FISCAL ADVISORY COMMITTEE TO THE PRESIDENT  
Minutes of December 3, 2008  

Members Attending: Paul Alberto, Pam Barr, Ron Henry, Hugh Hudson, Steve Kaminshine, Susan Kelley, John Medlock, Robin Morris, Jerry Rackliffe, P.C. Tai  

Others Attending: Lauren Adamson, Beth Jones, Randy Kamphaus, Robert Moore, Fred Mote, Carmen Newton, Tim Renick, Tammy Sugarman, Edgar Torbert  

The minutes of November 5, 2008, were approved as distributed.  

Board of Regents FY2009 budget actions  

Dr. Henry reported notifications on December 3, 2008, from the Board of Regents on the FY2009 budget. He listed: (1) merit raises for faculty and staff will take effect January 1; (2) funding for annualizing the merit raises from half year to full year amounts will not be in the Governor’s FY2010 budget recommendations; (3) revised budget cut instructions beyond the known 6% will be issued in late December or early January; (4) institutions should prepare for 8-10% cuts overall; (5) a temporary $100 fee will be assessed all students at the research universities for Spring Semester 2009; and (6) the employer share of PPO and HMO premiums would drop from 75% to 70% effective January 1, 2009, with an open enrollment period December 3-15, 2008, for employees to switch health insurance plans.  

Dr. Henry noted 12,000 of 23,000 students registered for Spring Semester 2009 had paid tuition and fees prior to announcement of the $100 temporary fee. He indicated these students would be billed for the additional fee, but not de-registered. He added that existing financial aid packages would cover the $100 fee, but students would see their balance for books, living expenses, etc. decreased by $100.  

Dr. Kaminshine asked about the status of the second 1% budget hold on the colleges and vice presidential units. Dr. Henry replied that the second hold would probably not become a second cut, but stressed on-going caution in spending.  

Dr. Rackliffe distributed and explained a draft spreadsheet, “Budget Considerations – 10% Cut Scenario, Fiscal Year 2009-2011,” showing (1) a two-year recovery for total revenues back to the original budget level for FY2009 and (2) potential one-time sources to balance revenues and expenditures each year over the three-year period. Dr. Henry pointed out balancing the FY2010 original budget submitted to the Board of Regents as the greatest challenge because the various one-time sources outlined on the spreadsheet cannot be applied in advance to the $13.9M differential.  

Dr. Tai asked about enrollment projections for Spring Semester 2009. Dr. Henry responded that spring enrollments were typically 94% of fall enrollments, and that registrations to date were consistent with that projection.  

Dr. Kaminshine asked about the possibility of budget holds for FY2010. Dr. Henry advised not to fill all vacant positions and not to anticipate new funds. He also advised any cuts would probably
be targeted rather than across the board. He noted elimination of programs to achieve savings would not result in full benefit immediately because of obligations to phase them out rather than stop abruptly. Dr. Rackliffe emphasized enrollment growth was also critical to minimizing any budget cuts. Dr. Alberto asked if the anticipated growth for FY2010 would reach the planned enrollment plateau. Dr. Henry replied that enrollment would still be 50 short of the plateau for first-time freshmen.

Dr. Kaminshine asked about official communications to staff about FY2009 merit raises. Dr. Henry answered the communication should state merit raises would take effect January 1, 2009, but not mention continuation in FY2010 since the Board of Regents would not make a system-wide decision about how to handle the annualization issue until January, 2009, or later.

Dr. Adamson observed the total dollars added to employee-paid health insurance premiums approximated the total of merit raises. She commented this would likely be in conjunction with no raises for FY2010. Dr. Henry added that some lower paid employees would see their take-home pay reduced as a result of the change in health insurance premiums. Dr. Adamson urged analysis of the financial implications of the high deductible plan. Dr. Morris responded the high deductible plan was a good choice for persons entering a healthy year or with $3,000 in hand for deductible payments. Ms. Jones announced Human Resources will hold information sessions about the high deductible plan, but cautioned meaningful analysis should be done on an individual basis.

Dr. Adamson asked about the timetable for occupying the SunTrust Building. Dr. Rackliffe answered that SunTrust would continue to occupy the building for at least 3-1/2 years, and they were required to give one-year notice of intent to vacate.

Dr. Hudson asked about strategies to balance the July 1, 2009, original budget. Dr. Henry responded there would be a close look at programs to see if they were still wanted three years from now. He characterized such conversation as awkward, but necessary in this budget climate. Dr. Hudson asked about non-academic units. Dr. Henry cited cost analyses already underway in Information Systems & Technology. Dr. Henry added that funds were also needed to invest in promising areas as well as to address cuts. Dr. Alberto urged planning prior to an announcement of such reviews in order to set forth clear, straightforward procedures even though the budgetary crisis was clearly evident as the reason for such reviews.

Dr. Adamson asked about the outlook for special initiative funds such as RPG and STEM. Dr. Henry expressed confidence RPG and STEM would continue as Board of Regents initiatives, but warned Georgia State would have to defend its allocations of these funds. Dr. Adamson asked about university-based initiatives such as areas of focus, graduate assistant initiatives, salary compression adjustments, etc. Dr. Henry indicated these decisions would be made by FACP and the new President, but predicted a one-year hiatus for FY2010. Dr. Adamson suggested including the postponed area of focus allocations in the next version of the budget consideration spreadsheet.

Dr. Hudson asked about the cost analyses prepared by Dr. Henry prior to the last round of program reviews. Dr. Henry replied these would be vetted and updated.

Dr. Henry announced the meeting on December 10 would be canceled.