

**ACADEMIC PLANNING COMMITTEE
MINUTES
University of Nebraska – Lincoln**

October 4, 2017

Members Present: Bender, Bloom, Clarke, DaSilva, Farrell, Franke-Schubert, Hinchman, Marron, Nunez, O'Connor, Plowman, Purdum, Sollars, Trainin, Woodman

Members Absent: Boehm, Goddard, Zach

Others Attending: Janae Aune, VC Jackson, Senior Associate to the President Dr. Kostelnik

Note: These are not verbatim minutes. They are a summary of the discussions at the Academic Planning Committee meeting as corrected by those participating.

1.0 Call

Bloom called the meeting to order at 3:03 p.m.

2.0 Vice Chancellor Jackson - Review of 2018 Fiscal Year Budget and History of Budget Reductions

Jackson reported that she was asked by Bloom to talk about the history of budget cuts and the current budget challenges facing the campus. She stated that a quick summary of the budget shows that UNL's budget from all sources (state appropriations, student tuition, federal funds, auxiliaries, and private funds) is approximately \$1.3 billion. She noted that about 20% of our budget still comes from the State of Nebraska. She reported that a review of the UNL general operating budget shows that 81% of our budget is allocated to academic and support units, such as the Colleges and University Libraries. She pointed out that in reviewing UNL expenditure by type, 87% of the operating budget is for people (salaries and benefits) leaving only 13% for utilities, equipment purchase, travel, and other operating expenses, and these expenses are sometimes funded through vacancies in open personnel lines.

Bloom asked how much variance occurs from year to year with the amount budgeted for utilities. Jackson stated that factors such as cold temperatures in the winter and hot temperatures in the summer have a significant influence on the utility budget. She noted that we try to keep 10% of the utilities budget to cover unusual hot or cold weather conditions and unexpected maintenance costs. She stated that if the winter months are not as cold, her office will look at our utility infrastructure to identify required utility system repairs.

Jackson reported that in the period from 2002-2017, 13 rounds of budget cuts occurred for a total of \$60 million. She stated that of the \$60 million, \$25 million was from City Campus, \$12 million was from IANR, and \$23 million was from administration. She stated that of the \$23 million about half was covered by tuition increases that were used to help with the budget cuts. She pointed out that when the budget is developed flat enrollment rates are used and growth in tuition revenue has been used in the past to help offset the budget cuts. She noted that small growth tuition revenue has helped solve some of UNL's budget cuts over the years. She stated that if there had not been tuition increases there would have been more budget cuts across the

campus. Bloom asked for clarification on the tuition costs. Jackson stated that a budget is established every year based on the previous year's budget, although some adjustments will be made if an anomaly is identified. For instance, if there is a new program with another country that would bring in a significant number of students, adjustments would need to be made.

Jackson noted that the Chancellor previously reported the university's \$49 million budget gap for the 2018 and 2019 fiscal years. She noted that some of the budget gap has been addressed with the \$3 million enrollment increase and \$24,000,000 tuition increase across the system. She stated that this left \$22,000,000 in our budget gap that is being managed through the Budget Reduction Taskforces process. She reported that UNL's allocation from the BRT savings will be \$1.8 million for fiscal year 2018 and \$9.4 million for 2019 fiscal year for a total of \$11.3 million. The current budget shortfall for UNL will total \$6 million for the biennium, and the Chancellor is seeking an additional \$2.5 million to help address a possible rescission in the budget from the Legislature, or to cover any shortfall that may occur if the BRT savings do not achieve their anticipated savings.

Jackson provided details regarding UNL's \$6 million budget shortfall noted above. She reported that UNL centrally manages the employee fringe benefits for the campus units. An interesting trend that has impacted our benefits budget is an increase in number of employees enrolling in family health care coverage. She noted that previously we were able to manage the annual benefits budget by putting in one time money if there was a shortfall, but we are now at the point that we now have to increase the benefits budget. She stated that another factor in our FY 2018 budget shortfall is that we have new buildings coming on line. She pointed out that in the past we received budget funds to operate these buildings, but that is no longer the case; therefore, we have to set money aside for the buildings. She stated that another expense is the summer tuition grant program which was utilized to boost enrollment in summer sessions. She pointed out that this could possibly bring in some additional revenue if enrollment increases. She stated that graduate student health insurance is a cost that most Big Ten universities cover. She reported that this summer the health insurance for graduate students was rebid which resulted in a 15% increase for covering these students. She pointed out that graduate students do pay a portion of their health coverage. DaSilva asked if there will be another increase for graduate student health care coverage in the next few years. Jackson pointed out that there is only one vendor in the state of Nebraska that offers student health insurance which presents a challenge. She stated that recently there has been more premature births among the graduate students which is the cause for the rate increase. She stated that the administration is monitoring the situation closely, but there is an expectation that there will be an increase, although this will not be confirmed for another six months.

