

Testimony of President Hank Bounds
LB 858 – Appropriations Committee Hearing
Feb. 9, 2016

Chairman Mello, members of the Appropriations Committee, I am Hank Bounds (H-A-N-K B-O-U-N-D-S) and I am president of the University of Nebraska. Thank you for allowing me to spend a few minutes with you today to express my support for LB 858, which would provide funding for critical building renovation and renewal projects across our four campuses. This legislation represents an extension of a remarkably successful partnership between the state and its public university that has helped us provide students with an excellent education, attract talent to Nebraska, and produce skilled graduates who can meet workforce needs. I want to thank Speaker Hadley for his leadership in sponsoring the bill.

I'm speaking today on behalf of a range of university constituents. LB 858 was unanimously endorsed by the Board of Regents. It is supported by each of the four chancellors, as well as university employees and students. Partners outside the university have voiced their support as well. I think what is striking is how widely Nebraskans recognize that keeping university facilities up-to-date is a key ingredient to our ability to effectively serve the state. Whether you're a student, alum, parent, faculty member, or a business leader waiting to hire one of our graduates... You understand: Facilities matter.

I would argue that the need for quality, modern, functional buildings is as important today as it has ever been. We are operating in the most competitive higher education marketplace of our lifetimes. The race for talent is acute. The best students and faculty have their choice of where to learn and work. And the role that higher education plays in meeting workforce needs, driving economic growth and addressing the world's most pressing challenges has never been more critical. To fulfill our responsibility to meet the needs of the state, we have to put ourselves in a position to be competitive in the current environment. And that means providing quality facilities. Certainly a nice building alone will not

guarantee excellence. But we would be hard-pressed to build an outstanding program, or recruit a top professor or student, or achieve a research breakthrough without classrooms and laboratories suited to 21st-century education. I think any chancellor or dean would tell you the same.

We've been successful in this regard thanks in part to a far-sighted decision made almost 20 years ago to create a partnership between the state and university focused on building maintenance. This long-term, steady partnership, which asks us to make matching investments in deferred maintenance projects, has contributed meaningfully to our current momentum. I am grateful to legislators around this table, and your colleagues, who have supported its continuation. Remember that university facilities make up more than 70 percent of the state's net total building assets. So each of us has a stake in protecting these valuable state assets.

You can find success stories from our partnership across our campuses. With your help, we have been able to maintain our buildings at a level at which we can remain competitive. We are growing enrollment, including among nonresident students, and in areas that matter to Nebraska's workforce, like agriculture, business, and engineering and information technology. We are playing an increasingly visible role in globally relevant areas like cancer research, water, early childhood education, agriculture and defense.

And, our momentum has been noticed by others who are in a position to invest in the university. Private donors have seen what's happening here and want to be a part of it, which is why they have contributed at such a remarkable level to capital projects over the years. Over the last 15 years or so, more than half of our capital construction has been privately funded. And we will continue to be vigilant in leveraging diverse sources of funding for important initiatives. But private funds must be viewed as a supplement to – not a replacement for – state support.

We also know that we cannot be content to ride our current momentum. Since arriving here 10 months ago, I've been looking at where we are and what we need

to do to improve our competitive position. Deferred maintenance represented an area to me where we need to be proactive. And I know we have limited opportunities to capture cash to take care of our buildings. That's why we have brought this proposal to you.

Let me say a few words about how we identified the renovation projects we'd like you to partner with us on. This is a well thought-out, rationalized proposal grounded in data. From the start, we have known it would be impossible to pay for every deferred maintenance need across the university. Just like any Nebraska family cannot afford every project at home, we are not asking you to help us bring all our buildings to "like new" condition.

We knew we had to be focused and strategic with the limited funding available. So we engaged an independent consulting firm to conduct a data-driven analysis of the capacity, utilization and condition of our facilities. The goal was to get the most "bang for our buck"...so we identified renovation projects that would best serve students and faculty, advance university goals and meet important state needs, like undergraduate education, research and STEM programs.

The university would match your investment in these projects dollar-for-dollar, through four years of dedicated 1 percent tuition increases. Nobody likes to raise prices. But I will reiterate that this series of modest increases would not change our competitive position in the marketplace. Our campuses are well below their peers with regard to tuition. For example, UNL's tuition is 50 percent below the average of Big Ten public institutions. And, students with the highest financial need would see no increase in tuition, since students who receive a Pell Grant already have their full tuition costs covered through Collegebound Nebraska. For those who do pay full cost – and most do not – the increase amounts to about \$2 more per credit hour each year... not unreasonable when we're talking about making improvements to learning facilities that will enhance students' educational experience and long-term success.

I'll end by noting the economic impact of our proposal. When Jerry Deichert, whom you are probably familiar with given the work the UNO Center for Public Affairs Research has done for the Legislature, ran the numbers, he found that the renovation projects we've identified would yield \$640 million in total economic output and support 5,200 jobs.

Beyond the impact of construction alone, of course, is the long-term effect that a strong university has on Nebraska's competitiveness, workforce and quality of life. Recently I sent you information on an economic impact analysis that was just completed for the University of Nebraska. The report confirms that we play a vital role in Nebraska's success. And when we shared the results with colleagues across the state, we got some remarkably similar responses.... The presidents of the Nebraska, Kearney, Omaha and Lincoln chambers of commerce all noting that the university is a valuable source of talent for the state's workforce and a partner in building economically vibrant communities. Partners in agriculture confirming our role in meeting the needs of Nebraska's most important industry. Alumni affirming that the education and resources provided by the university have been key to their career success. What all that told me is that a strong university means a strong state of Nebraska.

Our partnership in keeping facilities up-to-date represents a proactive, sustainable, strategic and proven approach. I am asking you to continue that partnership so that our students have quality classroom space in which to learn and faculty and staff have modern space in which to work and conduct research. When it comes to our success, facilities matter.

Thank you for your consideration. I would be happy to answer your questions.