

## Standard 7 – Self Study Report Executive Summary

### Section 1 – Summary

Truckee Meadows Community College operates within the broad UCCSN financial structure and within the authority delegated to it by the Code, the Board of Regents Handbook and other authoritative regulations and laws. Given these parameters TMCC operates fairly independently, is responsible for its strategic planning, internal administrative operations, funding allocations within the resources available, facilities and academic planning, and reporting to the Board, internally and to the public.

The UCCSN's funding formula wields significant influence on the nature and focus of TMCC's financial planning strategies. Growth in student enrollment, for example, drives the funding formula used to determine funding support for all activities related to the institution's instructional programs. The funding formula generates funds necessary to finance instructional faculty, classified employees, student wages, operating funds, and equipment purchases. Projected student full-time equivalents (SFTE) enrolled during each year of the biennium determine the institution's level of funding. Funds generated through the funding formula are allocated to finance an adequate number of instructional faculty and support staff to fulfill the educational needs of the projected student enrollment.

The procedures for budget development and established budget policies are clearly defined. The TMCC administration has responded to the need for more open communication with the faculty and staff directly affected by budget decisions and allocations. TMCC made open communication and interaction regarding the budgeting process and decision making a top priority in its management philosophy.

Truckee Meadows Community College's conservative debt management strategies is in accord with guidelines established in the State of Nevada bylaws.

TMCC's accounting system follows the generally accepted accounting principles. All expenditures and income are recorded in the TMCC financial accounting system and are monitored for accuracy and completeness by the staff in both the Controller's Office and the Budget Department. Administrative computing for the budget and financial systems in the UCCSN system, including payroll, is done at the UCCSN System Computing Center. In addition, UCCSN has an Office of Internal Audit. The Director of this office reports to the Board of Regents Audit Committee and

submits completed internal audits to the Board of Regents Audit Committee and them to the full Board of Regents.

Federal financial aid funds (Pell Grants) are audited through the A-133 audit performed in recent years by PricewaterhouseCoopers. All other funds for financial aid are included in the annual audit conducted by an independent auditor. The UCCSN Department of Internal Audit periodically audits the TMCC Student Financial Aid and Employment Department.

TMCC fundraising activities are under the purview of the Chief Advancement Officer/Executive Director of the TMCC Foundation. The position reports to the President of the College.

#### Updates On Issues Addressed in 1995 Self Study

The 1995 Accrediting Committee commended the college and noted that "the financial affairs of the college are well managed and its overall financial health is sound." They noted that: organization and administration of the finance area are excellent, audits reveal no serious problems, an adequate current fund balance is maintained and there is increasing faculty and staff involvement in the budgeting process.

The 2004 Standard Seven Self-Study Subcommittee found that these observations continue to be accurate and that progress has been made on the weaknesses noted in 1995. The UCCSN has worked with the Nevada legislature to develop and document funding formulas to assure equity among UCCSN institutions and to respond to the growth in the state. These are documented in the UCCSN Funding Methodology Handbook. TMCC is making a greater effort to link its strategic planning and facilities master plan with the budgeting process and timelines.

A weakness noted in the 1995 Self Study was the lack of a managerial accounting system providing user-friendly reports. The Controller's Office and the Budget Department provide extensive training to account managers on reading and using the reports generated by the administrative computing system and will encourage use of the Data Warehouse System. Developing a management system to facilitate decision-making is a goal of the college for 2004/05.

## Strengths, Weaknesses & Analysis:

### Strengths

- Experienced, well-qualified professionals lead the Budget office and Controller's office.
- The Board of Regents does not allow deficit spending, and all indebtedness must be guaranteed by adequate student fees revenues.
- TMCC has a strong and effective system of financial accounting and budgeting.
- The recently revised Instruction Formula adopted by the Nevada legislature provides funding based on SFTE growth as estimated by a weighted average of the past three years enrollment. The new formula benefits TMCC, and provides stable funding from the state.
- The college endowment has grown to approximately \$6 million, which earns almost \$200,000 in annual income used mainly to fund scholarships.
- The College has seen a change in its net assets to indebtedness ratio upon purchase of the Meadowood facility. However, the ratio is still very strong, and income from leasing part of the new facility more than offsets the debt service.
- The College has active Foundation and advisory boards which bring in additional resources and connect the College to the community.
- The College has succeeded over the years in writing several grants that fund a variety of special needs. Moreover, the College has strengthened its ability to be even more effective in this area by hiring a full-time grant coordinator.
- The College has made much progress in coordinating its strategic planning process with financial planning through the Planning Council which includes representation from all areas of the College.
- Financial data warehouse added last year

### Weaknesses

- The College, though making progress in aligning financial planning with academic planning, still needs to improve in this area. Development of an Academic Master Plan is scheduled to be completed by June 2005.
- The College uses a financial accounting system which still lacks a user friendly management accounting feature. The UCCSN Data Warehouse System has improved access to financial information to the departments but additional work is needed.
- The internal budget process lacks definition and participation from departmental constituencies. Improvements for 2004/05 include creating a

Budget Advisory Committee, development of a website to provide budget information to the campus and other steps to increase input and awareness of budget matters.

- The Board of Regents needs to continue bringing funding for part-time faculty up to the level of funding for full-time faculty. The target figure is \$800 per credit hour taught. In the fall of 2004, TMCC increased the salary by \$25 to \$650 per credit hour.
- The state does not fund major programs of the College's mission such as work force development.

