



BOARD OF REGENTS AGENDA ITEM SUMMARY

Business and Finance

June 20, 2024

AGENDA ITEM: Approve the University of Nebraska’s FY 2024-25 Operating Budget. Reappropriate with the State of Nebraska’s Department of Administrative Services any unexpended balances existing on June 30, 2024 that are committed to be spent in FY 2024-25.

Review Review + Action Action Discussion

This is a report required by Regents’ policy.

PRESENTER: Chris J. Kabourek, Interim President and Senior Vice President | CFO

PURPOSE & KEY POINTS

The University of Nebraska’s proposed 2024-25 operation budget eliminates the biennial structural deficit and sets President-Elect Gold up with a clean slate as he transitions into the role.

Closing the deficit was one of Interim President Kabourek’s highest priorities, and he is pleased to deliver a fiscally conservative proposal that maintains our affordability and requires us to make spending cuts, while also making room for strategic investments that will move us forward in our goals for academic excellence.

The Board of Regents expected us to deliver a balanced budget and this proposal achieves that in three steps:

- \$11.5 million in permanent spending cuts to be found during the 2024-25 fiscal year. These follow nearly \$30 million in cuts that have been made over the past two years.
- No allocation for inflation. In other words, all units will need to reprioritize their spending to manage inflationary increases, just like Nebraska families and businesses are doing.
- An inflationary tuition increase. We don’t consider any tuition increase lightly. But we have big goals for academic excellence, and it’s appropriate for all of us – the University, the State and our students – to chip in to get us where we want to go. The proposed increase equals \$135 per semester for a Nebraska student at UNL, or \$1.29 per day. A UNK student would pay \$1 more per day. There will be no impact for Nebraska Promise students.

This budget isn’t about cuts, it’s a statement of our priorities. With strong fiscal discipline, we will be able to make investments that will have major impact for students, our state, workforce and Nebraska’s competitiveness:

- \$1.5 million to expand the Presidential Scholars Program to an annual cohort of 50 5-star scholars. The program has been a remarkable success in its first four months with 17 Presidential Scholars already signed to Team Nebraska. We are in a great position to build on our momentum.

- A \$15 million state investment in the Kristensen Rural Health Complex to get this transformational facility staffed and operating.
- \$1.5 million for President-Elect Gold to invest in priorities of his choosing.

We've discussed at length the headwinds facing us and we recognize we still have a great deal of work ahead. We will need to continue to have bold and sometimes uncomfortable conversations about priorities, our structure, productivity standards and program duplication if we want to find the resources necessary to move us forward.

We fully believe we can achieve our goals for AAU readmission, making UNO a premier metropolitan university, strengthening UNK's role in rural Nebraska, and maintaining our world-class medical center. That will require us to challenge the status quo. We look forward to a transparent, robust dialogue with all Nebraskans about the future of our University.

All expenditures, including compensation, are estimated and subject to the availability of state funds appropriated to the Board of Regents.

BACKGROUND INFORMATION

April 19, 2024 - The Board of Regents receive an update on the university's budget planning from Interim President Chris Kabourek.

Feb 9, 2024 – The Board of Regents receive an update on the university's budget planning from Interim President Chris Kabourek.

December 1, 2023 – The Board of Regents received a presentation on the university's five point plan from President Ted Carter.

May 31, 2023 – The Board of Regents received a presentation on the university's budget from President Ted Carter and Senior Vice President and CFO Chris Kabourek.

April 7, 2023 – The Board of Regents approved the 2023-2025 Collective Bargaining Agreement with the University of Nebraska at Omaha American Association of University Professors (UNO/AAUP).

February 10, 2023 – The Board of Regents approved the 2023-2025 Collective Bargaining Agreement with the University of Nebraska at Kearney Education Association (UNKEA).

August 11, 2022 – The Board of Regents approved the FY 2023-24 and FY 2024-25 University of Nebraska Biennial Operating Budget request guidelines.

RECOMMENDATION

The president recommends approval of the item.

