fund Balances |
|---------------------------------------------|----------------|
| Source: Controller’s Office                 |                |
|                                             | Balance        |
| Year Ending                                 |                |
| 6/30/2004                                   | 283,260        |
| 6/30/2005                                   | 387,645        |
| 6/30/2006                                   | 488,469        |
| 6/30/2007                                   | 467,000        |
| 6/30/2008                                   | 505,000        |
| 6/30/2009                                   | 752,000        |

If college debt were needed for a capital project, the capital improvement fund could be used to service that debt. A portion of registration fees is designated for capital improvement ($4.19 per credit from lower-division fees and $11.03 per credit from upper-division fees). To avoid the costs of financing, capital projects could also be paid for directly out of this fund. The steady growth in the fund provides assurance that debt for capital outlays will not create an unreasonable drain on resources available for educational purposes. (Table 7.2) (Exhibit 7.8) (7.A.4, 7.B.2)
### Table 7.3: Actual State Appropriations Compared to Original Amounts Appropriated

<table>
<thead>
<tr>
<th></th>
<th>Original State Appropriation</th>
<th>Operating Budget Reductions</th>
<th>Non-Operating Reductions*</th>
<th>Delayed Merit Increases</th>
<th>Reversion of COLA**</th>
<th>Post-Reversion Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2007-08</td>
<td>21,124,414</td>
<td>417,414</td>
<td>162,000</td>
<td></td>
<td>20,545,000</td>
<td></td>
</tr>
<tr>
<td>FY2008-09</td>
<td>22,147,933</td>
<td>1,187,569</td>
<td>644,082</td>
<td></td>
<td>359,865</td>
<td>19,956,417</td>
</tr>
</tbody>
</table>

*Reduced contributions to workers comp and funding for retired employees’ health insurance.

**State budget requirements do not allow unused COLA to be transferred to other budget areas.

### Adequacy of Financial Resources

Since fall 2007, balancing the college budget within available resources has been a difficult but manageable task. The state provides funding based on a formula that takes into account enrollment, types of courses offered, square footage, acreage, and other metrics representative of the costs of providing higher education. Future enrollment is usually projected on a rolling average over the preceding three years. However, that method was temporarily replaced with a new method that minimizes the impact of budget cuts on any one institution. The modified methodology weights the current enrollment more heavily.

The single largest portion of the WNC budget is state appropriations. Early in FY2007-08, it was evident that state revenues could not support the budgets approved by the legislature. The Governor called for a reversion of state appropriations. Overall targets for the reversion were set by the state, and the college budget had to be adjusted accordingly. The board’s and the college’s primary considerations in crafting a solution to the state’s revenue shortfall were to minimize the impact on services to students and to spread the burden across all areas of the college so as not to unduly stress any one area.

The college initiated seven actions to deal with shrinking state revenues during the previous biennium:

1. Western implemented a hiring freeze on all vacancies.

2. Savings generated from the hiring freeze were used to provide an incentive to encourage retirement of employees in positions that were not mission critical, thus decreasing ongoing payroll costs. Criteria for selecting specific positions for a buy-out offer included how the existing duties could be absorbed and whether a savings could be realized when the position was eventually refilled.

3. The merit raises that were scheduled to be effective July 1, 2008 were deferred until January 2009 for a savings of $162,000. The budget for FY2008-09 had included $325,000 for professional employees’ merit increases.

4. WNC reverted $350,000 in capital appropriations budgeted for deferred maintenance. After the reversion, the college still had a balance of...
$1,011,185 for building maintenance at the end of FY2007-08. Also, an additional $352,674 in building maintenance funds was appropriated to WNC by the legislature in 2009.

5. The Board of Regents approved a $2.75 per credit surcharge. Students were made aware of the shortfall facing WNC and supported the surcharge. The surcharge replaced approximately $180,000 per year of the reduction in state funds.

6. Expenses for workers' compensation were reduced. The NSHE system is self insured for workers' compensation, and the fund had been built up to a level that allowed for a rate reduction.

7. Funding for deferred expenses to cover retired employees' health insurance was reduced. This action increased the state's deferred liability but reduced current expenses.

After these cost-saving measures were implemented, the college still had to cut $417,000 from the FY2007-08 budget and $1,187,569 from the FY2008-09 budget.

