

**PROCEDURES TO BE INVOKED FOR SIGNIFICANT  
BUDGET REALLOCATIONS AND REDUCTIONS  
University of Nebraska–Lincoln**

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Preface

This document<sup>1</sup> establishes budget reallocation and reduction procedures at the University of Nebraska-Lincoln for academic and support and service programs in circumstances where significant budget reallocations or reductions are required. While regular biennial budget planning may draw upon some aspects of the procedures included in this document, it is anticipated that the procedures herein will be used principally in budget cycles where there are significant internally or externally driven budget shortfalls. It supersedes all other campus level documents that address budget reallocation or reduction procedures, except the Bylaws of the Board of Regents and the UNL Bylaws.

In accordance with the UNL Bylaws, the Academic Planning Committee adopted this document on November 11, 1992. It was approved by the Academic Senate on December 8, 1992 and approved by the Association of Students of the University of Nebraska on February 3, 1993. The Academic Planning Committee promulgated this document on February 10, 1993.

The premise of these procedures asserts that budget reallocations and reductions are most rationally, efficiently, and equitably accomplished as aspects of a dynamic and ongoing strategic and budgetary planning process. Therefore, the process detailed in this document should be built on a UNL strategic plan that includes institutional goals and a vision for the future. It is also assumed that the biennial budget-making process relates the needs and priorities of the university to its resources. Indeed, the administrators of the university are continually evaluating external factors that can affect the university's revenue, including emerging opportunities for, as well as threats to the university's programs. Adjusting the university's academic and support programs to respond to an ever changing environment is an essential and critical role of administration. Most adjustments will happen outside the process described by this document. The procedures described here are only invoked in case of significant reduction to the university revenue and/or a significant reallocation of funding.

In the spirit of shared governance these procedures provide opportunities for discussion, consultation and negotiation among participants. The participants include students, staff, faculty, department chairs and heads, unit directors, college deans, vice chancellors and the chancellor.

This document reaffirms the role of the Academic Planning Committee (APC) in reviewing and proposing the change or elimination of programs, as outlined in University of Nebraska-Lincoln Bylaws, Sections 1.10.1. and 1.10.1.2 A. through G. This role of the APC can best be achieved by regular and open communication and interaction with the chancellor on the full range of academic matters before the university, irrespective of any specific budget reallocation/reduction episode.

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<sup>1</sup>This document was originally prepared by a committee of current and former Academic Planning Committee members, then Chancellor Graham Spanier and Professor George Tuck, then President of the UNL Academic Senate. This current version was approved in 2011.

The process and procedures set forth draw upon the wisdom gained from a review of relevant budget reallocation and reduction documents and the lessons learned from previous budget reallocation/reduction episodes. Therefore, the process that follows was developed to maximize the likelihood of achieving an appropriate result by emphasizing the following: the need for open communication; the need for ongoing consultation among unit administrators, faculty, students and staff; the desirability for confidentiality during exploratory considerations; the need for common understandable data and information about programs; the need for time for discussion and negotiation among the various participants in the process; and the need to protect the safeguards contained in the Bylaws and Policies of the Board of Regents and the Bylaws of the University of Nebraska-Lincoln with respect to faculty tenure and due process considerations.

## I. CONSULTATION AND DECISION-MAKING

Essential to a quality university is recognition of the importance of the faculty voice in matters of academic decision making and long-range planning. These procedures are designed to reflect that recognition; they represent sound academic practice consistent with standards set by the AAUP and other professional organizations. Rumors and misinformation can be a deterrent to productivity. A well-conceived and generally accepted budget planning procedure involves faculty, staff and student consultation and keeps rumors and misinformation to a minimum.

The University of Nebraska-Lincoln's budget planning process involves judgments about the quality of programs. Both administrators and faculty must weigh subjective as well as objective factors in setting priorities and selecting programs that will be affected. Resulting decisions must be made within the budget reallocation and reduction process described herein.