University of Nebraska (Excluding NCTA)
General Operating Budget (also known as the 'State-aided' Budget)
FY 2024-25

(Operating Budget Supported Primarily by State Appropriations and Tuition Funds)

	FY 2022-23	FY 2023-24			FY 2024-25 Proposal			
	Updated with Enrollment	Updated Estimates	Change Amount	Percent	Estimates	Change Amount	Percent	
ESTIMATED FUNDING								(a)
State Appropriations	\$ 646,140,393	\$ 664,144,540	\$ 18,004,147	2.8%	\$ 680,547,547	\$ 16,403,007	2.5%	(b)
Rural Health Complex Salaries & Operating					14,500,000	14,500,000	2.2%	(b)
2024 Legislative Session A Bills					375,777	375,777	0.1%	
Total State Appropriations					\$ 695,423,324	\$ 31,278,784	4.7%	
Net Tuition (less University Remissions)								
Resident	213,747,371	221,228,530	7,481,159	3.5%	231,235,971	10,007,441	4.5%	(c)
Nonresident & International	131,698,185	136,311,668	4,613,483	3.5%	143,529,864	7,218,196	5.3%	(c)
Tuition subtotals	345,445,556	357,540,198	12,094,642	3.5%	374,765,835	17,225,637	4.8%	(c)
Investment Income, other cash funds	19,126,860	19,126,860	-	0.0%	19,302,373	175,513	0.9%	
Total Unrestricted Funds	1,010,712,809	1,040,811,598	30,098,789	3.0%	1,089,491,532	48,679,934	4.7%	
ESTIMATED EXPENDITURES:								(d)
Core Operations								
Faculty Salaries	340,522,228	350,737,895	10,215,667	3.0%	361,260,032	10,522,137	3.0%	(e)
Nonfaculty Salaries	332,739,973	342,722,172	9,982,199	3.0%	353,003,837	10,281,665	3.0%	(e)
Benefits	83,360,664	85,861,484	2,500,820	3.0%	88,437,329	2,575,845	3.0%	
Health Insurance	87,943,497	98,936,434	10,992,937	12.5%	110,808,806	11,872,372	12.0%	(f)
Total Compensation	844,566,362	878,257,985	33,691,623	4.0%	913,510,004	35,252,019	4.0%	
General Operations	112,422,342	116,244,702	3,822,360	3.4%	119,732,043	3,487,341	3.0%	(g)
Utilities	47,940,595	48,659,704	719,109	1.5%	49,389,600	729,896	1.5%	(g)
Core Operations	1,004,929,299	1,043,162,391	38,233,092	3.8%	1,082,631,647	39,469,256	3.8%	
University Priorities:								(h)
Nebraska Promise	19,000,000	19,964,000	964,000		20,643,000	679,000		
Kristensen Rural Health Staff & Operations	500,000	500,000	-		15,000,000	14,500,000		
Career Scholarships	6,000,000	8,000,000	2,000,000		8,000,000	-		
LB 384 Deferred Maintenance Fund		2,000,000	2,000,000		4,000,000	2,000,000		
IT/Cybersecurity		2,000,000	2,000,000		4,000,000	2,000,000		
New Investments								
Presidential Scholars					1,500,000	1,500,000		
President-elect Gold Transition and Priorities					1,500,000	1,500,000		
Legislative Designations:								(i)
Nebraska Opioid Research (LB 1355A)					250,000	250,000		
Medical Malpractice (LB 92A)					106,000	106,000		
Insurance coverage for colorectal cancer (LB 829A)					19,777	19,777		
Spending Reductions to Balance the Budget								(j)
No allocation of inflation			(3,447,360)		(6,549,701)	(3,102,341)		
2022-23 and 2023-24 spending reductions	(10,770,191)	(29,770,191)	(19,000,000)		(29,770,191)	-		
2024-25 reductions to be made					(11,839,000)	(11,839,000)		
Total Expenses	1,019,659,108	1,045,856,200	22,749,732	2.2%	1,089,491,532	47,082,692	4.5%	
NET ACTIVITY	\$ (8,946,299)	\$ (5,044,602)	\$ 7,349,057		\$ -	\$ 1,597,242		

