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Agriculture Builders of Nebraska, Inc. Morning Session

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AGRICULTURE BUILDERS OF NEBRASKA, INC. MORNING SESSION
Cornhusker Hotel
January 15, 2003
John C. Owens
NU Vice President and Harlan Vice Chancellor, IANR

Good morning!

On behalf of the Institute of Agriculture and Natural Resources
representatives here this morning, I want to express our very-real pleasure in being
with you, and our very-great appreciation of all that you do. We in the Institute
value the Agriculture Builders of Nebraska highly. Your support for our work and
the wise-counsel of ABN members has been invaluable to me personally since my
arrival in Nebraska, and I know that is true of the entire Institute, as well. In fact,
the thoughtful-perspective and the confidential-advice of the ABN Executive
Committee in the recent third-round of budget cutting decisions we faced in the
Institute helped-me work through what we had to do in that very, very difficult
round of cuts.

The third round was the hardest round we've faced so far, ^{But} ~~_____~~ if
everything we read in the papers and hear in the hallways proves to be accurate, It
could well-be that the most-difficult budget-decisions are still to come.

This morning I am going to talk about where we find ourselves today in the

Institute and at the university, and to do that I think it "helpful" to recap what has occurred in the "24-months" since I came to Nebraska. As I look back on it now, the weather was frigid but the economy good when "Virginia and I" first blew into town – "almost literally"; it was a blizzardy, blustery day when we arrived. There was snow in the air and on the ground; the wind was cold, but the economy was warm.

"Now" the winter weather has been pleasant but the economy frigid, and frankly, wouldn't we all "reverse-that-situation" back to "what-it-was" two years ago in a "heartbeat", if we could – back to that time when we had moisture for much of our state's cropland, the economy was robust, and tax revenues were "flowing-in" at a good rate!

The spring of my "first-year" here – April 2001 – the university received its best budget from the Legislature in years and years. The future was bright with promise of good things to come as we, "based on that budget", made financial commitments to "enhance" the excellence of Nebraska's university. Then the situation changed.

"Drastically." Between the Legislature's "special" budget-cutting session of October 2001 and the "special" budget-cutting session that ended in August 2002, the state's and the university's budgets were "cut" three difficult times. The Institute was forced to cut nearly \$4 million in those "three-rounds" of budget cutting. Because the Institute is "27 percent" of the University of Nebraska-Lincoln's state-appropriated

budget, Chancellor Harvey Perlman and I have agreed the Institute will bear its fair share of 27 percent of the cuts levied to UNL – but no-more than its fair share.

Nearly \$4 million permanently-gone from our budget means we cannot do all we've done before. Yet our constituents make it very-clear that \$4 million of corresponding-need in Nebraska has not disappeared with our funding-reductions.

Each round of cuts slashes deeper-and-deeper into the sinew-and-bone of the Institute. In the second round of budget cuts we made the very painful decision to make vertical-cuts, knowing that if we were to make cuts of this magnitude across-the-board we would weaken some programs to-the-point from which they would never recover. In all instances where vertical cuts have occurred, we have done our level-best to continue to meet as many of our state's needs as-possible, although we must do so differently than we have done before. Today we look to the Veterinary Diagnostic Center on East Campus to meet those diagnostic needs once partially met by the satellite veterinary diagnostic laboratories that budget cuts forced us to close in Scottsbluff and North Platte, for example. And we are working on other-ways to provide veterinary extension-education programs once provided by faculty at those two locations.

This last round of budget cuts forced us to convert the South Central Research and Extension Center at Clay Center to a research-and-demonstration farm

"because in the current economic reality, we no longer can support as many research and extension centers as we have supported in the past. We are keeping the research-and-demonstration farm at Clay Center, however, so we can continue as much research-and-education work in that area of the state as possible, given our diminished resources. That includes much of the ongoing research of the South Central faculty who are moving to their academic departments on the East Campus.

I have said repeatedly that we never would have made the cuts we did – cuts as unpopular with us as they are with our constituents – had they not been forced upon us. In the end the cuts we recommended were recommended because, in the best estimation of the Institute's administrative team, all other scenarios available to us were even worse. We looked at and debated at least 30 different scenarios, and we chose the ones we think will do the least long-term damage to our state.

To make those additional cuts that many folks predict will be required in this legislative session, we will have to return to those scenarios. We will have to choose from options we think to be even worse than what we already have been forced to do. It will make no one happy – not us, and certainly not our constituents – but we will do so because that is our responsibility. Such a responsibility is well-understood by people who have had to make their own very painful and personal decisions this year in response to the drought's effect on their farms-and-ranches.