Jackson stated that UNL has contracted with EduCo to assist in recruiting international students. The company has broadened our reach into many more countries and through their efforts we have stabilized our international enrollments. She pointed out that the alternative of not using EduCo could mean lower enrollments which would impact our budget. Plowman noted that from the pilot program with this company we saw a positive revenue gain. Jackson stated that the university will receive a \$2.2 million net income after the bill is paid. Bloom asked why the \$1.4 million is shown as a deficit for the campus if there is a net income of \$2.2 million. Jackson stated that enrollment in the tuition forecast was held flat for international students. She pointed

out that if we did not have the contract with EduCo we would have to reduce our budget by \$2.2 million. Bloom noted that the contract with EduCo is on the Regents' agenda for approval. Jackson stated that now that the pilot program was successful it needs to get approval from the Board to continue the contract. She stated that the remaining \$92,000 from UNL's budget shortfall is for SIS and to keep the PeopleSoft program running.

Woodman noted that the FY 2019 budget shortfall figures have not been released yet. Jackson stated that this is correct because the hope is that we will not have any additional deficits going into FY 2019. Bloom pointed out that the table is confusing because it makes the 2018 costs seem like a one-time expense. Jackson stated that the budget has been carefully reviewed to identify whether there will be any additional costs in FY 2019. She stated that the state budget will be watched carefully because we may see more budget cuts. She stated that it would be good to look at some alternative cuts that could be made now or we will have to deal with more cuts next year.

Jackson stated that the university has money in reserves for one-time use, but increasing UNL's permanent reserves for strategic initiatives and planning that would be helpful. Plowman noted that we are hoping that \$11.3 million of our \$19.7 million campus shortfall will be covered by the BRT savings which the APC does not have to address. Jackson pointed out that the university is trying to find even more savings with the BRT process.

Farrell noted that Jackson has been through the budget cutting numerous times and asked if she had any advice on how the budget cutting process could be improved or if there are things that should be avoided by the APC. Jackson stated that after being at five major universities she thinks the APC process is the most fruitful process that allows thoughtful consideration which generates better proposals. She noted that there is a lot of anxiety with the process, but the size of the committee and the mix of people makes it stronger.

3.0 Senior Associate to the President Marjorie Kostelnik - Budget Reduction Task Force Recommendations

Kostelnik stated that she wanted to echo the positive comments that Jackson said regarding the APC and the procedures for dealing with budget reallocations and reductions. She noted that she served on the APC during the 2002-2005 budget cuts and while the work is very hard for everyone involved, the members of the Committee asked very thoughtful questions.

Kostelnik stated that the Budget Reduction Taskforce (BRT) process is focused on administrative and functional operations that can be found system-wide. She stated that there have been four goals: 1) to address the \$49 million deficit to the university's budget, 2) to keep tuition reasonable, 3) to maintain the quality of the programs at the university, 4) to preserve as many jobs as possible. She reported that approximately 100 people were involved in identifying the recommendations, many of them who were in the administrative and functional operations of the University and the teams had 75 days to do their work. From the teams, 100 proposals were made to the steering committee and 72 proposals were accepted by the President and Chancellors. These 72 proposals can be found on the web at <https://nebraska.edu/-/media/unca/docs/brt/overview-of-budget-reduction-strategies-rev-september-12->

[2017.ashx?la=en](#). She pointed out that some of the processes from these proposals will need to evolve over time.

Kostelnik reported that the BRT process is five stages and we are currently in stage two, the initial installation phase. She stated that in this phase considerable decision making will need to occur and good communications will be needed with the campuses because the savings to the administrative and functional operations will impact the academic programs. She stated that stage three is where you start to get the outcomes and this is very important because this is where savings begin and the impacts of the changes are seen. She pointed out that in this stage some adjustments may need to occur. She stated that in stage four the outcomes will need to be considered to determine if they are enough and in stage five refinements will be made. She stated that the Central Administration is really trying to move through all of the phases with as much precision as possible

Kostelnik stated that some of the challenges include how to communicate with everyone University-wide. She pointed out that the functional operations have never before been combined and the campuses have not had to work as a complete system. She stated that an example would be printing. She noted that each of the campuses have had their own print shop and most of the work they do is duplicated on each campus. However, one print shop might excel at printing magazines or doing color photos while a different print shop excels with large formats and each of the print shops would print what they specialize in, but do it for the entire system.