## II. PROCESS

These procedures shall be invoked by the chancellor when the chancellor, in consultation with the Chancellor's senior leadership team and the Faculty Senate Executive Committee has determined that a) significant internally or externally driven budget shortfalls have occurred or are imminent, or b) significant budget reallocations are contemplated. A budget shortfall or reallocation severe enough to propose the elimination of a program (as defined in this document) triggers these procedures.

Nothing in this document is intended to supersede policies and by-laws approved by the Board of Regents relating to the declaration of financial exigency.

### A. PRINCIPLES

#### 1. Personnel

- a. The process will ensure that faculty tenure rights are protected in accordance with the governing laws of the university and state. Participants in the process must be sensitive to the relevant guidelines of the American Association of University Professors.
- b. It is recognized that extension educators and state foresters within the Institute of Agriculture & Natural Resources are not protected by tenure. These employees are faculty. Their value and programs will be protected in accordance with the governing laws and personnel policies of the university and state.

- c. The process shall ensure that the rights of non-tenured faculty and non-academic staff are protected in accordance with the governing laws and personnel policies of the university and state.

2. Information

Information used in the reallocation and reduction process must be made available to the budget planning participants and affected programs in a timely manner so that corrections and explanations can be made before it is released to the public.

3. Consultation

The process shall ensure that administrators, faculty, students, and staff are consulted. A shared definition of the word “consultation” is essential to ensure there is ample opportunity for advice prior to recommendations being developed. Consultation is more than just giving and receiving information; it allows all parties the opportunity and the time necessary to explore and offer alternatives before administrative decisions are made. Deans, directors,<sup>2</sup> chairs and heads shall follow procedures as stipulated in their college and unit bylaws and allow advice, input, and discussion by faculty, staff, and, to the extent appropriate, students prior to proposals being submitted by unit administrators. Such consultation is intended to give administrators, students, staff, and faculty an opportunity for substantive interactions that go beyond simply sharing information.

One of the keys to the success of this process will be the manner with which the information considered at various stages is handled. In the early stages, it will be critical that those individuals responsible for developing budget reduction/reallocation proposals have an opportunity for candid discussions regarding the wide range of options open to them. Such candor is likely to occur only if participants are assured that the discussions will remain confidential. As the process moves forward and proposals are developed, it is essential that the scope of these working discussions expand to include units potentially affected by the proposals prior to public release.

4. Inter-Program and Inter-College Relationships

Inter-program and inter-college relationships must be considered during proposed budget reallocation, reduction and planning.

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<sup>2</sup>Throughout this document, a director is defined as anyone (other than clerical/secretarial/service staff) who reports directly to a vice chancellor or anyone, excepting the vice chancellors or clerical/secretarial/service staff, who reports directly to the chancellor.

5. Implementation timetable for budget reallocations and reductions

The implementation timetable for each reallocation or reduction proposal shall be indicated. The impact of budget reallocations or reductions on students and/or clientele must be carefully considered.

6. Alternatives

The first and second phases of the process should allow deans, directors, and the Academic Planning Committee the opportunity to propose alternatives while considering reallocation and reduction strategies.

B. Reduction and reallocation procedures:

1. When the process is invoked, the Chancellor<sup>3</sup> will provide a framework document that describes the issue(s), including a rationale for the proposed reduction(s), the scope of the reduction/reallocation, and a desired timeline for completing the review process and implementing the changes. The document will be made available to the Chancellor's Executive Leadership Team and the following shared governance partners: the Academic Planning Committee (APC), the deans, the Executive Committee of the UNL Faculty Senate, appropriate representatives of the Staff Senate, and appropriate representatives of the Association of Students of the University of Nebraska (ASUN)<sup>4</sup>.

2. The APC will evaluate the Chancellor's framework document. The evaluation shall include consultation with all partners in the shared governance of the University as described above. The APC may request further information from the Chancellor or other offices of the university, which they will provide to APC to the best of their abilities and in a timely manner. Some discussion with the Chancellor may be required regarding the nature and size of the budget reduction/reallocation, and the framework document will be updated accordingly. This discussion shall be confidential. After this evaluation process is completed, the Chancellor will make the revised framework document public.

