

# Nebraska State College System

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JAN 15 2010

TO: Senator Lavon Heidemann  
Chair, Appropriations Committee

FROM: Stan Carpenter, Chancellor

DATE: Friday, January 15, 2010

STATE BUDGET DIVISION

SUBJECT: Transmittal of Report on Budget Actions

Please find enclosed the report of the Nebraska State College System (NSCS) describing specific actions and plans to implement budget actions pursuant to LB1, First Special Session, 2009. As you will see from the report, the impact of the special session reductions, when combined with the reductions required to cover the System's core needs increases for the biennium, are significant to the NSCS.

As requested in your memo of December 4, 2009, we are providing a copy of this memo and the report to each member of the Appropriations Committee, to our assigned Legislative Fiscal Analyst, and to our assigned budget analyst with the Department of Administrative Services.

If you have any questions regarding the report, please don't hesitate to contact me or Carolyn Murphy, Vice Chancellor for Finance and Administration at (402) 471-2505.

Cc: Senator John Harms, Vice Chair, Appropriations Committee  
Senator Tony Fulton, Appropriations Committee  
Senator Tom Hansen, Appropriations Committee  
Senator Heath Mello, Appropriations Committee  
Senator Danielle Conrad, Appropriations Committee  
Senator John Nelson, Appropriations Committee  
Senator Jeremy Nordquist, Appropriations Committee  
Senator John Wightman, Appropriations Committee  
Phil Hovis, Legislative Fiscal Office  
✓ William Scheideler, AS Budget Office

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CHADRON STATE. PERU STATE. WAYNE STATE.

**NEBRASKA STATE COLLEGE SYSTEM  
REPORT TO  
APPROPRIATIONS COMMITTEE OF THE LEGISLATURE**

**SPECIFIC ACTIONS AND PLANS TO IMPLEMENT BUDGET ACTIONS PURSUANT TO  
LB1, FIRST SPECIAL SESSION, 2009**

January 15, 2010

The Nebraska State College System (NSCS) has experienced significant challenges over the past year in assuring that budget reductions were implemented to deal first with internal reductions required to cover the "core needs" of the System, including negotiated salary increases, health insurance increases, utility cost increases, initial operating costs related to the implementation of the new financial (SAP) and student (NeSIS) information systems – even before the budget cuts related to the Special Session (2009). In summary, the required reductions during the current biennium for the NSCS are as follows:

FY10 (Internal Phase I)	\$2,509,528
FY11 (Internal Phase II)	\$1,468,922
FY10 (Special Session Cuts)	\$ 838,880
FY11 (Special Session Cuts)	<u>\$ 806,358</u>
Total Base Reductions	\$5,623,688

The NSCS summary below includes the total impact for the current biennium, including both internal reductions required to cover the core needs, and the special session cuts. All of the budget reductions noted above have been made equitably across the system, with Chadron State, Peru State, Wayne State, and the System Office all sharing proportionately in the reductions based on total operating budget as approved by the Board of Trustees.

**Expected Impact on Staffing**

A total of 50.4 FTE faculty, professional staff, and support staff positions have been eliminated system-wide. This represents 9.4% of the total state-supported positions in the NSCS. The breakdown of position eliminations is as follows:

Faculty	23.0 FTE
Professional Staff	14.4 FTE
Support Staff	<u>13.0 FTE</u>
TOTAL	50.4 FTE

These position eliminations are all BASE adjustments. The positions are permanently eliminated and are not considered vacant or positions held open. The FTE and respective salary & benefit amounts are permanently removed from the College's and System Office's operating budgets.

Of these position eliminations, 20.3 FTE positions were vacant, 11.7 FTE positions were eliminated through retirements and resignations, 4.4 FTE positions were transferred to the non-state supported portion of the budget, and 21.7 FTE positions required displacement of existing employees. Through

reorganizations related to the above position eliminations, 7.7 FTE new positions were created, often combining critical responsibilities of other positions being eliminated. This results in the total 50.4 FTE as noted above.

The total savings represented by the 50.4 FTE positions is \$3,400,000. In addition, other personal services reductions, including hourly temporary workers, stipends, and overloads resulted in an additional \$250,000 in reductions, for a total reduction in the personal services area of approximately \$3,650,000.

#### **Estimated Impact on Operating Budgets Other than Staffing**

In addition to position eliminations and other personal services reductions, the Colleges and System Office also reduced operating budgets significantly. These reductions include general operating supplies and expenses, travel, and special projects budgets. Utilities budgets, in some cases, were reduced, as a result of energy savings initiatives as well as a reduction in square footage in service.

#### **Use of Reappropriation Funds**

Funds that the Colleges and System Office were allowed to carry over from FY 2008-09 to FY 2009-10 were critical in achieving the base adjustments required each year of the current biennium, allowing time to provide the required notices for lay-offs and non-renewals in identified positions.

#### **Expected Impact on Services**

Obviously, reductions of this magnitude cannot be made without an impact on services. All reductions, however, were made with a focus on our core mission of providing an affordable, quality higher education to our students.

