Members present: Ron Henry (chair), Ahmed Abdelal, John de Castro, Sid Harris, Fenwick Huss, Larry Kelley, Tom Lewis, Carol Whitcomb.

Members absent: Fred Jacobs, André Young.

Others present: Tim Crimmins, Jerry Rackliffe, Edgar Torbert.

Recommendation: Elimination of the projected FY2000 $1.4M shortfall by: (1) $0.46M from Quality Improvement Funds; (2) $0.39M from Spectrum/SIS system implementation; (3) $0.327 from GSUNet2, but retaining $0.24M for the One Park Place work; and (4) $0.2M from General Classroom Building elevators.

Minutes of December 10, 1999 were approved as distributed.

**FY2000 Contingency Funds**

Mr. Rackliffe distributed copies of "Georgia State University, Schedule of Possible Contingency Fund Sources & Uses, Fiscal Years 2000 and 2001". He outlined FY2000 sources in the total amount of $12.3M as follows: (1) $3M from fringe benefit savings; (2) $1.4M from additional interest income; (3) $5.8M from the plateau management account; (4) $0.255M from the unmet demand management account; (5) $0.318M from university share of additional indirect cost recoveries; (6) $0.625M from the instructional technology account; (7) $0.3M from the end-of-year sweep; (8) $0.45M from unexpended Wachovia rent; and (9) $0.1M from utilities savings. He outlined potential FY2000 uses in the total amount of $13.7M as follows: (1) $3.16M for required University System of Georgia carryforward to FY2001; (2) $7.3M for FY2000 tuition and fees revenue budget shortfall; (3) $0.39M for Spectrum/SIS system implementation; (4) $0.11M for Cineon rental space; (5) $0.1M for Health Policy Center payback; (6) $0.255M for unmet demand-related expenditures; (7) $0.922M for library acquisitions to match previous year spending level; (8) $0.567M for GSUNet2 campus networking projects; (9) $0.2M for General Classroom Building elevators; (10) $0.47M for Kell Hall chiller replacement; and (11) $0.204M for 10 Park Place rental of faculty office space. He noted in relief of the contingency fund, the Provost Office had funded the furnishings for the 10 Park Place offices and supplemental funds for Moves and Renovations had been deleted. He pointed out the potential uses exceeded the sources by $1.4M.

Dr. de Castro suggested the $3.16M carryforward might be reduced if the University System based the institution share on full year credit hours instead of fall semester credit hours only. Dr. Henry replied it was extremely unlikely any changes would be made since all of the system institutions had already been informed of their shares of the $24M requirement for the University System. He added the full year credit hour argument would be used in making the case for at least an equal amount of supplemental funds in FY2001 beyond the carryforward, which was not now guaranteed by the Chancellor.

Dr. Abdelal disagreed with the FY2000 revenue budget shortfall figure on the basis of his information about credit hour shortfalls. Mr. Rackliffe responded that the mix of in-state and out-of-state students and the mix of above and below tuition plateau students confounded the straight multiplication of credit hours and tuition to determine the shortfall. He agreed to produce a table detailing the shortfall calculation for the next meeting.

Dr. Huss asked for more information about the Spectrum/SIS system implementation item. Mr. Rackliffe replied this expenditure would (1) upgrade the PeopleSoft software to version 7.5 which had a number of highly desirable new features and (2) add the asset management module to meet GASB requirements in FY2002.

Dr. de Castro asked for more information about the GSUNet2 item, in particular if ISAT would have a staffing problem affecting capacity for spending the funds as had been the case in FY1999. Dr. Torbert responded the networking projects to be funded in FY2000 were ready for bid and would not require additional ISAT staffing to complete. He also indicated the bulk of the request was for the College of Education Building ($321K) and One Park Place ($240K).

Dr. Harris asked for more information about the fringe benefit savings estimate. Mr. Rackliffe replied his latest analyses showed FY2000 savings to be on target for the $3M amount.

Dr. Harris asked for more information about the additional interest income. Mr. Rackliffe responded the projected amount could rise again if more Georgia Research Alliance funds were received during FY2000.

Dr. Abdelal asked for more information about the estimated end-of-year sweep. Mr. Rackliffe replied the $0.3M estimate, while conservative, was in the range of recent sweeps and probably could be boosted to $0.5M.
Dr. Henry pointed out FY2000 Quality Improvement Funds for Research and Instructional Equipment in the total amount of $0.46M had been frozen and could be another source for meeting the shortfall.

Dr. Crimmins asked about moving some of the FY2000 library acquisition costs to FY2001. Dr. Henry cautioned the listed FY2000 expenditures were necessary in FY2000 in order to meet annual base spending for acquisitions and any extra end-of-year sweep would be “flip-flopped” as in prior years to jumpstart the FY2001 contingency fund.

Dr. Henry advised the proposed uses of FY2000 contingency funds were in some cases unavoidable, and flexibility was limited to: (1) Spectrum/SIS system implementation, (2) library acquisitions, (3) GSUNet2, and (4) General Classroom Building elevators. Dr. Abdelal stated the elevator project was put forth only as funds were available to do the work, and so could be removed from the FY2000 funding list, if necessary.

