FISCAL ADVISORY COMMITTEE TO THE PRESIDENT

Minutes of December 1, 2000

Members present: Ron Henry (chair), Ahmed Abdelal, John de Castro, Jerry Edwards, Sid Harris, Fenwick Huss, Fred Jacobs, Katherine Johnston, Leslie Williams

Members absent: Tom Lewis

Others present: Bonnie Murphy, Doug Podoll, Jerry Rackliffe, Hazel Scott, Edgar Torbert

Minutes of November 17, 2000 were approved as distributed.

Transportation & Parking

Ms. Johnston presented a proposal from Auxiliary Services to increase the transportation fee from $14 to $17 (21.43%) and faculty/staff parking from $40 to $42.50 per month (6.25%), the latter effective October 1, 2001. The proposal also called for (1) combining Transportation and Parking as a single auxiliary; (2) increasing incentives for students, faculty and staff to use MARTA; and (3) providing a parking discount for employees using car pools. The realignment would result in two revenue centers (O&M of parking facilities, shuttle) and two cost centers (student MARTA discounts, faculty/staff MARTA discounts). Under this realignment, the lease of stadium parking would be shifted to parking facilities rather than associated with the shuttle as in the past. The new MARTA discounts would be $10 for students, faculty and staff bringing the already discounted MARTA monthly cards to $26 for students and to $32 for faculty and staff. The car pool parking rates based on number of persons riding together and choice of lot would range from $10 to $25.

Dr. de Castro asked about replacement of temporary decks under the proposal. Ms. Johnston stated a mixed strategy for dealing with this issue, namely to rely partially on the fund balance to pay for replacement with the remainder of financing through payback bonds. The mixed strategy would also include incentives for students, faculty and staff to use MARTA in order to minimize the need for new decks.

Ms. Murphy pointed out MARTA would be increasing its fares January 1, 2001, with monthly cards increasing from $45 to $52.50 for the general public, from $35 to $37 for university students, and from $38.25 to $42 for university faculty and staff (note these are special rates for all participating local universities prior to any Georgia State internal discounts). The proposed Georgia State discounted rates of $26 for students and $32 for faculty and staff would be implemented January 1-September 30, 2001 as a trial program.

Dr. Jacobs asked about the number of students currently purchasing the MARTA monthly cards. Ms. Murphy stated MARTA sales had increased 17% from last year to 2,500 cards per month. This increase has been countered by a drop in parking. The projected increase in MARTA cards with
the discount program is 25% for next year. Students will be surveyed regarding the impact of the
discount program on decisions to take MARTA. Ms. Johnston acknowledged the package was not
backed by a sophisticated market analysis, but stated the Georgia Building Authority had good
results with a similar scheme for state employees.

Dr. Jacobs asked about thresholds with declining use of parking at which parking costs would start
to decrease. Ms. Johnston replied that cost avoidance was the result, with reductions in leased
spaces or deck replacements. The savings for deck replacements would be approximately $10K
per space. New decks would also require substantial increases in parking rates for students,
faculty and staff since the current rates are for debt-free decks.

Dr. de Castro reiterated his point that parking fees should be increased rather than transportation
fees if the objective is to increase use of MARTA.

Mr. Edwards stated the Student Fee Committee had recommended no increase in the
transportation fee with the understanding summer stadium shuttle service might then be
eliminated. Ms. Murphy replied that the summer shuttle change was not part of the revised fee
proposal. The stadium lots are increasingly expensive to lease and if sufficient numbers of
students started using MARTA, the leases could be discontinued. The monthly lease is $95 per
space.

Dr. de Castro asked about the projected 10% increase in shuttle costs. Ms. Murphy answered that
the shuttle service will be re-bid and the specifications will include better buses for the type of
continuous service offered. Dr. Huss asked about complaints from students about the quality of
the buses. Ms. Murphy replied there had been no complaints, but the buses with the “Georgia
State” logo were frequently out of service and replaced by buses with only the “Harmon Bros.”
logo. The primary problem with the buses had been air conditioning outages. Dr. de Castro
suggested school buses belching smoke was not a good image for the university, and so
specifications for re-bidding might include alternative fuel requirements.

Dr. Huss asked about utilization of the stadium lots. Ms. Murphy indicated the lots were less than
half used in the summer, but fully used in the fall and spring.

Ms. Murphy explained that the car pool discount would be in effect during the ozone season only.
Ms. Williams asked if the car pool discount would be implemented if the rest of the transportation
and parking package were not approved. Ms. Murphy stated the car pool discount was part of an
overall transportation and parking strategy beyond the fee proposal, but that the proposed discount
rates might be revised somewhat if the fees were not approved.