In making our "cut-decisions" we have, up to this point, managed to protect "some programs" in the Institute that are "unique" to Nebraska. Whether that can continue with more significant cuts on the horizon is in "grave-doubt."

I need to point out, also, that even if the university were to receive a flat budget, with "no-cuts" and with "no-increases," we still would have to make reductions to reallocate resources to cover rises in unavoidable costs such as utilities, property, and liability insurance, health insurance, and the like. In a December 25 story in the *Omaha World-Herald*, Jay Noren, Executive Vice President and Provost for the NU system, said the university "faces" an estimated \$18 million increases in insurance, need-based scholarship expenses, and other costs next school year.

This budget cutting has been extremely painful, from first to last, because of its effects on "what IANR can do for Nebraska and because of its effects on our constituents and our "own-personnel," some of whom have "lost" their university jobs. Probably one of the most *personally* hurtful outcomes of the cuts, "however," is the charge from some people that "rural-Nebraska" was targeted in our cuts.

It is as understandable as it is regrettable that some people living in an area where a cut occurs can feel that specific cut as "a lessening" of our interest in their concerns, or as an abandonment, but that is not the case. There is no abandonment. There is only the cold, harsh "reality" that with nearly \$4 million less in funding, we

cannot conduct all the programs we have offered in the past.

The Institute is devoted to rural Nebraska. Any-cut made anywhere in our budget – on or off the Lincoln campus – affects rural Nebraska, because of the work we do. We have made no-cuts based on location. We have made cuts based on what we think will do the *least long-term* damage to Nebraska, our constituents, the Institute, and the university. We have made cuts based on what important needs we can continue to meet, although we now must meet those needs in different ways. We have made cuts based on how we can best protect the very core of Institute programming, because it is that core that must survive so we can help our state build again when better times come. I think it important to note, also, that the Institute's administration shares in the cuts. In the recent third-round of budget cuts IANR administration shouldered 25 percent – over half a million dollars – of the slightly over \$2 million we had to cut in the Institute in that round.

Some people have told me we should cut what they perceive as “deadwood” among the faculty, unaware that there are clear university policies and procedures that do not allow the university to pick and choose among tenured faculty in a department.

Some have quarreled with the protection of undergraduate teaching as the first-priority when budget cuts are made, unaware that that-protection is specified in

both state statute and Board of Regents policy.

In the past nine months I have heard the statement: "I know you have to make difficult cuts, but — "so-many-times" that I think "sometimes" I hear it in my sleep! It always is followed by the suggestion that we cut something "other" than the speaker's favorite program. I certainly "understand" that sentiment. What we know in the Institute, "however," is that any cut we might propose would draw just as vociferous a reaction from someone else, because the work we do is valuable to our state, and valued by our state.

I said earlier that it was "~~the-wise-counsel~~" of the ABN Executive Committee that "helped" form my own thinking on some of the cuts we made, and helped affirm for us "why" these very painful cuts were still better than the alternatives. I very much appreciate the ABN Executive Committee's "ability" to think in the best interest of Nebraska, and not just selected parts of it, and to maintain "the-confidentiality" of our discussions.

The ABN ~~Executive Committee~~ ^{BOARD OF DIRECTORS} already has demonstrated its ability and vision, as well as its "commitment" to keeping what is confidential "confidential." I believe that is of real-value "both" to the Institute and Nebraska. I have no problem, "however," if ABN wishes "to broaden" the scope of its ~~Board~~ ^{BOARD} on an ad hoc basis to be more broadly representative of Nebraska's interests in IANR —

programs when I discuss possible budget cuts with them *in the future.*

Today Governor Johanns unveils his plan for the next biennial budget, so today we will know what he recommends be cut throughout state government. Then the Revenue Committee will do its work, and the Appropriations Committee will hold hearings and make budget recommendations, and finally the budget will go to the full-Legislature for their consideration.

An Associated Press story carried on the *Lincoln Journal Star* web page January 8 quoted Senator Roger Wehrbein, Chairman of the Appropriations Committee, as saying, "In many ways we are probably going to be in defining times for the future of Nebraska. There are no easy answers."

We in the Institute and at the university think he is right. We believe what is done now very well could define Nebraska's future, and we hope Nebraskans will give a great deal of thought as to what they want that future to be, and what they will support to get it there. One pivotal budget-decision can destroy what it takes years to build. We ask your help in explaining to Nebraska's decision makers the very important role the university plays in the economic ^{well-being} and social well-being of our state. We ask your active-participation in discussions of what Nebraska should and must be.