Table 7.3 shows the severity of the budget cuts for FY2007-08 and FY2008-09. For example, the actual state funding in FY2008-09 went from $20,545,000 to $19,956,417, a reduction of $588,583. However, the reduction from the original appropriation was $1,187,569. Because of position vacancies, $359,865 from the COLA appropriation could not be used. The reductions are further compounded from the reduction in FY2007-08. The original state appropriations were built on a formula designed to fund Nevada institutions on a par with peer institutions. The state could not afford to fund the full formula amount, and the college started out with original appropriations that were approximately 84% of full formula funding. (Table 7.3)

To ensure that departments would continue to function in the face of the budget crisis, including the hiring freeze, the president appointed a task force charged with maintaining institutional stability and student services in 2007. The task force meets regularly and reports to the president on its activities. The task force is chaired by the vice president of Finance and Administrative Services. Other members include faculty, classified employees, and students.

As the budget process worked its way through the 2009 legislative session, reductions to the NSHE budget as high as 40% were proposed. The WNC budget is 70% state funded, so a 40% reduction in state funding to WNC would be impossible to absorb without significant reductions in programs and staffing. The final state budget approved by the legislature maintained WNC state funding with a 12% cut from maintenance level and included $3.9 million in federal stimulus funding. The maintenance level would provide for inflationary increases, merit increases, and costs associated with increasing enrollment. The decrease between FY2008-09 and FY2009-10 was 1.62%. Table 7.4 shows changes in state operating appropriations to WNC from FY2005-06 to FY2010-11. The state support in FY2010-11 is the same as five years earlier.

Federal stimulus funding makes up 20% of the approved biennial budgets. If the federal stimulus funding cannot be replaced, restructuring academic programs and college services may be necessary. The state is currently projecting a $2 billion deficit for the biennium beginning July 1, 2011. The legislature is proceeding with a study of the state’s tax structure. State revenues for
Table 7.4: WNC State Operating Appropriations
Source: Controller’s Office

<table>
<thead>
<tr>
<th>FY</th>
<th>Final Amount</th>
<th>Change from Prior Year</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>18,771,000</td>
<td>1,615,000</td>
<td></td>
</tr>
<tr>
<td>2006-07</td>
<td>19,660,000</td>
<td>889,000</td>
<td>4.74%</td>
</tr>
<tr>
<td>2007-08</td>
<td>20,545,000</td>
<td>885,000</td>
<td>4.50%</td>
</tr>
<tr>
<td>2008-09</td>
<td>19,956,417</td>
<td>(588,583)</td>
<td>-2.86%</td>
</tr>
<tr>
<td>2009-10*</td>
<td>19,633,000</td>
<td>(323,417)</td>
<td>-1.62%</td>
</tr>
<tr>
<td>2010-11**</td>
<td>19,615,000</td>
<td>(18,000)</td>
<td>-0.09%</td>
</tr>
</tbody>
</table>

*Includes $3,917,000 in Federal stimulus funds.
**Includes $3,918,267 in Federal stimulus funds.

Amounts for FY2009-10 and FY2010-11 have been authorized by the state but are subject to reversion.

FY2009-10 are significantly below the levels projected by the 2009 legislative session. As a result of the continuing decline in state revenues, a special session of the Nevada Legislature convened in February 2010, and a number of changes to the FY2010-11 biennial budget were adopted. Consistent with these actions, the college implemented a number of mandates related to addressing the state’s financial crisis. This included a 6.9% budget reduction in FY2010-11 and a prorated reduction (four months, effective March 1, 2010) in FY2009-10. The state also eliminated funding for a deferred maintenance program and reallocated ARRA funding originally designated for FY2010-11 into FY2009-10 (anticipating that increased General Fund revenue will be available in FY2010-11 to cover the hole). Most of the remaining “fixes” to the revenue shortfall are one-time or temporary increases to agency user fees, sweeping specific accounts, and authorizing some state offices to implement a 4/10 work week. One of the account sweeps involved the funding used to support the Millennium Scholarship program, which is now expected to be solvent only until 2015.

Despite reductions in state revenues, WNC has been able to maintain the quality of educational programs and services, although instruction and instructional support are greatly impacted because of the loss of professional staff. The financial impact of the reduced state funding for FY2009-10 and 2010-11 is being mitigated by a reduction in payroll costs resulting from the hiring freeze and buy-outs, suspending professional employees’ merit raises, suspending classified employees’ merit increases and longevity bonuses, and implementing a furlough program.

