
Absent:  Leslie Williams

End-of-Year Sweep

Mr. Rackliffe presented a draft spreadsheet showing sources and uses of FY2001 end-of-year sweep funds. He emphasized clean-up was incomplete so the $446K June sweep estimate might change by as much as $300K up or down. For this discussion, the $446K June sweep figure was used along with $1,882K in end-of-May contingency funds for a total of $2,328K. Mr. Rackliffe explained a list of additional sources of sweep funds including: late supplemental appropriations from the Board of Regents for fringe benefits and ETACT, additional interest income, unallocated departmental shares of indirect costs, unspent moves and renovations funds, and flip-flops for departments, vice presidential areas, etc. The additional sources brought the total sources for FY2001 end-of-year sweep funds to $8,705K.

Mr. Rackliffe outlined uses of end-of-year sweep including: $996K for equalizing acquisition budgets for Pullen and College of Law libraries with the prior year, $120K to increase acquisition budgets for both libraries, $2,755K for flip flops for departments, vice presidential areas, etc., $93K for FY2002 contingency funds from health clinic renovation pre-pay, $769K for FY2002 contingency funds from recreation center pre-pay, $300K for FY2002 contingency funds from student center pre-pay, $383K for FY2002 contingency funds from GSU Village police pre-pay, $1,386K for ETACT carryforward, $178K for Banner, $975K for Sparks Hall classroom renovations, $464K for GSUNet2, $40K for decision support system (DSS) servers, and $240K for Spectrum support. The uses as listed totaled to $8,705K.

Dr. de Castro raised questions about two items: $120K for increasing library acquisitions and $40K for DSS servers. He recalled at the June meeting these items had been left for further discussion. Dr. Abdelal pointed out the increase in library acquisitions would not be one-time, but instead would obligate future funding under annual equalization with the prior year. Dr. de Castro observed requests for contingency funds had not been solicited from units across the university in order to weigh these two items against other needs. Dr. Henry responded that with the DSS servers already purchased, the options were: to fund the libraries as proposed or to shift those funds to the FY2002 contingency. By consensus, it was recommended the $120K for increasing library acquisitions be withdrawn and added to the FY2002 contingency.

Dr. Kaminshine asked about the impact of the library acquisitions allocation on the 1% hold. Dr. Henry replied that the hold was based exclusively on the base budget so that there would be no impact. Dr. Abdelal reiterated concern about uses of end-of-year funds which entail on-going budgetary obligations. Dr. Henry agreed end-of-year allocations should be targeted for one-time or short-term expenses.

Dr. Huss asked about the need to proceed with DSS in FY2002. Dr. Henry responded DSS was
crucial to Banner implementation because it would replace OASIS and STATWARE programs which would no longer operate. He added Banner start-up by fall semester 2002 necessitated advance work in FY2002. Dr. Crimmins commented on DSS as essential to enrollment management. He noted other institutions had found Banner inadequate for decision support because of the lack of report generators. Dr. Henry reminded there were three major off-budget endeavors underway: GSUNet2, Banner and DSS. Dr. de Castro asked if it was true Banner would not generate reports of unmet demand. Dr. Crimmins replied affirmatively, but indicated a proxy was under development. Dr. Abdelal recommended cost-benefit analyses of add-ons to Banner. He added legacy unmet demand reporting was very good.

1% Hold

Dr. Patton spoke of the importance of being prudent for the next 6-12 months given the situation. He stated the probability the only new funds for the university system would be enrollment growth dollars. He advised permanent hold-harmless dollars would not be granted by the legislature, but a revision of the funding formula might occur after the arrival of the new Chancellor. Dr. Patton also noted state revenues were down which did not bode well for supplemental funds in March 2002. He pointed to the election year as a time when Governor Barnes would be seeking to protect the reserve. Dr. Patton summarized that all of the above commended a prudent approach of holding 1% in expenditures until it was clear what the Governor, legislature and new Chancellor would be doing with supplemental funds. Mr. Lewis pointed out that any revision of the funding formula would not affect the current fiscal year. He indicated by October it would be clearer what Governor Barnes intended to recommend for supplemental funds.

Dr. Tai asked about the level of past supplemental funding. Mr. Lewis responded the March 2001 amount was $980M, but $500M was targeted for K-12. Dr. Patton added that other divisions of state government were also dependent on supplemental funding; e.g., prisons, health and welfare. Dr. Henry pointed out the University System share was $24M.

Dr. Abdelal urged each unit be informed right away of the amount to hold until supplemental funding is allocated. He also pointed to positive signs for enrollment growth. Dr. Henry warned growth would first have to offset a $300K shortfall in summer revenues. Dr. Abdelal responded this had also been the case in FY2001, and growth was still accomplished. Dr. Patton emphasized the need to make a good first impression on the new Chancellor regarding fiscal responsibility. Dr. Henry expressed optimism about course loads and yield of accepted students. Dr. de Castro asked if the improvement in course loads reflected fewer students from the quarter calendar years still in the pipeline. Dr. Henry replied another factor was the usually late registration of part-time students. Dr. Patton commented parents also needed to be educated about the need for students to enroll for 15 SCHs in order to graduate in four years.

