FISCAL ADVISORY COMMITTEE TO THE PRESIDENT
Minutes of February 25, 2009

Members Attending: Paul Alberto, Pam Barr, Evan Eskridge, Ron Henry, Hugh Hudson, Fenwick Huss (for Steve Kaminshine), Susan Kelley, John Medlock, Robin Morris, Jerry Rackliffe, P.C. Tai

Others Attending: Lauren Adamson, Gwen Benson, Alex Gallimore, Beth Jones, Robert Moore, Carmen Newton, Nan Seamans, Edgar Torbert

The minutes of February 11, 2009, were approved.

Dr. Henry reported on budget developments at the state level. He noted Governor Perdue had recommended an additional 1% cut for FY2009 based on the shortfall in year-to-date tax revenues, which would place total cuts at 10.5%. Dr. Henry warned projections for future months showed tax revenues continuing to fall short, which could push total cuts to 12%. He advised Georgia State would continue with the strategy developed in the fall to balance the FY2009 budget.

Dr. Henry pointed out the University System, unlike other state agencies, had prepared for the cuts by instructing institutions to hold back 5% in their original budgets. He observed the University System was now better able to deal with the mid-year cuts than other state agencies, a point inadequately emphasized to the General Assembly and news media.

Dr. Henry stated the Deans Group was discussing principles and strategies for dealing with the anticipated cuts in continuing funds, and he and Dr. Rackliffe were proceeding with the meetings with individual deans and vice presidents to discuss how such cuts might be made. He indicated those meetings would be completed the following week, and he would then share the various strategies among the deans and vice presidents.

Dr. Henry cited several examples of cost cutting measures, including modification of the summer faculty compensation scheme, suspension of professional leaves not funded by grants, increasing the minimum class size requirements by course level, and decreasing course load reductions for administrative and service duties. Dr. Henry commented that the meetings with the deans and vice presidents had been very helpful. He added that the discussions would remain confidential until plans were finalized, and any layoffs due to budget cuts would be announced at the same time rather than sporadically across units.

Dr. Tai commented that class sizes were difficult to ascertain until the last minute in some cases. Dr. Henry responded the intent was to offer only those classes likely to have sufficient numbers of students.

Dr. Alberto asked about re-wording faculty contracts to allow for furloughs or layoffs. Dr. Henry replied any re-wording of contracts would be determined by the University System and would be applicable to all institutions in the University System.

Dr. Adamson asked if cuts would be across-the-board or strategic. Dr. Henry answered that the cuts would be strategic, but all units would be asked to submit potential cuts at a particular percentage level in order to decide how to proceed strategically.
Dr. Moore asked about incentive plans to encourage staff nearing retirement to retire and return as “49%” rehires. He cited advantages of hiring experienced senior staff over new hires. Dr. Henry responded Human Resources is working on a layoff policy to complement the existing Reduction-In-Force policy. He added that the layoff policy would address the issue of conversion from full-time to part-time. Mr. Medlock commented such measures would be one way to retain good staff until the budget situation improves.

Dr. Hudson asked about a ballpark figure for the net FY2010 cuts. Dr. Henry answered 4% was the best guess, if the gross cuts were 12%.

Mr. Medlock asked about the potential for mandated furloughs. Dr. Torbert replied that a newspaper report on the revised FY2009 budget, as adopted by the General Assembly just before this FACP meeting, indicated no plans for additional furloughs.

Dr. Tai asked about the impact of the federal stimulus package. Dr. Henry responded the impact would be largely indirect through coverage of deficits in agencies other than the University System, which would in turn not require as much redirection from the University System in order to balance the overall state budget. Dr. Morris added that a list of potential construction and renovation projects was under development in case there was an opportunity to pursue those projects through the stimulus package. He also commented on the timing dilemmas facing NIH, NSF and NEH for spending the stimulus funds. Dr. Adamson commented on the quarterly reporting complexities incumbent with adding supplements to existing grants and the necessity of accounting systems geared to reflect those changes.

Dr. Hudson asked if the deans and vice presidents had discussed reorganization or realignment of units as potential cost-cutting measures and if the existing structure was sacrosanct. Dr. Henry replied there had been no discussion of changing the structure of colleges, but there might be opportunities with other units.

Prepared by Edgar Torbert
Approved March 18, 2009