FISCAL ADVISORY COMMITTEE TO THE PRESIDENT
Minutes of August 13, 2008


Others Attending: Gwen Benson, Charles Derby, Beth Jones, Robert Moore, Carmen Newton, Bill Prigge, Tim Renick, Anthony Roberts, Nan Seamans, Edgar Torbert

The minutes of July 23 were approved as distributed.

Dr. Henry shared updates from Board of Regents staff regarding the FY2009 and FY2010 budgets. He emphasized the situation was unclear, but of real concern because of continuing downward trends in state revenues. He noted July revenues were down more than 6% from the same month last year.

Dr. Henry indicated revocation of merit raises for staff was a possibility being discussed at the state level. He stated the six-month impact in FY2009 for Georgia State would be $2.7M, which would double in FY2010. He commented that Georgia State did not want to uncouple faculty and staff raises. He noted furloughs as an alternative, which would preserve pay rates for future raise calculations while achieving savings in actual salary payouts. Dr. Hudson expressed concern about the differential effect on low paid staff versus high paid staff. Dr. Henry cautioned such decisions would be at the system level and applied to all institutions.

Dr. Hudson asked about discussions with the other research universities about budget reduction strategies. Dr. Henry responded the other institutions were in favor of a multi-purpose (or excellence) fee, which would be a headcount fee of $500 per semester and not designated as tuition in order to absolve the Hope Scholarship Program of coverage. Dr. Henry noted another idea suggested by Dr. Morris to remove controls on how existing mandatory fees are spent, such as the technology fee, until the economy recovers. Dr. Rackliffe stated this strategy could replace more than $4.5M in state appropriations.

Dr. Henry handed out a table of potential budget cut amounts ranging from 1% to 10% of state appropriations in combination with zero, six-month, and twelve-month merit raise revocations. He reiterated the percentage cuts were still uncertain, but offered 6-8% as a probable range.

Dr. Henry reported the Board of Regents was directing institutions to restrain spending although the State Office of Planning and Budget had not yet specified restrictions for the system as it had done for other state agencies. He noted the guidelines from the Board of Regents covered travel, hiring, and all categories of non-essential expenditures. He added that the system recognized the need to hire personnel to teach and provide services for a growing number of students, and had consequently adopted an approach to allow discretion at the institutional level regarding spending restraints. He cautioned that this was accompanied by heightened need to show good faith in the critical hire process, to limit travel to essential purposes such as research and presentation of papers, to postpone vehicle purchases, to delay other non-essential equipment purchases such as replacement of operable computers, and to proceed as though expenditures will be questioned by other parties through Open Records requests.
Dr. Henry projected more definitive information would come from the Board of Regents by mid-September. He added that the hold aside in the original budget would help to cushion the impact, but would not cover the shortfall 100%. Dr. Rackliffe stated that the minimum reduction would be 6% and the maximum 12%. He commented that the impact would be felt more severely in FY2009 than FY2010 when new workload dollars, tuition increases, etc. would help.

Dr. Henry cited enrollment figures for Fall Semester 2008 as good news in contrast to the budget situation. Dr. Renick handed out tables showing admission and registration numbers for Fall Semester 2008 with the goal of 2,800 new freshmen in reach and a record number of semester credit hours. Dr. Rackliffe echoed the importance of this accomplishment in relation to allocations by the Board of Regents based on enrollments for the latest five semesters. Dr. Henry noted that proceeding to 3,000 new freshmen in Fall Semester 2009 would entail adding faculty as had been done for Fall Semester 2008.

Dr. Rackliffe commented on the possibility of borrowing from FC15 balances to cover the FY2009 shortfall. Dr. Morris cautioned that in Florida this strategy had backfired as appropriations were withdrawn where such funds had been budget relieving. He added that the smaller institutions in the system were using this possible source of relief at the research universities as an argument to the Board of Regents to have the research universities bear more of the burden of budget cuts because of their flexibility with FC15 and other non-FC10 dollars.

Prepared by Edgar Torbert
Approved September 17, 2008