Fiscal Advisory Committee to the President
Minutes of March 13, 2002


Others Attending: Bill Fritz, Jerry Rackliffe, Edgar Torbert

The minutes of February 27 were approved as distributed.

Mr. Rackliffe reissued “Budget Considerations, Fiscal Year 2002” showing a shortfall of $5.1M and potential adjustments to cover the shortfall and yield a positive balance in the range of $246K-468K.

Mr. Rackliffe distributed “1 Park Place-10th Floor Restoration, Expense Schedule-3/12/02” showing project costs of $198K. Dr. de Castro asked about payment by GSU Foundation rather than the university. Mr. Rackliffe answered the project was considered maintenance. Dr. Henry added the rental agreement did not allow for maintenance and capital improvement. Mr. Rackliffe recommended funding the project from contingency funds with any unused funds to revert to the contingency fund. Dr. Abdelal commented there was no choice about completing the work. Dr. Abdelal made a motion to approve the project funding as presented. Ms. Johnston seconded the motion. The motion passed.

Mr. Rackliffe distributed “Salary Pool Review, Fiscal Year 2003” based on an overall 3.25% pool with a dean-VP discretionary hold-back of 0.25%. He explained the staff share would include annualization of FY2002 raises effective October 1, 2001 (1/4 of 4%) plus the FY2003 raises (3/4 of 3%). He also distributed “Faculty Promotion List, Fiscal Year 2003” showing faculty promotion increases of $61K. Mr. Rackliffe pointed out a balance of $366K in the pool, which could be the FACP discretionary pool. He cautioned these figures were estimates with legislative action delayed until April. He noted state employees were slated for 2.25% average raises.

Dr. Abdelal urged delaying discussion with units about raise pools until the legislature acts. Mr. Rackliffe indicated the salary files would be available to dean-VP business officers for input April 1 and due back around April 30.

Dr. de Castro advocated using the raise pool balance to increase pay for GRAs. Mr. Rackliffe responded that approximately ½ of the balance equated to application of the raise pool percentage to state-funded GRA lines.

Mr. Lewis reported LBO was requesting additional information about USGa salary figures. He explained the extended time of the legislative session was to allow a federal judge to rule on reapportionment before closing the session. He also reported the Arts & Humanities project was still in the supplemental funding package [later removed].

Mr. Rackliffe distributed “University System of Georgia, Fiscal Year 2003 Proposed Budget Reductions” showing Georgia State losing $9.6M or 5.86%. Mr. Lewis attributed the increased reductions to disappointing February revenue projections. Dr. de Castro asked about the items labeled “reserve”. Mr. Rackliffe replied these were the Chancellor’s discretionary fund.

Mr. Rackliffe handed out “Budget Considerations, Fiscal Year 2003” showing 3 levels of estimates with overall budget balances ranging from negative $3.9M to positive $1.3M. He called attention to revised credit hour estimates with scenarios of 30K, 40K and 50K additional credit hours. He warned the institutional share of formula funding would not be 100% of the institutional contribution to increased credit hours, but perhaps $2M.

Dr. Abdelal asked about the portion of the tuition increase, which would be absorbed by the institutional share of the raise pool. Mr. Rackliffe responded a slightly over 2% increase was needed to offset the raise pool. Dr. de Castro observed the estimates for fringe benefit savings were down. Mr. Rackliffe replied the savings were not tracking as well this year as in the past.

Mr. Rackliffe reminded that duplicating FY2002 unmet demand credit hours would require $700K. He agreed to increase the 3 scenarios for tuition increases (over salary pool requirements) to 1%, 2% and 3%, and thereby increase the highest scenario overall budget balance to $2.3M.

Dr. Fritz distributed “Freshmen Applicants 1992-2002”, “Undergraduate Application Processing Progress, Fall 2002”, and “Enrollment by Fiscal Year 1998-2003”. He pointed out freshmen applications were up 20% two weeks prior, and they were still up 20% after the March 1 deadline had passed. He predicted an increase in freshmen in the range of 600-700. He also noted transfer applications were up 10%. Dr. Fritz cited such factors as the economy and the University of Georgia reducing the size of its freshman class. He projected an increase of 64K credit hours.
Mr. Rackliffe asked about headcounts and paid credit hours. Dr. Henry replied he had a model by class level, which would track unpaid credit hours. He cited 50K credit hours as a realistic overall increase with 43K paid credit hours. He noted the need to factor in instructional costs for the additional credit hours.

