FISCAL ADVISORY COMMITTEE TO THE PRESIDENT
Minutes of March 18, 2009

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

Others Attending: Gwen Benson, David Caudill, Fenwick Huss, Beth Jones, Robert Moore, Carmen Newton, Tim Renick, Chris Rosenbloom, Nan Seamans, Edgar Torbert, Jasmine Vick

The minutes of February 25, 2009, were approved as distributed.

Dr. Henry reported no news on the budget from the legislature. He stated budget cuts of 10.5% for FY2009 and 11.5% for FY2010 as probable. Dr. Henry noted workload dollars remained in the FY2010 budget under consideration, but cautioned any remaining line items for Georgia State might be in jeopardy. He pointed out the legislature will complete its work in the next two weeks; the Board of Regents will act on the allocations to institutions and the tuition rates on April 14-15; and FACP will meet April 15 to finalize FY2010 budget recommendations to Dr. Becker. Dr. Henry reported he and Dr. Rackliffe had completed the series of meetings with deans and vice presidents to discuss budget cut strategies and impacts.

Closing university for two weeks during holidays

Dr. Henry invited discussion of closing the university for two weeks at winter holidays, which will require employees to use four days of their vacation time during the week ending on Christmas Day. He emphasized these paid vacation days will not be furlough days, so the savings of approximately $400K will be entirely in non-personnel costs, mainly utilities. He assured security and labs and equipment requiring continuous operation would not shut down.

Mr. Medlock stated concern about staff with insufficient accumulated vacation time having their paychecks cut for the required vacation days. Dr. Adamson added this situation would particularly affect recent hires at the time. Dr. Rackliffe stated the Board of Regents had already disallowed banking or transferring hours from one employee to another to assist employees with too little accumulated vacation time. Dr. Rackliffe also noted UCLA for a similar program gave employees with insufficient vacation time the option of deep cleaning facilities rather than having their paychecks cut. Mr. Medlock commented the cleaning option was bad for staff morale.

Dr. Henry stated the “required vacation days” proposal would be considered apart from furloughs in order to address furloughs when the magnitude of the budget cut was known. He added other University System institutions (e.g., Kennesaw State) already required mandatory use of vacation days over the winter holidays, whereas furloughs would require Board of Regents approval and development of guidelines, possible changes in contract language, etc. Dr. Henry commented any furlough plan will likely incorporate a graduated scale for number of furlough days based on salary levels, with the very lowest paid employees taking zero furlough days.

Dr. Hudson asked if closing for two weeks would diminish the need for furloughs. Dr. Henry answered furloughs would produce $500-600K savings per day versus the overall $400K savings for closing two weeks, so furloughs would go much farther in covering a budget cut of $12M or
more. Dr. Hudson asked about the projected number of employees having insufficient accumulated vacation time. Dr. Rackliffe replied there would be relatively few, with the largest number being in Physical Plant, which has heavy turnover. Mr. Medlock urged notification of employees as early as possible so they can plan accordingly and counseling as needed.

Dr. Kaminshine made a motion to recommend closing the university during the winter break to the extent necessary to maximize utility savings, while maintaining adequate security and those operations which cannot be shut down entirely. Dr. Morris seconded the motion. The motion passed.

**Other options for budget cuts**

Dr. Tai urged renewed efforts to achieve utility savings year-round. Mr. Medlock noted Staff Council has a Campus Sustainability Committee with interests in such “green” issues, and there are similar student groups and a University Senate subcommittee of Planning & Development. Mr. Caudill noted on-going efforts by Mr. Brooks to achieve utility savings. Dr. Rackliffe suggested re-sending an email to all faculty and staff to encourage turning off lights and computers, when not in use. Dr. Tai commented faculty often complain about rooms being too cold in the summer, so some adjustments to thermostat settings are in order.

Dr. Adamson asked about incorporating the utility savings in the original budget. Dr. Rackliffe replied this will be done by reducing budget lines for utilities. Dr. Henry commented this will help address the problem of covering the percentage cut for the utilities, rents and insurance portion of the university budget, which is normally protected.

Dr. Morris voiced confidence the university community will support such measures from both a “green” perspective and for budgetary reasons. He noted the new science complex will be an “energy hog”, but rooms will have sensors to turn off lights, and there will be cost-saving recirculation of water from chillers. Dr. Rackliffe warned the latest utilities estimate for the science complex was approximately twice the original.

Dr. Rackliffe pointed out a student-based initiative to institute a “green fee” to support campus sustainability projects, which will allow the university to move forward on system modifications to maximize utility savings as well as address green issues. Dr. Alberto commented it will be helpful to determine and state the projected savings up front in garnering support for the fee. Dr. Rackliffe added any savings will also help offset increasing electrical rates recently approved for the Georgia Power Co. nuclear reactors project. He acknowledged for the first time ever the utilities budget line for electricity had been exceeded in FY2009.