Dr. de Castro expressed further concern about the replacement of the temporary decks. He
questioned whether spaces could be leased more cheaply and suggested a plan was needed to
take into account reluctance at the state level to issue payback bonds. Ms. Johnston responded
this was an area still under review, but also noted resistance to increasing parking fees to a level
which would allow deck replacement. Dr. de Castro pointed out the prior year proposal from
Parking had included deck replacement as part of the multi-year business plan.

Dr. Harris asked about engineering analyses of the temporary decks. Ms. Murphy responded that
the “S”, “K” and “N” decks were built in the 1970s with an intended 5-10 year life span. A recent study showed the decks could still be operated safely 5-6 years with proper maintenance and repair, and accordingly some repairs have been made to one deck annually. Dr. de Castro stated this was consistent with the business plan presented last year.

Dr. Huss cautioned the trend from parking to MARTA use by students may not reflect cost of parking, but rather the changing student body. Non-traditional students who have jobs off-campus are more likely to drive to campus in order to facilitate travel to and from work. Dr. Henry noted keeping parking costs down was a desire of many faculty and staff who compare university rates with those of the Georgia Building Authority ($17 per month). Dr. Abdelal reiterated this point especially in consideration of lowest paid staff and faculty.

Ms. Williams asked about continuation of the “S” deck discount. Ms. Murphy stated the opening of the adjacent recreation center would make the deck more attractive and the discount might be discontinued or reduced depending on usage patterns. Dr. de Castro suggested the discount be re-examined on the basis of the intent, whether to provide a low-cost option or to discount because of the distance from the rest of the campus. Ms. Murphy assured the desire was to provide parking options. Dr. Huss suggested another option might be low-cost faculty and staff parking at the stadium.

International Student Orientation

Dr. Podoll presented a proposal from International Student Services and Programs to establish an international student orientation fee of $30. The international student orientation is for new undergraduate and graduate students, and is currently free of charge. Funding has been obtained annually on an ad hoc basis from international student-related student organizations which are funded by the Student Activity Fee. The Baptist Student Union has furnished a meal for participants. Implementation of a fee will require payment for use of space in the Student Center. The proposed fee will also cover student leader wages, shirts and training and a grill-out in conjunction with the Study Abroad Program.

Mr. Edwards commented that the proposed fee would stabilize funding for international student orientation independent of changes in the allocation of the Student Activity Fee.

Dr. Huss asked if the orientation was required of all new international students. Dr. Podoll responded that participation was strongly encouraged with approximately 75% electing to do so. Administration of the GSTEP examination as part of orientation has been instrumental in boosting participation.

Dr. de Castro asked about the relative cost impact on students. Dr. Podoll stated that even affluent international students find overall costs high because of location of the university (housing, transportation, etc.). Graduate assistants often require financial assistance until first paychecks are issued.

Dr. Abdelal decried the general treatment of international students at the university. Other universities offer more services to international students and free of charge. There is a need for welcoming signals to international students as part of a more friendly environment. Dr. Abdelal
called for a strategic plan for International Student Services and Programs to address such issues, and urged consideration of other sources for funding international student orientation, perhaps the GSU Foundation. Dr. Huss echoed the remarks by Dr. Abdelal.

Dr. Huss questioned why the current scheme of funding was a problem. Dr. Podoll explained the share of the Student Activity Fee for international student associations had been reduced by 50% as an indirect result of redirection of Student Services staff from FC10 to FC95 positions. Dr. Torbert stated that overall Student Activity Fee allocations for programming had been reduced by approximately 1/3 as a result of redirection and yearly adjustments to cover staff raise pools. Dr. Podoll added that most universities treat orientation as an institutional expense.

Dr. Jacobs asked if increasing the number of international students was a university strategy. Dr. Abdelal replied such an increase was implicit in the University Strategic Plan goals relating to multiculturalism.

Dr. Scott asked about timing for a revision of the fee proposal. Mr. Rackliffe responded that the orientation fee was a user fee rather than a mandatory fee and so not subject to the December deadline for submission to the Board of Regents. It was agreed to ask Dr. Podoll to prepare a strategic plan with an attached budget for later review by FACP and other appropriate committees.

**Executive MBA & GEM**

Dr. Harris presented a proposal to increase the two-year fee for Executive MBA from $39,500 to $41,500 effective Class of 2004 and the two-year fee for GEM from $39,500 to $42,500 effective Class of 2002 and 2003. The increases are in line with annual increases outlined in the *pro forma* for the two programs.

