

BUDGET RESPONSE TEAM IMPLEMENTATION

FREQUENTLY ASKED QUESTIONS

AUGUST 2 ANNOUNCEMENT



8/2/17

Q: WHY IS THE UNIVERSITY CONSOLIDATING SERVICES ACROSS CAMPUSES AND MAKING OTHER CHANGES?

A: We have to close a recurring \$49 million budget shortfall by summer 2019, the result of cuts in state funding combined with our rising costs. The state continues to face fiscal challenges and we don't know when these will end. We're re-thinking the way we do business in order to continue to serve the state effectively.

As part of our approach to managing this challenge, we're implementing a variety of changes to structure, policy and process across the university, the result of months of thoughtful and proactive work that we began as soon as it became clear that the state's fiscal situation would impact us. While difficult, the reductions we're making in our operations will help us protect, to the greatest extent possible, our highest priorities of maintaining affordability for students and families and preserving our high academic quality.

Consolidation of services represent opportunities to do more together by deploying resources and talent across the university.

Q: HOW ARE REDUCTIONS BEING IDENTIFIED?

A: In January, the president and chancellors convened a "Budget Response Team" of 100 subject-matter experts from across and outside the university to identify reductions in a range of operational areas. These included information technology, facilities and energy, procurement, human resources, travel, financial operations, printing and copying, and public relations, marketing and communications. BRT groups were asked to bring forward strategies for doing more with less – whether through de-centralization, centralization, outsourcing, privatizing or however they determined we could continue to do the important work of the university with fewer resources.

Team recommendations were then vetted by a university-wide steering committee before being brought to the president and chancellors for final consideration and approval.

Q: HOW MUCH MONEY WILL THE UNIVERSITY SAVE WITH THE CHANGES BEING ANNOUNCED TODAY?

A: We can say that broadly, the overall changes in IT (\$6 million), facilities/energy (\$7 million), procurement (\$6.8 million), and human resources (\$4 million) will account for about 80% of the \$30 million total by which we must reduce our operational spending over the long term. We will realize savings through efficiencies from sharing more services and resources across campuses, making reductions in operational costs, and position reductions.



Q: DOES THIS MEAN IF I WORK IN PROCUREMENT I NOW REPORT TO THE CHIEF PROCUREMENT OFFICER?

A: Procurement professionals will now become aligned as part of a university-wide Procurement team. Current reporting relationships will remain the same. As the organization develops and evolves, any reporting or other changes will be thoroughly communicated.

Q: WHAT'S THE TIMELINE FOR REALIZING SAVINGS?

A: The operating budget approved by the Board of Regents depends on achieving \$5 million in savings in the current fiscal year and \$22 million more in 2018-19. Ultimately we expect to realize \$30 million in savings over the next few years. It's important to remember that these are significant reductions, many involving complex changes in structure and process. These will take time to implement – particularly since we want to do this right so that the changes stick and our academic mission is protected to the fullest extent possible.

Q: WHEN WILL YOU ANNOUNCE THE REST OF THE REDUCTIONS AND COST SAVINGS?

A: Implementation strategies for other BRT groups are being finalized now and will be shared with the university community and public over the coming months.

Q: HAVE ANY EMPLOYEES LOST THEIR JOBS?

A: No. We're continuing to look for every opportunity to capture personnel savings through attrition. However, we do expect to lose at least 100 positions. We have been candid about the fact that people will be impacted

Q: THE UNIVERSITY TOLD THE LEGISLATURE THAT CUTS WOULD BE PAINFUL AND THAT YOU'RE LEAN ALREADY. BUT THESE CHANGES SEEM LIKE COMMON SENSE. WHY WEREN'T YOU DOING THESE THINGS BEFORE?

A: First, we are lean. Trends in state funding over time have required us to find ways to do more with less for many years. The number of NU employees funded by tax and tuition dollars has been flat since 2000, even though enrollment and research have both grown significantly. Thirty years ago we comprised 21% of the state's budget; today that figure has dropped to 13%.