Classified employees are on a one-day-a-month furlough program for FY2009-10 and FY2010-11. Professional employees began a mandatory furlough program on July 1, 2010. Because of contractual restraints, professional employees could not be required to begin any sort of salary reduction until July 1, 2010; however, many
professional employees voluntarily entered into furlough agreements in FY2009-10. The savings from the one-day-a-month furlough is 5%, but the actual savings to the college is 4.3% because the furlough program is designed to keep employees' retirement benefits at pre-furlough levels. A problem with furloughs is that there is no reduction in work that corresponds with the reduced pay.
The state's inability to fund higher education at the levels the college has experienced for the last 30 years has forced WNC to pare back wherever possible. New programs are fewer than in the past, everyone in the college is doing more work, and the ratio of part-time to full-time instructors has increased. Despite these challenges, student success has remained the central focus in financial planning. Declining state revenues have not jeopardized the quality of existing programs, but the Board of Regents is carefully examining all new program proposals to determine their financial feasibility.

To deal with the reductions in state funding, the college held a percentage of the state appropriation for FY2006-07 in reserve. The practice of maintaining a reserve has been critical in dealing successfully with the reversions of state funds. The target reserve each year has been 5% of state appropriations. For the current year, Western was not able to meet the 5% goal, and if further reductions in state funding materialize, the college will have to reassess critical services.

Any funds held for reserve and not needed for reversion are used to meet critical, one-time needs at the end of the fiscal year. In the past, reserves not needed for a reversion have been used to replace, for example, outdated vehicles in the motor pool or a failing heating and air conditioning system. This use of reserves saved the college from having to take on significant debt and/or reducing the capital improvement fund.

Western has also had to impose a surcharge on registration fees: a 5% surcharge to start in spring 2010 and an additional 5% in fall 2010. The majority of registration fees goes into the state budget and is subject to reversion if not expended during the current year. A portion of registration fees goes to a general improvement fund that carries forward from year to year. General improvement funds are used to address student needs and activities. WNC has slowly built up the general improvement
fund over the years. The portion of registration fees that goes to general improvement increased from $6 per credit in FY2008-09 to $6.20 in FY 2009-10. The balance in the fund increased from $446,246 in FY2008-09 to $561,817 at the end of FY2008-09. Over the past five years, registration fees at WNC have increased at reasonable levels. These minimal increases have provided the college with needed resources while maintaining affordable rates for students.

<table>
<thead>
<tr>
<th>Year</th>
<th>Fee</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>49.00</td>
<td></td>
</tr>
<tr>
<td>2005-06</td>
<td>50.75</td>
<td>3.57%</td>
</tr>
<tr>
<td>2006-07</td>
<td>52.50</td>
<td>3.45%</td>
</tr>
<tr>
<td>2007-08</td>
<td>54.75</td>
<td>4.29%</td>
</tr>
<tr>
<td>2008-09*</td>
<td>60.00*</td>
<td>9.59%</td>
</tr>
<tr>
<td>2009-10**</td>
<td>63.00**</td>
<td>5.00%</td>
</tr>
<tr>
<td>2010-11**</td>
<td>66.00**</td>
<td>4.76%</td>
</tr>
</tbody>
</table>

*Includes a $2.75 registration surcharge. **Includes a $3 surcharge.

Students pay a $5.50 technology fee per credit. Four of those dollars go toward purchasing high tech equipment used by students, and $1.50 is designated for the new Student Information System (SIS), known as the iNtegrate project. Annually, the equipment portion of the fee generates approximately $340,000, and the iNtegrate portion generates approximately $125,000. A college committee reviews all equipment requests for the high tech fund and prioritizes the requests based on student needs. Equipment for administrative uses is paid from general operating funds.

