
Absent: Fred Jacobs

The minutes of March 30 and April 4, 2001 were approved as distributed.

Board of Regents FY2002 Budget Materials

Dr. Henry shared the FY2002 budget materials pertaining to Georgia State which the Chancellor would present to the Board of Regents for action on April 17-18. Dr. Henry cautioned the detail needed to analyze the FY2002 budget for Georgia State could not be determined from these materials, and would not be available from Board of Regents staff until April 19.

Dr. Henry noted Appendix A1 showed the state appropriation for Georgia State increasing from $159M to $167M (4.8%). He pointed out the increase included the $6M state share of the raise pool. Dr. Henry noted Appendix B showed 5% tuition increases for Georgia State in line with the other research universities, and Appendix C showed the increase in mandatory fees from $313 to $330, as requested. He reported the graduated (hourly rate) mandatory fee proposal had been rejected due to the projected $400K cost to the HOPE scholarship program.

Dr. Henry highlighted sections of the allocation recommendations contained in Appendix A. He emphasized the attention being given to benchmarks relative to peer group institutions, and an agreement between the Chancellor and the Governor to protect instruction while re-examining college and university administrative costs. Dr. Henry observed language in Appendix A suggesting supplemental funding through 2005 to offset semester conversion enrollment losses, with the supplemental funding decreasing over that span as enrollments hopefully recover. Mr. Lewis injected that the Governor had requested a multi-year plan from the Chancellor, which appeared to be the intent of this section of Appendix A. Dr. Henry pointed out the Chancellor had proposed that institutions could manage their shares of the University System shortfall by plugging July 1 operating budgets with MRRF dollars and then replacing the MRRF dollars during the year through administrative economies. Dr. Henry expressed concern about utilizing this approach at Georgia State given the condition of the physical plant. He reminded Georgia State had already cushioned its semester-conversion budgetary impact through the tuition plateau hold-back, which other institutions in the University System did not have the opportunity to do. Dr. Henry cautioned the technology dollars added to formula funding for the first time this year may have displaced some Special Funding Initiative (SFI) dollars.

Dr. Henry focused on the sections of Appendix A dealing with the guiding principles for University System allocations to institutions. He noted continuation of the 50-50 scheme for allocating new enrollment formula dollars based on recent enrollment trends (50%) and share of University System budget (50%). He projected this to mean a 12.5-13% share for Georgia State. Dr. Henry reviewed Exhibit E-21 which presented comparisons of revenues and expenditures per FTE student for Georgia State and its peer group of institutions (UAB, Arizona State, South Florida,
Illinois-Chicago, Louisville, Wayne State, New Mexico, SUNY-Albany, Cincinnati, Temple, Tennessee, Houston, George Mason, VCU, Wisconsin-Milwaukee). He pointed out that Georgia State fell well within the normative range in each case (state appropriations plus tuition revenue per FTE student of $13,893 for Georgia State in a range of $10,219-15,797; institutional support as a percentage of unrestricted E&G expenditures of 11.1% for Georgia State in a range of 6.9-13.6%; instruction-related expenditures per FTE student of $9,051 for Georgia State in a range of $7,096-11,490). Ms. Johnston outlined the corresponding comparisons for Georgia and Georgia Tech, which showed Georgia high in revenues per FTE student ($17,934) and Georgia Tech high in institutional support percentage (14.8%) relative to their respective institutional peer groups. Ms. Johnston warned these comparisons were scary due to different ways of accounting for costs across systems (e.g., system centralized fringe benefits, system centralized utilities, computer center costs split between administrative and academic functions). Dr. Harris asked if the University System was looking at aspirational groups of institutions as well as peer groups. Dr. Henry responded that for this purpose, only peer groups were considered. Dr. Abdelal commented the peer groups were designed to be a mixture, which included one-third aspirational institutions. Dr. de Castro remarked that the comparisons penalized Georgia State by taking into account FTE students rather than headcount. Dr. Henry replied this effect was dampened by inclusion of other Urban 13-type institutions in our peer group, which also had heavy part-time and commuting enrollments. Dr. de Castro asked if the benchmarking consultants had noted the differences in cost accounting. Dr. Henry responded that the consultants were aware of the differences, but chose to ignore them. Dr. Harris voiced surprise that Arizona State revenues and E&G expenditures per student were less than those for Georgia State. Dr. Henry replied these figures reflected some economies of scale, with Arizona State having about 45K students.

Dr. Henry reiterated the point made by the Chancellor that generation of credit hours should be protected. Dr. de Castro asked if the $167M state appropriation represented real dollars. Dr. Henry replied they were real dollars, but without the details of the allocation it was difficult to analyze impact. He added that Georgia State would still have to cover its projected 12.5% share of the $56M University System shortfall. Dr. Abdelal asked about the size of the raise pool. Mr. Rackliffe stated the overall pool would be $8M, including $6M state appropriation and $2M institutional (tuition, etc.) revenues. Mr. Rackliffe added that some former SFI funds were probably now in the general appropriation along with other such uncertainties.