3. Following the timeline that has been established, the Chancellor will provide a specific plan and justification for the budget reductions/reallocations to the APC and other stakeholders, who then will provide prompt feedback before the list of proposed reductions/reallocations is released to the public. The proposed reductions and reallocations shall be consistent with the public framework document, the priorities of the university's strategic plan, and the governance rules of the university and its organizational units. The Chancellor's senior leadership team and the shared governance partners also will be briefed on the budget proposals. All relevant data and supporting rationale will be provided to the APC so the APC can provide informed feedback to the Chancellor. This feedback may be necessarily confidential.

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<sup>3</sup>The Chancellor may name a designee to carry out this function.

<sup>4</sup>Once the budget reduction/reallocation process has been invoked by the Chancellor, the appropriate representatives of the Staff Senate shall serve on the APC for the remainder of the process and shall vote only on budget reduction matters.

After making any needed adjustments to the proposals after feedback from the APC, the Chancellor will release the proposals to the public. At that time the APC will announce its procedures for the following step.

4. The APC will conduct public hearings to obtain information from the university community about the proposed reductions and reallocations. The Chancellor or a designee will present the justification for the proposals. Key external stakeholders that may be impacted by said reductions and reallocations may also be involved in the public hearings. Units and persons affected by budget reallocation and reduction proposals may elect to prepare written responses to those proposals and submit them to the APC. The format of these responses will be determined by the APC and announced at the time the budget proposals are released to the public. The APC shall invite all persons employed in affected units and/or their representatives to appear and/or speak at the hearings to clarify issues raised by the proposals. The APC chair, at his or her discretion, may recognize other affected parties to speak at such hearings.

5. The APC will deliberate and advise the Chancellor on the implications of each academic program budget proposal (such as inter-unit and inter-college relationships and the impact on institutional goals and priorities) and make a recommendation on the acceptance of each proposal. The APC also will consider the impact of budget reallocation and reduction proposals from the support and service units on the academic programs. Should the APC make a negative recommendation on any of the proposals, the Chancellor will work with the shared governance partners to identify alternative options if possible.

6. The Chancellor will announce publicly specific budget reallocation and reduction decisions and will forward those requiring Regents' approval to the Board of Regents through the Office of the President or the president's designated representatives. The Chancellor will also forward proposals requiring Graduate Council consideration to the UNL Graduate Council and, as required, to the Executive Graduate Council of the University of Nebraska. Recommendations made by the APC will be included in the public announcement.

### III. GENERAL ISSUES

The University of Nebraska-Lincoln is a comprehensive, land grant research university and thus has a unique set of responsibilities for instruction, research and service. The following general issues are directly related to these responsibilities and should be carefully considered when evaluating all elements of the University.

#### A. Support of the basic mission of instruction, research and service.

The role and mission states that through its three primary missions of instruction, research, and service, UNL is the state's primary intellectual center providing leadership throughout the state through quality education and the generation of new knowledge.

#### B. Integration and Balance of Mission

The University is committed to an effective integration of its primary functions of

instruction, research and service. The university community supports the thesis that the quality of instruction and service is enhanced when faculty are also engaged in research and scholarship. Therefore, an appropriate balance of instruction, research and service should be maintained within the major academic units and the university at-large.

C. Primacy of Academic Programs

Academic programs exist for the purpose of creating new knowledge, providing instruction and extending service. Primacy should therefore be accorded to maintaining and enhancing the quality of academic programs through talented faculty, students and staff.

D. Necessity of Support and Service Programs

To fully and effectively use its human resources and achieve its mission, the University should provide effective support and service programs for students, faculty and staff and a supportive physical environment which includes buildings, equipment and infrastructure.

Strong academic programs depend upon effective and efficient support functions to achieve the primary mission of the University. The evaluation of support and service programs should, therefore, be based primarily upon how they contribute to the performance and strength of academic programs, with consideration given especially to cost effectiveness and efficiency.

