Dr. Hugh Hudson welcomed all to the meeting. He introduced Provost Ron Henry, who was attending to update the committee on budget changes and answer any questions they might have.

**Budget Update (Ron Henry)**

Dr. Henry said that the budget continues to worsen and the situation changes every week. He spoke at length regarding projected budget reduction scenarios and ways to address the budget shortfall.

- The exact budget cut may not be known until late March. The reduction could range from 9.5% to more than 10% ($22.5 million).
- Next year’s estimated reduction (FY 2010) is 12% of state funds, which comprise 65% of Georgia State’s total budget.
- If the homeowners’ relief grants program passes state legislature, then the University will have to find an additional $4.28 million in give-backs to the State.
- Departments should be holding 1% of their budget.
- The State’s $2.6 – 3.5 billion shortfall is of great concern.
- If the State cuts funding by 12% for FY 2010, the University would have a $27-million reduction in its budget. $14 million could be recovered through tuition growth, workload money, and moderate tuition increases. This would result in a $13 million shortfall.
- 84% of the University’s expenditures are related to salaries and fringe benefits. 8.8% is rent, utilities, and insurance. Such a large shortfall will mean possible layoffs.
- Jerry Rackliffe and the Provost will meet with major units and look at cuts of $6.5, 9.5, and 13.5 million, which account for 2%, 2.8%, and 4% of Georgia State’s total budget.
- Furloughs are being seriously considered. This is a one-time cut, not permanent. Similar problems are being experienced in universities throughout the United States. Recently, University of Washington laid off 600 employees, and Arizona State laid off 500.
- The University System of Georgia (USG) is looking at the most severe budget cuts seen in recent memory.

**Q&A Session (Ron Henry and Hugh Hudson)**

Dr. Henry responded to questions and concerns as addressed by members of the committee.

- Faculty cannot be furloughed on an involuntary basis this year. However, next year’s contracts may be adjusted so that this can be done next year.
- Several options to reduce USG expenditures are being discussed. Any options would have to be offered to all colleges and universities within the USG. Some alternatives being discussed include:
  1. shutting down the University for two weeks over December/January,
  2. progressive furloughs based on employee salaries,
  3. mixing targeted and strategic cuts which would be completed in consultation with Dean’s Offices.
- The President wishes to invest in the long-term future of the University. He is very committed to investing in clusters to attain strong interdisciplinary studies at the University.
- Dr. Hudson reminded committee members that furloughs, while cutting employee salaries temporarily, also reduce layoffs.
- Dr. Hudson said that the Governor is considering giving two-year units to DTAE, which will reduce the workload money available to USG. Dr. Henry pointed out that it is more practical to construct a community college structure within the BOR in which tech schools merge with the USG.
- Dr. Henry pointed out that Georgia State has an incoming-freshman class of 2980, and both applications and the quality of students has increased considerably.

Dr. Hudson thanked the Provost for taking time to speak to the Budget Committee. He requested that members submit suggestions to him so that he could present these suggestions to FACP.

The meeting was adjourned at 3:53 p.m.