The reality of the budget-erisis in which we find ourselves is a somber

message I must share with you today, but there are other realities, as well. I would like to end my remarks this morning with an exciting “Institute reality” that is much more a joy to be part of. It is the reality that even though we are making our way through “dark-budget-days” in Nebraska, our talented and dedicated Institute faculty and staff continue to make us proud by the good and necessary work they do. Each of our IANR deans has prepared a report on examples of that good work for you, and you have those reports in your materials. I’m going to talk about just a few of these examples, and urge you to read their reports to learn more.

Before I do, though, I must say I hope you all had the opportunity to see the story that appeared in the media the first week of January about the *E. coli* research funded by LB1206, passed-in-1998, which provided \$250,000 a year for five years to research ways to control and help protect against this deadly bacterium. I know John Klosterman, then president of ABN, was instrumental in helping secure the funding for that research, and we thank-you, John, for your leadership in that. Your far-sightedness and that of your ABN colleagues in gaining legislative support for that funding led-to-research that has allowed IANR scientists to lay significant scientific-groundwork that will contribute to better control of *E. coli 0157:H7*.

Plus, the research Nebraska’s-investment-supported helped our scientists earn more than \$2.6 million in outside grants and contracts to continue this important work to

keep Nebraska food safe. At noon you will hear me thank the Legislature, "as well," for their vision in providing that funding. I want to be sure you know we recognize and highly value ABN's efforts on behalf of this research.

Marjorie Kostelnik, dean of the College of Human Resources and Family Sciences, has included as her handouts "this year" an exciting proposal to create a new college at UNL. This will be a college that focuses on strengthening families, schools, and communities, with "special attention" to the connections and interactions among them. Under the proposal, "current faculty" of the College of Human Resources and Family Sciences and Teachers College will form "the nucleus" of the new college. Chancellor Harvey Perlman "endorsed" the proposal Tuesday. Now it will make its way through University channels to a final vote by the Board of Regents. I think you'll find "this proposal" for a new college and the question and answer handout accompanying it both "interesting and informative."

I'm extremely pleased to highlight the news in College of ~~_____~~ ^{Agricultural SCIENCES AND} Natural Resources Dean Steve Waller's report that new freshman enrollment in CASNR increased 18.4 percent, to 232, this past fall. We truly appreciate ABN's "financial support" of the radio campaign to increase awareness of our majors, which is in its second year this year. We have added "three" new student-focused radio ads, and have updated six ads that aired statewide last year. It's a joy to hear our

students speak so highly of their experience on East Campus. Our enrollment from Lincoln, Omaha, Papillion, and Bellevue is up 39 percent, primarily in majors targeted in last year's radio ads.

It pleases me, also, to tell you enrollment is up this fall at the Nebraska College of Technical Agriculture at Curtis, where it rose 8.2 percent to 253 students. Dean Don Woodburn reports "NCTA is working to rapidly meet changing industry needs for Nebraska.

Dean Elbert Dickey reports on the excellent educational programming our Cooperative Extension Division faculty did for those hit by drought. And Elbert notes that last year extension faculty generated more than \$10 million in grants and contracts to enhance development and delivery of extension education programs across our state. I am a firm believer that extension education is the best out-of-~~THE~~ ~~FORMAL~~ classroom educational experience ever devised.

I'm sure you are aware, as we are, that some folks feel extension education is not as relevant to our state as it once was; in some cases there seems to be a 1950s image of extension that hasn't been updated into this century. Yet extension has changed continually over the years, as Nebraska's needs have changed. Following my remarks, Dean Dickey is going to talk about the extension of today and the extension of the future, using examples from several of our current educators and

their clients. I know he is looking forward to this discussion with you, and he welcomes your ideas, your comments, and your questions at the end of his presentation.

Our Agricultural Research Division faculty continue to demonstrate exceptional productivity in research, as noted in ARD Dean Darrell Nelson's report. Our ARD faculty obtained \$37.1 million in grant-and-contract funds during fiscal year 2002, which accounted for 49.8 percent of all University of Nebraska-Lincoln research grant dollars. Dean Nelson includes a number of exciting new developments in ARD research in his report. One is that an ARD research team has discovered four-classes of chemical compounds that block methane formation in artificial rumens. The most-promising of these will be tested in cattle. Methane emissions are the second most-serious gas tied to global warming, and about 17 percent of methane emitted-each-year arises from livestock. Fifteen percent of digestible-energy in cattle feed is lost as methane.

Well, I've certainly enjoyed talking about the reality of the good work done in the Institute far more than I enjoyed talking about the reality of the budget crisis in which Nebraska and its university find ourselves. Before I turn the podium over to Dean Dickey for his presentation on today's and tomorrow's extension, I would welcome any questions or comments. Thank you.