E. Academic Freedom and Tenure

A university must support the principles of tenure and academic freedom. They help create a climate which engenders creative thought and unbridled expression. They serve the university by ensuring an environment necessary to attract and retain the best available faculty.

Program reviews and subsequent reallocations, reductions, reorganizations and/or eliminations must not abrogate the principles of tenure, academic freedom, or due process which are essential to the stability, integrity, and excellence of the institution.

F. Affirmative Action

The University of Nebraska-Lincoln has a demonstrable commitment to affirmative action and educational opportunities with particular focus on ethnic minorities and women, which should be continued into the future.

G. Relationship with the State and Society at Large

The University enjoys a close relationship with the people of Nebraska and the larger society it serves. Indeed, the maintenance of UNL's excellence enhances the state's economy and overall quality of life. However, the emergence of a body of knowledge and new ideas should not be determined solely by the availability of external resources and the demands of clients. The University should retain its

autonomy and the capacity to act as a constructive force within society at large.

#### IV. GENERAL GUIDELINES

- A. The UNL role and mission statement should be supported.
- B. Procedures must adhere to the Board of Regents and UNL Bylaws.
- C. Budget reallocations and reductions should support the strategic goals and objectives which have been established as high institutional priorities for UNL.
- D. Decisions about programs-reductions and reallocations should include considerations of staffing, facilities, equipment, operating needs, academic program reviews, other reviews, and constituencies served.
- E. Definitions of academic and support and service programs to be used when considering possible budget reallocation and reduction strategies are:

- 1. Academic program

An academic program has one or more of the following characteristics:

- a. includes the word "College," "School," "Department," "Center," "Institute," "Division," "Program," or "Bureau" as a part of its title;
- b. is headed by a person with academic rank entitled "dean," "director," "chair," "coordinator, or "head;"
- c. offers a degree, a certificate, a major, a minor, a credential, a diploma or continuing education units;
- d. has a sequence of specific academic requirements;
- e. is a distinct academic option or track within a larger unit;
- f. has received administrative approval to be a distinct academic/service function.

- 2. Support and service program

For the purposes of this budget planning process, all other units at UNL will be defined as support and service programs.

- F. Choices for budget reallocation and reduction, in priority order are:

- 1. Preserve, if at all possible, programs central to the UNL mission
- 2. Reduce programs with excess capacity

For each program of the university it is necessary to ask "Is this essential to the current needs of the university or the state?" and "Is this resource sufficiently

available elsewhere in the university, state or region?" For each academic unit it will be necessary to consider current and projected enrollments as well as the demand for students who specialize in this area. For academic support units, one must consider whether the demands for the service are commensurate with the resources provided.

3. Eliminate peripheral programs

The key questions in deciding between a program that is truly essential and one that merely facilitates the functions of the university are "can the university possibly get along without it," "will elimination of this activity seriously reduce the effectiveness of the instructional, research programs or service?" and, "will elimination of this activity have a serious negative impact on the state?"

4. Improve or eliminate programs of lower quality first

Severe budget reductions could make it necessary to cut into both academic and support and service programs that are essential to the central mission of the university. Program redirection, however, should be founded on strengthening of essential programs. Rather than eliminating programs, administrative reorganization or other approaches should be sought to improve the quality of these essential programs. Decisions should be based on quality and the relationship of the program to be cut to other programs in the university.

Programs of lowest quality should be eliminated first unless they are determined to be central to the university's mission. Evaluation should be based on the effectiveness and productivity of the unit in question and on its state, national, and international reputation. Considerations must be given to the value of the activity to the public it serves. It may in some cases be necessary to sacrifice an excellent, but isolated, program to preserve one of lesser quality that provides essential services to key areas of the university. This statement does not deny that every unit in the system should be responsible for seeking ways to redirect its current resources to be more responsive to the mission of the university and the needs of the state.

