

NEBRASKA TAXPAYERS FOR FREEDOM ISSUE PAPER: HELPING TO CUT THE NEBRASKA UNIVERSITY BUDGET.

BACKGROUND. The Nebraska university system is running at a deficit, and the deficit will continue, according to U. sources. The following information is from the NU Report, May 31, 2023. Federal relief money is decreasing. Inflation is pushing up payroll and operating costs. Inflation estimated to increase by 5% in FY 2024. High school graduates enrolling flat or decreasing. State aid constitutes 62% of the budget, an increase of only 2.5%. For expenditures, employee compensation constitutes 83%, utilities 5%. Salaries up by 3%, personnel health insurance up 10+%. In FY 2024, funding totaled \$1,028,749,000. Total expenses were \$1,078,139,000, leaving a deficit of \$49,390,000. In FY 2025, funding estimated to total \$1,059,856,000, total expenditures estimated at \$1,139,647,000, leaving a larger deficit of \$79,791,000. Cash reserves can manage a temporary budget shortfall but not an ongoing deficit. The report stated that the university long-term budget and operations model was unsustainable, external aid not forthcoming (p. 33).

STUDENT POPULATION. Tuition, which funds 36% of U. expenditures, scheduled to increase in FY 2023-2024 by 3.5%, or \$270. Enrollment is dropping. Total U-NL high enrollment was 26,079 in 2017. Current enrollment is 23,805. Total UN-O high enrollment was 15,717 in 2017. Current enrollment is 15,065. Total UN-K high enrollment was 8,374 in 1992. Current enrollment is 6,041 (p. 17). Pertaining to retention of students for the 2nd year, the UN-L high was 85% in 2020, currently 81.7%. The UN-O high was 77.9% in 2016, currently 73.7%. The UN-K high was 85% in 2002, currently 74.3% (p. 19). Examining 4 yr. graduation rates, the UN-L high was 47.9% in 2022 and still the same. The UN-O high was 27.8% in 2018, currently 27.2%. The UN-K high was 34.8% in 2021, currently 33% (p. 21). The UN-L student to faculty member ratio fell from 21 in 2012 to 17.6 in 2021. At UN-O, it fell from 16.6 to 16. At UN-K, it fell from 15 to 13.2 (p. 30).



BUDGET CUTS. FY 2024 cuts total \$10,770,000, likewise in FY 2025. The U. system has suffered a budget shortfall every year since 2014 except in 2020. FY 2025 will see the largest deficit. However, with fewer students enrolled on campuses, expenses should decrease.

NTF ANALYSIS. Because of several factors beyond university control, e.g., inflation, fewer federal \$\$, NTF agrees that the university system must make deep and systematic budget cuts to balance its yearly budgets. State aid will not increase steadily, and regents can increase tuition only so much until pricing students out of its market. However, the U. system funds many unnecessary programs and activities that upset taxpayers. Our solutions given to university regents are as follows:

- ✓ Restrict the tenure system to limit salary increases and to dispense with superfluous faculty.
- ✓ Require faculty to teach additional classes.
- ✓ Reconstitute courses by accentuating ones that will graduate students in fields desperately needing employees, e.g., computer science, biotechnology. Terminate classes pertaining to Critical Race Theory, gender studies, and other courses that indoctrinate instead of educate students.
- ✓ Enlarge class sizes.
- ✓ Entice high-achieving students from other states to enroll here.
- ✓ Increase student counseling to increase student retention rates and timely graduation rates.
- ✓ Cut the number of highly-paid administrators, particularly from categories like diversity.
- ✓ Privatize services like custodial staff, groundkeepers, and vehicle maintenance.
- ✓ Close centers within campuses that cater to only specific categories of students.
- ✓ Cut all extraneous expenditures like spending on the NE Cattlemen's Ball.

See our NTF University Watch issue paper universitywatch40.doc for additional information.

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