Dr. Huss stated the programs were still a good deal when compared with the fees charged by major competitors. Dr. Henry asked about the difference in costs between the two Georgia State programs. Dr. Harris replied that the GEM program had more technology “bells and whistles” and three one-week international experiences.

Dr. de Castro asked about the source of funds for advertising the programs. Dr. Harris stated advertising was funded through program fees. Dr. de Castro noted the benefit to the university at large of the advertising for these programs.

Dr. Jacobs questioned the underpricing of the programs. Dr. Henry stated the pricing problem was historic in nature with only incremental increases allowed by the Board of Regents. Dr. Harris noted the Georgia Tech program fee was $5K more, and that the University of Georgia would be introducing an Executive MBA program based in Buckhead next year. Dr. Jacobs asked if Georgia State had protested the University of Georgia incursion to the Board of Regents. Dr. Henry responded that the Board of Regents had ignored such protests.

Ms. Williams asked if most students in the programs had their fees paid by their employers. Dr. Harris stated that companies paid all fees for approximately 90% of the Executive MBA students and approximately 50% of the GEM students. The GEM students include a number who are self-employed in entrepreneurial-type operations.
Dr. de Castro made a motion seconded by Dr. Jacobs to recommend the Executive MBA and GEM two-year program fees as presented. The motion passed.

Dr. Jacobs made a motion seconded by Dr. Huss to recommend the law student activity fee as presented. The motion passed.

Dr. de Castro asked about the Board of Regents perspective on fee increases. Mr. Rackliffe stated the Board of Regents staff had not issued guidelines other than requirement of a report listing names of the students on the campus review panel for mandatory fees and their recommendations. Dr. Henry added the Board of Regents staff are aware the only increases last year were for technology fees.

Dr. Abdelal asked about the status of the prior year request for a differential fee structure for part-time students. Dr. Henry responded the same proposal would be sent forward on the basis of two consecutive years of recommendations by FACP and the President.

Dr. de Castro asked if the HOPE scholarship issue was still a factor in seeking approval for fee increases. Dr. Henry acknowledged this was still the case although there were some changes in the HOPE program. Students will now be allowed both Pell and HOPE grants, and the calculation of high school grade point averages will include only CPC grades. The latter will result in fewer students qualifying for HOPE grants.

Dr. de Castro asked about the telecommunications component of the proposal from Housing. Mr. Rackliffe stated that replacement and renovation costs had been understated in the pro forma and would displace any savings from the delay in implementation of the telecommunications package.

Dr. Huss asked about the occupancy rates. Mr. Rackliffe replied fall occupancy was 95-100% and spring occupancy 85-90%. Dr. Huss observed international students would be willing to pay a premium to be assured of housing cheaper than they could find otherwise.

Dr. de Castro made a motion seconded by Ms. Williams to recommend the housing fees as presented. The motion passed.

Dr. Henry noted general support for combining Parking and Transportation as presented. Dr. de Castro spoke against action on the fee proposal for Parking and Transportation pending delivery of the revised pro forma. Mr. Edwards voiced opposition to action on the fee proposal until it was reviewed by the Student Fee Committee. Ms. Johnston responded that the revised proposal from Parking and Transportation was in keeping with the original recommendation from the Student Fee Committee that any hike in the transportation fee would be applied to expansion of the MARTA discount program. Mr. Rackliffe pointed out the revised proposal from Parking and Transportation actually applied more revenue than would be realized by the increase in the fee to subsidize MARTA incentives for students.

Ms. Johnston commented that the budget card rate should be reviewed as the other parking rates were re-examined. Dr. Jacobs asked how the increased revenues from the $2.50 increase in
faculty and staff parking would be used. Ms. Johnston indicated the funds would enable the 
increased MARTA discount for faculty and staff and help cover the true cost of operation and 
maintenance of parking facilities. Dr. Henry noted Georgia Tech faculty and staff pay considerably 
higher fees for parking. Dr. de Castro urged increasing student parking rates which were now 
lower than faculty and staff rates. Ms. Johnston spoke in favor of keeping student rates lower in 
view of competition from off-campus decks and promoting a customer service perspective.

It was agreed to continue discussion of fee recommendations at the December 8, 2000 meeting.

Board of Regents Staff Budget Hearing

Dr. Henry announced FACP would meet on January 5, 2001 to discuss the presentation to Board 
of Regents staff regarding FY2002 budget requests which is scheduled at Georgia State on 
January 11, 2001. He stated that notice of the meeting with Board of Regents staff had just been 
received, and there were no guidelines available for the presentation.

Prepared by Edgar Torbert
Approved December 8, 2000