V. CRITERIA

The criteria that shall be used for evaluating specific programs (in relation to the preceding general issues and guidelines are:

A. Criteria for Academic Programs

Three alternative types of actions will be considered in the review of academic programs. These are: 1) maintaining or increasing program support; 2) reduction or elimination; and 3) reorganization. These measures are sufficiently distinct in character to require differing sets of criteria to control their application.

A number of criteria, both positive and negative, are included to guide discussions and decisions about reducing, eliminating, or reorganizing a program. Given the great diversity of academic programs, these criteria do not include all considerations which may be applicable to individual programs. It is understood that additional considerations



are not rendered irrelevant by their omission and may therefore be considered. It also should not be assumed that all stated are of equal weight, or that a program will be "scored" by the algebraic sum of its positive and negative features.

1. Criteria for reduction or elimination

The following criteria will be applied in determining whether to recommend that a program be reduced. The criteria under a. will be used to assist in identifying programs in which reductions may be feasible. The criteria under b. and c. will then be considered in determining which programs should not be recommended for reduction or elimination.

a. Criteria in support of reduction or elimination

- 1) The program's present and probable future demand is insufficient to justify its maintenance at existing levels of support. Insufficient demand may be indicated by significant decline in one or more of these areas over a protracted period:
  - a) the number of completed applications for admission to the program;
  - b) the student credit hours generated in lower division, upper division, professional, and/or graduate level courses in the program;
  - c) the number of students who complete majors or degrees in the program;
  - d) in the case of instructional programs designed to prepare graduates for specific employment, the market demand for graduates of the program;
  - e) in the case of service programs, the level of demand for the service provided;
  - f) in the case of research programs, the quality and quantity of research being conducted;
  - g) in the case of research programs, the level of external funding, given the relative availability of funds.
- 2) The program would normally be expected to be accredited but is not; or it is exposed to a substantial risk of loss of accreditation. If the program is not appropriate for accreditation, the program has been deemed to be of a quality or size that raises questions concerning its viability or continuation.
- 3) The program's productivity relative to the university's investment in faculty, staff, and equipment, facilities, or other resources has declined significantly.
  - a) In the case of instructional programs, a significant decline in productivity might be indicated by a decrease in the generation of

student credit hours of all courses per full-time equivalent (FTE) faculty over the past five years relative to UNL enrollment trends and by a low level of student credit hours per full-time equivalent (FTE) faculty in comparison to that of UNL's peer institutions and/or similar programs at UNL.

b) In the case of non-instructional programs, productivity shall, where possible, be measured in terms of units of output appropriate to the program's mission.

- 4) The instructional productivity of a program is substantially less than the average for UNL as a whole. The level of instruction and the mode of instruction appropriate to the program shall be considered, including particularly the average number of contact hours carried by the faculty.
- 5) The program's reduction or elimination will not substantially impair the viability or quality of other UNL programs.
- 6) The program's contribution to the UNL missions of instruction, research, and service is sufficiently marginal not to justify maintenance of its present size.

b. Criteria indicating that elimination is inadvisable

- 1) The program has achieved a national or international reputation for quality as indicated by objective evaluations.
- 2) The program supplies significant instruction, research, or service that UNL is better equipped to supply than other colleges or universities.
- 3) The program is the only one of its kind within the State of Nebraska.
- 4) The program is an essential program for every university.
- 5) The program's elimination would have a substantially negative impact on education and societal concerns in Nebraska.
- 6) The program's elimination would result in substantial loss of revenue currently derived from grants, contracts, endowments or gifts.
- 7) The program represents a substantial capital investment in specialized physical plant or equipment that could not be effectively redirected to alternative uses.
- 8) The program is central to maintaining the university's affirmative action goals.
- 9) The program give the University of Nebraska-Lincoln its distinctive character.

c. Criteria indicating that reduction is inadvisable

- 1) The program's nature is such that reduction would impair the critical mass necessary to have adequate quality.
- 2) The program cannot be reduced without a substantial risk to accreditation.
- 3) Current projections indicate that demand for the program or its graduates will increase substantially within the next five years.
- 4) Scholarly research or creative activity of the faculty within this program, as shown by publications, creative productions, honors and awards, external funding, or other objective measure, is higher than others in the same or related peer disciplines.

