MINUTES
FISCAL ADVISORY COMMITTEE TO PRESIDENT (FACP)
April 24, 1998

Members Attending: John de Castro, Bill Decatur, Sherry Gaines, Ramona Hasan, Ron Henry (chair), Fred Jacobs, Charles Marvin

Members Absent: Cleon Arrington, Sam Deitz, Tameka Harper

Others Attending: Tim Crimmins, Jerry Rackliffe, Edgar Torbert (secretary)

The minutes of April 9-10, 1998 were approved as distributed.

Dr. Henry announced the Auxiliary Services budgets were not ready for review at this meeting. Dr. Decatur stated the major issues had been discussed by FACP during the review of fee proposals. He added the Auxiliary Services budget materials would be distributed in advance of the next meeting.

Dr. Henry responded to the spreadsheet of variances from FACP recommendations distributed by Dr. de Castro prior to the meeting. He outlined how the $2.5M figure for new funds had been estimated starting with a $3.9M estimate from which $1.0M in fixed costs, OMP and Minority Hiring Incentives and $0.55M in indirect cost recoveries were subtracted. He also noted $0.5M in OMP for the Commerce Building had not been budgeted in this manner.

Dr. de Castro responded the issue was not so much the uses for the $1.4M, as the procedure of not having these on the table for discussion by FACP. He noted in previous years these items had been discussed. He characterized this as a serious breach of procedures and in conflict with the charge of FACP. Dr. Henry responded there had been a discussion of these items last year, but not the year before, and indicated the mistake had been in not including the items among the requests for new funds. Dr. Decatur added these items had been discussed in previous years in conjunction with projections of new funding, but this year there had been no projections to review with FACP because of the lack of any advance information as to how new funds would be allocated by the Board of Regents. He also noted the timing of the release of budget information by the Board of Regents staff had made it very difficult to follow normal campus procedures. Dr. Henry stated the fixed costs, OMP, etc. items would be on the table for FACP discussion in future years.

Dr. de Castro asked for discussion of some of the items included in the $1.4M subtracted from $3.9M. He cited the $31K One Park Place rental waiver for the Health Policy Center. Dr. Henry responded the waiver had been granted by the Provost in February 1998 as a follow-up to indirect cost negotiations between the Health Policy Center and Dr. Arrington. He noted these decisions must be made from time to time in the course of a fiscal year and continued in the original budget for the subsequent fiscal year.

Dr. de Castro questioned funding OMP for the Wachovia Building prior to occupancy. Dr. Henry noted mixed signals as to when the payments to the Georgia Building Authority would start, and added during the new funding analysis prior to the FACP meeting on April 10 it had been understood the full amount would be required. Dr. Decatur pointed out the unused portion would revert to the contingency fund which would be reviewed by FACP. Dr. de Castro suggested funding
some OMP for the Wachovia Building from the contingency fund rather than funding up front. Dr. Decatur noted the heavy drain already slated for the contingency fund by the libraries, campus networking, software migration, and Moves & Renovations.

Dr. Jacobs reiterated concerns stated by Dr. de Castro about the procedures. He expressed particular concern about differences in information available to various members of FACP and lack of risk analyses in planning the budget. Dr. de Castro pointed out the meeting with the President to discuss his reaction to the FACP recommendations had been canceled, and that holding this meeting would have helped address the problems encountered. Dr. Henry responded the meeting with the President had been scheduled originally in anticipation of an earlier notification of funding from the Board of Regents, and could not be rescheduled to fit the much tighter time frame. He added that an additional meeting of FACP between the April 10 meeting and the meeting of the Senate Budget Committee was needed.

Dr. de Castro questioned the allocations of indirect cost recoveries without FACP review. Dr. Henry responded that one half of the $0.55M amount was allocated to the departments generating the funds, and the other half was the university share to be used to fund two pre- and post-award positions in Grants & Contracts and to fund the research initiatives included in the funded requests for VP-Research & Sponsored Programs. He also noted the on-going issue of using additional funds for GRAs to increase the amounts of awards rather than the number of awards and related impacts on tuition revenue from GRA waivers. Dr. de Castro commented that the Board of Regents funding formula would offset short-term effects. Dr. Decatur responded that the Board of Regents no longer used the formula to allocate funds to institutions as evidenced by allocations for FY99 based on strategic initiatives and some institutions receiving less funds than in FY98 even with raise pools. Dr. Henry projected system redirection to continue in future years with or without gubernatorial mandates to do so.

Dr. de Castro requested further discussion of the Wachovia Building OMP allocation. Dr. Henry responded that the uncertainty of enrollments with semester conversion made reliance on contingency funds for OMP very risky. He noted a 10% shortfall in credit hours could cost $6M. Dr. de Castro cited unmet demand and increasing freshman enrollments as mitigating factors. Dr. Henry acknowledged these positives, but cautioned freshmen would account for less than 10% of total headcount enrollment. Dr. Jacobs asked about information from other systems (versus single institutions) which had converted to semesters and any lessening of impact because of all institutions doing the same. Dr. Henry cited the Toledo experience as a comparable urban institution for which its competitors were generally already on the semester calendar. He noted in virtually all cases there was at least a 10% credit hour drop and a smaller headcount drop, which were recovered in a year or two.

Dr. Henry raised an issue pertaining to the effective date of promotion raises. He reported units across the university were implementing promotion raises at different times, some on July 1 and others on September 1. Dr. Marvin commented that uneven treatment might lead to employees seeking to move between units. Dr. de Castro voiced support for the July 1 effective date because of the positive psychological impact of rewarding employees first for promotion and again for merit. Ms. Hasan spoke in favor of providing the salary increase at the time of promotion rather than delaying. Dr. Jacobs noted the positive reinforcement of the two-step salary increases for those promoted. Ms. Hasan made a motion for all promotion raises to be effective July 1. Dr. de Castro seconded the motion. The motion passed.
The meeting adjourned at 10:20 a.m.

Prepared by Edgar Torbert