Long-term planning has remained on track with the acquisition of two strategic parcels of land and a baseball field, and ADA improvements on the Carson campus. Both the land and baseball field were funded from private donations generated by the WNC Foundation, and the ADA improvements were state appropriated. The 2009 legislature approved an augmentation to the ongoing ADA improvement in the amount of $894,085. One parcel of land at the Fallon campus will provide increased building space to that campus. A second parcel adds parking space on the Douglas campus. Both parcels will provide for future growth in enrollment. Despite the current economic downturn, the college continues to plan for future needs in the WNC service area. (Tables 7.2, 7.3, 7.4, 7.5; Figures 7.1, 7.2, 7.3) (Exhibits 7.2, 7.8) (7.B.1, 7.B.3, 7.B.5, 7.B.7)

FINANCIAL AID

Scholarships, grants in aid, student loans, and student employment are administered by Financial Assistance and are subject to the same accounting controls and auditing as all other departments. Financial Assistance strives to make maximum use of student aid opportunities available through the U.S. Department of Education. Between 2008 and 2009, Pell awards at WNC increased from $1,644,000 to $2,351,000.

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2005</td>
<td>11.1%</td>
</tr>
<tr>
<td>FY2006</td>
<td>10.5%</td>
</tr>
<tr>
<td>FY2007</td>
<td>6.8%</td>
</tr>
</tbody>
</table>
Another significant source of aid to students is the Nevada Millennium Scholarship program. Nevada dedicated a portion of its share of the Tobacco Master Settlement Agreement to fund a scholarship of $10,000 to Nevada high school graduates with a B average. Financial Assistance also manages scholarship awards from the WNC Foundation and other donors.

Unfunded financial aid is limited to registration fee waivers granted to Nevadans over 62 years old. Senior fee waivers are mandated by the governing board. The impact of the senior fee waivers is minimal because the additional enrollment results in few additional costs. The waiver applies to registration fees only. Seniors are responsible for lab fees and technology fees associated with their classes. (Appendix 7.5; Exhibits 7.2, 7.8) (7.B.6)

AUXILIARY ENTERPRISES

At WNC, auxiliary enterprises exist to serve the students and college community. A child care center is operated by the college as a service to students and the community, not as a revenue stream. WNC provides a facility for the center, utilities, custodial services, banking, and administrative support. The child care center charges fees to cover direct operating expenses. Just over half of the children belong to students. Students with children in the full-time care program receive a 20% discount when enrolled in six or more credits and receive priority for placing their children. There are also special rates for part-time students. Students are allowed to prorate fees so they are not paying for an entire year if they are at WNC only a semester. An evening care program is also available.

The book store (Follett) and food services (Jive n’ Java and Lifted at Sedway Cafe) are operated by contractors and provide $160,000 per year to the college in unrestricted revenues. (7.B.8)

Financial Management

Finances are centralized under the vice president of Finance and Administrative Services, who supervises the Budget Office, Controller’s Office, Facilities Planning and Management, and Environmental Health and Safety. Additionally, this vice president is responsible for contracting, risk management, and auxiliary enterprises. The vice president is a member of the college’s executive staff and reports directly to the president. The vice president of Finance and Administrative Services submits reports to the president, other vice presidents, and the Board of Regents to assist them in the planning process for the college.

Day-to-day financial activities are completed in the Controller’s Office. The controller is responsible for institutional business functions and financial reporting. All staff in the Controller’s Office are qualified to perform their duties and are appropriately trained for the tasks assigned. The financial management structure is effective for an institution the size of WNC. All college revenues and expenditures pass through the Controller’s Office and are governed by uniform policies and procedures.

During the last two years, Business Office staff associated with student accounts have been working closely with Student Services to implement a new SIS from PeopleSoft. WNC will “go live” with the PeopleSoft product in fall 2010. It is expected that the new system will improve services to students and create efficiencies in the Controller’s Office.

The chief budget officer is responsible for managing the current budget, planning, and
position control. The budget officer works closely with the college Budget Committee and vice presidents to ensure that the budget process is centered on strategic college goals.

WNC uses services provided by NSHE and Business Center North (BCN), a centralized business center. The system office provides an internal audit department, banking department, and investment services for both endowments and daily cash balances.

The NSHE internal audit reports to an audit subcommittee of the governing board. The internal audit selects areas to audit based on the risk associated with various functions, requests from the governing board, and requests from the institution. The internal audit department also performs unannounced audits. All internal audit reports and the responses prepared by WNC are presented to and approved by the governing board. The board’s audit committee also reviews all external audits, comments contained in the auditor’s management letters, and WNC’s responses.

