FISCAL ADVISORY COMMITTEE TO THE PRESIDENT

Minutes of April 4, 2000

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

Members absent: Fenwick Huss, Fred Jacobs, Carol Whitcomb, André Young

Others present: Tim Crimmins, Jerry Rackliffe, Edgar Torbert

Recommendations: (1) Incentive plan earmarking 1/8 of each dollar in tuition revenues beyond the FY2001 budgeted increase of 15,000 credit hours for those colleges generating the above-budget credit hours

(2) Plan to rebuild the fund source for financing construction of a new research building by earmarking 1/8 of each dollar in tuition revenues beyond the FY2001 budgeted increase of 15,000 credit hours for this purpose plus a portion of the university share of above-budget indirect costs

(3) Salary raise pool consisting of: (a) 3% of filled faculty positions; (b) 3.25% of filled staff positions adjusted for 3/4 year implementation; (c) 4% of summer faculty lines based on prior year annual raise rate; (d) 4% of PTI expenditures to raise minimum per-course rate from $2,500 to $2,600; and (e) balance to dean/VP discretionary pools

Minutes of March 10, 2000 were approved as distributed.

FY2001 Budget

Mr. Rackliffe distributed an updated version of "Budget Change Worksheet, Fiscal Year 2001" showing projected sources and uses of FY2001 funds relative to changes from the FY2000 base budget. He explained several changes to the worksheet since the March 10, 2000 meeting (in bold below).

Revenue changes (rounded) were: (1) $3.16M reduction in state funding per Governor's budget; (2) $3.63M increase in state funding for three-quarter coverage of 3% salary increases for faculty and staff; (3) $1.65M increase in tuition revenue due to increase of 15,000 credit hours; (4) $7.29M reduction in tuition revenue base equal to FY2000 shortfall; (5) $2.08M increase in tuition revenue due to estimated 3.8% increase in tuition charges; (6) $3.16M increase from FY2001 supplemental budget share of $24M to University System to cover health insurance costs; and (7) $3.16M increase in state funding available via carryover from FY2000. Revenue changes totaled plus $3.23M.

Expenditure changes (rounded) were: (1) $2.77M increase in health care costs based on FY2000 insurance-choice pattern; (2) $3.63M increase in salary increases covered by state funding; (3) $1.21M increase in salary increases covered by university-generated tuition revenues; (4) $0.99M increase for difference in full-year operation costs of Alpharetta Center
versus North Metro Center; (5) $0.17M increase for partial-year operation costs of new recreation center; (6) $0.023M annual increase in One Park Place rent; (7) $0.20M increase for Ten Park Place rent not previously budgeted; (8) $0.087M for second-half of College of Law eminent scholar position initiated in mid-FY2000; (9) $0.06M increase to unmet demand fund administered by Provost in FY2000; (10) **$0.020M increase for central memberships such as Southeastern Research University Association and Oak Ridge Associated Universities**; (11) $0.14M increase for Biology action plan; (11) $0.068M increase for Chemistry action plan; (12) $0.13M increase for Mathematics action plan; (13) $0.074M increase for Sociology action plan; (14) $0.048M increase for Public Administration and Urban Studies action plan; (15) $0.02M increase for Social Work action plan; (16) $0.17M increase for Marketing action plan; (17) $0.11M increase for Political Science action plan; (18) $0.16M increase for establishment of Undergraduate Studies budget; (19) $0.04M increase for BioBus operation costs; (20) $0.078M increase to minority hiring incentive funds carried forward; (21) $0.051M increase for university share of Woodruff Park costs; (22) $0.11M increase for new positions in the Student Advisement Center; (23) $5.82M decrease (release) from budgeted plateau contingency; (24) $0.36M decrease (redirection) from College of Education; (25) $0.95M decrease (redirection) from Information Systems and Technology offset in part by new technology fee. Expenditure changes totaled plus $3.23M.

The updated worksheet also included notations of mandatory contingency items as follows: (1) **$0.3M for additional unmet demand efforts**; (2) **$TBD for library acquisitions**; (3) **$0.57M for continuation of GSUNet2 projects**; and (4) **$TBD for Banner SIS implementation**.

Dr. Harris inquired about the status of the fee change requests submitted to the Board of Regents. Dr. Henry responded that the Board of Regents would act on these at their April 18-19 meeting at Georgia State. He stated the Executive MBA fees would likely be approved. Dr. Henry added that Board of Regents staff had indicated mandatory (university wide) fee change requests would be denied except in a few cases, such as technology fees and the Georgia State student center facility fee. Dr. de Castro asked about the proposal to implement graduated mandatory fees for part-time students. Mr. Kelley and Mr. Rackliffe replied the Board of Regents staff had not commented on the prospects for that proposal, but inquiries about this issue would be made to them right away.

Dr. Abdelal requested clarification of the $7.29M tuition revenue shortfall figure on the worksheet. Mr. Rackliffe explained this entry reflected the adjusted FY2000 base for enrollment-driven revenue using actuals from the last 12 months. He pointed out that the worksheet then allowed for additional revenue from 15,000 credit hours over the base plus the release of the tuition plateau contingency.

