

BOARD OF TRUSTEES OF THE NEBRASKA STATE COLLEGES
ITEMS FOR DISCUSSION AND ACTION\FISCAL, FACILITIES AND AUDIT

ACTION: **Approve Distribution of Funds for FY24**

The 2023-2025 Biennium Appropriations Bill (LB814 - 2023) has been passed and signed, which allows NSCS to establish the budgets for the colleges for the coming fiscal year. The appropriations have all been allocated and the proposed distribution of funds is presented to the Board for approval. The General Funds represent available cash and the Cash Funds, Revolving Funds and Federal Funds represent expenditure authority, or the ability to spend if cash is available.

General Funds

The 2023-2025 biennium appropriations bill provides the general appropriations for FY24 (July 1, 2023 - June 30, 2024) and FY25 (July 1, 2024 - June 30, 2025). For FY24, an additional \$3,947,542 of funding was provided to support core needs along with an additional \$1,357,500 of State Aid for students. An additional \$4,984 was provided for FY24 in LB705A to support application changes to remove criminal background information. The Student Aid includes \$1.0M for System Career Scholarship base funding bringing the annual available funding to \$4.0M; \$57,500 for the Grand Island Scholarship Program, bringing that total to \$107,500; and \$300,000 to support the Rural Health Opportunities Program. This represents a 6.6% increase in operations funding, or a total 8.4% increase when including Student Aid.

Board Policy 6200 indicates that the Board shall approve the allocation of the funds which shall be done in an equitable manner, and also may take into consideration the adequacy and fairness of the funding levels at each institution. The proposed distribution of funds was shared with the colleges so they could prepare their Operating Budgets for FY24, which are also included on the June Board agenda.

All of the appropriated funds were allocated to the Colleges and the System Office based on the actual need to fund the cost items and prorating the available funds. Each of the Core Needs Requests was funded at approximately 60%-70% of the requested amount. Attachment II shows the allocation of all general fund increases. A summary of the allocation methodology follows:

- Salary and Related Benefits - Allocated based on the proportion of total need considering final negotiated salary increases. We were only funded at 70% of our request.

- Health Benefits - Allocated based on three-year's of actual expenses adjusted for rate increases (FY20-FY22). This approach was used instead of a single year to mitigate a high turnover year causing a lower benefit cost. We only received 73% of our need.
- Utilities - Allocated based on the increase from FY21 to FY22. Funded at 60% of request.
- Insurance - Allocated based on the FY23 state insurance increase over FY22 amounts (excluding auxiliary).
- Operating Expenses - Allocated based on the proportion of all FY22 OE expenses (cash expenses). Contractual services items not tied directly to buying services related to operations were removed.
- Building Openings - Were not funded.
- DAS Rate Changes - Based upon request.
- Adjunct Pay - Allocated based on FY22 hours taught by adjuncts.

The Student Aid increases were allocated as follows:

- Career Scholarship Funds - Allocated using 40% equal distribution and 60% based on 3-year graduate production.
- Grand Island Career Scholarship Funds - Amount designated for program of \$57,500 was provided to WSC.
- RHOP Scholarships - Allocated using the 2023 Cohort and 2023 Alternate slots filled with the remaining funds allocated on the existing cohort numbers.

It should be noted that the funding for the Department of Corrections to support the PSC Correction Leadership Scholarship program is not included in the Distribution of Funds because the funds are appropriated in the Corrections budget. The funds in the Corrections budget remain at \$973,465, with \$675,000 of that total available for scholarships.

Cash Funds

The Cash Fund appropriation is adjusted for tuition and fee rate increases and any other adjustment deemed necessary by the Colleges. The FY23 cash funds base is broken into "Operating Base" and "Scholarship/Grant Awards Base" so the amount received for scholarships and grants can be easily identified.

PSC reduced their Cash Funds authority by \$430,000 in March of 2023. That adjustment was not reflected in the biennium budget base as it happened after the submission of the biennium budget. The adjustment to Cash Funds is being made to adjust their cash authority to reflect the lower than expected tuition and fee revenues experienced in FY23 and anticipated to continue in FY24.

The final adjustment line for the colleges reflects anticipated changes for scholarship awards received during the year from state agencies such as the Coordinating Commission for Postsecondary Education (CCPE) and the Nebraska Department of Education. PSC is making a correction to align their scholarship authority with what they actually receive. WSC is increasing their scholarship authority.

Federal Funds

The Federal Fund appropriation reflects preliminary projections from the colleges. Additional adjustments may be made to the Federal Funds appropriation as needed by the colleges during the fiscal year. It should be noted that the \$2.0M Federal ARPA funds for equipment (LB1014)

were removed from the college's base budgets in FY23, and were moved to the System Office along with the \$6.0M for water and sewer projects. The Legislature agreed to annualize the amounts which means that the original appropriation was removed and the remaining dollars will be carried over into FY24, which are estimated at \$7,150,000.