An external audit of NSHE as a whole is performed annually. A supplemental section in the audit reports out the totals to specific colleges in the system. The audits are published on the NSHE website. All WNC funds are included in the audit. The audit includes a review of accounting policies, which are in accordance with generally accepted principles of accounting.

All bank accounts and investments are held in the board’s name, and the board has formal guidelines for investing and banking policies. Investment policies are stated in board policy (Title 4, Chapter 10). BCN provides purchasing and inventory control in accordance with standards set by the governing board.

The college president and the vice president of Finance and Administrative Services regularly report to the Board of Regents on the status of the college budget. There are standard reports provided to the board on a regular schedule, such as annual financial statements, and the board also requests special reports on an as-needed basis. The following state operating reports are submitted annually to NSHE:

- Operating Budget with Positions
- Legislatively Approved to Board of Regents Approved State Operating Budget
- Accountability (Budget to Actual) Report

The college submits the following state operating reports to NSHE on a quarterly basis:

- All-Funds Report of Revenues and Expenditures
- American Recovery and Reinvestment Act Report
- Report of Transfers Between Functions
- Fiscal Exceptions Report (of accounts with a negative balance in excess of $5,000)
- State Appropriations Report

In addition to the state operating reports, the college submits self-supporting operating budgets to NSHE. A detailed annual operating budget (for accounts with operating budgets in excess of $25,000) and a budget to actual expenditures report are submitted annually for these budgets.

The board also collects data on institutional needs as part of the biennial budget request process. (Exhibits 7.1, 7.10) (7.B.4, 7.C.1, 7.C.2, 7.C.3, 7.C.4, 7.C.5, 7.C.11, 7.C.12, 7.C.13)
Fundraising and Development

WNC FOUNDATION

The Western Nevada College Foundation is a 501(c)3 nonprofit corporation organized to hold and administer endowments for funding scholarships and to conduct capital fundraising campaigns for Western Nevada College.

The regents constitute the membership of the Foundation Corporation and appoint the Foundation Board of Trustees. Therefore, they exercise control over the Board of Trustees. Policies for fundraising and Board of Trustee responsibilities are defined in the WNC Foundation Board of Trustees Handbook. Also included are sections on ethics, advocacy, duties, responsibilities, and conflict of interest.

The vice president of Development and External Affairs, along with the Foundation Finance Committee (the college controller serves on this committee), has been designated by the Board of Trustees to be responsible for managing the investment policies and strategies for the Foundation. The Finance Committee meets every two months and reviews internal financial statements, the unrestricted budget, and the investment portfolio. Each quarter, the Foundation Board reviews and ratifies the work of the Finance Committee. All investments, with the exception of six endowments held by NSHE, are managed by broker/dealer Charles Schwab, who is insured for up to $100,000 by the Securities Investor Protection Corporation (SIPC).

An independent auditor audits the Foundation each year. In its 15-year history, the Foundation has received unqualified opinions each year regarding its financial management and condition, verifying that financial statements are virtually problem-free.

The Foundation’s financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.

The Foundation is a component unit of the college as defined in GASB Statement No. 39, Determining Whether Certain Organizations are Component Units. As such, the Foundation reports its financial activities and position using a single-column enterprise fund presentation as described by GASB 34. Additionally, the Foundation has elected to apply all Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

While the Foundation is a 501(c) 3 entity separate from the college, all college fundraising activities are coordinated through Development and External Affairs to provide for a cohesive and organized effort. The president sits on the Foundation’s Executive Committee and attends all Foundation quarterly meetings and the annual retreat. The vice president of Development and External Affairs reports directly to the president. The college controller serves on the Finance Committee.

Development and External Affairs has established a set of development policies and procedures with the following purposes:

- Provide a continuity of message in building understanding and support for college-wide funding needs.
- Avoid conflict and duplication of effort in the fundraising contact program.
- Maximize the contribution from each potential donor.
- Provide a complete accounting and audit trail of all monies donated to the WNC Foundation.
- Ensure that no other fundraising efforts compete with the priorities established by the Western Nevada College Foundation in support of the college.

