Minutes of October 10, 2001


Others Attending: Ron Colarusso, Bill Fritz, Steve Kaminshine, Robert Moore, Jerry Rackliffe, Anthony Roberts, Edgar Torbert

Minutes of September 26, 2001 were approved.

Budget Cuts

Dr. Henry reviewed the mandate from the Governor and in turn the Board of Regents to cut the FY2002 budget by 2.5% ($4.1M) and the FY2003 budget by 5% ($8.2M), with plans for both due to the Board by October 15.

Dr. Henry proposed a 5-part, $4.1M package for FY2002 to include: $0.085M from the pass-through Regents units (e.g., Regents’ Testing Program); $1.08M from the Instructional Technology and Quality Improvement funds; $0.5M from curtailed travel; $0.967M from postponed Moves & Renovations-creating academic office space; and $1.5M from salary savings through the hiring slowdown. Dr. Henry projected the salary savings from 3 months of 150 positions at an average annual salary of $40K. He suggested the travel cut as approximately 25% of budgeted travel with the impact lessened by travel cancellations due to the tragic events of September 11.

Dr. Henry noted the cuts were to be presented in prioritized order (last items being first reinstated if funds available). He suggested the first three items as: pass-through Regents units, travel, and slowdown-salary savings. Dr. Abdelal suggested moving travel down in order to avoid reinforcing external perceptions that travel is wasteful. Dr. de Castro suggested moving slowdown-salary savings up since this was the idea of the Governor. It was agreed to reorder the package: pass-through Regents units, slowdown-salary savings, travel, Moves & Renovations, and Instructional Technology and Quality Improvement funds. Ms. Williams questioned protecting Quality Improvement funds. Dr. Henry replied positioning Quality Improvement funds last on the list would reflect commitment to instruction and research.

Dr. Abdelal made a motion to recommend the FY2002 package proposed by Dr. Henry with the reordering above. Ms. Johnston seconded the motion. The motion passed.

Dr. Henry proposed an 8-part, $8.2M package for FY2003 to include: $0.170M from the pass-through Regents units; $1.08M from the Instructional Technology and Quality Improvement funds; $0.5M from curtailed travel; $0.15M from curtailed conference registrations; $2.5M from realignment or elimination of vacated positions; $2.0M from to be planned program-support reductions; $1.5M from slowdown of computer-related replacements-enhancements; and $0.3M from Moves and Renovations-creating academic office space.

Dr. Henry noted the budget is 83% personnel, 17% non-personal services so that a 5% cut without affecting personnel would mean almost one-third of the non-personal services budget. Dr. Abdelal
suggested replacing the word “planned” in the program-support reductions item so it would not appear reductions had been scheduled prior to the mandated cuts. Dr. Torbert suggested “[to be] determined” as an alternative. Dr. de Castro suggested replacing the word “elimination” in the vacated positions item to convey deferrals rather than eliminations. Dr. Harris asked if incremental tuition might be requested to offset cuts. Dr. Henry responded that these revenues were normally targeted for the institutional share (25%) of the raise pool. Dr. Henry asked for comments on the ordering of the FY2003 package. Dr. Harris commented that protecting travel funds was a morale issue. Dr. de Castro noted the importance of interactions with colleagues at meetings. Dr. Abdelal suggested the wording of the travel item indicate its purpose of professional development for faculty and staff. Dr. Henry suggested separating slowdown-salary savings from the realignment or elimination of vacated positions. Dr. Henry stated a committee of presidents, CAOs and CFOs would advise the Chancellor on system-level reductions (Plan B) which would then reduce the percentage cuts for individual institutions. It was agreed Dr. Henry would proceed with refinement of the FY20003 package as proposed.

Dr. Henry distributed a spreadsheet showing his analysis of the FY2002 budget situation. He showed obligations or anticipated expenditures of $15.7M over the original FY2002 budget with requirement of (differential percentage) budget cuts of $1.9M to balance (after adjustment of excess spring tuition revenue to $2.1M).

Dr. de Castro pointed out increases in the amounts allowed for library flip-flops and Banner SCT/C&A from the similar spreadsheet distributed at a prior meeting. Dr. Henry explained the Banner increase was due to disputed FY2001 pre-payments becoming FY2002 obligations. Mr. Rackliffe was asked to document the increase in the library flip-flop.

Dr. Huss asked about the split of Banner backfill expenditures between the colleges and administrative units. Dr. Fritz estimated the split at 40-60. Dr. Henry commented backfill costs might be decreased due to the hiring slowdown affecting the filling of those positions.

Dr. Abdelal asked if the figure on the analysis was the actual for the excess fall tuition revenue. Mr. Rackliffe stated the fall amount was $2.0M as shown.

Dr. Henry noted the analysis did not include the items slated for projected supplemental funding in February-March 2002. He listed these items: $1.0M for restoring part of the $1.9M budget cuts; $0.996M for library; $0.1M for Moves & Renovations project designs; $0.9M for the remainder of the budget cuts; and $0.5M for Moves & Renovations. Dr. Henry suggested future discussions concern balancing restoring these items with other contingency requests from the college and vice presidential units.

Dr. Harris asked about the $0.8M item for additional interest income. Mr. Rackliffe stated this was for overnight investments. Dr. de Castro asked if the $0.1M for utility savings could be increased given rate drops. Mr. Rackliffe responded utilities would also be hit by the percentage cuts. Ms. Johnston added utilities had not been budgeted on higher rates.

Dr. Henry cautioned the overall picture did not leave end-of-year sweep funds. Dr. Huss asked about flip-flop capacity for FY2003. Dr. Henry replied this was like end-of-year sweep. Dr. Huss suggested consideration of creating flip-flop funds along with restoring cuts, etc. Dr. Harris asked
about other sources for flip-flop funds. Dr. Henry answered the colleges might generate their own.

Dr. de Castro questioned the expenditure of $1.5M for GSUNet2 in FY2002. Dr. Henry noted these funds, along with pre-payments, were already transferred from the Provost holding account to the project. Dr. de Castro characterized GSUNet2 as not mission critical. Dr. Abdelal urged shaving the expenditure budgets for such projects as soon as possible.

Dr. Henry distributed a spreadsheet showing FY2002 general operations budgets by cost center with a suggested differential percentage cut scheme (0.6% for colleges, 1.2% for other university units, 2.5% for Regents units). Dr. Abdelal pointed out the spreadsheet was based on total budgets rather than non-instructional budgets (as had been the case with a previous spreadsheet for the FY2002 budget holds). He objected to the greater impact on academic units, and requested development of additional models for reaching the total needed for the budget cut. Dr. de Castro echoed these points. Dr. Henry noted the deans had disagreed about how to define the non-instructional budgets. Dr. Kaminshine spoke for treating the libraries like academic units, in particular regarding the College of Law library which provides instruction and is an accreditation factor. Mr. Rackliffe commented on the difficulty of sparing the academic units given the prohibition on layoffs. Ms. Johnston cited several non-academic areas, which were also crucial, including admissions, financial aid, campus clean-up, and elevators. Dr. Fritz asked about the applicability of the no layoff directive to contract personnel and temporary employees. Dr. Henry responded that contracts would need to be honored, but temporary employees were not protected. Dr. Abdelal reiterated his call for a review of Banner, GSUNets, and DSS budgets to determine if reductions can be made.

Prepared by Edgar Torbert
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