College operations throughout the System have been significantly impacted by the series of budget cuts during FY 2009-11biennium. These budget reductions have impacted all areas of the Colleges, including academics, administration, facilities, finance, maintenance, operations, and student services. A variety of options have been examined in an attempt to deal with these significant budget cuts.

Reductions in budgets in the academic areas have resulted in the loss of faculty and staff positions as well as the elimination of academic programs. Students are impacted with fewer courses and course sections offered and offered less frequently; lengthening the time it may take to earn a degree. Fewer full-time faculty members mean existing faculty have more advisees, making it more difficult for students to get timely advising and/or the mentoring they need. This can negatively impact graduation rates, student success rates and retention rates. Larger class sizes distract from the learning for many of the students who benefit from small class sizes.

Student services have also been negatively impacted. With a reduction in the number of staff members, students often find themselves waiting longer to get help. Fewer staff members also means it takes longer to process student financial aid applications, transcript requests or scheduling changes and to provide counseling or advising services.

The Colleges are now deferring maintenance, repairs and projects due to the loss of positions in maintenance and facilities. The remaining custodians, computer staff members, mechanics, and administrative staff have taken on additional duties and responsibilities to keep things running as smoothly as possible. As in the academic areas, students and staff are waiting longer to get the service they need to take care of business, e.g., fixing a computer with a virus; repairing leaking faucets; repairing broken windows, doors, and railings and/or replenishing the paper towels in the restrooms or science labs, etc.

#### Chadron State College

Eleven FTE faculty positions have been eliminated in addition to a number of academic programs. Five academic minors (Sociology, Humanities, Spanish, Geography, and Political Science) were eliminated at CSC. The Information Science and Technology (IST) program, the Specialist Program for School Superintendents and the Museum Studies program were eliminated as well. As indicated, eliminating faculty adds to the workload of remaining faculty in areas related to advising and mentoring students, course development and preparation, committee work, and service to the college, the community and the region. Eliminating academic programs reduces the number of undergraduate and graduate programs available students.

Several positions have also been eliminated in areas related to student services and facilities/maintenance. These reductions cause a substantial strain on the remaining employees who now have added responsibilities. As stated above, students can now expect to encounter delays in services and a reduction in the time staff members can spend with them.

#### Peru State College

The College has eliminated three faculty positions. This reduction has resulted in a growing number of courses taught by adjunct faculty and an increase in the workload of full-time faculty and staff. Adjuncts do not participate in the many responsibilities – advising, mentoring, research, and service – required of full-time faculty.

In addition to faculty cuts, a number of other positions have been eliminated. Budget cuts have reduced the College's ability to fund special maintenance requests, minor construction, and new technology initiatives. Any future cuts may force the College to consider the reduction of academic programs. Any academic program cuts would have an impact on enrollments, future growth, and ultimately PSC's mission of providing access to quality postsecondary education.

### Wayne State College

Nine faculty positions were eliminated at WSC. The budget reductions affected the College's academic areas in a variety of ways, including limiting professional development travel for faculty and administrators while protecting course related travel for students. Internal funding for instructional projects and grants was eliminated. Academic and other equipment purchases were substantially reduced.

With the elimination of a number of positions, WSC has reduced hours of operation for the Student Center and now offers fewer freshman orientation activities and transition to college support services (e.g., First Year Experience or Orientation for new freshmen, non-traditional students and transfer students.) The College has also been forced to reduce student leadership development training and activities and offers fewer intramural sports programs. Students are also finding increased wait time in several student service areas, including disability services, academic advising, mental health counseling, and substance abuse evaluation services. Because of the Nebraska State College System's open admission role, a good number of our students require academic and support services in order to be successful. The service reductions identified above will have a direct and tangible impact on student learning, development, retention and time to degree completion.

### Foreseen Impact on Federal Funds

The NSCS does not anticipate any impact on federal funds.

### Outlook for Tuition & Fees

The internal reduction amounts included at the start of this report already assumed a moderate tuition increase for FY 2009-10 and again for FY 2010-11. Tuition increased by 5% for FY 2009-10. The Board of Trustees will not establish tuition rates for FY 2010-11 until later this spring or most likely June, 2010.

As a note of interest, if tuition were increased to cover the impact of all of the budget reductions during the biennium, it would have resulted in a tuition increase over the biennium of approximately 25.5% beyond the already-anticipated moderate tuition increases. A 25.5% increase in the current tuition rate would result in an undergraduate, non-resident tuition rate of \$153.75 per credit hour as compared to the FY 2009-10 tuition rate of \$122.50 per credit hour. This would add nearly \$1,000 per year to the average full-time student's tuition bill (assuming 15 credit hours per semester).

### Conclusion

The Nebraska State College System remains strong and vibrant. Our core mission remains central when making decisions during the budget process. Our students can depend on the NSCS to provide quality higher education now and into the future. The System operates with very lean staffing levels which makes budget reductions in all areas difficult and painful. We know that the NSCS is prepared to meet the challenges that lie ahead by working together to make a difference.