Second, these reductions will be painful. Real people will be impacted. We have already increased tuition. We will not be able to close a \$49 million gap without impacting our ability to be a job creator and economic driver for the entire state. And there is no question that additional cuts in state funding would affect both tuition and academic programs.

Despite the pain, there's real opportunity in some of these changes—to become more collaborative, to make better use of technology, and to be more innovative in the way we serve students, employees and the state. But that doesn't mean they are easy or obvious. It means we have been successful in thinking very creatively and differently about how to meet the challenges ahead in ways that protect our priorities.



Q: THE UNIVERSITY IS ANNOUNCING A LOT OF CENTRALIZATION. IS THIS THE DIRECTION YOU WANTED TO GO ALL ALONG?

A: No. The goal in restructuring these areas is to integrate, tap talent and leverage efforts across the campuses. Remember, this has been a ground-up process, led by colleagues from all four campuses who are the experts in their operational areas. The changes we're implementing represent the best thinking of these subject-matter experts who spent months doing the diligent, difficult work of re-imagining our operations for the future.

Additionally, more changes will be announced over the coming months. As those are rolled out and a fuller picture of the work of the Budget Response Team is painted, we'll see a broad mix of changes to structure, policy and process that will impact virtually every employee in some way.

Q: IT LOOKS LIKE VARNER HALL IS STAFFING UP. SHOULDN'T YOU BE CUTTING ADMINISTRATION INSTEAD OF ADDING TO IT?

A: None of the leaders of the newly aligned functions are being transferred to Varner Hall. All of them are retaining their campus appointments and assuming system-wide leadership roles on top of their current duties. These leaders are stepping up to coordinate university-wide efforts because teams of experts in each of these areas have decided that the most effective, efficient structures going forward are ones that share talent, resources and services across the university.

And, we are cutting—to the tune of \$30 million. It's also important to remember that at NU, the facts do not support the notion of "administrative bloat" that we often see in the headlines. Administrative spending per student has been flat to declining across the university and is below the peer average at the three undergraduate campuses.

Q: WHY DO MOST OF THE NEW LEADERS COME FROM UNL? AREN'T THERE TALENTED PEOPLE ON THE OTHER CAMPUSES?

A: There are talented leaders and subject-matter experts across the university, which is why BRT groups are populated and being driven by colleagues from all four campuses. The new leaders announced today will work closely with colleagues on each campus as we move forward under the new structures. In addition, this is only the first set of changes being brought forward. More initiatives, developed by teams led by individuals from other campuses, will be announced soon.

Most importantly, the changes ahead should not be viewed as any one campus gaining leadership or influence. This process is about subject-matter experts designing new models for doing business that will best serve the University of Nebraska and our stakeholders.



Q: ARE ACADEMIC PROGRAMS HELD HARMLESS FROM HAVING TO TAKE REDUCTIONS?

A: No. We have focused our initial budget-reduction efforts on operational areas because we will find every dollar of efficiency there before we directly touch academics. Even so, the scale of our budget challenge will have a broad impact; university operations exist to support our mission and so our academic enterprise will be affected by the reductions announced today. More direct impacts will occur as the campuses begin looking for academic savings as well.

Most sobering is that Nebraska's fiscal uncertainties are continuing, and we could face more challenges ahead. As we continue to look for ways to continue our progress with fewer resources, we will of course adhere to our commitment to shared governance, engaging faculty, staff and students in widely consultative discussions.

Q: THE BUDGET RESPONSE TEAM PROCESS WILL ACHIEVE \$30 MILLION IN SAVINGS. HOW WILL THE UNIVERSITY CLOSE THE ENTIRE \$49 MILLION BUDGET GAP?

A: We turned to operational cuts first in order to protect our priorities. But, the budget approved by the Board of Regents in June includes tuition increases in the next two years, as well as an assumption of modest enrollment growth, to close the remainder of the gap not covered by the BRT process.

