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

Members absent: Sid Harris, André Young

Others present: Tim Crimmins, Jerry Rackliffe, Edgar Torbert

Minutes of February 1, 2000 were approved as distributed.

Academic Redirection Subcommittee

Dr. Abdelal presented the document, "Report of the FACP Academic Redirection Subcommittee", which (1) urged observance of the October 10, 1998 University Senate resolution on redirection from non-revenue to revenue producing units, etc. and the University Strategic Plan five-year goal of 5% redirection from non-academic to academic units; (2) proposed indices for enrollment/cost trends and research productivity; (3) recommended any reductions from revenue-generating units be targeted and based on high cost per credit hour with consideration for market conditions, research productivity, national standing, lack of flexibility, etc.; and (4) recommended College of Education reductions as proposed by Dr. Deitz and consideration of the effect of tuition waivers on revenues, linkage of increased credit hours to future increased funding, and adoption of new enrollment data baselines under the semester system.

With reference to (2) above, Mr. Rackliffe distributed the document, "Summary of Selected Academic Department Measures, Fiscal Year 2000", showing two enrollment/cost indices and one external funding index proposed by the subcommittee.

Dr. Jacobs suggested another look at enrollment/costs whereby faculty salaries are standardized against the university average in order to quantify the amount of variance in department costs to be otherwise explained. Dr. Henry noted the effect of percentage-of-budget-in-salaries in doing this analysis. Dr. Abdelal pointed out that with the exception of the College of Law, market-related high faculty salaries did not appear to lead to high program costs per credit hour. He noted several Robinson College of Business departments among the departments with lowest program costs per credit hour. Dr. de Castro commented on the distortion of enrollment/costs per credit hour analyses by reliance on part-time instructors. Dr. Jacobs then suggested the analyses be further refined to distinguish between tenure-track and other faculty. Dr. Abdelal injected the issue of the tenure track, non-tenure track, eminent scholars, etc. mix of faculty should be examined for each department (e.g., seeking to hire only eminent faculty, hiring too many lecturers). Dr. Crimmins noted examples from program reviews of only one faculty member at rank of professor in Political Science although the department has a PhD program and over reliance on non-tenure track faculty in Communications.

Mr. Rackliffe distributed the document, "Issues of Quality and Cost, College of Education, February 2000", prepared by Dr. Deitz. Dr. de Castro asked about potential uses of the FY2000 budget reduction of $100K offered by Dr. Deitz. Dr. Henry replied the funds could be treated as part of the end-of-year sweep, and might be offset to some extent by a reduction in the end-of-year sweep realized from the college. Dr. Abdelal cited problems with clearing encumbrances via Spectrum which might contribute to an unusually large sweep. Mr. Rackliffe indicated this problem had been solved, and Dr. Torbert reported the Campus Rollout Team had been informed the retroactive corrections would be made by February 21, 2000.

Dr. Huss emphasized the intent of the subcommittee was to accomplish as much of the FY2001 budget reduction as possible, if not all, following the principles of the University Senate resolution on redirection and the University Strategic Plan [see (1) above], before targeting academic unit budgets for reductions based on any of the indices presented in the report.

Non-Academic Redirection Subcommittee

Mr. Kelley stated the Non-Academic Redirection Subcommittee was still working on its report, and it would be finished within a week. He cited the challenge of comparing units across the university without a common denominator such as credit hours. He also noted the lack of good performance/efficiency indicators in most cases. He observed such were
available for custodial services with national standards set by the Association of Physical Plant Administrators. He added that the report would have multi-year tables showing budgets, personnel EFTs, portions of budget for personnel and non-personal services, and fixed costs for the units.

Dr. de Castro commented that the subcommittee had struggled at length with its assignment and that development of performance measures was a longer term project than the subcommittee could undertake in time for FY2001 budget development. He noted Dr. Jacobs had nevertheless urged development of such measures should begin right away. Dr. de Castro recommended that attention focus on significant changes in non-academic unit budgets over the last five years and that these be the flags for further consideration as redirection is addressed. Dr. Crimmins asked about any goals for non-academic redirection. Mr. Kelley indicated the subcommittee had not proposed specific goals.

**FY2001 Budget Estimates**

Dr. Henry reported the $3.16M carryforward from FY2000 to FY2001 was now official, would be deducted from the University System 4th quarter transfer of funds to the university, and would be subtracted from the university base budget entering FY2001.

Mr. Rackliffe distributed the document, "Estimate of Redirection Requirements, Fiscal Year 2001 (For Discussion Purposes Only!!)"). Mr. Rackliffe outlined some FY2001 base budget effects as follows: (1) $1.467M continuation of FY2000 base budget revenue shortfall, the net of actual tuition shortfall and plateau set-aside; (2) $3.16M FY2001 base budget reduction by University System as stated above; (3) $1.416M Alpharetta Center full-year funding requirements; (4) $0.171M partial year OMP for new recreation center; (5) $0.023M One Park Place lease escalator; (6) $0.15M Ten Park Place rents; (7) $1.65M new money from 15K credit hour recovery; and (8) $1.658M new money from 3% net tuition rate increase.

