FISCAL ADVISORY COMMITTEE TO THE PRESIDENT  
March 30, 2001

Attending: Ahmed Abdelal, John de Castro, Sid Harris, Ron Henry, Fenwick Huss, Fred Jacobs, Katherine Johnston, Tom Lewis [others: Tim Crimmins, Elizabeth Dennis (for Jerry Edwards), Jerry Rackliffe, Dorie Taylor (for Leslie Williams), Edgar Torbert]

Absent: Jerry Edwards, Leslie Williams

Minutes of January 26, 2001, were approved as distributed.

Salary Raise Pool

Dr. Henry stated the university salary raise pool would be based on 4.5% of the personal services budget with 3/4 funded by a state appropriation increase and 1/4 funded by a tuition increase. Dr. Henry added that annualization of partial year October 1, 2000 salaries (after FY2001 raises) to base July 1, 2001 salaries (before FY2002 raises) was not funded separately. Dr. Henry recommended allocation of the raise pool as follows: (1) 4% of filled positions by vice president/college unit for merit raises, (2) 0.5% of filled positions by vice president/college unit for market equity or promotion adjustments, and (3) the remainder (from 4.5% of unfilled positions) for annualization. He noted faculty promotions would be funded centrally, but there would be no “FACP pool” as in prior years. Dr. de Castro made a motion to proceed as outlined above. Dr. Huss seconded the motion. The motion passed.

FY2002 Budget

Dr. Henry distributed copies of a January 11, 2001 communication from the Chancellor inferring the University System would be $8M short in the FY2002 budget and then a March 26, 2001 communication citing a $54M hole. Dr. Henry commented that the university’s share of an $8M University System shortfall would have been roughly $1M and manageable, but the $54M University System shortfall constituted a major challenge.

Dr. Henry explained the derivation of the $54M figure for the University System. He cited $103M as the impact of semester conversion enrollment (credit hour) losses on formula funding. For FY2001, the University System was held harmless for $46M of the $103M amount and cut $57M. The $57M cut was partially covered in FY2001 by a $24M carryforward from FY2000 and $24M in the state supplemental budget so that the net cut for the University System for FY2001 was $9M. For FY2002, the University System would be held harmless for only $18M against the remaining $94M semester conversion shortfall (the original $103M minus $9M actually cut in FY2001), but would have $22M in additional enrollment dollars. The net effect would be a shortfall of $54M ($18M plus $22M minus $94M). The surprise was that the $46M “hold harmless” amount in FY2001 was one-time, so that the FY2002 impact would be $54M instead of $8M.

Mr. Rackliffe distributed and explained the schedule of budget allocations for FY2000-2002 showing the university’s share of the above shortfall being $6.3M in FY2002. Dr. Henry pointed out that existing new funding commitments for FY2002 would increase this figure from a fiscal year-to-year perspective.
Dr. Henry reviewed the list of new funding requests from the vice presidents and deans plus Provost/university decision items. Dr. Henry identified the following as candidates for the “commitments” list: (1) utility increases, (2) annualization of Vice President for Research budget line, (3) minority hiring incentive awards to date, (4) General Classroom Building classroom technology personnel hired spring semester, (5) English joint enrollment initiative, (6) position upgrades in Admissions, (7) unmet demand pool, (8) 50% of filled visiting position in Anthropology & Geography, (9) 50% of science educator position in Center for Behavioral Neuroscience, (10) filled action plan faculty positions in Biology, Political Science, and Sociology, (11) filled targeted faculty positions in Mathematics & Statistics (retention initiative), Communication (PhD program), Mathematics-Neuroscience-Biology (teacher education co-reform), and Modern & Classical Languages (business majors), (12) e-commerce faculty position, (13) educational leadership faculty position, and (14) continuation of economics unmet demand faculty positions.

Dr. Abdelal urged general discussion of strategies before addressing specific commitment items and amounts. Dr. de Castro noted the Governor’s promise to help again with supplemental funds, and cautioned against over-reacting at the outset. Mr. Lewis reported discussions with the Governor and the Board of Regents about the budget problem are on-going. He warned state revenues are projected to decline in FY2002 which would impact the state surplus and supplemental budget. Mr. Lewis reminded that the $24M supplement promised by the Governor for the current fiscal year had been hard fought in the legislature. He expressed optimism that there would be support for higher education in FY2002 linked to the upcoming gubernatorial election.

Dr. Abdelal asked about new funds not tied to the funding formula. Dr. Henry replied there were no items earmarked for the university, but that the Board of Regents staff were still looking at funding strategies, including collapsing some Special Funding Initiative (SFI) programs.

Dr. Henry advised that while the combination of the budget cut and new funding commitments presented a $7.5M problem, there are a number of additional funding items to be handled in the next few years. He mentioned Banner SIS software implementation ($11M over 3 years), GSUNet2, decision support unit, Wachovia/School of Policy Studies Building, Aderhold Learning Center, major departmental moves. Sparks Hall PC classrooms, PeopleSoft HR and grants and contracts modules.

Prepared by Edgar Torbert
Approved April 13, 2001