Members Attending: John de Castro, Ron Henry, Katherine Johnston, Tom Lewis, Kimberly Smith, P.C. Tai

Others Attending: Lauren Adamson, Ron Colarusso, Charlene Hurt, Steve Kaminshine, Robert Moore, Jerry Rackliffe, Chris Taylor, Edgar Torbert

The minutes of January 15, 2003 were approved as distributed.

Mr. Rackliffe distributed “Student Enrollment Fees Comparison, Fiscal Year 2003, As of January 29, 2003” showing an overall variance of plus $1.95M versus the original budget figures for tuition and application fees. Mr. Rackliffe pointed out a reversal of the long-running out-of-state tuition overestimation trend in the fall semester with actual exceeding budgeted. He cautioned that the analysis assumed collection of account receivables from the fall and spring semesters. He indicated Student Accounts was reviewing these figures.

Mr. Rackliffe distributed “Budget Considerations, Fiscal Year 2003” showing an overall shortfall of $3M. He explained the difference in the amount shown for student fees from the above handout as being the inclusion of student technology fees on this spreadsheet. He pointed out the projected supplemental appropriation for health insurance covered only 4/7 of actual increases in health insurance, but that the Board of Regents might cover the other 3/7 in Fiscal Year 2003 only. He added that the entire increase would have to be absorbed in Fiscal Year 2004. Mr. Rackliffe observed that faculty releases had been crucial in making the budget closer to balanced.

Dr. Tai asked about the use of the term “highest” for the projected budget. Mr. Rackliffe responded that the projection was not conservative given the assumption of 100% collection of accounts receivable and all fringe benefit savings materializing. He added that flip-flop funds would provide the cushion for these elements of the projection. Dr. Tai asked about savings on the additional faculty offices. Ms. Johnston replied there would be small savings on rents from delayed occupancy.

Mr. Rackliffe distributed “Budget Considerations, Fiscal Year 2003-2005” showing shortfalls of $3M and $1.5M in Fiscal Years 2003 and 2004, and a surplus of $6.3M in Fiscal Year 2005. Mr. Rackliffe explained only a 1.5% tuition increase had been included, but for each 1% increase there would be $750K in additional revenues. He also pointed out that a 5% cut on total state appropriations had been assumed, although the 3%-2% split of Fiscal Year 2003 might be reinstituted. He noted the Governor had recommended funding the formula for Fiscal Year 2004 and covering OMP for new space. He pointed out the Fiscal Year 2004 budget would have to include the annualization of October 1, 2002 raises and summer faculty increases based on Fiscal Year 2003 salaries. Mr. Rackliffe stated that there would be additional cuts to SFI and elimination of Yamacraw funding, which would have to be absorbed in the continuing budget. He noted rents would increase in Fiscal Year 2005 with the Wachovia building coming on-line.

Ms. Johnston asked about prepaying library acquisitions as relief for Fiscal Year 2004. Mr. Rackliffe indicated this could be done if the sweep proved larger than anticipated. Dr. Moore asked
about the possibly of increasing funds for the library given inflation. Mr. Rackliffe replied that the library had covered inflation for 3-4 years through salary savings from vacant positions.

Dr. Tai asked about adjusting the fringe benefit rate for grants. Mr. Rackliffe responded that the new indirect cost recovery rate more than covered in prior years and would now be in balance. Ms. Johnston commented on benefits to employees and universities by changing to PPO coverage.

Dr. Henry expressed hope that the tuition increase figures were very conservative, so that there would be additional funds for allocation rather than a shortfall. He added that Board of Regents strategic allocations could also help.

Mr. Rackliffe requested information from the deans of any large grants in the pipeline which could add to the indirect cost recoveries. He indicated the projections followed the trend, but would not reflect an unusually large increase. Dr. Adamson noted a major NSF grant transferring from Emory.

Dr. Adamson observed enrollment increases had rescued Georgia State, but some institutions in the University System would not have this advantage. Dr. Henry acknowledged this could affect how the strategic allocations were awarded. He pointed out that November analyses had shown 5-6 institutions in negative balance, but this number would have grown since then. Dr. de Castro asked about the “fair share” of strategic allocations for Georgia State. Dr. Henry cited $3.1M. Dr. de Castro commented that ½ of this amount would offset the projected deficit. Dr. Henry cautioned that the strategic allocations would be targeted funds. He pointed to a tuition increase as a better source.

Dr. Adamson asked about the possibility of being held harmless for Yamacraw. Dr. Henry responded that this was a potential use for strategic allocation funds.

Dr. de Castro asked if the 5% cut was realistic, given the statement by the Governor about protecting instruction. Mr. Lewis replied that the 5% cut was in the recommendation of the Governor to the legislature.

Dr. Henry suggested there was enough hope for having some new funds to proceed with the hearings for vice presidents and deans. Ms. Johnston agreed it was beneficial to see what the funding challenges are. Dr. Henry proposed 30-minute sessions split 50-50 between presentations and Q&A. Dr. Tai asked if the 5% cap on requests was still appropriate. Dr. Adamson responded that the units had already proceeded on that assumption and spent much time in culling and prioritizing requests. Dr. Henry agreed to proceed with the 5% cap and asked Dr. Torbert to schedule the presentations in mid-February.

Dr. Henry asked for a motion to recommend to the President implementation of the $3M shortfall plan earlier discussed by FACP. Dr. de Castro made the motion. Ms. Johnston seconded the motion. The motion passed.

Mr. Lewis called attention to the state proposal to delay June 30, 2004 paychecks until July 1, 2005. He said if this occurred, it would likely be permanent in order to avoid a serious problem in Fiscal Year 2005 and beyond.