Kostelnik noted that two of the Human Resources proposals have been disconcerting: the payout for staff employees retiring and the vacation accumulation. She reported that a letter will be sent out to the campuses shortly that these proposals have been put on hold and there will be no changes to these benefits until 2019. She noted that the vacation payout for people who leave the university is \$3 to \$4 million a year.

Bloom stated that it seems like many of the proposals are a work in progress. He pointed out that the APC is supposed to respond to the Chancellor's proposal to consider \$8.5 million in budget cuts rather than \$6 million. He stated that the implementation of the BRT recommendations could produce more, or less, savings and questioned whether the campuses will need to consider even more budget cuts. Kostelnik noted that the process is somewhat fluctuating, but she has told the academic units that they can count of the administration to come up with the promised amount of savings.

Purdum stated that the estimates on the BRT savings seem to be very high. She asked if grant money for travel was distinguished from state appropriated funds. Kostelnik stated that the money that will be saved on mileage reimbursement is from the state dollars, but in order to get the State to agree with the lowering of the reimbursement rate, the University was required to have the same rate across the system, regardless of source of funds. Bender noted that some of the recommendations will need Board of Regents approval. He asked if the per diem model for travel reimbursement is being considered. Kostelnik stated that per diem cost is effective and would definitely be helpful, but it will need State approval.

Bloom asked if there is an iron clad statement that the BRT process is going to achieve the savings that are projected. Kostelnik stated that nothing can be iron clad, but all efforts are being made to meet the goal of delivering the savings identified. She stated that hundreds of people are working to achieve the identified efficiencies. Plowman pointed out that Bloom's question leads to the assertion that it is important that we try as a campus to coordinate our efforts to help with these efficiencies because if we do not receive the \$11 million from Central Administration to offset our budget shortfall, the APC will need to do much more work to identify additional budget cuts.

Woodman asked if there are any plans to measure the impacts of the cuts. Kostelnik stated that identifying the impacts will occur in the third stage of the process and it would be helpful to get feedback from the campuses. Bender noted that the bulk of the reductions will be in the next fiscal year, but asked if the reality of the BRT efficiencies will be known by the end of this academic year. Kostelnik reported that the University hopes to have firmly identified some savings by January. She stated that the benchmarks for each of the 72 recommendations will be reviewed to see when they will hit and who will be affected when the recommendations are enacted. She stated that she is willing to come back in a few months to talk further with the APC.

Kostelnik stated that more information on the BRT recommendations will be posted on November 1 on the Budget Response Team website. She reported that the team leaders from the campuses have been asked to meet monthly. She stated that corrective feedback is welcomed and noted that really good suggestions have been coming in from the campuses.

4.0 Approval of September 20, 2017 Minutes

Trainin moved for approval of the minutes. Marron suggested a couple of minor corrections and then seconded the motion. Motion approved.

5.0 Reports from the EVC of Academic Affairs, VC of IANR, Interim VC of Research and Economic Development

Plowman reported that all focus is currently on the budget and UNL wants to be a part of the conceptual model for the budget that is being developed by Central Administration. She noted that it has been stressed to the deans the importance of the BRT recommendations and the savings that can come from them. She stated that in the end the only way to get the savings is to pull it from the units which will affect the colleges. She believes that we will be able to get to the numbers that we need to reach to handle our budget cuts, and by November 15 she and Boehm will have some ideas of the proposed cuts. She pointed out that City Campus is really working hard to find as much central savings as possible.

Plowman stated that the first Faculty Club night occurred and it was a success. She pointed out that there is no agenda and the Club is just to provide a setting where faculty members get to meet other people on campus. She noted that the Faculty Club will occur once a month and invitations to the faculty will be emailed.

6.0 Other Business

Farrell asked what the timeline is for the APC to deal with the \$8.5 million budget cut. Bloom stated that first the APC needs to agree with the framework and the Chancellor is requesting that this be done by mid-October. He stated that by mid-November the proposed reductions will be presented by the Chancellor to the APC. He noted that the Committee needs to decide if it has the necessary information to be able to make a decision on the framework. He pointed out that he requested that a document be written by Nunez describing what the framework is and asked if the Committee should have a working meeting next week. The Committee decided that it would have a working session if Nunez can provide the document.

Bender reported that the Long Range Planning Subcommittee met this afternoon and thought that the best use of the time for the Committee would be to develop criteria for evaluating the proposed budget cuts. He stated that the Committee is asking the full APC to accept this as its charge this year. Purdum moved to accept this as a charge to the Committee. Motion seconded by Da Silva. Motion approved.

Meeting adjourned at 4:46 p.m. The next meeting of the APC will be on Wednesday, October 18, 2017 at 3:00 in the City Campus Union, Colonial Room B. The minutes are respectfully submitted by Karen Griffin, Coordinator.