University Senate Budget Committee
Thursday, February 17, 2011
718 General Classroom Building
3:00 pm

Members Present: JoAnn Bacon, Faye Borthick, Deron Boyles, Michelle Brattain, Margo Brinton, Julie Dangel, Peggy Gallagher, Bruce Pilling, Bill Prigge, Jerry Rackliffe, Lesley Reid, Sarah Steiner, Cherian Thachenkary, Jowanna Tillman, Katherine Willoughby, Maryann Wysor

Guests: Miriam Jackson – Staff Council Senator
Terrance Manion – College of Law

Meeting minutes

Katherine Willoughby called the meeting to order. The minutes from the January 2011 meeting were approved. Katherine then provided an update from the February 8-9, 2011 Board of Regents meeting. Her notes are attached to these minutes; the BOR agenda and action items are also provided online at: http://www.usg.edu/regents/meetings/date/2011/

Jerry Rackcliffe provided a budget update. He stated that the six percent budget cut for this fiscal year is already in place. There is a ten percent budget cut expected for next year and right now there is no formula funding. He noted that Spring semester credit hours are down compared to budget, though they are slightly up from last year’s actuals. HOPE will continue to garner much attention as the current structure for funding is expected to be modified (see BOR meeting notes attached).

The Career Transition report has been provided to President Becker and is under review. At this time, the program is being considered as a one-time offer to an estimated 353 employees who are eligible to participate. President Becker’s commitment to implementing the program is evidenced by his explanation of it to the University community in a recent E-newsletter. In response to questions about the possible application of accrued sick or vacation time for benefit, Jerry explained that this is not being considered. Other members asked that before any such program is implemented, the tax implications of a lump sum payout be reviewed with eligible candidates.

Jerry also noted that recommendations from the Out-of-State Tuition Report prepared by the SBC subcommittee were interpreted differently by those in administration at the BOR; he explained that Georgia State will not have much flexibility to reduce its out-of-state tuition rates to become more competitive with schools in bordering states. Finally, the SBC report on mandatory fees at off campus centers remains outstanding; the expectation is that a fee structure could look different for each such campus.
Katherine asked if members had any recommendations for other research topics that the SBC could examine. It was suggested that the SBC look into whether the University can offer hybrid TRS and ORP retirement packages in the future. This could provide a good recruitment tool for the University.

Bill Prigge was recognized with an ovation by SBC members for his long service to the University that includes four years of service to the University Senate and three years of service on the SBC. He will be leaving Georgia State to assume the position of Vice President for Administration and Finance at Southern Polytechnic State University.

There being no further business, the meeting was adjourned.
Notes from the February 8-9, 2011 Board of Regents Meeting

The following presentations to the Regents were made:

- Discussion of Georgia’s investment in medical education and the role that the USG plays in improving state health. Specifically, the Georgia Health Science University in Augusta is working to expand its footprint through the formulation of a clear and comprehensive strategy that includes a re-energized fundraising effort.

- Mr. Wade Douglas, Manager of the GSU Bookstore provided information about University efforts to reduce the costs of college textbooks for students as part of a larger presentation by Usha Ramachandran regarding System-wide efforts to reduce these higher education costs and expand student purchase and leasing options.

- Regarding student retention progression and graduation, two undergraduate students with faculty advisors presented information about their research. Bianca Islam, a Georgia State University senior studying with Dr. Eric Gilbert, presented her research about bacteria and biofilms conducted in the University’s applied and environmental microbiology lab. Her work has led to a publication and her participation in Harvard and MIT summer programs and conferences. Dustin Cox, a Psychology major at Kennesaw State University who is working with Dr. Tim Martin, also presented his research about classification of visual motion parameters using EEG Data in which he is exploring the possibility of using EEG data to predict stimuli and reaction of subjects.

- Dr. Lisa Rossbacher, President of Southern Polytechnic State University, presented information about her effort in overseeing System-wide implementation of a risk management policy to support:
  - every USG institution having a strong systematic risk management program;
  - the Chancellor and BOR understanding the overall risk framework for the USG
  - maintain risk management as an integral and on-going activity within the University System.

