Fiscal Advisory Committee to the President
Minutes of January 16, 2002

Members Attending: Renee Harmon, Ron Henry, Fenwick Huss, Fred Jacobs, Katherine Johnston, Tom Lewis, P.C. Tai, Leslie Williams

Others Attending: Lisa Beck, Robert Moore, Jerry Rackliffe, Edgar Torbert

Dr. Henry distributed a spreadsheet showing the Board of Regents requests and the Governor’s recommendations for the University System FY2003 budget.

Dr. Henry pointed out the recommended additions were in two categories, $70M for formula (workload) adjustments and $4M for enhancements. Dr. Henry reminded there is a two-year lag in enrollment impact on the formula so recent substantial increases in credit hour production for Georgia State would not be taken into account. He explained Georgia State had already received OMP increases for Wachovia and Aderhold, so there would be no new OMP funds for Georgia State in this budget cycle. He noted other adjustments in health insurance and general fringe benefits, which were essentially in-and-out items. He also noted a decrease in funding for TRS-ORP, which may be an actual loss of $413K. He pointed out there were no new funds for generation of CEUs. He called attention to the recommendation of $9.7M for hold-harmless adjustments, of which Georgia State could expect approximately 1/8.

Dr. Henry reported no funds were recommended for changing the formula with regard to the technology factor or OMP rate.

Dr. Henry observed the enhancement requests were generally denied or funded at much lower amounts than requested. He suggested Georgia State could seek funding from $2.1M recommended for programs targeting non-traditional and African-American male students. He lamented the absence of funding for the retention/graduation package (including programs for improving the freshman year experience), eminent scholars and health insurance for GRAs. He noted $1.5M recommended for ICAPP, which might be open to a proposal from Nursing. He likewise noted $160K for SREB doctoral scholars, in which Georgia State might share.

Dr. Henry reviewed the recommended budget reductions, including the 5% state appropriation reduction, which would be $8.3M for Georgia State. He explained the MRR reduction was actually a shift to bonds as the funding source, but the 18-month timing would effect a reduction for the 12-month period. He advised the 22% reduction in SFI funding would amount to $7.5M for the university system, but no information was available regarding the impact on Georgia State. He noted current Georgia State SFI funding, includes Glactone, Biological Sciences, Teacher Preparation and GRAs. He pointed out the $2.9M reduction in Yamacraw funding for faculty positions also producing credit hours/formula funding.

Dr. Henry reported the Board of Regents had commissioned a small group to review allocation strategies. He will be a member of the group.

Dr. Huss asked if the net effect would be a cut. Dr. Henry replied the cut would be on the order of several million dollars. He added there were positives, in particular increased enrollments, but some one-time costs would have to be annualized and the structured shortfall of nearly $6M offset.

Dr. Huss asked about flip-flop opportunities generated by the growth in spring enrollments. Dr. Henry responded flip-flops would be dependent on receipt of supplemental funds. Mr. Lewis voiced confidence some supplemental funds would be realized, but cautioned legislators were increasingly impatient with requests for hold-harmless funds. He added that some legislators were showing interest in adding MRR funds.

Prepared by Edgar Torbert
Approved February 13, 2002