- Notes:**
- (a) An estimated \$120 million of one-time carry forward funds (encumbrances and other one-time commitments) are not reflected above. Reinstatement of allotment (spending) authority for these funds will be submitted to the State of Nebraska Department of Administrative Services (DAS). Capital construction budgets are not shown.
 - (b) State appropriations reflects a 2.5% increase for core operations and \$14.5 million of operating funds for the Rural Health Complex in Kearney.
 - (c) The 2024-25 tuition budget includes, on average, a 3.4% inflationary (CPI) increase. Enrollment and remission management is projected to be slightly positive at 1.3%.
 - (d) Expenditure line items are estimated. Final budget figures may vary from figures noted above. All expenses are subject to availability of state funds appropriated to the Board of Regents.
 - (e) A 3% merit salary pool was provided for all employees. UNO and UNK faculty increases will be governed by collective bargaining contracts.
 - (f) Assumes a 11.5% increase in premiums in calendar year 2025 per actuary estimates. Overall budget increase of 12% is based on a fiscal year period, including six months (July-Dec 2024) of current premium increases at 12.5% and six months (Jan-June 2024) at 11.5%.
 - (g) Assumes a 3.0% increase in inflation.
 - (h) University priorities include:
 - Nebraska Promise financial aid budgets are increased at the same rate as tuition.
 - A depreciation fund to assist with future building renewal needs as required per LB 384.
 - Investments in technology, particularly cybersecurity and disaster recovery initiatives.
 - Funding to establish a 50 student cohort of Presidential Scholars
 - Funding for President-elect Gold's transition and priorities
 - (i) Legislative Designations include reflects Appropriation (A Bills) passed during the 2024 legislative session
 - (j) Spending reductions that have been made and will be required to be found to structurally balance the budget over the biennium.

University of Nebraska (Excluding NCTA)
Total Budget - All Funds
FY 2024-25

	FY 2023-24 Budget	FY 2024-25 Estimated Budget	Change Amount
General Fund Budget (state/tuition)	\$ 1,040,811,598	\$ 1,089,491,532	\$ 48,679,934
Outside Revenues:			
Designated Cash Funds	117,850,000	125,550,000	7,700,000 (a)
Revolving/Auxiliary Funds	868,195,000	889,025,000	20,830,000 (b)
Restricted Federal Funds	717,460,000	752,550,000	35,090,000 (c)
Restricted Trust Funds	567,752,000	606,550,000	38,798,000 (d)
Subtotals	2,271,257,000	2,373,675,000	102,418,000
TOTALS	\$ 3,312,068,598	\$ 3,463,166,532	

- (a) Primarily clinical revenues (i.e. Dentistry, Munroe-Meyer Institute, etc.) and F&A recovery on research grants. These funds are primarily designated to go back to the generating campus/department. Increase is primarily inflation driven.
- (b) Represents the budgets for the self-supporting units at the University (student housing, dining, Husker Athletics, etc.). Increase is primarily inflation driven.
- (c) Represents an increase in federal grant activity and inflation.
- (d) Represents an increase in privately funded activities (grants and contracts, Foundation support, etc.)

Tuition Rates

University of Nebraska - Lincoln

Student Category	Per Tuition Unit	2023-24 Rate	2024-25 Rate	Change
Undergraduate				
Resident	Sem. Credit Hr.	\$268.00	\$277.00	\$9.00
Nonresident	Sem. Credit Hr.	\$859.00	\$888.00	\$29.00
Graduate				
Resident	Sem. Credit Hr.	\$353.00	\$365.00	\$12.00
Nonresident	Sem. Credit Hr.	\$1,031.00	\$1,066.00	\$35.00
College of Architecture Undergraduate				
Resident	Sem. Credit Hr.	\$361.00	\$373.00	\$12.00
Nonresident	Sem. Credit Hr.	\$1,098.00	\$1,135.00	\$37.00
College of Architecture Graduate				
Resident	Sem. Credit Hr.	\$468.00	\$484.00	\$16.00
Nonresident	Sem. Credit Hr.	\$1,311.00	\$1,356.00	\$45.00
College of Business Administration Undergraduate				
Resident	Sem. Credit Hr.	\$332.00	\$343.00	\$11.00
Nonresident	Sem. Credit Hr.	\$1,064.00	\$1,100.00	\$36.00
College of Business Administration Graduate				
Resident	Sem. Credit Hr.	\$437.00	\$452.00	\$15.00
Nonresident	Sem. Credit Hr.	\$1,275.00	\$1,318.00	\$43.00
College of Engineering Undergraduate				
Resident	Sem. Credit Hr.	\$384.00	\$397.00	\$13.00
Nonresident	Sem. Credit Hr.	\$1,120.00	\$1,158.00	\$38.00
College of Engineering Graduate				
Resident	Sem. Credit Hr.	\$489.00	\$506.00	\$17.00
Nonresident	Sem. Credit Hr.	\$1,330.00	\$1,375.00	\$45.00
Law				
Resident	Sem. Credit Hr.	\$420.00	\$434.00	\$14.00
Nonresident	Sem. Credit Hr.	\$1,132.00	\$1,170.00	\$38.00