FISCAL ADVISORY COMMITTEE TO THE PRESIDENT
Minutes of September 17, 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 August 13 were approved as distributed.

Dr. Henry reported no news from the Board of Regents or (state) Office of Planning & Budget (OPB) about the amount of the FY2009 budget cuts. Dr. Henry stated that the Board of Regents did send word on September 15 the cuts would be no less than 6%. He added OPB appeared to be waiting until first quarter revenues were known before making a call on the cuts in October.

Dr. Henry reminded that state agencies had been directed to prepare plans for cuts at 6%, 8%, and 10%. He noted advice from the Board of Regents and OPB to remain silent about the status of merit raises. Dr. Henry emphasized that the Board of Regents would declare a system-wide implementation of any merit raise stipulations. He stated the impact of no merit raises as 1% of budget in FY2009 and 2% of budget in FY2010.

Dr. Henry offered a best guess of the outcome as an 8% cut plus absorption of merit raises. Dr. Henry recommended a 1% total budget hold-back plus the $10-11M set aside in the original budget plan to cover the cut. He also pointed to a positive variance from the projected budget with respect to paid credit hours, which would aid in balancing the FY2009 budget, although the amount was not yet known.

Dr. Rackliffe agreed with the above observations, and added that the first quarter review was likely to include an examination of year-to-year expenditures for the first quarter. Dr. Henry reiterated this point and referred to efforts to slow down travel expenditures and delay hiring. He commented on an article in the Chronicle reporting all travel at the University of Georgia required Provost approval.

Dr. Adamson stated that faculty in the College of Arts and Sciences were now required to submit substantial statements of justification for travel. She asked for further guidance regarding the particulars of the slow down. Dr. Henry replied that one issue might be sending more than one faculty member to a single conference. He noted an exception could be made for faculty going to conduct hiring interviews at a conference.

Mr. Mote asked if Fund Code 15 was included in the slow down. Dr. Rackliffe responded affirmatively and added that even Fund Code 12 was being treated under the same constraints. He cautioned that Georgia State needed to be more public about spending cutbacks as the University of Georgia had been doing. Dr. Henry pointed out that while the University System had generated credit hours for a potential $79M increase in formula funds, the University of Georgia had not generated additional credit hours because of capped enrollments. He warned that while Georgia State had generated additional credit hours to earn a share in the range of $6-8M, there
might be efforts to protect the University of Georgia at the expense of Georgia State. Dr. Henry added that the projected enrollment increase for Georgia State in FY2010 would also benefit Georgia State in the range of $2-3M in tuition revenues.

Dr. Hudson asked about any discussions with the Board of Regents regarding the possibility of a floor salary level for persons to be furloughed. Dr. Hudson suggested a $50K floor would address the primary problems with staff retention, if furloughs were implemented. Dr. Henry responded the whole raise situation needed to be clarified before addressing the question of a floor salary with respect to furloughs. Dr. Rackliffe added that the floor salary level suggestion had been passed on to the Board of Regents, and again stated that all University System institutions would have to follow the same scheme. Mr. Medlock commented that a recent staff survey showed compensation as the top morale-related issue with staff.

Dr. Moore asked if the recommended 1% hold-back would be permanent. Dr. Henry replied that it was too early to determine for certain, but for now the hold-back was for one-year planning purposes since FY2009 appeared to be a worse year than FY2010 from projections presented by Dr. Rackliffe.

Dr. Hudson asked about the possibility of the Board of Regents re-visiting the fixed-for-four tuition plan. Dr. Henry voiced doubts. Dr. Morris responded that the subject was mentioned at the meeting of vice presidents for research. Drs. Henry and Morris added that there was also discussion at the meeting of raising the tuition credit hour plateau from 12 to 15. Dr. Henry pointed out that the 15 credit hour plateau made sense in the fixed-for-four context since 8 consecutive regular semesters of 15 credit hours would tally 120 credit hours for graduation.

Dr. Tai requested a ramp-up of campus publicity about the high deductible health insurance option. Dr. Rackliffe responded that Human Resources was waiting to learn the premium rates in October.

Dr. Henry requested a motion to proceed with the 1% hold-backs. Dr. Kaminshine made a motion to work toward 1% hold-backs. Dr. Rackliffe seconded the motion. The motion passed.

Prepared by Edgar Torbert
Approved October 22, 2008