Revolving Funds

The Revolving Funds represent the operating budgets of the auxiliary system, excluding the amounts expended for food service contracts and debt service payments because these payments are processed through the trustee and do not require expenditure authority. Adjustments have been made for the increase in residence hall rates approved in March, facility fee increases, and base adjustments planned by the colleges. The FY24 Auxiliary System Operating Budgets are also included on the June Board agenda.

The System Office recommends approval of the Distribution of Funds for FY24.

ATTACHMENTS:

- Distribution of Funds 6-5-23(PDF)
- Allocation of FY24 General Fund Budget Increases (PDF)

FY24 Distribution of Funds
June 1, 2023

AGENDA ITEM: 4.10
MEETING DATE: June 15, 2023

	CSC	PSC	WSC	SO	TOTAL
<u>General Funds</u>					
FY23 Operating Base	\$20,455,819	\$11,478,332	\$25,590,227	\$2,765,409	\$60,289,787
FY23 Career Scholarship Base	\$978,896	\$809,754	\$1,211,350	\$0	\$3,000,000
FY23 Grand Island Career Scholarship Base	<u>\$0</u>	<u>\$0</u>	<u>\$50,000</u>	<u>\$0</u>	<u>\$50,000</u>
FY23 Total General Fund Base	\$21,434,715	\$12,288,086	\$26,851,577	\$2,765,409	\$63,339,787
<u>FY24 Operating Base Adjustments</u>					
Salary and Related Benefits	\$677,704	\$386,566	\$875,050	\$89,430	\$2,028,750
Health Benefits	\$154,830	\$91,547	\$201,156	\$12,672	\$460,205
Utilities	\$3,239	\$40,365	\$115,396	\$0	\$159,000
Insurance	\$76,348	\$60,372	\$96,280	\$0	\$233,000
Operating Expenses	\$197,106	\$138,110	\$290,653	\$10,131	\$636,000
DAS Rate Changes	(\$16,308)	(\$3,776)	\$25,138	\$2,018	\$7,072
Adjunct Pay Increase	\$97,388	\$108,122	\$218,005	\$0	\$423,515
Remove Criminal Background from Application	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,894</u>	<u>\$4,894</u>
Total General Fund Operating Adjustments	\$1,190,307	\$821,306	\$1,821,678	\$119,145	\$3,952,436
<u>FY24 Student Aid Adjustments</u>					
Career Scholarship	\$317,524	\$256,300	\$426,176	\$0	\$1,000,000
Grand Island Career Scholarship	\$0	\$0	\$57,500	\$0	\$57,500
RHOP Scholarships	<u>\$74,340</u>	<u>\$29,680</u>	<u>\$195,980</u>	<u>\$0</u>	<u>\$300,000</u>
Total General Fund Student Aid Adjustments	\$391,864	\$285,980	\$679,656	\$0	\$1,357,500
FY24 Operations Base	\$21,646,126	\$12,299,638	\$27,411,905	\$2,884,554	\$64,242,223
FY24 Student Aid Base	<u>\$1,370,760</u>	<u>\$1,095,734</u>	<u>\$1,941,006</u>	<u>\$0</u>	<u>\$4,407,500</u>
Total FY24 General Fund Base	\$23,016,886	\$13,395,372	\$29,352,911	\$2,884,554	\$68,649,723
<u>Cash Funds (estimate)</u>					
FY23 Operating Base	\$13,180,437	\$7,608,483	\$21,128,978	\$914,507	\$42,832,405
Scholarship/Grant Awards (1)	<u>\$575,000</u>	<u>\$921,487</u>	<u>\$1,485,000</u>	<u>\$0</u>	<u>\$2,981,487</u>
FY23 Total Cash Base	\$13,755,437	\$8,529,970	\$22,613,978	\$914,507	\$45,813,892
<u>Cash Fund Adjustments</u>					
Tuition Increase	\$303,021	\$199,350	\$474,566	\$0	\$976,937
Impact of Fee Rate Changes	\$136,905	\$26,403	\$182,126	\$0	\$345,434
Operations Base Correction from Scholarships	\$0	\$497,152	\$0	\$0	\$497,152
Cash Budget Reduction (March 2023)	\$0	(\$430,000)	\$0	\$0	(\$430,000)
Scholarship/Grant Awards	<u>\$0</u>	<u>(\$497,152)</u>	<u>\$241,000</u>	<u>\$0</u>	<u>(\$256,152)</u>
Total Cash Fund Adjustments	\$439,926	(\$204,247)	\$897,692	\$0	\$1,133,371
Total FY24 Cash Funds Operating Base	\$13,620,363	\$7,901,388	\$21,785,670	\$914,507	\$44,221,928
Total FY24 Scholarship/Grant Awards Base (1)	<u>\$575,000</u>	<u>\$424,335</u>	<u>\$1,726,000</u>	<u>\$0</u>	<u>\$2,725,335</u>
Total FY24 Cash Funds Base (estimate)	\$14,195,363	\$8,325,723	\$23,511,670	\$914,507	\$46,947,263