2. Criteria for reorganization

a. Criteria supporting reorganization

- 1) Two or more programs have sufficient overlap in subject matter and approach or disciplinary method, and a substantial similarity of affinity of objectives such that economics of operation or improvement in quality may reasonably be expected from their consolidation.
- 2) The clarity of the program's identity and function will be increased by transfer to or consolidation with another program.
- 3) The nature and function of the program is such that its support might appropriately be transferred in whole or part to grant, contract, user fees, or other state agencies.

b. Criteria indicating that reorganization is inadvisable

- 1) The consolidation or transfer would create a program sufficiently uncommon within American higher education so as to render recruitment and retention of quality students and faculty difficult.
- 2) The consolidation or restructuring would endanger the quality and/or established accreditation status, where applicable, of one or more of the programs affected.
- 3) The programs, though dealing with similar subject matter, are substantially different in orientation, objective, or clientele.
- 4) The cost reduction of consolidation or transfer would be so modest as to make such reorganization rather pointless.

B. Criteria for Support and Service Programs

Any decision to reduce, eliminate, or consolidate support and service programs should be subject to review because of the possible impact of such action on another unit. Reductions, elimination, or reorganizations made without regard for quality or impact on personnel and

clients can be detrimental to the university, and therefore to the success of academic programs.

Three types of actions will be considered in the review of support and service programs. These are 1) maintaining or increasing the program; 2) reduction or elimination; and 3) reorganization. The following criteria are for use in the overall review.

1. Criteria for reduction or elimination

a. Criteria in support of reduction or elimination

- 1) Opportunities for significant cost reductions for essential services through:
  - \* purchase of services of similar or higher quality at lower cost from external providers; or obtaining them at no cost through partnerships with the private sector
  - \* substitution of services that meet university needs, but a lower cost
- 2) Services are redundant with those provided by other units or levels within UNL or state government.
- 3) Demand by faculty, students or administration for the service is modest or low.
- 4) Services are determined to be less essential for the performance and strength of UNL academic programs.

b. Criteria indicating that reduction or elimination is inadvisable

- 1) Similar essential services are otherwise unavailable.
- 2) Similar essential services are available from alternative provider only at increased cost or at great inconvenience to users.
- 3) Services available from alternative providers are inferior in quality or level of service provided.
- 4) Services are interdependent with and directly supportive of academic functions.
- 5) Services are essentially self-supporting, resulting in limited opportunity for significant budget savings.
- 6) Services are mandated by federal or state statute, funding agency regulations, or state administrative rules and regulations.
- 7) Costs to the university in public support and image are greater than the monetary savings incurred.
- 8) Reduction or elimination of the services would transfer responsibility to another unit without a significant overall cost savings.

- 9) Loss of income generated by the services would be detrimental to the university.
- 10) The nature and function of the program is such that its costs might appropriately be transferred in whole or part to grant, contract, user fees, or other state agencies.

2. Criteria for reorganization

a. Criteria supporting reorganization

- 1) Two of more programs have a substantial similarity or affinity of objectives such that economics of operation or improvement in quality may reasonably be expected from their consolidation.
- 2) The clarity of the program's identity and function will be increased by transfer to or consolidation with another program.
- 3) The nature and function of the program is such that its costs might appropriately be transferred in whole or part to contract, user fees, or other state agencies.

b. Criteria indicating that reorganization is inadvisable

- 1) Consolidation or restructuring would endanger the quality and/or established accreditation status, where applicable, of one or more of the academic programs supported.
- 2) The cost reduction of consolidation or transfer would be so modest as to make such reorganization rather pointless.

VI. AMENDMENT

These procedures will remain in effect until the Academic Planning Committee adopts proposed changes that are affirmed by the Faculty Senate and the Association of Students of the University of Nebraska.