Contingency Funds

Mr. Rackliffe presented a three-scenario schedule of sources and uses for FY2002 contingency funds. He noted the unclaimed flip-flop funds as sources for the FY2002 contingency could be increased by $120K due to the withdrawal of additional funds for library acquisitions. He explained the unclaimed flip-flop funds as coming from the health clinic, recreation center, student center, and GSU Village police pre-pays as outlined above. Dr. Abdelal questioned the lack of library flip-
flop dollars for FY2002 contingency as in prior years. Mr. Rackliffe responded the library flip-flop dollars had been exhausted in repaying the departments and vice presidential units for their flip-flops as outlined above.

Mr. Rackliffe pointed out the three-scenarios of $2,200K-$2,600K-$3,000K for fringe benefit savings were down from prior years because rate increases were not fully funded and participation in PPO health coverage was less than expected. He also pointed out additional interest income projections of $600K-$800K-$1,000K were down because of lower interest rates. Mr. Rackliffe indicated the projections of university share of additional indirect cost recoveries were held to $100K-$150K-$200K in view of the end of the Russia project. He projected the FY2002 end-of-year sweep to be $300K-$600K-$900K with a caution Spectrum had allowed business managers to spend down their budgets more completely than in the past. Mr. Rackliffe listed as flat amounts across all three scenarios the following sources: $1,700K from delaying moves and renovations, $625K from instructional technology holding account, $456K from Quality Improvement Funds, $465K from delay in Wachovia Building payments, and $100K in utility savings.

Mr. Rackliffe did not present estimates for the supplemental budget funds anticipated in March 2002. Mr. Lewis speculated the University System would receive closer to $20M than $30M as originally hoped. Dr. Henry added the university normally receives about 1/8 of the total University System allocation in such cases. It was agreed to plug in supplemental funds of $1,500K-$2,000K-$2,500K for the three contingency fund source scenarios. With the above, the three source scenarios totaled $9,700-$11,700K-$12,600K.

Mr. Rackliffe outlined uses for FY2002 contingency funds, again in three scenarios. He listed $6,600K-$5,600K-$5,600K for coverage of revenue shortfall, $4,000K for Banner, $300K for additional unmet demand, $996K for library acquisitions, $600K for GSUNet2, $750K for Aderhold LC instructional technology, and $500K for DSS (single amounts mean same for all three scenarios). Dr. Abdelal cited positive signs for enrollment recoveries and suggested changing the revenue shortfall in the third scenario from $5,600K to $5,100K. With this change the use scenarios totaled $13,700K-$12,700K-$12,200K. These yielded nets of minus-$4,000K, minus-$1,600K, and plus $400K for the three scenarios.

Mr. Rackliffe explained the Banner allocation had increased from $3,800K to $4,000K due to a consultant payment not being pre-paid from end-of-year sweep funds. Dr. Tai questioned the need to proceed full speed on Banner. Dr. Henry reiterated the need to have Banner up-and-running for fall 2002 and the danger of having OASIS break down. Dr. de Castro urged FACP look at 3-5 year commitments rather than a year-to-year approach to budgeting. Ms. Johnston voiced support for this approach and offered to initiate the process. Dr. Abdelal injected budget analyses should take into account maximizing enrollments. Dr. de Castro asked for an explanation of the request for $500K for DSS. Dr. Henry replied that expenditures in FY2002 would include programmers, consultants and training. Dr. Crimmins added the DSS initiative was an extension of a grant from the Urban Universities Portfolio Project (UUPP).

Dr. Henry presented a variation of the spreadsheets distributed by Mr. Rackliffe with more details about anticipated FY2002 expenditures for major projects: Banner, DSS, GSUNet2, and mandated ICR recalculation. Dr. Abdelal asked if economies could be effected for these projects. Dr. Henry noted $1,000K of the Banner costs were for backfill, and efforts had already been made to squeeze
the Banner budget as tight as possible. Dr. de Castro suggested delaying DSS. Dr. Henry responded DSS is crucial to both Banner and Spectrum as part of data warehouse development and must be in place when Banner comes on-line. Dr. Abdelal asked if any of the funds for Spectrum had been returned to the general budget following implementation of that software. Mr. Rackliffe replied the four positions funded for Spectrum were still needed for support, and the rest of the project had been done off-budget.

Dr. de Castro made a motion seconded by Dr. Tai to recommend release of contingency funds flip-flopped for the departmental and vice presidential areas. The motion passed.

Dr. Abdelal made a motion seconded by Dr. Huss to recommend release of flip-flop funds up to $1,200K for Banner. The motion passed.

Ms. Johnston made a motion seconded by Dr. Abdelal to recommend release of flip-flop funds up to $200K for DSS. The motion passed.

Dr. Huss made a motion seconded by Dr. de Castro to recommend a 1% hold on non-instructional funds to be accumulated prior to January 1, 2002. The motion passed.

Prepared by Edgar Torbert
Approved August 29, 2001