

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

***ACTION:* Approve Supplemental 2023-2025 Biennium Budget Request**

The Board approved three 2023 deficit budget requests at the September 2022 meeting: 1) insurance deficit request for \$293,463; 2) adjunct salary pay deficit request of \$423,515; and 3) the operating expense deficit (inflation) of \$1,226,007. While we requested an insurance increase and an inflationary increase as part of the 2023-2025 biennium budget request, we did not include the impact of the FY23 deficit request for these two items. We also did not include a biennium budget request for the impact of the adjunct pay increase from \$850 to \$1,000. It is possible to do a supplemental biennium budget request for the FY23 deficit budget requests.

The estimated inflationary impact on operating expenses in the 2023-2025 Biennium Request is a total of \$2,174,200, assuming a 5% inflationary increase each year of the biennium. Adding the FY23 deficit request impact would make that request \$4,626,254. Given the uncertainty of the inflation rate moving forward and the amount already requested, it is not recommended that we adjust our biennium request for the FY23 deficit request.

The insurance request in the 2023-2025 Biennium Request is a total of \$880,060 assuming a 30% increase in our annual insurance costs. Adding the FY23 deficit request impact would make that request \$1,466,986. Given the significant insurance cost increase already included in our request and the fact that we asked for a \$1.5M insurance Risk Loss Trust, it is not recommended that we adjust our biennium request for the FY23 deficit request.

There is no pay increase request for adjunct faculty in the 2023-2025 Biennium Request. Give that we will incur this cost increase for the current year and the years covered by the biennium request, it is recommended that we do a supplemental budget request for the 2023-2025 Biennium Request.

The Chancellor and Vice Chancellor for Finance and Administration recommend doing a supplemental biennium request for Adjunct Pay in the amount of \$423,515 each year, for a total of \$847,030.

The System Office recommends approval of the Supplemental 2023-2025 Biennium Budget Request.