Dr. Huss made a motion to recommend elimination of the projected FY2000 $1.4M shortfall by: (1) $0.46M from Quality Improvement Funds; (2) $0.39M from Spectrum/SIS system implementation; (3) $0.327 from GSUNet2, but retaining $0.24M for the One Park Place work; and (4) $0.2M from General Classroom Building elevators. Dr. Harris seconded the motion. The motion passed.

FY2001 Outlook

Dr. Henry voiced concern about credit hour recovery for FY2001, noting the average course load had dropped to 10.0 credit hours for Spring 2000. He added the University System had experienced an average course load drop of 1.2 credit hours, although some of the other institutions had higher starting points for those drops. He stated while credit hour recovery would continue, it was unlikely full recovery would be realized in the next few years. He also voiced concern about approximately $1.5M in new budget obligations, such as the Alpharetta Center, which must be addressed right away.

Dr. Huss asked about prospects for funding from other institutions using Alpharetta Center classrooms during the daytime. Dr. Henry explained the Chancellor had required meetings with other system institutions in the area about this matter, and that only Gainesville College and Georgia Perimeter College appeared to be viable options. He elaborated that Georgia Tech, North Georgia, and Kennesaw State had also participated in the discussions, with Georgia Tech (for now) and North Georgia opting not to offer classes at the Alpharetta Center, and Kennesaw State seeking to offer an early morning and/or weekend MBA program, which was clearly unacceptable to Georgia State. Dr. Abdelal urged careful re-examination of the cost elements of the Alpharetta Center to see if its budget could be reduced. Dr. Henry responded the must-do bond payments were the major portion, but other costs such as staffing would be reviewed.

Dr. de Castro asked about issues affecting the delay in approving the lease agreement of the Alpharetta Center. Dr. Henry explained other system institutions wanted access, and the Chancellor offered them space, with Georgia State to work out arrangements prior to approval of the lease by the Board of Regents. Dr. Henry indicated good faith efforts to date to work with the other institutions would probably result in the lease being on the February agenda for the Board of Regents [lease was actually not on the February agenda]. He reiterated the situation entailed Georgia State only transferring courses from North Metro Center and timing was not advantageous for proposing concurrent operation of the North Metro Center in FY2001.

Dr. Henry estimated an FY2001 shortfall of 40K credit hours with respect to currently budgeted credit hours, which would translate into a revenue shortfall of more than $4M. Dr. Abdelal countered the credit hour count for FY2000 had been seriously affected by the problems in processing financial aid, with students not knowing what their financial aid packages would be at the time they had to commit to enroll at Georgia State or elsewhere. He pointed to higher admission yields for FY2001, if the financial aid processing situation has been corrected.

Dr. Henry noted the $3.16M carryforward as a real reduction to the base budget for FY2001. He also pointed out the availability of the $5.8M tuition plateau, which had been parked for FY2000, and the prospect of $1.5M due to a tuition rate increase, after coverage of an unfunded portion of the FY2001 salary pool.

Dr. Henry stated the tuition plateau funds had been seen as a source for bond payments for the proposed research lab building. He offered that financing the research lab building might be rethought in terms of annual contributions as credit hours recover and university share of indirect cost recoveries increase, rather than tapping the tuition plateau funds.

Dr. de Castro asked for more information about the $3.16M carryforward. Mr. Rackliffe explained the base budget would be reduced from $160M to $157M for FY2001, but costs would rise from $160M to $163M for FY2001 due to the heath insurance increase. He explained that to cover this deficit, the $3.16M carryforward would be amended back to Georgia State in July 2000 and additional funds (for now an unknown amount) should be amended to Georgia State in February 2001 from FY2001 supplemental funds allocated to the University System (pending action by the state
legislature and the Governor). Dr. Henry stressed the supplemental funds were not only uncertain from the standpoint of legislative action, but also as to how those funds would be divided among the system institutions and the system central office. Mr. Rackliffe reminded that the overall $6M gap in the base budget would have to be addressed in FY2002 without the benefit of the carryforward and/or supplemental funds.

Dr. de Castro urged that budget cuts not be enacted to cover the FY2001 shortfall up front. Dr. Harris spoke in favor of investigating issues such as revising 3-credit hour courses to 4-credit hour courses and the distribution of the credit hour shortfall. Dr. Abdelal stressed the need for a thorough look at all components of the FY2001 estimates. He spoke for delaying the research lab building rather than decreasing program budgets. He cautioned program cuts could cause enrollments to spiral downward in a disastrous way. He advised waiting until the budget situation is manageable before launching the research lab building. Dr. Henry reminded that delaying the research lab building would have the secondary effect of limiting free space for other campus moves.

Dr. de Castro asked about the status of the technology fee proposal to the Board of Regents. Dr. Henry replied that approval was anticipated for a $50 or $75 per semester fee, rather than the $38 fee discussed and endorsed by the Student Government Association. He noted the budget presentation to the Chancellor and his staff had included a $50 fee, but reaction from them had pointed to a $75 fee as a possibility. He added that the revenue from the new fee could not be used to substitute for previously budgeted technology costs. Dr. Henry also indicated the differential fee for part-time students was positively received although the proposed increases in the student activity fee, athletics fee, etc. were not. Dr. Harris suggested approaching the technology fee as a phase-in with the FY2001 fee at $50 and the FY2002 fee at $75. Mr. Kelley stated this option would be explored.

Prepared by Edgar Torbert
Approved February 11, 2000