FY24 Distribution of Funds
June 1, 2023

AGENDA ITEM: 4.10
MEETING DATE: June 15, 2023

	CSC	PSC	WSC	SO	TOTAL
<u>Federal Funds (estimate) (2)</u>					
FY23 Operating Base	\$1,300,000	\$0	\$2,140,000	\$8,000,000	\$11,440,000
Federal Student Aid	<u>\$14,700,000</u>	<u>\$12,820,000</u>	<u>\$21,160,000</u>	<u>\$0</u>	<u>\$48,680,000</u>
FY23 Total Federal Base	\$16,000,000	\$12,820,000	\$23,300,000	\$8,000,000	\$60,120,000
<u>Federal Funds Adjustments</u>					
ARPA Federal Grants Carryover (4)	\$0	\$0	\$0	\$7,150,000	\$7,150,000
ARPA Annualization (4)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$8,000,000)</u>	<u>(\$8,000,000)</u>
Total Federal Fund Adjustments	\$0	\$0	\$0	(\$850,000)	(\$850,000)
Total FY24 Federal Funds Base (estimate) (2)	\$16,000,000	\$12,820,000	\$23,300,000	\$7,150,000	\$59,270,000

<u>Revolving Funds (Auxiliary System) (estimate) (3)</u>					
FY23 Base	\$2,898,591	\$1,758,777	\$5,581,690	\$0	\$10,239,058
<u>Revolving Fund Adjustments</u>					
Base Adjustment	(\$296,386)	\$0	\$46,330	\$0	(\$250,056)
Fee Increase	\$0	\$113,157	\$0	\$0	\$113,157
Residence Hall Revenue	<u>\$212,968</u>	<u>\$120,351</u>	<u>\$263,550</u>	<u>\$0</u>	<u>\$596,869</u>
Total Revolving Fund Adjustments	(\$83,418)	\$233,508	\$309,880	\$0	\$459,969
Total FY24 Revolving Funds Base	\$2,815,173	\$1,992,285	\$5,891,570	\$0	\$10,699,028

<u>Distribution of Funds</u>					
General Funds	\$23,016,886	\$13,395,372	\$29,352,911	\$2,884,554	\$68,649,723
Cash Funds	\$14,195,363	\$8,325,723	\$23,511,670	\$914,507	\$46,947,263
Federal Funds (est.)	\$16,000,000	\$12,820,000	\$23,300,000	\$7,150,000	\$59,270,000
Revolving Funds (est.)	<u>\$2,815,173</u>	<u>\$1,992,285</u>	<u>\$5,891,570</u>	<u>\$0</u>	<u>\$10,699,028</u>
FY24 All Funds Total	\$56,027,422	\$36,533,380	\$82,056,151	\$10,949,061	\$185,566,014

Notes:

- (1) Includes awards from state agencies such as Nebraska Opportunities Grant (NOG), Access College Early (ACE), and Attracting Excellence in Teaching (AET) added by the colleges throughout the year as awards are determined.
- (2) Federal Funds are estimates based on initial projections by the colleges. Adjustments are made as needed by the colleges.
- (3) Revolving Funds are based on FY23 college operating budgets adjusted for increases or decreases. Adjustments are made when approved by the Board. The budgets do not include food service contracts or debt service payments made by the Trustee.
- (4) The CSFRF \$2.0M in funding for equipment was removed from the colleges and moved to the system office during FY23. The full \$8.0M was loaded into the system office in FY23. The Legislature removed the \$8.0M budget as part of the Biennium and annualized the budget. The SO federal funds reflects the carryover estimate.

