MINUTES
FISCAL ADVISORY COMMITTEE TO PRESIDENT (FACP)
May 1, 1998

Members Attending: Cleon Arrington, John de Castro, Bill Decatur, Sam Deitz, Ramona Hasan, Ron Henry (chair), Fred Jacobs, Charles Marvin

Members Absent: Sherry Gaines, Tameka Harper

Others Attending: Thomas Conway, Larry Kelley, Bonnie Murphy, Jerry Rackliffe, Edgar Torbert (secretary), Carol Whitcomb

The minutes of April 24 were approved with addition of a statement that Dr. de Castro requested FACP review funds allocated to the Provost for position management and minority hiring incentives.

Auxiliary Enterprises
Dr. Decatur introduced the budget materials submitted by Auxiliary Services. He noted information had been presented previously in conjunction with fee increase proposals for Housing and the Student Center (the latter in the context of student activity fees rather than Auxiliary Enterprises). He added that the Child Development Center was a new component of Auxiliary Enterprises as a result of an audit finding based on its fee-for-services operation.

Dr. Decatur commented on the status of fund balances for Auxiliary Enterprises. He pointed out the overall multi-million dollar fund balance of past years had eroded to approximately $0.5M primarily because of loans to Housing and the Rialto. He added that projections for FY99 showed the fund balance rising again to approximately $1.9M. Ms. Hasan asked what would be considered a healthy fund balance. Dr. Decatur noted two considerations: (1) the Board of Regents requirement that Auxiliary Enterprises be self supporting; and (2) the lapse fund policy which does not allow the university to carry forward state funds from year to year. Dr. Decatur stated the typical carry forward in other states as a budget cushion was 5% of state funding, and if applied at GSU with the overall Auxiliary Enterprises fund balance as the cushion would be approximately $7.5M.

Dr. de Castro asked for clarification as to why the Auxiliary Enterprises were separated into the particular categories (e.g., Food Service, Vending). Dr. Decatur replied in a number of cases the categories reflected separate contracts. He added Parking and Transportation were separated because of distinct missions and different cost structures. Dr. de Castro observed Parking was an annual money maker and Transportation an annual money loser, with the two together expected to be a "wash". Dr. Decatur commented these were also separated for analytical purposes.

Residential Life
Dr. Decatur noted the Residential Life budget had been reviewed in connection with the Housing fee increase request. Dr. Deitz asked about the nature of the commissions listed as revenue. Ms. Murphy responded these were for vending operations. Dr. de Castro asked for explanation of the Olympic reimbursement listed as FY97 revenue with respect to the construction project contingency funds being held by the Board of Regents. Dr. Decatur replied the Olympic reimbursement was for operating costs and damages and unrelated to the contingency fund balance. He added the contingency fund balance had been reduced from $750K to $500K for
carpet upgrades, and the current balance still held by the Board of Regents could be used to fund 2/3 of the resident hall computer wiring project costs. Dr. Marvin asked for explanation of the large increase in rent revenue. Dr. Decatur cited the success in filling the residence halls ahead of schedule. Dr. Deitz asked about the projected decreases in utilities. Dr. Decatur responded the new figures were based on actual experience with operations, which had not been available in the past. Dr. Deitz asked about the large increase in personnel costs. Mr. Rackliffe attributed the increase to the budgeting of GSU Village police under Residential Life and provision of 6% raise pools for existing positions. Dr. de Castro asked about the intended use of the reserve funds. Dr. Decatur confirmed the reserve was for repair and replacement.

**Rialto Center for the Performing Arts**

Dr. Decatur reported sponsorships for Rialto programming had failed to materialize and consequently a deficit was anticipated for the current year. He added the mission of the Rialto would be reviewed regarding the type of programming presented, with a turn to more entertainment- and student-oriented programming rather than artistic programming. He pointed to stronger links with the university community, the School of Music, and the Student Life area, and formation of internal and external advisory boards. He also indicated appointment of a director of development for the Rialto would improve prospects for sponsorships in future years. Dr. Henry commented the Rialto was too small to host large scale productions such as Broadway plays so that even with capacity audiences for those events it would not be possible to break even. Dr. Deitz reiterated the importance of campus input in programming decisions. Dr. Marvin pointed out the opportunities for rentals in conjunction with big events at the World Congress Center and Omni. Dr. Decatur responded such rentals were being pursued.

**Student Center**

Dr. Marvin asked about the food contract for the food court. Dr. Decatur responded the contract was with ARAmark, which in turn contracted for the branded foods. Ms. Hasan asked about the impact of the food court operation on the other food services. Dr. Decatur replied it was too early to ascertain the impact, but that revenues for the various sites would be monitored. He added there were facilities issues to consider, which would be reflected in the Master Plan and programming for the old student center. Ms. Murphy indicated the other food service sites had not experienced decreases in business in the initial weeks of the Student Center food court operation.

**Caretaker Properties**

Dr. Decatur noted the caretaker properties are small, rental properties at the Language Research Center.

**Child Development Center**

Dr. Deitz commented on the changes in the budget and fee structure for the Child Development Center. He noted positive feedback, especially from staff to the unlimited hours of use. Dr. de Castro asked about the absence of a fund balance. Mr. Rackliffe responded break-even operation was anticipated under this new arrangement.

**Food Services**

Dr. Decatur indicated the Food Services budget had only marginal changes. Dr. Deitz pointed out the projected net loss for the year. Dr. Decatur responded that the commission rate was not good, a consequence of having only one proposal from vendors. He pointed to service improvements since a change in the management team. Ms. Murphy cited the build-out costs as a major factor in negotiation of the commission rate. Dr. Deitz asked how many years remained on the current
contract. Dr. Decatur replied the contract was technically year-to-year, but four years remained on the agreement with ARAmark with respect to amortized capital investments.