Additionally, policies and guidelines for transfer of funds from the Foundation to the college are defined in the *NSHE Board of Regents Handbook*. All major fundraising projects are approved in advance by the Board of Regents and must align with the strategic plan of the college. The Foundation has an open record policy. However, anonymity rights cover those donors who do not want their contribution to the Foundation made public. (Appendices 7.6, 7.7; Exhibits 7.1, 7.11, 7.12, 7.13, 7.14) (7.C.5, 7.D.1, 7.D.3)

**ENDOWMENT FUNDS**

Two major bodies administer funds for WNC. The regents handle NSHE endowments, and the Board of Trustees of the WNC Foundation has designated the Foundation Finance Committee to review the financial health of the Foundation.

The Board of Regents has delegated management of endowments to an Investment and Facilities Committee comprised of five regents. The chancellor, vice chancellor for finance, and the director for banking and investments serve as ex-officio members of the Investment Committee. Guidelines for endowment fund management are defined in the *NSHE Board of Regents Handbook* (Title 4, Chapter 10). External audits of the fund occur annually, and the auditors have reported that the funds are managed in accordance with generally accepted accounting principles. (Exhibits 7.1, 7.14) (7.D.2)

**Strengths**

- Since 2007, creative and effective financial planning has allowed the college to balance its budgets with available resources.
- Even with major cuts in the last two biennial budgets, no college employees have been laid off.
- Hiring freezes, buyouts, suspension of merit raises and longevity bonuses, and furlough programs are never popular remedies. However, against the backdrop of economic crisis, a significant majority of WNC employees have supported the college’s efforts to mitigate the loss of state revenues.

**Challenges**

- Since 2007, significant decreases in revenue and reversions of state appropriations have negatively impacted the operation of the college, most notably, in the areas of instruction and instructional support.
- The lack of stability in the college’s revenue streams has made financial planning and resource management difficult.
- During the next 18 months, alternatives to the one-time federal stimulus funds must be found. Federal stimulus dollars comprise 20% of the current biennial budgets.
• Limited funding has significantly hindered the college’s ability to address a growing list of deferred maintenance issues.

**Recommendations**

• The college must identify other efficiencies and measures to facilitate additional cost reductions.

• WNC should aggressively pursue and locate additional revenue sources.
Standard Seven Supporting Documentation

APPENDICES

7.1 Table 2: Current Funds Expenditures and Mandatory Transfers
7.2 Table 3: Summary Report of Revenues and Expenditures
7.3 Table 1: Current Funds Revenues
7.4 Table 10: Capital Investments
7.5 Table 4: Sources of Financial Aid
7.6 Table 9: Operating Gifts and Endowments
7.7 Ending Year Endowment Fund Balances (IPEDS 2006, 2007)

EXHIBITS

7.1 NSHE Board of Regents Handbook
   7.1.1 Internal Audit, Finance and Administration Policies (Title 4, Chapter 9)
   7.1.2 General Business Management (Title 4, Chapter 10)
   7.1.3 Fees and Expenses (Title 4, Chapter 17)
   7.1.4 Financial Aid (Title 4, Chapter 18)

7.2 NSHE Procedures and Guidelines Manual
   7.2.1 Fiscal Procedures (Chapter 5)
       http://system.nevada.edu/Board-of-R/Procedures/P-Gchap5R.pdf
   7.2.2 Fees and Tuition (Chapter 7)
       http://system.nevada.edu/Board-of-R/Procedures/P-Gchap7R.pdf
   7.2.3 Millennium Scholarship (Chapter 12)
       http://system.nevada.edu/Board-of-R/Procedures/P-Gchap11R1.pdf

7.3 Grants Review Committee Documents
   7.3.1 Grants Committee Bylaws
   7.3.2 Grant Proposal Review Form
       https://intranet.wnc.edu/download/info/2009-10-19_14:47:06_grant_proposal_review_form.doc

7.4 Budget Process (WestNET)
   https://intranet.wnc.edu/departments/budget/budgetprocess.php

7.5 2006-2010 Strategic Plan
EXHIBITS (Cont.)

7.6 Current Operating Budget
7.7 2008-2009 Report to the Community
7.8 IPEDS Report - Financial Section
7.9 Default Rates
7.10 NSHE Financial Statements
   7.10.1 FY 2009
   7.10.2 FY 2008
7.11 WNC Foundation Board of Trustees Handbook
7.12 WNC Foundation 2009-2010 Unrestricted Budget
7.13 Development Office Policies and Procedures
7.14 Foundation Financial Statements and Report of Independent Accountants
   (FY2009 and FY2008)