FISCAL ADVISORY COMMITTEE TO THE PRESIDENT
Minutes of October 15, 2003

Members Attending: Shelia Bradley, Ron Henry, Hugh Hudson, Fenwick Huss, Fred Jacobs, Jerry Rackliffe, P.C. Tai

Others Attending: Lauren Adamson, Ron Colarusso, Bill Fritz, Charlene Hurt, Steve Kaminshine, Robert Moore, Edgar Torbert

Minutes of September 17 were approved as presented.

Dr. Henry gave an FY2004 budget update. He pointed out the increase from 299K credit hours in fall 2002 to 312K credit hours in fall 2003 did not produce a corresponding increase in revenues. Dr. Henry cited a shortfall of approximately $1M in fall revenues. Mr. Rackliffe added that the final figure would not be available until after the last day to drop classes. Dr. Henry reminded that the budget had been based on an additional $2M in revenues.

Dr. Henry explained the original projection of a 6.4% increase in revenues to balance the state budget had been flawed, and that even after the 11% increase for the month of September, it was now projected an increase of 11.2% for the remainder of the fiscal year would be needed to balance. He expressed optimism that the announced 2.5% cut amounting to $4.2M and a revenue shortfall of $2M could be handled centrally.

Dr. Henry reported Chancellor Meredith submitted a plan to the Office of Planning & Budget for executing the 2.5% (FY2004 & FY2005) and 5% cuts (FY2005). Chancellor Meredith indicated the 2.5% cut had been passed on to the institutions because of the timing of the cuts. He stated his intent to shield instructional budgets as much as possible from the 5% cut ($80M) by taking $43M from the “B” budget, special funding initiatives (SFIs), and public service centers, with the remaining $37M from the institutions (approximately a 2.7% cut). Dr. Henry added that the presentation to OPB assumed no new revenues (e.g., tuition increase, workload funds), which would hopefully not be case.

Dr. Tai raised an issue of a change in the transfer of indirect cost recoveries to departments to a month-by-month distribution. Mr. Rackliffe responded he was unaware of the change, and would investigate.

Dr. Henry opened discussion of a process for establishing core programs and activities. He suggested a focus on shifting our own destiny for the decade preceding the 100th anniversary of the university. He pointed to goals of moving from Tier IV to Tier II in US News & World Report ratings and to the Florida Center top 100 research universities. He cited additional tenure track faculty and improved graduate assistant stipends as two of the keys to reaching these goals. Dr. Henry observed that obtaining funding for these efforts in spite of little new money from the state and yearly inflation would require redirection. He stated this called for a look at the total $275M budget rather than only at marginal new funding. He listed some questions to be answered: what is the focus; what are the core programs and activities; what is the university known for; and how can the university take advantage of its location in Atlanta?
Dr. Henry reported he had asked the deans and vice presidents to develop tables of staff EFTs assigned by program and activity. He commented this process might identify programs and activities, which the university can no longer afford to do. He characterized the approach as a new lens for looking at what the university is doing and modified zero-based budgeting. He pointed out task forces would again be used to look at non-core elements as was done during the previous major redirection. He projected start-up of the task forces in November with many more discussions with the vice presidents, Deans Group, the strategic planning committee, Administrative Council, etc. He called for a timeline, which would blend with the usual budget process in February-April.

Dr. Jacobs inquired as to why this effort was occurring now. Dr. Henry replied that he had been impressed by a presentation by Al Guskin at a national conference on the future of higher education, which painted a picture of destroying faculty work life. He observed that new funding was not exceeding the higher education price index and with 80-90% in personnel, this meant cutting non-personnel by 50% or personnel by 10%. Dr. Henry noted Georgia State has fewer tenure-track faculty than 20 years ago, while non-tenure-track faculty have increased from 2 to over 300. He remarked that AAUP advocated no more than 15% non-tenure-track faculty. He reiterated the need to focus and do things in a smarter way. He stated the business of the university is student learning rather than teaching. He described belief that things would get significantly better as “pollyanna-ish”. He pointed out that Georgia State was the only institution in the University System with more state dollars than last year, but only a net of $200K-300K. He added that the increase in credit hours had primarily resulted in a higher workload for faculty.

Dr. Jacobs asked if this process was re-engineering with respect to the activities and if efficiency would trump effectiveness. Dr. Henry responded that the objective was to find duplicated activities, which could be consolidated.

Dr. Jacobs observed the information demands for such decisions were enormous and voiced concern that the decisions would overwhelm available information. Dr. Henry replied that decisions would be made on multiple measures. He mentioned as an example the Delaware and Illinois studies of academic program costs, which could be used to identify outliers.

Dr. Kaminshine asked about the reason for using zero-based for non-core and 85%-based for core. He suggested there might be valuable discoveries from doing zero-based for some core elements. Dr. Henry replied 85% made sense if only doing programs. He stated that zero-based budgeting was rarely applied in academia and the 85% plus decision packages approach would mean keeping personnel. He said that the question regarding activities was more apropos.

Dr. Tai asked about what could be accomplished before the next meeting, November 5. Dr. Henry indicated he would be reporting on discussions in the various groups and proposing task forces for activities.

Dr. Tai commented that the US News & World Report ratings seemed like a popularity contest. He added that visitors are usually surprised by Georgia State. He suggested more PR would improve the rating. Dr. Henry replied that the poll goes to the president, provost and admissions director of each university. He noted Georgia State had moved up on the reputation ratings in part from presentations at national conferences about the freshman learning communities. He mentioned
other areas in which Georgia State did not do well, such as percentage of alumni giving. Dr. Fritz added that there were issues with student engagement with faculty. He noted faculty were interested, but tied down by heavy workloads. Dr. Hudson urged care in phrasing the engagement issue. Dr. Fritz clarified that faculty workloads were increasing to accommodate the higher credit hours taught.

Dr. Hudson asked for clarification of “all” with respect to “all core [academic] programs”. Dr. Henry replied that only bachelor’s, master’s, and education specialist programs were included. He excluded doctoral programs as more linked to research. Dr. Adamson noted some departments would have a mixture of programs. She asked about the nature of decision packages. Dr. Henry responded that the decision packages should be similar to the packages proposed in the past for new funds. He gave an example of a department having decision packages for class sizes at 35, 30, 25, etc.

Ms. Hurt requested inclusion of the Senate Library Advisory Committee among the committees to be represented on the task forces.

Dr. Hudson asked about general principles to differentiate core from non-core. Dr. Henry answered these would arise out of refining the strategic plan to cite areas of distinction and areas of focus. He noted one aspect of distinctiveness was the advantages of being in Atlanta (CDC, Emory, media, neighborhoods, etc.). He noted another perspective working from the liberal arts core and research university missions to relate programs. He also noted the viability approach looking at programs with few graduates, but recognizing some small programs could grow appreciably with small investments. He pointed to academic reviews as a source of information about program quality.

Dr. Huss asked if there was a broader document relating to these principles. He asked in particular how programs, which are tangential but may be excellent, would be treated. Dr. Henry responded that there was nothing specific available, but multiple indicators would be used and the premise of high quality would be the starting point. He reiterated that lower quality programs would be examined both as targets for investment or cutbacks.

Dr. Hudson commented this endeavor would be a massive undertaking in time and asked if fundamental changes would be in store as a result. Dr. Henry replied this was the case. Dr. Hudson recommended a clear message that this time it was real. Dr. Henry commented that changes have to occur because of little, if any, new constant dollars over the next 5-10 years.

Prepared by Edgar Torbert
Approved November 5, 2003