Nebraska State College System
FY24 General Funds Base Budget Increase Allocation

AGENDA ITEM: 4.10
MEETING DATE: June 15, 2023

Base Adjustments	Request	Recommended	Appropriated	Allocation				
				<u>CSC</u>	<u>PSC</u>	<u>WSC</u>	<u>SO</u>	<u>Total</u>
Salary and Related Benefits	\$3,381,252	\$2,028,750	\$2,028,750	\$677,704	\$386,566	\$875,050	\$89,430	\$2,028,750
Heath Benefits	\$642,213	\$385,328	\$460,205	\$154,830	\$91,547	\$201,156	\$12,672	\$460,205
Utilities	\$264,675	\$159,000	\$159,000	\$3,239	\$40,365	\$115,396	\$0	\$159,000
Insurance	\$371,383	\$223,000	\$233,000	\$76,348	\$60,372	\$96,280	\$0	\$233,000
Operating Expenses	\$1,060,585	\$636,000	\$636,000	\$197,106	\$138,110	\$290,653	\$10,131	\$636,000
Building Openings	\$231,066	\$141,547	\$0	\$0	\$0	\$0	\$0	\$0
DAS Rate Changes	\$7,072	\$4,243	\$7,072	-\$16,308	-\$3,776	\$25,138	\$2,018	\$7,072
Adjunct Pay Increase	\$423,515	\$254,109	\$423,515	\$97,388	\$108,122	\$218,005	\$0	\$423,515
Application Changes	<u>\$0</u>	<u>\$0</u>	<u>\$4,984</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,894</u>	<u>\$4,894</u>
Total Base Adjustment	\$6,381,761	\$3,831,977	\$3,952,526	\$1,190,307	\$821,306	\$1,821,678	\$119,145	\$3,952,436
FY23 Base Budget	\$60,289,787	\$60,289,787	\$60,289,787	\$20,455,819	\$11,478,332	\$25,590,227	\$2,765,409	\$60,289,787
FY24 Base Budget	\$66,671,548	\$64,121,764	\$64,242,313	\$21,646,126	\$12,299,638	\$27,411,905	\$2,884,554	\$64,242,223
Percentage Increase	10.59%	6.36%	6.56%	5.82%	7.16%	7.12%	4.31%	6.56%

FY24 State Aid Budget Increase Allocation

State Aid	Request	Recommended	Appropriated	Allocation				
				<u>CSC</u>	<u>PSC</u>	<u>WSC</u>	<u>SO</u>	<u>Total</u>
Career Scholarship Program	\$1,057,500	\$1,057,500	\$1,057,500	\$317,524	\$256,300	\$483,676	\$0	\$1,057,500
RHOP and PHEAST Scholarships	<u>\$300,000</u>	<u>\$0</u>	<u>\$300,000</u>	<u>\$74,340</u>	<u>\$29,680</u>	<u>\$195,980</u>	<u>\$0</u>	<u>\$300,000</u>
Total Base Adjustment	\$1,357,500	\$1,057,500	\$1,357,500	\$391,864	\$285,980	\$679,656	\$0	\$1,357,500
FY23 Base Budget	\$3,050,000	\$3,050,000	\$3,050,000	\$978,896	\$809,754	\$1,261,350	\$0	\$3,050,000
FY24 Base Budget	\$4,407,500	\$4,107,500	\$4,407,500	\$1,370,760	\$1,095,734	\$1,941,006	\$0	\$4,407,500
Percentage Increase	44.51%	34.67%	44.51%	40.03%	35.32%	53.88%		44.51%

FY24 Total Base and State Aid Budget

	Request	Recommended	Appropriated	<u>CSC</u>	<u>PSC</u>	<u>WSC</u>	<u>SO</u>	<u>Total</u>
FY23 Base Budget	\$63,339,787	\$63,339,787	\$63,339,787	\$21,434,715	\$12,288,086	\$26,851,577	\$2,765,409	\$63,339,787
FY24 Base Budget	\$71,079,048	\$68,229,264	\$68,649,813	\$23,016,886	\$13,395,372	\$29,352,911	\$2,884,554	\$68,649,723
Percentage Increase	12.22%	7.72%	8.38%	7.38%	9.01%	9.32%	4.31%	8.38%

Nebraska State College System
FY24 General Funds Base Budget Increase Allocation

AGENDA ITEM: 4.10
MEETING DATE: June 15, 2023

One-Time Funding

	Request	Recommended	Appropriated
<u>One-Time Funding</u>	<u>FY24</u>	<u>FY24</u>	<u>FY24</u>
Insurance Risk Loss Trust	\$1,500,000	\$3,000,000	\$3,000,000

Capital Funding

	Request	Recommended	Appropriated
	<u>FY24</u>	<u>FY24</u>	<u>FY24</u>
PSC Geothermal Upgrade (1)	\$2,101,905	\$2,101,905	\$2,101,905
WSC Brandenburg Renovation	\$4,050,000	\$0	
PSC Geothermal Utilities	\$6,129,800	\$0	
PSC AV Larson Renovation	\$150,000	\$0	

(1) This was the reaffirmation funding found in LB383 (2021)