Dr. Huss asked about the change from $54M to $56M for the size of the University System shortfall and the anticipated split between supplemental funds and redirected funds for addressing the problem. Dr. Henry responded Board of Regents staff were continuing to analyze the budget and perhaps the $24M figure for the MRRF was linked to the redirection target. He added the Governor had not had an opportunity to talk with key legislators about supplemental funding, and consequently no firm numbers could be given. Dr. Henry stated Georgia State should proceed with planning for a combination of percentage and “one-time budget amendment” redirections with attention to reducing university and college administrative costs as cited by the Chancellor in the MRRF flip-flop scheme. Dr. Abdelal reacted that the problem was this trimming had already been done for 3-4 years.

Dr. Abdelal spoke for re-examining “project” costs versus continuing costs (e.g., Banner, moves) as a basis for discussion of redirection. Dr. Henry injected that Banner was being accomplished off-budget so that there were no continuing dollars to recover. Dr. Abdelal argued Banner should be
considered relative to potential contingency funding for temporarily redirected continuing costs. Dr. Henry noted a $5-6M contingency was highly desirable as a guard against one-time emergencies. Dr. de Castro suggested the FY2002 budget was such an emergency. Dr. Henry replied this was an on-going problem rather than an emergency. Dr. Abdelal commented this was the lowest point for semester conversion costs based on the delayed impact on formula funding and that it was also a critical time to avoid cuts which would impact ability to grow back the lost credit hours. Dr. Henry concurred this was the nadir of the semester conversion budget impact, but that full recovery would take a number of years in part because of the 120-hour cap on degree program credit hours.

Dr. Henry reported further analysis of the raise pool in light of fringe benefit savings had suggested an additional 0.25% could be added to the vice presidential/dean discretionary pools or could be set aside to deal with cuts. Dr. Harris spoke for adding to the discretionary pools in order to protect current faculty against hiring away by competitors. Dr. Huss asked about the deadline for submitting raises. Mr. Rackliffe indicated the deadline would be April 30. Ms. Johnston suggested giving the deans the option to use the extra 0.25% for either discretionary pools or cuts. Dr. Abdelal commended this approach, which could be executed at the end of the process. Dr. Henry advised a decision should be held at least one week until the budget calculations were known.

Dr. de Castro asked for a summary sheet showing sources of flexibility in the budget (e.g., QIF, instructional technology funds). Dr. Henry agreed to provide such a list, and added it was still worthwhile to look at postponements of major projects/purchases as a source for flip-flop funds. Dr. de Castro asked if other flip-flop mechanisms (besides library acquisitions) had been investigated. Dr. Henry responded that he had mentioned health plan prepayments to Board of Regents staff who agreed to look at the possibility. Mr. Rackliffe stated that he had gotten negative reactions from Board of Regents staff regarding prospects for this option.

Credit Hour Target Incentives/Penalties

Dr. Henry suggested consideration of credit hour targets for the colleges with incentives and penalties relative to meeting or falling short of those targets. He noted the current budget projections showed an increase of 10,000 paid credit hours. Dr. Abdelal spoke for increasing the projection to 15,000 credit hours and commented on the direct effect on contingency fund discussions. Dr. Henry replied the 10,000 figure was more comfortable given the recent track record. Dr. Harris expressed reservations about the incentive approach with an observation that current structures did not allow this to be done equitably. Dr. Henry pointed out the Board of Regents were using a comparable approach to fund institutions, so it was reasonable to apply the same internally. Dr. Harris countered that recruitment beyond the freshman year was happenstance. Dr. Abdelal reviewed efforts in Arts & Sciences to involve departments and faculty in recruiting students through letters to applicants and phone calls to accepted applicants. Dr. Harris questioned whether Business faculty would want to divert their attention from research to recruitment. Dr. de Castro responded that Psychology faculty recognized the importance of recruiting good students. Dr. Abdelal cited a Harvard University study which substantiated the importance of connections with faculty. Dr. de Castro suggested incentives for central administration as well, to make the university more welcoming to students. Dr. Harris agreed recruitment should be addressed centrally and that alumni should be involved in some way. Dr. Henry noted the establishment of the Student Advisement Center as a university level initiative. Dr. de Castro suggested a “triage” approach to helping students find the right place to get assistance
with a wide range of issues. Dr. Henry pointed to the Student Advocacy Office in the Dean of Students area as one such effort. Ms. Williams expressed hope this conversation would be remembered when budget cuts were discussed. Ms. Johnston spoke of the need to make a good first impression on prospective students and their parents. [Dr. Harris elaborated at the April 20, 2001 meeting that his comments about student recruitment had been made in the context of teaching a four different sites.]

Dr. Huss cautioned long-term aspects of recruitment should be kept in mind, not just credit hours but also quality. He cited an AJC article showing SAT scores declining at Georgia State in fall 2000 as a recruitment problem. Ms. Johnston suggested incentives at different levels: who gets students to come to Georgia State, who gets them to stay. Dr. Abdelal echoed the importance of retention in maintaining credit hour counts. He noted graduate admission and scheduling of classes were not centralized functions, but rather the work of colleges and departments. Dr. Henry noted efforts in Mathematics and Accountancy to improve success of students in courses with very high failure and withdrawal rates.

The next meeting was scheduled for April 20 at 9:00 a.m.

Prepared by Edgar Torbert
Approved April 20, 2001