Mr. Rackliffe distributed “Possible Budget Considerations, Fiscal Year 2003-2005” showing $4.7 potential uses versus $2.3M projected available. He explained GSUNet2 could be reduced from $500K to $350K according to information just received. Dr. de Castro expressed gratitude for the multi-year presentation and suggested costing out PeopleSoft for future discussions. Dr. Henry cited a drop-off in Banner costs after FY2003.

Dr. Huss asked for clarification of the unmet demand item for FY2003. Mr. Rackliffe stated the $1.4M figure included instruction for sustaining and increasing unmet demand credit hour production. Dr. Henry noted an increase of 15K credit hours had cost $700K, and 13K credit hours had cost $600K. He concluded each 10K credit hour cost would be about $500K. He suggested using flip-flop funds for this purpose.

Dr. Huss asked about flip-flop capacity. Mr. Rackliffe answered that the most creative approach could yield approximately $5M. Dr. de Castro asked about the status of FY2002 dean-vp area hold-backs. Mr. Rackliffe indicated these were still being held. Dr. Henry suggested the hold-backs could be flip-flopped to lessen the budget reduction impact in FY2003 and bridge budgets to FY2004.

Dr. Abdelal observed Dr. Louis had quoted larger figures for anticipated indirect costs. Mr. Rackliffe responded that Dr. Louis was including the share retained by the GSU Research Foundation. Dr. Henry elaborated that the GSU Research Foundation was paying for some things previously paid by the university, including the intellectual property person.

Dr. Fritz distributed “GoSOLAR (Banner) Implementation Project, FY03 Spending Estimate as of 3/3/2002” showing a reduced option of $1.3M versus the original request for $1.7M. He pointed to the phase-out of backfills by December 31, 2002 and possibly truncating the Cornelius & Associates consultancy. Dr. Henry questioned whether the Cornelius & Associates contract could be broken. Dr. Abdelal recommended checking the possibility with Dr. Marshall.

Dr. Abdelal raised questions about the ISAT components of the GoSOLAR spending estimates, in particular the addition of personnel such as the UNIX system engineer. He commented that the colleges were increasingly hiring their own computer people rather than rely on ISAT. Dr. Henry replied there had been a significant increase in the number of UNIX boxes, although it was not clear what the ratio of support to boxes needed to be. Dr. Huss injected that the workload for colleges was expanding appreciably with the implementation of Banner and without additional funds to hire personnel. Dr. Fritz observed the workload was also escalating for Admissions with the huge increase in applications. Dr. Huss questioned whether the need was greater for technicians or data entry personnel at the college level. Dr. Fritz responded the people were more important than the hardware.

Dr. Abdelal stated that self-insurance was cheaper than maintenance contracts in the case of scientific equipment. Dr. Henry agreed to investigate the maintenance contracts for the GoSOLAR related equipment.

Mr. Rackliffe raised a question about cutting backfill too much in the first semester of implementation. Dr. Fritz acknowledged the concern, but suggested the issue should be extra hands versus backfill. He noted advance registration May 28-June 3 for fall semester would give a good indication of the need.

Dr. de Castro applauded the GoSOLAR presentation, and Dr. Henry replied similar detail would be forthcoming for DSS and GSUNet2. Dr. Abdelal asked about the consequences of not funding GSUNet2. Dr. Henry responded that the contract was already signed. Mr. Rackliffe added an extension could be arranged, but at a higher price.

Dr. Abdelal asked about delaying funding for eminent scholars for Education and Law. Dr. Henry indicated Education could absorb the cost on an interim basis, but Law lacked the flexibility and already hired a person.

Dr. de Castro urged some funding for the NTT initiative. Dr. Henry agreed it was a highly desirable objective, but it might be the wrong year to begin. Dr. Abdelal expressed concern about excessive NTT use in Mathematics and Statistics.

Dr. Abdelal advocated a close review of the requests for Aderhold Learning Center. Dr. Henry replied that this was not a central administration request, but essential to providing instruction. He termed all of the considerations on the list as necessary except NTT, characterizing them as commitments, on-going and mandatory contingencies. He noted political pressure to fill the eminent scholar positions.