FISCAL ADVISORY COMMITTEE TO THE PRESIDENT
Minutes of April 5, 2006


Others Attending: Lauren Adamson, Ron Colarusso, Beth Jones, Steve Kaminshine, Greg Streib, Edgar Torbert

The minutes of March 29 were approved.

Voluntary Admission Deposit

Dr. Henry re-opened discussion of the proposed $100 voluntary admission deposit presented by Dr. Fritz on March 29. Dr. Tai suggested a modification to the proposal to specify that the deposit would entitle accepted applicants paying the fee to use the facilities and services in the summer (when less crowded). Dr. Henry indicated this was the intent. Dr. Tai asked if there was an insurance issue related to use of facilities and services prior to actual enrollment. Dr. Henry replied that Dr. Marshall had reviewed the proposal, and he had stated “intent to enroll” was sufficient. Dr. Adamson asked about possible ramifications related to the HOPE Scholarship Program. Dr. Henry replied that fees charged against the HOPE Scholarship Program had been frozen in January 2005. Ms. Rupp asked about the possibility of tying priority registration to the deposit. Dr. Henry replied that registration was linked to INCEPT in order to encourage participation in that program.

Dr. Tai made a motion to recommend the voluntary admission deposit program. Dr. Kelley seconded the motion. The motion passed.

Five-Year Budget Projections

Dr. Rackliffe distributed and explained a spreadsheet, “Budget Considerations-50% Scenario, Fiscal Years 2007-2011”, which he characterized as “middle-of-the-road” projections in the manner of the three scenarios (high, middle, low) presented in prior years.

Dr. Rackliffe pointed out that the revenue projections assumed partial hold harmless relief from the Board of Regents for temporary loss of funding formula dollars, growth of 1% per year in paid semester credit hours, and tuition increases of 4-5%. Dr. Henry added that continuing loss of non-resident tuition revenues would necessitate increases in overall semester credit hours of 10-11K annually to offset. He noted opposition from Governor Perdue to significant increases in tuition.

Dr. Rackliffe outlined expenditure projections with the colleges holding constant except for increased indirect cost recoveries after the opening of the Science Research Laboratories Building, no increases for library acquisitions, and space costs of $3M annually for the Science Teaching Laboratories Building and the Science Research Laboratories Building starting in FY2009. Dr. Rackliffe pointed out the net effect of the revenue and expenditure projections would range from a shortfall of $11M in FY2007 to a surplus of $7M in FY2011, but these figures did not allow for new initiatives in the interval.
Dr. Rackliffe presented one scenario of sources and uses on top of the five-year revenue and expenditure projections, including capture of unbudgeted interest income, fringe benefit savings, end-of-year sweep funds, funds from delayed moves and renovations, instructional technology funds, and pre-completion OMP funds; and allowance for $1M per year in strategic initiatives, set aside for Science Teaching Laboratories Building bond payments, scheduled rent increases, lease of a new Henry County campus, and university investment in a new Business/Law Professional Building. This scenario showed overall net effects ranging from a shortfall of $1.2M in FY2007 and FY2009 to a surplus of $2.1M in FY2008.

Dr. Rackliffe distributed a spreadsheet, “Schedule of Funding Sources, Science Teaching Laboratory and Science Research Laboratory Buildings” showing the fund-raising requirements arising from the $12M reduction in state funding allocated-versus-requested for the Science Teaching Laboratories Building. Dr. Rackliffe cited $4M in remaining private funding requirements with outstanding solicitations totaling $5M.

Dr. Rackliffe distributed a spreadsheet, “Schedule of Major Private Matching Fund Requirements, Fiscal Years 2007-2012” showing total fund-raising requirements of $45M during the period to cover the Science Teaching Laboratories Building, the Humanities Building and the Business/Law Professional Building. Dr. Alberto asked about fund-raising requirements for the Henry County campus. Dr. Henry responded that the lease for this campus was included in the budget projections. Dr. Huss asked about the fund-raising requirements for the Humanities Building. Dr. Rackliffe answered that the proposal submitted to the Board of Regents called for $14M in private funding.

Dr. Tai asked about capital projects funded during the 2006 legislative session. Dr. Henry replied that the first three projects on the Board of Regents list were funded by the FY2006 supplemental budget.