**Vending**
Dr. Deitz noted Vending is a moneymaker in contrast to Food Services. Dr. de Castro asked about the nature of the contract for Vending versus Food Services. Ms. Murphy stated both paid commissions, but with separate contractors.

**Bookstore**
Dr. Decatur reported the bookstore contract had been renewed with Follett with a better commission rate for the university. He added that capital improvements were slated for the entire store and a point-of-sale inventory-sales system would be installed.

**Banking & Travel**
Dr. Decatur characterized the Banking & Travel budget as a continuation budget. Dr. Arrington asked if this component included the One-Card. Dr. Decatur replied that One-Card was a separate operation. Dr. Deitz asked about the increased administrative costs. Ms. Murphy responded the administrative costs reflected charge back of central administrative personnel devoted to the upcoming RFP process for Banking & Travel. Dr. Deitz asked about the demand for travel services. Ms. Murphy replied that ticket sales have been approximately $500K per year. Dr. Decatur commented that changes in the travel agent business and airline ticketing might lead to discontinuation of these services. He also commented that an exclusive arrangement with a bank for ATM services might bring higher commissions. Dr. de Castro cautioned that having only one bank provide ATM services would entail user fees for more people.

**Graduation Services**
Dr. Decatur pointed out the Registrar controls Graduation Services, generally an in-and-out operation. Mr. Rackliffe noted a plan to print diplomas in-house, which would reduce waste of diplomas for students who apply for graduation but do not graduate as scheduled. He added this plan would require purchase of printing equipment and that the diplomas would be smaller than those currently awarded. Dr. Deitz asked about the increased administrative costs. Ms. Murphy responded the administrative costs reflected charge back of central administrative personnel devoted to the upcoming RFP processes for photography and caps-and-gowns.

**Parking Operations**
Mr. Rackliffe announced the parking fees had been approved as submitted, with the exception of rounding the monthly rate from $34.50 to $35.00. Dr. Deitz commented that the projected net income was considerable. Dr. Decatur reminded there was debt service, but also the unpaid loan to the GSU Village. Ms. Whitcomb requested timely notification to the university community of the parking fee increase. Dr. Decatur noted the RFP for Parking had been issued, and the university share of revenues would increase. Dr. de Castro asked about the many vacant spaces in M Deck. Ms. Murphy responded the marketing approach to students for M Deck was changing from a lottery system to first-come/first-served. Dr. Decatur added the monthly pass initiated for M Deck (versus pay on entry) had been experimental and caution was exercised not to oversubscribe the spaces. He also pointed out demand for on-campus parking had been significantly reduced by free stadium parking. Dr. Deitz asked about increased supplies and administrative costs. Ms. Murphy replied a position had been added, Assistant Director for Parking & Transportation. Dr. Decatur commented on strategies for effecting the Voluntary Ozone Reduction Plan, including increasing parking fees, incentives to use public transportation, and preferred parking locations for car poolers. Dr. Deitz
cautioned decreasing parking revenues too much would present a problem.

**Transportation**

Dr. Deitz asked about the projected decrease in fee revenues. Mr. Rackliffe responded the decrease was relative to the amended FY98 budget (-$3.6K), not the original FY98 budget (+$26.3K). Dr. Deitz asked about the large expenditures for supplies. Dr. Decatur replied this line covered the bus and stadium lot contracts. Ms. Murphy added that the shuttles were too full at present, and further analysis was needed regarding the impact of the semester calendar and clock schedule. Dr. Deitz asked about increased administrative costs. Ms. Murphy responded the current staff of one full-time person was too small for the size of the operation. She noted the personnel requirements to mail out parking decals, conduct automobile registrations, and erect signs for parking limitations on days of Braves’ games. She characterized this as the most troubled area of Auxiliary Enterprises and much of the problem as due to poor communication. Dr. Deitz reiterated concern about the level of administrative costs in this area and across-the-board. Dr. Decatur agreed to re-examine administrative costs for all Auxiliary Enterprises and report back to FACP at the next meeting. Dr. de Castro questioned charging interest to components of Auxiliary Enterprises with negative fund balances as aggravating the situation for money losers and making money makers look even better. Mr. Rackliffe responded in terms of opportunity costs.

**Photocopying & Printing**

Dr. Deitz commented again on administrative costs and requested inclusion of Photocopy & Printing in the report to FACP. Dr. de Castro asked about the sources of income. Ms. Murphy responded that the print shop business was internal and the remainder was commissions from contracted copy services.

**Buildings**

Mr. Rackliffe noted the decrease in supplies and materials reflected discontinued rentals in One Park Place. Dr. Deitz asked about other buildings involved. Ms. Murphy indicated the only other facility was 35 Broad Street.

**Motion Pertaining to All of the Above**

Dr. Deitz made a motion to recommend approval of the Auxiliary Enterprises budgets as presented with the caveat that analysis of administrative costs would be provided FACP. Dr. Marvin seconded the motion. The motion passed.

**September 1 Effective Date for Faculty Raises**

Mr. Rackliffe reported the Board of Regents office had informed the university that faculty raises would also be effective September 1. He pointed out there would be 6 class days prior to September 1, and 144 in the remainder of the year, so that actual pay would be 4% of current salary and 96% of salary with raise if computed on this basis. Dr. Deitz urged that Dr. Patton send a notice to faculty as soon as possible concerning this change. Dr. Deitz made a motion to recommend the salaries be administered according to the 4%-96% scheme. Dr. Marvin seconded the motion. The motion passed.

The meeting adjourned at 12:00 noon.

Prepared by Edgar Torbert

Approved
Please send questions or comments to Mary Nell Stone