Members Attending: Paul Alberto, Ron Henry, Fenwick Huss, Susan Kelley, Robin Morris, Jerry Rackliffe, Debbie Rupp, P.C. Tai

Others Attending: Lauren Adamson, Bill Fritz, Charlene Hurt, Beth Jones, Steve Kaminshine, Robert Moore, George Rainbolt, Edgar Torbert

The minutes of January 18 were approved.

FY2007 Budget Strategies

Dr. Henry initiated discussion of FY2007 budget strategies by suggesting there be opportunities for units facing cuts above the average (i.e., targeted units) to present their cases for lesser cuts at FACP meetings on March 1 and March 8. He identified the Rialto Center for the Performing Arts and the Child Development Center as potential targets. He suggested the credit hour-generating units should likewise have opportunities to explain different ways of looking at how dollars are generated, enrollment trends, etc. He projected FACP would then be in a better position to make recommendations to the President after hearing the different perspectives presented.

Dr. Henry commented on the funding formula as one lens for analyzing budgets. He pointed out that the funding formula was intended for allocating funds from the state to the University System, and not for allocating funds from the University System to individual institutions nor from institutions to individual colleges or departments. He cautioned that the recent practice of the University System allocating 80% of the increase in funding formula dollars to individual institutions on the basis of institutional contributions to the funding formula did not override historical patterns for the bulk of state funding to the institutions, which was not funding formula-based. He added that the 1982 funding formula did not come close to reflecting current cost differences among disciplines, and the formula used cost averages across all types of institutions in the University System, from two-year colleges to research universities.

Dr. Henry noted the (80%) funding formula-based allocation adjustment for Georgia State for FY2007 would be negative and possibly for FY2008 as well. Dr. Rackliffe responded that the changing mix of undergraduate and graduate credit hours might offset the effect in FY2008.

Dr. Rackliffe distributed a spreadsheet, “Comparison of Budget vs. Formula Allocations, FY’06 Budget Compared to FY’05 Hours/FY’07 Formula”, which showed the FY2006 general fund budget for Georgia State exceeding the FY2007 funding formula-based budget for Georgia State by $13M. Dr. Henry commented that Georgia State was significantly under-funded relative to the University of Georgia and Georgia Tech, but not relative to the funding formula.

Dr. Morris commented that the Georgia State general budget and the funding formula were in closer agreement at the time of peak enrollment. Dr. Tai commented that the relative funding differentials among units were helpful information. Dr. Henry pointed out facilities as an area significantly under-funded relative to the funding formula OMP dollars, and that while facilities had covered for other areas of the university in previous redirections, additional targeted cuts of
facilities were not feasible. Dr. Rackliffe noted that while utilities and insurance were roughly in balance with the funding formula amount for such, rents of $7M made for a significant over-funding of utilities, rents and insurance relative to the funding formula.

Dr. Rackliffe distributed a spreadsheet, “Schedule of Funding Formula and Original Budget Funding, Fiscal Year 2005 Credit Hours Generated, Fiscal Year 2006 Original Budget Funding”, which showed department-by-department differentials between funding formula-generated dollars and budgeted dollars. Dr. Rackliffe pointed out that the spreadsheet accounted for 686K credit hours, when funding was actually for 692K credit hours, with the difference to be made up in FY2007.

Dr. Henry reiterated the wide range of dollar values the funding formula placed on credit hours across the categories of disciplines and levels of instruction. Dr. Huss asked about the instructional personnel dollars assigned by category of discipline. Dr. Henry responded that the three categories funded faculty positions at rates of $56K, $61K and $68K. Dr. Torbert added that these rates included summer instruction.

Dr. Huss asked why the University System had elected to use the funding formula for allocating increases in workload dollars from the state. Dr. Henry answered that the individual institutions were seeking predictability of funding as they dealt with enrollment growth. He added that the allocations applied only to the instructional portion of the funding formula. He reminded that for FY2007 the 80% distribution would not be covered by the new funds from the state because of institutions which lost enrollment including Georgia State.

