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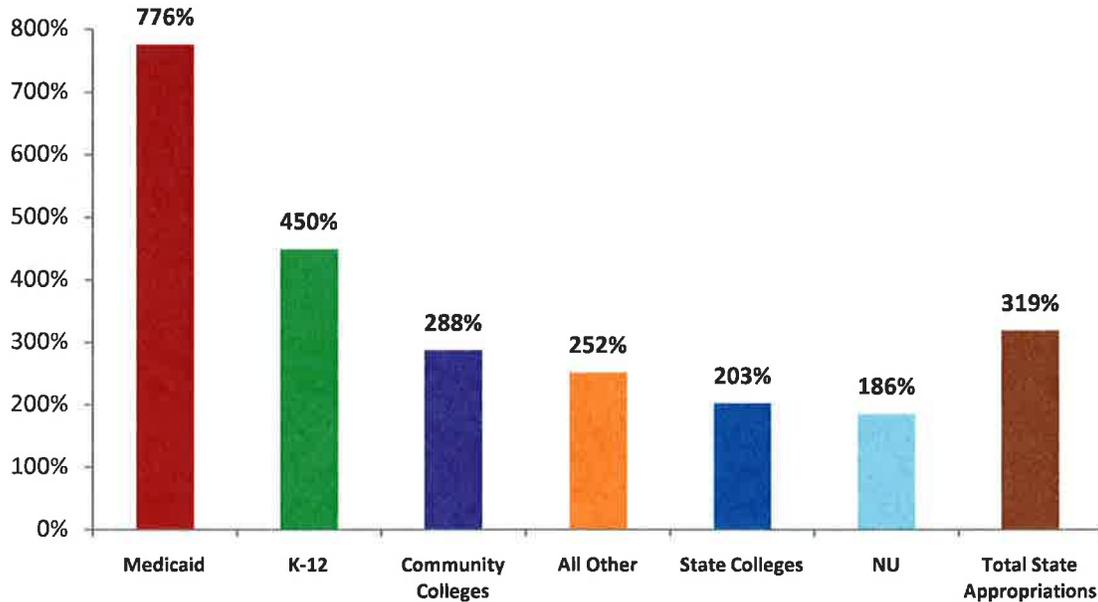
University of Nebraska Agency Efficiency Plan Summary

Pursuant to LB 935, the University of Nebraska will submit an “Agency Efficiency Review Plan” to the Legislature’s Appropriations Committee by Sept. 15. A summary of the university’s plan has been presented to the Board of Regents by NU President James B. Milliken.

Milliken said that the University is proactively identifying ways to reduce costs and be more efficient while preserving the integrity of important programs in the university’s core missions of teaching, research and engagement.

Context for investment in higher education

- There is a growing consensus among local, state and national leaders that the key ingredient to a competitive economy is a college-educated workforce. College graduates have higher earning power, have lower unemployment, rely less on public assistance, enjoy better health and are more likely to vote and volunteer in their communities, among other individual and societal benefits.
- A new report from the College Board shows the United States has fallen from first to 12th in the world in percentage of 25- to 34-year-olds (40 percent) with postsecondary degrees. Canada now leads the world with 56 percent.
- Nebraska’s high school graduation rate ranks second in the nation, but its college-going rate ranks only 18th. Only about 36 percent of Nebraskans (all ages) hold an associate’s degree or higher, and only 27 percent have a bachelor’s degree or higher. More than 265,000 Nebraskans have completed some college but have not earned a degree.
- A new Georgetown University study ranks Nebraska seventh in the nation in the percentage of jobs (66 percent) that will require postsecondary education in 2018.
- The University of Nebraska has made \$58 million in budget reductions in the past decade, with another \$10.1 million to be made this fiscal year. The reductions have had a significant impact on the university’s four campuses and in communities across the state.
- Twenty years ago, NU made up about 19 percent of the state’s budget; now it is 14.5 percent of the state’s budget.
- Higher education funding in Nebraska has grown much less rapidly in recent decades than other state expenditures and at a rate 40 percent less than the growth of all of state government.



