Fiscal Advisory Committee to the President
Minutes of July 24, 2002


Others Attending: Lauren Adamson, Bill Fritz, Charlene Hurt, Steve Kaminshine, Susan Kelley, Jerry Rackliffe, Bob Shuford, Edgar Torbert

Minutes of June 5 were approved as distributed.

Mr. Rackliffe distributed “Schedule of Flip-Flops, Fiscal Years 2002-2003” showing sources of $4.5M and uses of $3.7M. He noted the $802K difference was the undesignated carry-forward from FY2002-2003, and was approximately $270K more than projected in April. Dr. Tai made a motion to recommend release of the $3.7M in declared flip-flops for various units. Dr. Jacobs seconded the motion. The motion passed.

Mr. Rackliffe distributed “Budget Considerations, Fiscal Year 2003” with the higher estimate now based on an increase of 62K credit hours. He pointed out other changes from the previous version, including state appropriations of $164M with the 1% budget holdback, indirect cost recoveries of $5.6M, and adjusted unmet demand costs of $800K. Mr. Rackliffe noted the shortfall relative to the adjusted original budget was $3.2M. He also noted potential sources in the amount of $5M to cover the shortfall.

Dr. Henry cautioned that the $1.8M net between shortfall and sources would be reduced by the cost of the 34 Peachtree and University Lofts rental spaces. He estimated cost for only the 34 Peachtree space at $1.2M.

Ms. Johnston raised the possibility Wachovia lease payments would not begin in FY2003. She announced the project would be bid in September. Dr. de Castro asked about freed funds from MRR. Dr. Henry responded the MRR funds might be needed depending on the construction timetable.

Dr. Tai asked if the summer school increase in credit hours had already been factored in the budget considerations. Mr. Rackliffe replied this was the increase from 52K to 62K credit hours. Dr. Henry added the enrollment projections look excellent for fall and spring as well. Dr. Fritz estimated a 60K increase in credit hours for fall and spring, but cautioned some of these credit hours would be unpaid. He pointed out all the increased summer school credit hours were under the tuition plateau. Dr. Henry advised adjustments should not be made before seeing the actual fall enrollments. He suggested some frozen funds might then be released.

Ms. Johnston asked about the inclusion of the ORP increase in the budget considerations. Mr. Rackliffe responded that the increase from $39M to $42M in fringe benefit expenditures included ORP.

Dr. Tai urged use of freed funds to increase the number of Presidential Assistantships.
Dr. Henry warned against committing additional funds until the cost of faculty office space is determined. He noted the 34 Peachtree space would allow relocation of two departments. Dr. de Castro asked about the logic of renting space in the University Lofts. Dr. Henry responded that implications for future projects made payment of debt service in FY2003 important for the university. He indicated identifying groups to move to the University Lofts was difficult, and in particular would not include non-tenure track faculty. Dr. de Castro commented that the University Lofts would be expensive and undesirable office space. Dr. Henry replied that the per capita costs were not much more than 34 Peachtree.

Dr. Huss asked about the response to the opening of the University Lofts to undergraduates 21 years or older. Dr. Henry replied there had been no takers. He added there were only 96 beds with signed contracts, and no response to $1,000 discount offer. Dr. Tai injected that 6 biology students would be moving to the University Lofts, but 3 of them had signed prior to the discount offer, which created a problem.

Dr. Fritz voiced concern of the Enrollment Management Group about the waiting list for the GSU Village with approximately 100 students 21 years or older already with rooms there. He cited a $20K per month cost to relocate the older students to the University Lofts to free beds for those on the waiting list. Dr. Henry pointed out state funds could not be used for this purpose because of the gratuity laws. Dr. Huss asked about revisiting the 21-years-or-older stipulation. Dr. Henry noted care to keep a mature population in the University Lofts for future attractiveness to married and graduate students.

Dr. Kaminshine asked about flexibility on the part of the developer. Dr. Henry answered that the developer was also offering discounts beyond those offered by Dr. Patton. Dr. Huss suggested assignment of undergraduate and graduate students to different floors. Dr. Henry responded that contracts already signed were scattered among the floors. Dr. de Castro reiterated opposition to use of the University Lofts for faculty offices.

Dr. Jacobs asked about the occupancy rate required to meet obligations. Dr. Henry stated the figure was 70% or 280-300 beds. Dr. Jacobs asked if the breakeven number were met, would offices still be rented. Dr. Henry replied this was unclear, in particular for offices, which did not have student traffic. Dr. Tai commented that the 4-5 month delay in getting additional faculty offices was the problem. He suggested moving administrative or research offices to free up instructional space right away.

Dr. de Castro asked if FACP would make recommendations on office rental contracts prior to signing those contracts. Dr. Henry responded FACP would be given that opportunity. He added it was necessary to act on the 34 Peachtree issue immediately.

Ms. Johnston quoted a cost of $15 per square foot plus buildout costs for 34 Peachtree. She indicated the owner would amortize the buildout costs if the university agreed to a 5-year stay. She estimated overall cost at $20 per square foot. She added that furniture, PCs, wiring, moving expenses, etc. would be on top of these costs. Dr. Henry noted the advantage of 34 Peachtree being next to the Robinson College of Business building so that networking could be accomplished easily.
Dr. de Castro asked about regulations regarding payments for buildouts. Dr. Henry replied the buildout costs would be part of the rental agreement and would require approval by the Board of Regents.

Dr. Tai made a motion to recommend proceeding with leasing two floors of 34 Peachtree. Dr. de Castro offered an amendment to limit to $1M, which was accepted. Dr. Abdelal seconded the motion. The motion passed.

Dr. Kaminshine asked about fanfare events for the University Lofts. Dr. Henry noted the ribbon-cutting ceremony. Ms. Johnston noted brochures, ads, and tours as on-going efforts.

Dr. Adamson questioned availability of spaces for graduate students who might move in the spring if space is taken for offices. She commented that the August opening was out of sync with moving schedules for many graduate students. Ms. Johnston replied that the developers were allowing start of leases at various times and for partial years.

Dr. Jacobs asked what made the University Lofts less attractive than the GSU Village. Dr. Henry replied cost was the major issue.

Dr. Henry thanked Dr. Abdelal for his contribution over many years of service on FACP. Dr. Abdelal responded that FACP had provided an excellent training ground for the budgetary aspects of being a provost.

Dr. Tai expressed appreciation of P&D for the quick responsiveness of the administration and FACP to its recommendations on faculty offices.

Prepared by Edgar Torbert
Approved September 18, 2002