- Margaret R. DeFrancisco, President and CEO of the Georgia Lottery Corporation, discussed the history of lotteries, generally, and the profitability of the Georgia Lottery, in particular. She prefaced her comments by noting that the Georgia Lottery is a public benefit corporation that is self-sustaining, receives no state appropriation and does not operate with state employees. Over 80 percent of Georgians play some form of lottery games. Gross ticket sales were $3.6 billion in fiscal 2010, a +$17 million decline from 2009. And, the January 2011 snow jam weakened ticket sales for this year. Still, in July, 2010, the Lottery “surpassed $11 billion in transfers for education to the State of Georgia, since its inception in 1993. For fiscal year 2010, the net proceeds paid to the Lottery for Education Account were ~$884 million, the highest transfer in the Lottery’s 17 year
DeFrancisco explained that the Georgia Lottery is 16th in gross sales in the world making it one of the highest ranking in the world for lottery production and performance. According to DeFrancisco, “our single biggest challenge is maintaining this level of performance.” She explained that while legislation states that 35 percent of net proceeds should be paid into the lottery for education account annually, the blend of games currently offered results in a 26 percent payout – a lower percentage, though more dollars go into fund. She plans to continue to promote Lottery performance though market analysis and new game offerings.

Tim Connell, President of the Georgia Student Finance Commission, spoke following the presentation by DeFrancisco regarding current and future pressures to fund HOPE. He explained that the Lottery supports the HOPE which encompasses tuition grants, scholarships and loans to attend college, voluntary Pre-K program and education technology training and capital outlays. Capital outlay funded by the Lottery ended in the early part of 2000 with funds now divided between HOPE and Pre-K. Thus far, a little less than half of Lottery funds since 1994 have supported HOPE, over a quarter of funds have been applied to Pre-K and the rest went toward capital investment. In 2010, “we crossed the revenue line, expending more than we took in receipts. We did have a substantial reserve to cover the $150 million deficit in 2010, but we are looking at a $500 million deficit in the next two years. Lottery reserves will fall from $995 million to $320 million over a three year period. We are on an unsustainable path.” Connell ended his presentation by noting that, “We have started to put numbers to options, but this is a problem. Students end up accommodating changes to benefit from the program. Our reserves are adequate to allow for some fine-tuning in the next couple of years.” Connell provided a list of possible ways to change HOPE in order to sustain it well into the future; some of these ideas are:

- Raise the high school graduation and college grade point average threshold to receive and/or maintain HOPE eligibility
- Reinstitute a household income cap
- Reinstate the Pell offset
- Eliminate second chance HOPE
- Institute more rigorous high school course taking requirements
- Establish a SAT and/or ACT threshold score requirement
- Establish time limits regarding the initiation of HOPE benefits or duration of HOPE benefits
- In lieu of full tuition benefit, develop a new methodology for the benefit. Options could include per award similar to the method currently used for private school students. Another option would be to tier the award structure based upon the type of institution the student was attending. Under this option, a student at UGA might receive a higher dollar benefit than a student at Abraham Baldwin. The tier approach could also be adopted to determine the award structure at private colleges.
- In addition to any other changes, the award amount must be decoupled from tuition and the book allowance and HOPE-paid fees must be discontinued. In the future, the award amount should be established through the annual appropriations process. The benefit could change from year to year in this case.
- Eliminate remedial and learning support from the HOPE
- Establish a “hard hours” cap

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- Reduce the number of paid hours that HOPE will pay for
- Restrict the array of programs of study that HOPE pays for
- Establish HOPE akin to a performance based loan where by students who lose HOPE after receiving it must repay their benefit received

Chancellor Erroll Davis provided his State of the System Address. He recognized that the System’s 35 institutions and presidents “have kept us running” and that 42,000 faculty and staff members have remained focused on our task and mission while working under difficult conditions. He explained that “declining resources and increasing enrollments are not constants, but are variable. These will inevitably change. What is constant is the University System and the people who work in this System to keep it going. We are hopeful and resolute in fulfilling our core missions – teaching, research and service. We planned well and the current year and next year were not surprises. We will continue to look ahead, with hope. January revenues up eight percent, so things are improving. A college degree is still and will remain important for employment – for the jobs of the future. This budget must be a one-time special circumstance – we need to continue historic investment of Georgia in education.”