The University's growth in state appropriations, 1986-2011, is 40% less than overall growth.

The University of Nebraska Strategic Framework guides budget planning and priorities:

- The six goals identified in the Strategic Framework are:
 1. Access and affordability
 2. Quality academic programs
 3. Workforce and economic development
 4. Research growth
 5. Engagement with the state
 6. Cost-effectiveness and accountability

The university is reviewing efficiency studies conducted internally as well as a number of similar studies done for other public universities by external consultants.

- Among the strategies identified for potential efficiencies are:
 - A more strategic rather than transactional approach to procurement including negotiation of university-wide contracts;
 - A more streamlined human resources organization;
 - Increased shared services for academic centers and institutes;
 - Restructuring of research support offices to reduce redundancies;
 - Better utilization of existing classroom space to support more students;
 - Consolidation of information technology infrastructure;
 - Reduced energy consumption;
 - Increased automation of processes and more effectively leveraging technology.

The university already has had a number of successes in consolidation and cost-effectiveness:

- A new Student Information System serves not only NU's four campuses but also the three institutions of the Nebraska State College System – a unique collaboration that will result in significant savings.
- NU has brought the state colleges into its SAP and ESS systems, saving them from having to purchase and implement separate systems for bookkeeping and human resources/benefits administration.
- NU has outsourced some services such as laundry, painting and printing.
- The university recently launched Online Worldwide, a new distance education platform that streamlines marketing and other costs. Online Worldwide also represents a significant opportunity for revenue growth.

The university is taking a system-wide approach to identifying cost efficiencies that will help preserve quality and momentum during challenging budget times.

- The systemic process will assess whether there are ways NU's four campuses can collaborate or share resources or services to be more cost-effective, and also explore new opportunities for revenue growth.
- The process is being led by the university's senior academic and business officers and involves stakeholders from all four campuses.
- On the academic side, deans of colleges with similar missions are discussing potential areas of collaboration and new delivery models while continuing to provide students with a high-quality education.
- On the business side, university-wide teams are analyzing potential savings in six major categories: travel, procurement, information technology, facilities, human resources and benefits, and marketing and printing.
- The university's senior leadership will evaluate ideas that are generated and develop recommendations to be considered by the president and chancellors. Any areas recommended for reduction on a campus will be considered on that campus as part of its established budget process – the system-wide efficiency initiative is intended to supplement, not replace, individual campus procedures. The university's commitment to shared governance – in which faculty and staff are involved in major decisions concerning the university's operations – will continue.

Each campus also has planning underway for campus-specific reductions.

- The campuses have been asked to consider a number of tools and data as they approach budget planning, including:
 - Annual reviews of academic programs, which provide detail on degree and credit hour production.
 - Workload or productivity analysis of programs, which offers insights on programs' success in attracting research funding and outreach activities.
 - Facilities utilization in order to be most effective in managing the university's buildings and operations and maintenance budgets.
- The planning process for campus-specific budget reductions includes
 - Discussions between the president and the chancellors regarding the magnitude of the reductions.
 - Preparation of specific reduction recommendations by the chancellors after consultation with pertinent groups on each campus.
 - Finalization of plans to reduce the budget, including Board of Regents approval where appropriate.

The university is reviewing statutes and mandates that impact its budget.

- As required in LB 542, University leaders have been working with the Education Committee of the Legislature to identify statutes and other mandates that have a fiscal impact on the University. This information is also requested in LB 935. The university is not advocating action on all mandates that have a fiscal impact, but is responding to the requirements of the legislation to identify them.
- Among the statutes and practices affecting the university are statutory language identifying the university's role and mission, statutes and policies related to the Commission of Industrial Relations that impact the Board of Regents' ability to set salaries for faculty at UNK and UNO, as well as specific programs that have been mandated, such as the Nebraska Safety Center, Nebraska Business Development Center, State Forester Program and others.
- A number of business practices have been identified as having a potential impact on costs and efficiency, such as the inability to carry over unspent funds from one year to the next, certain reporting requirements that are duplicative, inventory requirements and others.
- Additional items are identified in the final report.