Dr. Huss asked if Georgia Tech was also over-funded relative to the funding formula. Dr. Rackliffe replied that Georgia Tech was even more so. Dr. Henry injected that the problem was the extent to which two-year colleges were over-funded. He noted state support for Georgia State had slipped to 62% from the historically quoted 75%.

Dr. Henry distributed a second version of the spreadsheet, “Schedule of Credit Hours and Original Budget Funding, Fiscal Year 2005 Credit Hours Generated, Fiscal Year 2006 Original Budget Funding”, showing costs per credit hour and funding formula discipline categories by department. He noted the wide range of costs per credit hour, but cautioned that the least costly departments did not necessarily generate the most dollars.

Dr. Henry mentioned other considerations in making cuts for FY2007 including enrollment trends with respect to numbers of new students, number of graduate students, and retention. He noted an initiative this year to help departments improve retention rates.

Dr. Tai commented that the funding formula and cost per credit hour calculations did not take into account the contact hours over-and-above the credit hour counts for natural sciences. Dr. Alberto added that the same could be said for other disciplines requiring internships, practica, etc.

Dr. Huss observed that there were historical perspectives to be considered for colleges which appeared to be over-funded from the funding formula analysis. Dr. Henry agreed that such issues should be presented by the deans in their budget hearings. Dr. Moore raised the question of how far back in history to go; for example, to semester conversion. Dr. Henry remarked that some
effects were earlier than semester conversion. Dr. Huss observed that no matter what point was chosen there would be questions as to whether the baseline allocations to the colleges made sense at that point. Dr. Morris commented that old budget data would not be as reliable.

Dr. Kaminshine commended the use of multiple lenses to examine the budget and urged looking at quality as well as credit hours given the emphasis on raising quality over the last 7-8 years. He noted that it was easier to objectify credit hours, but that quality should not be ignored.

Dr. Huss suggested that the budget situation should be approached as a cashflow issue and as a function of revenues, credit hours, expenditure decisions, etc. He questioned whether expenditure decisions such as for the areas of focus would have been the same if the current revenue picture had been known. He suggested expenditure decisions should be revisited.

Dr. Adamson commented that the task for FY2007 needed clarification with respect to the possibility of downsizing one year and then growing the next year. She cautioned that budget cuts would affect credit hour production as with meeting unmet demand. She questioned to what extent the cuts would be permanent.

Dr. Henry pointed out that $6-7M in cuts for FY2007 would be permanent as the core of a $12-15M overall problem for FY2007 with respect to current allocations versus anticipated revenues. He noted that similarly the 2% cuts in FY2006 represented the discrepancy between budgeted dollars and actual dollars. He spoke in favor of taking a reasonable cut up front for FY2007 and then moving to positive allocations thereafter.

Dr. Alberto asked for clarification of the year the permanent cuts would take effect. Dr. Henry replied that the cuts would be for FY2007.

Dr. Huss asked for examination of duplicated administrative support efforts because of ineffective centralized support. Dr. Tai asked about the breakdown of institutional support areas in the funding formula. Dr. Henry responded that there were two gross components in the funding formula, academic support and institutional support. He noted the possibility of some revision to the funding formula, but warned that any change would be revenue neutral.

Ms. Hurt asked for clarification of who would be presenting at the budget hearings. Dr. Henry stated the hearings would be for the colleges, the Rialto Center for the Performing Arts, the Child Development Center, and the Usery Center. Dr. Tai asked about the goal for the cuts. Dr. Henry stated the goal would be $6M. He estimated $1M would be targeted from the aforementioned and other centers and then the remaining $5M cut from academics and administration.

Dr. Tai asked about the centers to be examined. Dr. Henry suggested centers with $100K or more in state funds. He estimated these would number 14 or 15. He indicated the deans would be given opportunities to defend these centers. Dr. Adamson asked for a list of the centers, which Dr. Henry agreed to provide.

Dr. Tai asked for data on personnel versus non-personnel spending for the support areas. Dr. Morris added it would be helpful to see auxiliary services and student fee support for these areas.