Dr. Henry reported acceptance by the Deans Group of the plan proposed by FACP to earmark 1/8 of each dollar generated beyond the additional 15,000 credit hours for the colleges producing those credit hours. Mr. Kelley reminded that revenue-producing credit hours were the key. Drs. Henry and Abdelal replied that an effective rate of tuition per credit hour would be applied across the board for this reason. Dr. de Castro made a motion to recommend the 1/8-dollar to the colleges plan as worked out with the Deans Group. Dr. Harris seconded the motion. The motion passed.

Dr. Henry added that a second aspect of the plan was to earmark 1/8 dollar for a university-level reserve of $4M to finance the construction of the new research building. He noted the tuition
plateau contingency had been viewed as the source of funds for this purpose, but the current
situation dictated its release to balance the budget for FY2001. He added that a portion of the
university share of above-budget indirect costs could also be dedicated to finance the construction
of the new research building. Dr. Abdelal made a motion to recommend the combination of the
second 1/8-dollar from above-budget tuition revenue and the additional portion of the university
share of indirect costs to finance construction of the new research building. Dr. Harris seconded
the motion. The motion passed.

**FY2001 Salary Pools**

Mr. Rackliffe distributed "Derivation of FACP Pool (Draft), Fiscal Year 2001" showing suggested uses of the pool
as follows: (1) 3% of filled faculty positions for faculty raise pool; (2) 3.25% of filled staff positions adjusted for 3/4-year
implementation for staff raise pool; (3) 4% of summer faculty pool based on the prior year annual raise percentage; (4)
$0.053M to fund faculty promotions; (5) 0.125% of filled positions for dean/VP discretionary pools; and (6) $0.74M to
fund fringe benefit increases due to raises. This scheme left $0.05M for a FACP discretionary pool. Mr. Rackliffe
noted a 4% for PTIs from $2,500 to $2,600 per course would cost $0.098M.

Dr. Henry commended the use of 3.25% of filled positions for the staff raise pool as a means of
partially covering the one-time effect of delaying staff raises to October 1. Mr. Lewis and Mr.
Rackliffe reported staff raises would likely be effective October 1 in future years. Dr. de Castro
pointed out this would then necessitate the 0.25% adjustment for staff raises only once (for
FY2001).

Dr. Henry cited requests that PTIs be increased from $2,500 to $3,000 per course. Dr. Crimmins
observed the 4% increase would be larger than that awarded to faculty and staff for FY2001 and
should be presented as a good faith effort to improve PTI pay. Dr. Henry pointed out the colleges
could supplement the university allocation for PTIs or effect an additional increase by decreasing
the number of PTI taught sections.

Dr. de Castro made a motion to recommend the raise pool as presented with the following change:
to apply the entirety of the FACP discretionary pool and to reduce the dean/VP discretionary pool in
order to implement a 4% increase in the per-course rate for PTIs from $2,500 to $2,600. Mr. Kelley
seconded the motion. The motion passed.

It was agreed to discuss the raise pool in terms of 3% as funded by the legislature, with the extra
0.25% for staff designated as a staff discretionary pool. Dr. Henry added that the cap for raises
was again 10%.

**Technology Fee**

Dr. Abdelal requested that the use of technology fee revenue be discussed by FACP following
approval of the fee by the Board of Regents. Dr. Henry confirmed FACP would have this
opportunity, but also a student fee committee would have to review the proposed use of the fee
revenues in accordance with the new Board of Regents policy on mandatory fees. Dr. Abdelal
commented on the issue of central versus distributed computer labs and offered to circulate a
recent publication on this topic.

**New Funding Requests**
Dr. de Castro suggested that the circumstances which had led to bypassing a call for new funding requests from the deans and VPs should not preclude some subsequent call in case of special funding needs for new initiatives, which might otherwise result in missed opportunities. He noted that internal redirection might be an option for meeting these needs. Dr. Henry responded that a call for one-time requests would be one approach to dealing with these situations. He added any internal redirection now to free continuing funds could be problematical given the anticipated budget reduction in FY2002. Dr. Abdelal voiced support for the call for one-time funding requests, but recommended specific limits on the amount of askings. Dr. Crimmins urged FY2001 one-time funds also be earmarked for classroom technology in view of the current shortage of PC-equipped classrooms. It was agreed to postpone the call for one-time funding requests until at least the fall semester.

Next Meeting

Dr. Henry advised FACP would not meet again until Tuesday, April 25, 1:30-4:30 p.m., when it is anticipated the Board of Regents staff will have released all funding information for FY2001.

Health Care Plans

Dr. de Castro asked about additional information concerning health care plans. Dr. Henry reported the Board of Regents staff projected a January 1, 2001 start-up for a PPO which would delay savings crucial to balancing the budget for the whole fiscal year. He added the request had made to delay the increase in employee-paid premiums until October 1 in view of the delay in raises, but this would further aggravate the budget situation regarding health care plan costs.

Prepared by Edgar Torbert
Approved April 25, 2000