
Others Attending: Lauren Adamson, Al Baumstark (for P.C. Tai), Ron Colarusso, Bill Fritz, Charlene Hurt, Beth Jones, Steve Kaminshine, Robert Moore, Edgar Torbert

The minutes of September 15 were approved.

Dr. Henry reported actions by the Board of Regents to address the effective $64.8M budget cut for the University System of Georgia FY2005. The Governor had reduced the cut slightly from the original figure of $68M.

Dr. Henry announced the Board of Regents at the urging of the Governor decided against a mid-year tuition increase. The actions taken by the Board of Regents to address the continuing budget cut in FY2006 and beyond included one-time solutions at the University System level, which included taking back $9.4M allocated to the special project take-back. Dr. Henry estimated the cut for Georgia State as $3.1M.

Dr. Henry noted the above measures left a shortfall of $7M for the University System. He indicated that an initial estimate of FY2005 budget cut from the Board of Regents was $31.6M. The shortfall in FY2005, including $100K from unbudgeted interest income, $2.5M from fringe benefit savings, and $800K from the end-of-year sweep for a net shortfall of $3.1M in FY2005. He cautioned that the shortfall could be larger if the University of Georgia successfully argued for some relief from the special project take-back.

Mr. Rackliffe handed out two items: (1) “Estimate of FY’05 Budget Cut Based on BOR Presentation” which showed an additional $800K from the end-of-year sweep and (2) a spreadsheet showing a net shortfall of $3.1M in FY2005. He cautioned that the shortfall could be larger if the University of Georgia successfully argued for some relief from the special project take-back.

Dr. Thachenkary asked for more information about the health care reserve. Mr. Rackliffe explained that this University System reserve had been reduced to $2.2M. Dr. Henry questioned that confidence about the audit finding given the actual outstanding debts, but noted the Chancellor had stated his intention to rebuild the reserve.

Dr. Thachenkary asked about the proposed cap on health care plan costs at the PPO level. Mr. Rackliffe answered that the University System staff did not present this proposal to the Board of Regents.

Dr. Henry directed attention to the question of how to cover the $3.1M shortfall in the FY2005 budget. He noted earlier that 2/3% hold-backs for vice presidential and dean units and $1.4M centrally. He pointed out that some of the central sources were in the Provost budget, and were also subject to the 2/3% hold-back so that the Provost budget would be doubly hit.

Dr. Hudson raised the issue of tapping the moves and renovation budget to cover a portion of the shortfall. Mr. Rackliffe added that the combination of these sources greatly increased the funds available for such projects over prior years.

Dr. Kaminshine expressed concern about the 2/3% for FY2005 coming from college sources which might not be there in FY2006 and the tradeoffs of postponing infrastructure improvements.

Dr. Henry advised more might be known by the next meeting about how the Board of Regents would cover the $7M balance of the budget cut. It was unknown as the decision not to use the bond service funds had come only ten minutes before the start of the Board of Regents meeting.

Dr. Henry shifted discussion to the FY2006 budget. He reported the Chancellor had appointed a three-sector University System governance task force to address the structure of tuition. Dr. Fritz and Mr. Rackliffe were appointed to the research university sector.

Mr. Rackliffe commented that the task force had been given no limits on what to consider. Dr. Fritz cited a challenge to maintain a single rate for undergraduate tuition across each of the three sectors of the University System. He noted that Georgia Tech was seeking to have a higher tuition rate than the University of Georgia and Georgia State.

Mr. Simpson asked if the Board of Regents was suggesting that students pay tuition based on choice of major. Mr. Rackliffe replied that graduate and professional tuition would also be considered.

Mr. Simpson expressed concern about students struggling financially being at a disadvantage to pursue higher cost degree programs. Dr. Scott added this approach would be consistent with the user-fee approach advocated by a number of legislators.

Dr. Scott asked about the possibility of a state scholarship program based on need. Mr. Rackliffe answered that the task force had been asked to consider a voucher system for all state institutions, including the University of Georgia, which would issue vouchers for use at all state institutions.
Dr. Henry summarized the problem as the significant difference between actual costs and the prices charged. He noted the FY2005 shortfall would be available for FY2006. He remarked that the Board of Regents would be looking at re-engineering business processes (more applicable to the 30 non-research university institutions), a statewide assessment and mission statements, and additional review of centers, which are not located in colleges. Dr. Henry predicted a $7M shortfall in continuing funds with additional commitments to be covered as well.

Ms. Hurt asked about potential use of e-learning to meet the capacity challenge. Dr. Henry replied that e-learning was already in use as well as e-learning. He commented that other providers in the Atlanta area were already making use of e-learning.

Dr. Alberto asked about the inference in an *Atlanta Journal-Constitution* article on the October Board meeting that a 10% tuition increase for FY2006 was already decided. Dr. Henry stressed that the increase was not yet decided. He said that the increase would be discussed on December 15 and March 15, which would be in time for use by the Board of Regents in making FY2006 tuition decisions.

Dr. Henry emphasized the importance of protecting the quality of programs. He asserted this should start with an assessment of the current financial situation. He also pointed to the Deans Group as the body to recommend which programs should be further examined.

Mr. Simpson asked about opportunities to partner with other institutions including the two-year colleges. Dr. Henry replied that partnerships could be explored, and that students already enrolled are given three years to complete their program before the program is completely shut down.

Dr. Kaminshine asked about review of centers, which are not located in colleges. Dr. Henry responded that these centers would be reviewed and assessed as other centers. He listed as examples: the Gerontology Institute, the Women’s Studies Institute, and the Usery Center.

Dr. Alberto asked if centers would be assessed the proposed 2/3% budget cut. Dr. Henry replied that the 2/3% would be applied at the vice presidential and dean levels rather than for individual units.

Dr. Hudson asked about the use of the Deans Group rather than a University Senate committee to determine which programs should be further examined. Dr. Henry responded that the Deans Group was the appropriate body for this determination. He also pointed to the Deans Group as the body to recommend which programs should be further examined.

Dr. Hudson asked about a role for the University Senate APACE Committee. Dr. Henry responded that the APACE Committee would be a resource for the Strategic Planning Subcommittee. Dr. Henry added that the programs (and services) to be evaluated were not just academic programs.

Mr. Simpson asked about endowments as solution to the budget problems. Dr. Henry replied that fund-raising dollars were not just academic programs.

Prepared by Edgar Torbert
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