

ITEMS FOR DISCUSSION AND ACTION/FISCAL, FACILITIES AND AUDIT

June 16, 2020

ACTION: Approve Biennium Budget Requests for 2021-2023

The Board approved Budget Request Guidelines and Preliminary Capital Construction Requests at its January 12, 2020 meeting. The Colleges and System Office have prepared their requests based on these guidelines. Approval is requested for these biennium requests.

OPERATING BUDGET REQUESTS

The requests were prepared in accordance with the budget request guidelines approved by the Board at its January 12, 2020 meeting. These guidelines included core needs increases and strategic initiatives for the operating budget.

CORE NEEDS

Based on the Board's January, 2020 action, the NSCS has calculated the impact of the increases noted in the Guidelines. Those are noted below:

| | <u>FY2021-22</u> | <u>FY2022-23</u> <u>above FY2021-22</u> |
|--------------------------------|------------------|--|
| Salary Increases | TBD | TBD |
| Health Insurance Rate Increase | \$748,810 | \$808,715 |
| Utility Rate Increases | \$142,821 | \$148,534 |
| Other Operating Increases | \$684,096 | \$711,460 |
| DAS/Work Comp Rate Increases | TBD | TBD |
| New Building Openings | \$ 26,683 | \$ 24,128 |

As has been the case historically, requests related to any salary increases are provided later, following completion of collective bargaining, unless the Governor's budget office requests a specific calculation be included in the biennium request. If a specific calculation is requested, the NSCS will build that calculation in, with the understanding that it is not indicative of the final impact of salary increases, which will be determined only through the collective bargaining process.

The impact of rate changes based on tables from the Department of Administrative Services (DAS) will be included once the information is received in late June or early July.

Finally, the new building opening costs are for the Chadron State Math Science project.

STRATEGIC INITIATIVES

The January, 2020 guidelines approved by the Board included the following categories of strategic initiatives for the 2021-23 biennium budget request:

1. A scholarship initiative focused on meeting the workforce needs of Nebraska and especially

in the rural areas of Nebraska.

2. The Corrections Workforce Development Pathways (CDWP) as a partnership initiative between Peru State College and the Tecumseh Correctional State Institution (TCSI) to assist in meeting the future workforce needs of TCSI.

3. A student services support initiative focused on improving retention and graduation rates at each of the Colleges.

Given the current pandemic and the uncertainty about the budget until the Legislature returns in late July, these strategic initiatives will continue to be considered and updates on the initiatives will be brought to the Board regarding these initiatives in July.

CAPITAL CONSTRUCTION REQUESTS AND PRIORITIES

The Colleges have prepared capital construction requests for the 2021-23 biennium. The capital request includes three parts:

- *Reaffirmations of projects with funding already underway
- *New capital project requests
- *Task Force for building renewal (309 Task Force) project categories

Reaffirmations include:

| | FY22 | FY23 | Future |
|---------------------------------------|-------------|-------------|------------------------|
| LB997 (2016) Bond Repayment (General) | \$1,125,000 | \$1,125,000 | \$7,875,000 |
| Sports Facilities Cash Fund | \$ 300,000 | \$ 300,000 | \$3,000,000 (10 years) |
| LB297 (2019) Bond Repayment | \$2,216,000 | \$2,216,000 | \$26,592,000 |

New Capital Requests include:

| | FY22 | FY23 | Future |
|--|-------------|-------------|--------------|
| CSC Memorial Hall Renovation & Addition Program Statement | \$ 130,000 | | \$18,200,000 |
| PSC Campus Geothermal Utilities Conversion | \$1,601,248 | \$1,757,682 | \$ 2,101,905 |
| PSC Indoor Recreation Facility Program Statement | \$ 80,000 | | \$ 9,000,000 |
| WSC Brandenburg Renovation Program Statement | \$ 90,000 | | \$12,000,000 |

Task Force for Building Renewal requests are provided in the categories of fire and life safety, deferred repair, ADA, and Energy Conservation.

PRIORITIZATION OF CAPITAL REQUESTS

The budget request process requires a prioritization of capital projects, including building renewal requests. The System Office recommends the following prioritization:

Priority

- 1 Fire/Life Safety - Class 1
- 2 Deferred Repair - Class 1
- 3 ADA - Class 1

- 4 Energy Conservation - Class 1
- 5 Indoor Recreation Facility Program Statement (PSC)
- 6 Brandenburg Renovation Program Statement (WSC)
- 7 Memorial Hall Renovation and Addition Program Statement (CSC)
- 8 Campus Geothermal Utilities Conversion (PSC)
- 9 Fire/Life Safety - Class 2
- 10 Deferred Repair - Class 2
- 11 ADA - Class 2
- 12 Energy Conservation - Class 2

The System Office recommends approval of the Biennium Budget Requests for 2021-2023.