Mr. Rackliffe explained the Alpharetta Center figure included $0.4M for the North Metro Center, if it were retained for FY2001, and $1.0M for the Alpharetta Center. He reminded that $1.0M funding for the Alpharetta Center had been discussed previously in terms of a phase-in of continuing funds, initially $0.6M from continuing funds and $0.4M from contingency funds. He also explained the recreation center item was for physical plant costs only and programming/operation costs would tap student activity fees. He pointed out OMP funding from the University System was uncertain, which was the reason for including this item on the list. He added full year OMP costs for the recreation center would have been nearly $0.7M. Mr. Rackliffe cited some additional items not included on the list such as annualization of the university share of the College of Law eminent scholar position and potential Woodruff Park obligations. He also noted uncertainty regarding Board of Regents approval of the tuition increase and how much of the increase would be earmarked for the raise pool, etc.

Dr. Henry asked about the prospects for tuition and fee increases given concerns at the state level about the HOPE scholarship fund. Mr. Lewis replied the Office of Planning and Budget was the entity drawing attention to the matter, and that OPB was strongly opposed to any additional fees out of HOPE scholarship funds. He added Governor Barnes had resisted putting a cap on HOPE scholarship spending, but was clearly concerned about the trend lines. Dr. Henry asked specifically about the proposed technology fee. Mr. Lewis indicated it was still on the table. Dr. Henry asked about the student fee committee requirements adopted by the Board of Regents. Dr. Torbert responded the university was compliant already with the current student fee committee structure. Dr. Henry asked specifically about tuition increases. Mr. Lewis replied that there was some gambling on reduced obligations from the HOPE scholarship fund due to higher eligibility standards. Dr. Henry pointed out the higher standards would also improve retention rates for the scholarships.

Dr. Abdelal asked for clarification of the anticipated use of increased tuition revenues for the raise pool. Dr. Henry replied this was an application of the "75-25" rule for the combination of state appropriations and student-paid revenues. Dr. Crimmins asked about potential uses of extra HOPE scholarship funds accumulated as a result of the eligibility changes. Dr. Henry responded the difference might be absorbed by treatment of Pell grants as add-ons rather than displacements of HOPE scholarship awards.

Dr. de Castro asked about any developments regarding the proposed delay in staff raises until October 1, 2000. Mr. Lewis replied there had been no developments, but efforts were underway with legislators and Governor's staff to get OPB to revisit the proposal and to agree to a common raise date for faculty and staff. He assured that the message that the delay would damage staff morale was being communicated. Ms. Whitcomb stated the University System staff council, which would be meeting March 3, 2000 in Macon, planned to address the issue of the differential effective dates for raises. Mr. Lewis commented that the K-12 education bill had slowed progress on other business, including higher education, but action on higher education legislation could be expected in the second half of February.
Dr. Henry noted items 1, 2, 5 and 6 above were fixed costs. Dr. Abdelal asked about flexibility of the recreation center item. Mr. Rackliffe replied the facilities fee was capped, and could not be increased to cover OMP. Dr. de Castro asked about use of the large amount of recreation center fees already collected. Mr. Rackliffe replied these revenues were already obligated in the pro forma for paying the bonds for the building. Dr. Henry added that the Alpharetta Center package, credit hour recovery, and tuition revenues required further review.

Dr. de Castro objected to the analysis presented in the document, "Estimate of Redirection Requirements, Fiscal Year 2001" on the grounds that it did not reflect the plug-in of FY2001 funds to offset the $3.16M carryforward for health care as well as supplemental funds in February or March 2000 to offset the remainder of health care costs. He held the full picture would show a breakeven situation for FY2001, so that the budget did not have to be cut for FY2001, although a cut of $6.32M could be anticipated for FY2002. He observed that the situation might change in the course of the next year so that the FY2002 cut would not be necessary or less severe.

Dr. Abdelal echoed the points raised by Dr. de Castro regarding the $3.16M carryforward, etc. and cautioned that disregarding these offsets in the analysis of redirection requirements would harm needed flexibility in the FY2001 budget. Mr. Rackliffe responded that his analysis was relative to the base budget and the budget submitted to the Board of Regents would have to show the reduction of $3.16M. Dr. Huss suggested there should be at least a parenthetical presentation of the supplemental funds. He added that Alpharetta Center and North Metro Center should not be cut as these were opportunities for maintaining and increasing credit hours.

Dr. Abdelal suggested the approach of planned contingency fund spending with a budget of such showing the flow of supplemental funds as well as usual contingency funds. He also urged inclusion of other items in the base budget effects, including the various departmental program review action plan funding commitments. Dr. Henry noted additional items such as the minority hiring incentives program, the Student Advisement Center, and Freshman Learning Communities.

Dr. Abdelal reiterated the need to invest contingency funds in unmet demand initiatives and to follow up successful efforts with continuing funding. He noted contingency funds invested in the College of Arts and Sciences in FY2000 would be needed again in FY2001 just to keep steady. Dr. Huss noted the same was true for Robinson College of Business, except full year funds were needed instead of half year as in FY2000.

Dr. Abdelal asked if a subcommittee was needed to address the funding issues for the Alpharetta Center. Dr. Henry noted the existence of an Alpharetta Center committee headed by Dr. Huss, which would take on this task. Dr. de Castro asked about prospects for increasing credit hours with the opening of the Alpharetta Center. Dr. Huss responded that breaking even with North Metro Center enrollment in FY2000 was the more reasonable goal in the initial year and the outcome also depended on the effect of closing or keeping North Metro Center open.

Prepared by Edgar Torbert
Approved March 10, 2000