FISCAL ADVISORY COMMITTEE TO THE PRESIDENT
Minutes of January 29, 1999

Members Attending: John de Castro, Bill Decatur, Sam Deitz, Chuck Derby, Sid Harris, Ron Henry (Chair), Timeka Lamback, Carol Whitcomb

Members Absent: Cleon Arrington, Fred Jacobs

Others Attending: Fenwick Huss (for Dr. Jacobs), Lisa Beck, Tim Crimmins, Jerry Rackliffe, Edgar Torbert

The minutes of January 15 were approved as circulated.

Budget Presentation to Board of Regents Staff

Dr. Henry distributed a draft of "Budget Issues and Priorities to System, Georgia State University". He noted items of known interest to Governor Barnes and the Board of Regents had been positioned at the top of the list (e.g., teacher education, Yamacraw). He pointed out Governor Barnes had recommended new workload funds of $30M, but had not recommended the $22M requested by the Board of Regents for core faculty. He cautioned that the workload funds would not necessarily be allocated to the 34 system institutions on the basis of workload. Dr. Henry added that the Georgia State list reflected priorities as set forth in the University Strategic Plan and action plan, an approach which had been well received by the Board of Regents staff in previous years. He also warned that the Board of Regents would not have system redirection funds to reallocate to the 34 institutions since the 5% redirection was being treated as 1% returned to the Board of Regents, and in turn to the state, and 4% redirected internally by each institution.

Dr. de Castro suggested shifting a portion of the core faculty request to the strengthening interdisciplinary sciences request. Dr. Henry responded that the interdisciplinary sciences request was closely tied to Georgia Research Alliance initiatives.

Dr. Decatur urged that the requests go beyond "our fair share". Dr. de Castro stated support for that approach, in particular for established areas of strength. Dr. Henry suggested doubling the interdisciplinary science and teacher education requests. Dr. Deitz pointed out that the teacher education request was not solely a College of Education request. It was agreed to increase the interdisciplinary science and teacher education requests to $800K each. Dr. de Castro suggested renaming teacher education co-reform in the draft document as university intervention in teacher education. Dr. Henry replied he would check for language used by Governor Barnes in his budget recommendations to the legislature.

Dr. Henry called attention to the section of the draft document concerning enrollment recovery from semester conversion. He noted on-going concerns about credit hours, even though the credit hours for 1999 Spring Semester had exceeded expectations. He pointed out a five-year pattern of declining numbers of new students, the continuing issue of credit hours taken per student, and the importance of addressing retention.

Dr. Deitz commented that the increase in enrollment from 1998 Fall Semester to 1999 Spring Semester was remarkable, and if repeated for 1999 Fall Semester, would indicate a strong trend in the right direction. He added that the College of Education, which had not rebounded as the university as a whole for 1999 Spring Semester, would begin to do so by 1999 Fall Semester.
Dr. Henry emphasized the importance of keeping self-generated revenues up in order to maintain the allocation of state appropriations. Dr. Crimmins suggested for this reason detailing the 1998 Fall Semester to 1999 Spring Semester recovery. Dr. Henry added that Georgia State was unlike other system institutions in having such a substantial mid-year recovery.

Dr. de Castro observed faculty and students are adapting to the semester calendar. Dr. Derby suggested reiterating to students that it will take 5-6 years to graduate if they do not take at least 15 credit hours per semester. Ms. Lamback expressed continuing concern among students about availability of classes. Dr. Henry noted information available on the university web site about unmet demand.

Dr. de Castro cited difficulties in alerting students about late additions to the class schedule. Dr. Huss responded that additional sections filled immediately in the College of Business. Dr. de Castro elaborated that the difficulties were greater when the additional sections were at different times from the already filled sections. Dr. Crimmins commented that the bottle-neck courses are well known, and class scheduling should address these up front rather than as add-ons. Ms. Lamback noted students do look at the web site for class availability updates.

Ms. Whitcomb pointed out serious problems with textbook availability as well. Dr. Decatur responded that the bookstore was aware of this situation and on notice following a meeting with the Follett regional vice president, and had made personnel changes as a result. Dr. de Castro reported vehement dissatisfaction among faculty in the psychology department with the bookstore operation.

**Budget Calendar**

Mr. Rackliffe distributed "Fiscal Year 1999 FACP Activities Calendar (Revised)" showing new funding requests and redirection plans due from the deans and vice presidents to the Provost on February 12 (instead of January 29). Dr. Decatur asked for designation of a meeting for discussion of salary administration.

**Contingency Funds**

Mr. Rackliffe distributed "Statement of Projected Revenues and Expenditures for FY99, As of December 31, 1998". He noted $2.2M available from the 1999 Spring Semester enrollment rebound and fringe benefits on vacant positions. He also distributed "Proposed Contingency Fund Release Schedule Review, Fiscal Year 1999-Spring Semester". He pointed out the schedule as proposed would result in approximately $55K over FY98 totals for library acquisitions.

Dr. Crimmins asked about estimated end-of-year sweep funds. Mr. Rackliffe declined to estimate the amount. Dr. Decatur noted the sweep in FY98 had been very large because of very conservative spending due to uncertainty about the budget. Dr. Crimmins asked how the FY99 sweep would be used. Dr. Henry advised that the flip-flop with FY00 should be maximized due again to uncertainty about the budget, in particular summer enrollment dollars.

