Members Attending: Paul Alberto, Pamela Barr, Ron Henry, Steve Kaminsheine, Susan Kelley, John Medlock, Robin Morris, Jerry Rackliffe, P.C. Tai

Others Attending: Lauren Adamson, Bill Fritz, Beth Jones, Robert Moore, Tim Renick, Edgar Torbert

The minutes of May 7 were approved as distributed.

Dr. Henry presented the 5% budget reduction plans for FY2009 and FY2010, which were submitted to the Board of Regents office July 18. He stated the total amount of the cuts as $11.2M, after removing Board of Regents “pass throughs” such as Regents’ Testing. He noted the percentage cuts applied to state appropriations only, not the total E&G budget, which also includes tuition revenues.

Dr. Henry indicated the plans were also shared with the Deans Group on July 23. He stated the deans were advised not to expect new funds in FY2010 for action plans, etc. He added that “set aside funds” would cushion the impact in FY2009, so that the budget reduction plan submitted to the Board of Regents would not have to be fully implemented. He also noted the Board of Regents did not allow tagging new workload funds as a stated cut in the FY2010 plan, although these new funds would be similarly used as a cushion at the time of implementation.

Dr. Henry projected the net impact on the FY2010 budget to be $6M after new workload funds and new expenditure commitments, which would be approximately 2% of the total E&G budget. He commented that while the percentage cut against the total budget was relatively small, he did not recommend an across-the-board approach. He added that the anticipated annual tuition increase could further reduce the shortfall to closer to $4M, although the fixed-for-four plan would dampen the impact on overall revenues.

Dr. Tai asked if the Chancellor might treat the research universities differentially. Dr. Henry replied it was unlikely.

Dr. Adamson advised against using indirect cost recovery funds as a replacement for state funds, and in particular publicizing this use. Dr. Rackliffe responded that Georgia Tech and the University of Georgia also had indirect cost recovery funds in their plans. Dr. Morris cautioned that indirect cost recovery funds were already down somewhat because of shifts in the distribution among fund sources.

Dr. Alberto asked about continuing the strategy of growing enrollments. Dr. Henry answered that increasing numbers of freshmen was still a good strategy because revenues exceeded costs for these students. He added that the Board of Regents staff would be informed of the potential negative impact on revenues if some of the cuts listed in the plans were enacted. Dr. Rackliffe pointed out that other institutions such as the University of Georgia were in a tougher situation because of limited growth opportunities.
Dr. Adamson asked about cuts to system initiative programs such as RPG and STEM. Dr. Henry replied that these decisions would be made at the system level, but would seem unlikely because of the commitment of the Chancellor to strategic initiatives and goals.

Dr. Tai asked if there would actually be cuts in FY2009. Dr. Henry responded that if the 0.5% pre-allocations of contingency funds were eliminated and tuitions held to projections, there would probably not be cuts, but the margins were very tight. He added hiring for new positions in FY2010 would be affected.

Dr. Adamson asked about areas of focus implementations. Dr. Henry replied that FY2009 funding was available, but advised caution in proceeding with second year hirings.

Dr. Henry welcomed new members, Dr. Barr and Mr. Medlock.

Prepared by Edgar Torbert
Approved August 13, 2008