Dr. Kaminshine voiced surprise that the science community was not more responsive to the fund-raising efforts for the Science Teaching Laboratories Building. Dr. Henry noted the number of scientists with capacity to make major gifts was relatively small and that the same would be the case for the disciplines associated with the Humanities Building. He added that business and law were more likely to attract private support, but that cultivation of alumni had not focused on major gifts until 6-8 years ago. Dr. Kaminshine suggested that pharmaceutical companies might be targets for fund-raising for the Science Teaching Laboratories Building. Dr. Henry reiterated that allegiances had not been established long enough to foster such giving. He stated that current fund-raising efforts are aggressive, but the private funding situation is very difficult. He added that moves and renovations funds were the cushion. Dr. Rackliffe cautioned that under such a plan there would potentially be no moves and renovations for three years. Dr. Henry agreed that all flexibility was lost under the scenarios presented, and that 3% budget reductions might be necessary in order to be able to meet the usual level of unforeseen needs. Dr. Tai pointed out that the scenarios presented also did not include moving costs for occupying the Science Teaching Laboratories and Science Research Laboratories Buildings.

Dr. Henry reiterated the need to increase semester credit hours by more than 1% per year. Dr. Colarusso questioned classroom and instructional capacity to accomplish this goal. Dr. Henry responded that such had been done before the decline in enrollments. Dr. Kaminshine asked
about the outlook for the projected tuition increases. Dr. Henry characterized the projections as optimistic. He added that the problem in FY2006 was that actual revenues were $11M below projected paid semester credit hours while expenses were $11M above actual revenues. He noted that the $6M in cuts would take care of about half of the problem.

Dr. Adamson commented that expectation of private funding for capital projects was an issue. Dr. Huss asked if it would be possible to change the request for the Humanities Building. Dr. Henry replied a change at this time would forfeit the position of the project in the capital projects list. He noted a new comprehensive campaign was forthcoming, which would address this private funding need and would take advantage of donor cultivation in the meantime. Dr. Thachenkary asked about the recourse for construction cost overruns. Dr. Rackliffe replied that in the case of the Natural Science Center, the rise in costs after the project was first proposed resulted in two floors being unfinished initially. Dr. Rackliffe reported that the University of Georgia was getting away from capital list projects requiring private funds.

Dr. Colarusso asked about legislative approval for carry forwarding unused FC15 funds. Dr. Henry responded that the measure passed.

Dr. Huss asked if the Science Teaching Laboratories Building was the first case of a project leaping on the capital projects list. Dr. Henry stated the project did not technically ‘leap’ as it was taken off the list by Governor Perdue and slated for funding because of its potential for economic development and a funding match, similar to a Georgia Tech building also funded at 50%.

Dr. Thachenkary asked about the return on investments by the GSU Foundation. Dr. Henry answered that the investments were doing well, but there were few unrestricted funds.

**Graduate Assistant Health Insurance**

Dr. Henry reported that Georgia Tech was not planning to fund a portion of health insurance for graduate assistants at the university level, although departments might do so. He also reported that the University of Georgia was planning to fund $350 at the university level. He suggested Georgia State should fund at $200 at the university level with departments to supplement as able.

Dr. Tai asked about the overall cost of the proposed university initiative. Dr. Henry indicated there were approximately 1,600 eligible students and that the experience of the College of Arts and Sciences pilot project showed 50-60% signing up (versus continuing their own insurance). He projected an annual cost in the range of $200K, which would come under the $1M annual strategic initiatives on the five-year projection.

Dr. Huss asked why Georgia State should pay a portion of the premiums since Georgia Tech was not. Dr. Henry replied that Georgia State needed the competitive edge. Dr. Hudson added that stipends were higher at Georgia Tech. Dr. Henry noted Georgia Tech used a $14K minimum stipend to qualify for the tuition waivers. He added that Georgia State also did not charge grants for waivers as other institutions do.

Dr. Alberto made a motion to recommend a $200 university-level annual stipend for health insurance for qualifying graduate assistants. Dr. Hudson seconded the motion. The motion
Dr. Tai requested that the April 12 meeting include discussion of funding principles.

Prepared by Edgar Torbert
Approved April 12, 2006