Dr. de Castro noted availability of $200K over the scheduled January release of contingency funds. Dr. Henry spoke for maintaining a 10% cushion in these funds. Dr. de Castro suggested the extra amount be designated for the library.

Dr. Deitz suggested contacting the deans for requests for expenditure of end-of-year sweep funds.
Dr. Decatur reiterated the need for flip-flop funds. Dr. de Castro suggested the requests from the deans could be held over to FY00 in the event the flip-flop cushion were not needed for summer shortfall.

Dr. de Castro noted Y2K funds had been recently allocated by the Board of Regents to the university, and suggested previously allocated funds would be freed up (e.g., Amdahl replacement). Dr. Henry responded the funds were designated for consultants as well as corrective measures, of which the Amdahl replacement might yield $371K in freed up funds. He advised this matter should be revisited after the consultants completed their work in mid-February.

Dr. Henry asked about the estimated capacity for flip-flop funds. Dr. Decatur indicated the libraries could handle approximately $1.5M in flip-flopped expenditures.

Dr. de Castro asked if the slowdown in hiring had resulted in increased fringe benefit savings. Mr. Rackliffe responded that the $250K monthly savings were typical of past years.

A motion by committee was made to recommend following the schedule as presented by Mr. Rackliffe. The motion passed.

**FY00 Budget Considerations**

Mr. Rackliffe distributed and reviewed "Review of Budget Considerations, Fiscal Years 1999-2000", "Schedule of Contingency Fund Sources and Uses, Fiscal Years 1999 and 2000", and "Analysis of New Funding Sources, Fiscal Year 2000".

Dr. Crimmins inquired about lapsing of interest revenues. Mr. Rackliffe replied that interest revenues were subject to lapsing and generally in FC80. Dr. Decatur commented that interest revenues in FY99 were unusually high. Mr. Rackliffe noted this was due to receipt of large grants (e.g., $10M from GRA) up front.

Dr. de Castro questioned the flat-lining of indirect cost recoveries in the projections for FY2000. Mr. Rackliffe responded that if the nonrecurring Russia project indirect cost recoveries were pulled out, the projection was not flat-lined.

Mr. Rackliffe noted the new funding sources analysis assumed raise pools of 4% and allowed for a September 1, 1999 effective date. Dr. Decatur stated all indications were that raises would be effective July 1, 1999. Dr. Torbert asked if new FY00 funds for annualization of FY99 raises, which were effective September 1, 1998, were guaranteed. Dr. Decatur replied the Board of Regents had included this item in their legislative requests, and confirmation of funding would be sought.

Mr. Rackliffe briefly explained the items on the FACP targeted considerations list. Dr. de Castro inquired about negotiation of natural gas rates. Dr. Decatur responded that a consultant had been hired to examine utility options, including the possibility of multiple-institution agreements. Dr. Decatur noted the postage increase was already in effect, but unfunded.

Mr. Rackliffe noted the redirection targets included with the new funding sources packet provided for the 1% redirection to the Board of Regents as well as redirection to cover the $729K Alpharetta campus lease payments. Dr. Decatur commented that OMP dollars if allocated by the Board of Regents would help reduce this amount. Dr. de Castro questioned the strategic decision to tax the college and vice presidential units for the Alpharetta campus. He suggested consideration of using flip-flop funds for this purpose. Mr. Rackliffe responded that the Alpharetta payments would be
continuing costs. Dr. Deitz suggested that rather than flat-rate redirections, targeted deeper cuts should be considered given the leaner prospects for new funds from the state. Dr. de Castro suggested taking the Alpharetta campus out of the redirection plan and designating new funds for this purpose. Dr. Henry responded that the Alpharetta campus was a must-do item, and he favored the redirection approach rather than taking off the top of the new funds. Dr. Deitz commented that the College of Business and the College of Education already had additional unfunded costs associated with the Alpharetta campus. Dr. Henry pointed out that the North Metro Center had produced more revenue than expenditures, and that the same was anticipated for the Alpharetta campus. Dr. Decatur echoed that this had been a design consideration of the facility. Dr. Deitz noted the possibility that new funds would be so targeted as to prohibit their use for the Alpharetta campus.

Dr. de Castro made a motion to recommend redirecting $1.6M for the Board of Regents only. Dr. Derby seconded the motion. The motion passed.

Dr. Deitz made a motion to recommend applying a 2:1 ratio of percentage redirections to non-academic and academic units respectively. Dr. Harris seconded the motion.

Dr. de Castro asked for clarification of "non-academic units". Dr. Deitz replied that only the colleges were included. Dr. Crimmins stated this approach would be in keeping with the University Strategic Plan to shift resources from support to academic areas. Dr. Decatur questioned whether all colleges should have the same percentage redirection. Dr. Deitz responded negatively to unequal percentage redirections as punitive and counter to efforts to recover enrollments. Dr. de Castro noted the difficulty in making differential redirections with so little time for analysis. The motion to recommend a 2:1 ratio of percentage redirections for non-academic and academic units passed.

Prepared by Edgar Torbert
Approved February 5, 1999