FISCAL ADVISORY COMMITTEE TO PRESIDENT (FACP)
Minutes of September 11, 1998

Members Attending: Cleon Arrington, John de Castro, Bill Decatur, Sam Deitz, Charles Derby, Ron Henry (chair), Fred Jacobs, John Lampl, Carol Whitcomb

Members Absent: Sid Harris

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

Minutes of August 26 were approved as distributed.

Dr. Henry stated the intention to slow down making decisions on FY99 budget reductions and in the meantime to focus on efforts to increase enrollments for spring semester 1999 through use of minimesters, more aggressive recruitment of transfers, and academic advisement to encourage students to take 15-hour course loads.

Mr. Rackliffe re-distributed the table, "Review of Budget Considerations, Fiscal Years 1999-2000" showing projected budget adjustments, sources, and remaining redirection requirements. Although postponing decisions on budget reductions to cover the anticipated shortfall, Dr. Henry indicated the vice presidents and deans would be alerted to the possibility of mid-year budget reductions. He added that questions remained about summer enrollment projections and that decisions would await notification of the exact amount of the Board of Regents mandated redirection. He also cautioned that headcount enrollment for fall semester 1999 would likely fall short again of the 24,300 projected level for fall semester 1998.

Dr. de Castro questioned the mandatory internal redirection of $729K in FY00 for the new Alpharetta Center. Dr. Henry responded these funds were needed to meet bond payments. Dr. Decatur added that this funding requirement had been discussed by FACP two years prior as an add-on to the $400K currently required for the North Metro Center. He further explained that the City of Alpharetta was providing $1.6M for construction and land acquisition costs. Mr. Rackliffe noted the combined amounts of North Metro Center and internal redirection funds would cover operating costs as well as the bond payments for the new facility. In response to a question from Dr. Deitz, Dr. Decatur stated January 2000 was the target date for opening the Alpharetta Center. Dr. Henry pointed out that the North Metro Center annual lease would overlap the occupancy of the Alpharetta Center by six months. In response to a follow-up question from Dr. de Castro, Mr. Rackliffe indicated bond payments would begin May 2000. Dr. Crimmins emphasized the need to market course offerings at the Alpharetta Center to get additional (over-and-above those already enrolled) students. Dr. Decatur responded that the City of Alpharetta was assisting in this regard and that real estate firms were already advertising the Alpharetta Center as a drawing point of the area.

Dr. Jacobs suggested the colleges should be identifying new market segments. Dr. Henry stated the College of Business Administration and the College of Education were already involved in such efforts. Dr. Deitz indicated the College of Education would be in negotiation with the College of Arts and Sciences to offer certain courses to allow two complete master's degree programs to be taught at the Alpharetta Center.

Dr. Decatur expressed concern about waiting too long to make decisions about FY99 budget
reductions, especially if moves and renovations funds would be reduced. Dr. Deitz asked about the portion of the $1.9M for moves and renovations already under contract. Dr. Decatur stated he had requested the figure, and he suspected a considerable portion because the projects were continuations from FY98.

Dr. Henry pointed out that if current semester hours are maintained for spring semester 1999, the $1.3M remaining redirection requirement would be reduced by $850K. Dr. de Castro voiced concern about the 4:30 p.m. and 7:30 p.m. class starting times for working students. Mr. Lampl echoed this concern. Dr. Henry noted a 5:30 p.m. starting time had been proposed for minimester courses. Dr. Jacobs also urged re-examination of class size limits.

Dr. de Castro inquired about the change in the amount of budget adjustments for instructional technology funds from $700K to $500K. Dr. Henry answered that the original figure had been based on an assumption of $1.4M in instructional technology funds while the actual amount was $1.04M. The intent was to reduce instructional technology funds by 50%.

Mr. Rackliffe distributed a table, "Schedule of Contingency Fund Sources, Fiscal Years 1999 and 2000" showing projected sources and uses of contingency funds. Dr. de Castro asked about the amount of end-of-year funds for FY98. Mr. Rackliffe stated the amount was $1.5M, which was unusually large due to conservative spending in most colleges and vice presidential areas. Dr. Crimmins commented that the FY99 amount might also be large because of conservative spending tied to the enrollment situation. Dr. Deitz suggested the projected shortfall in contingency funds could be covered by cutting the moves and renovations supplement and with end-of-year funds.

Dr. de Castro expressed concern that the University System redirection funds to be returned to the university were not shown in the tables. Dr. Henry responded that the redirection out of the university was shown because it was "real", and the redirection back to the university was very uncertain not only in terms of the amount but also the use. He added that the gubernatorial election was a further uncertainty with respect to the redirection outcome for the University System.

Dr. Deitz stated budget cuts in academic departments would result in cuts in productivity. Dr. Henry responded that the Board of Regents redirection plan called for the first "1%" of redirection to come from administrative support areas, including academic support. The plan called for the next "0.5-1%" to come from instructional technology funds, and the remaining "3-3.5%" from credit hour generation. Dr. Deitz urged that the University System presidents talk with the Board of Regents about the detrimental impact of enrollment shortfalls coupled with redirection, and observed that potential administrative support cutbacks in the College of Education would be insufficient to cover the amount of college redirection. Dr. Crimmins asked if the Board of Regents had specified academic support as a source for redirection. Dr. Henry replied that the terminology used referred to administrative support in general. Dr. Derby commented it would be helpful to look at the several year pattern of redirection before making decisions for FY99 and FY00.

Dr. Henry distributed two tables, "Cumulative additional support FY97, FY98 & FY99" and general operations budgets for FY96, FY97, FY98 and FY99 with budget units grouped by university administration and support, academic programs, and Regents' programs, for discussion later. Dr. de Castro observed that the percentage of funds allocated to academic programs had changed very little in the last three years. He added that the university was significantly under-budgeted.

Dr. Decatur made a motion to recommend the Vice President for Student Services take action to transfer state fund expenditures to the student activity fee fund in an amount equal to the end-of-
year sweep adjustment ($1.5M) and to amend the same amount from the Vice President for Student Services area to cover a portion of the FY99 shortfall. Dr. Arrington seconded the motion. The motion passed.

Dr. Deitz urged that the projected FY99 contingency fund surplus (after adjustments for the moves and renovations supplement and end-of-year funds noted above) and the moves and renovations fund balance after contracts awarded be added to the list of sources for covering the shortfall.

Prepared by Edgar Torbert
Approved October 9, 1998