Dr. Henry invited discussion of other strategies for budget cuts arising from the meetings with the deans and vice presidents, such as RIFs, non-renewals of year-to-year contract personnel, elimination of unfilled positions, etc. Dr. Henry noted other institutions had reduced the size of committees and number of committee meetings to preserve more faculty time for scholarship and teaching and to spend less faculty time on service duties. He observed this could not be accomplished immediately given Senate bylaws, committee structure, etc., but could begin by calling fewer committee meetings next year.
Dr. Adamson commented Arts & Sciences faculty spend a lot of time hiring and evaluating colleagues, advising students, etc. Dr. Henry noted advising students is part of teaching. Dr. Tai added science faculty spend a lot of time on budgetary and regulatory matters relating to their grants due to the inadequacy of infrastructure for research support. Dr. Henry pointed to lessening coursesload reductions for service as another opportunity.

Dr. Henry cited changing the “5-10-15” minimum class size rule to “5-12-15” (i.e., changing minimum class size for primarily master’s classes from 10 to 12) as another means of stretching teaching capacity without adding to faculty personnel costs. Dr. Hudson commented there should be special consideration for programs with small cohorts. Dr. Henry responded a significantly constrained budget forces a re-look at what the institution can afford to do. Dr. Alberto urged this discussion begin in the colleges where there is intimacy with the facts and needs. Dr. Hudson recommended starting the process right away rather than keeping smaller units at a high level of anxiety indefinitely.

Dr. Adamson reminded the issue being discussed was small class sizes rather than small programs, since some classes offered for small programs draw students from other programs as well. She commented on pedagogy considerations affecting class sizes and opportunities for faculty to teach their specialties to smaller classes in balance with larger classes for regular offerings. She noted the difficulty of predicting class sizes between two weeks prior to the semester and the census date. Dr. Henry responded in most cases one can forecast, which classes are marginal, and then not hire part-time faculty to teach them. Dr. Tai encouraged a flexible approach rather than a strict rule. Dr. Adamson echoed this point relative to courses needed for students to graduate and preparations already made by faculty to teach them.

Dr. Renick commented on behavioral change keyed to rules about class size, so faculty will propose courses, which draw more students. Dr. Alberto noted one change might be to offer some courses every other year. Dr. Henry reiterated the need to preserve opportunities for students to graduate in a timely fashion.

Dr. Henry mentioned another option, suspension of professional leaves with pay. He noted this was already being implemented with some exceptions allowed.

Dr. Henry cited a change in summer compensation, either a dollar cap not based on AY salary or using 3% of AY salary per credit hour, as another cost-cutting option mentioned by several deans. Dr. Henry also noted the option of making individual courses pay for themselves with an accompanying adjustment to the cap to force a breakeven situation. Dr. Alberto asked about allowing flexibility for faculty nearing retirement. Dr. Henry replied some flexibility would be allowed, but not enough “to drive a truck through”. Dr. Moore observed retirements were not always known well in advance.

Dr. Kaminshine asked about flexibility in the breakeven requirement by allowing balancing across courses. Dr. Henry responded other institutions had found balancing to be too big a loophole. Dr. Huss expressed concern about operationalizing the summer plan given the way enrollments change at the last minute and during the drop/add period. Dr. Henry explained the assumption would be all students are paying students and then multiply headcount times dollars per credit hour. He stressed the intent was to teach only classes with reasonable numbers of students.
Dr. Moore commented the summer plan will give department chairs incentives to figure out ways to work with faculty to attain reasonable class sizes and to organize their summer offerings in a better way. Dr. Huss responded negotiations should be between deans and department chairs rather than with the individual faculty.

Dr. Tai voiced continuing concern about the breakeven provision, in particular for graduate classes. Dr. Barr suggested linking minimum class size with the cap stipulation in order to minimize confrontations over the pay issue. Dr. Alberto noted the special needs of professional schools in summer, such as offering courses for teachers.

Cross subsidies analyses

Dr. Henry presented the cross subsidies tables for revenue tuition-generating units showing calculations of revenue/expense ratios by unit. Dr. Henry explained a ratio of 2.85 represented coverage of total costs including non-revenue generating institutional overhead.

Dr. Moore questioned normalizing against total formula budget since non-credit hour factors such as square footage of space inventory impact the formula output, which would distort the credit hour values. Dr. Rackliffe replied normalizing had insignificant effect on the relative values of the ratios. He added the formula was very outdated with English and Law having the same instructional salary constants. Dr. Henry acknowledged the shortcomings of the formula, but pointed to the ratios as just one way of looking for outliers, which could then be reviewed more closely. Dr. Kaminshine urged using multiple lenses in order not to skew the view. Dr. Henry responded the tables had been prepared because of a request from a committee member to do so as in years past. He indicated the same information had been shared with the deans before the budget cut discussions, and the feedback had been very helpful in understanding the circumstances of the outliers.

Dr. Adamson commented the tables were also helpful in identifying departments, which were the strongest revenue generators and should be protected from a revenue-generating standpoint in deciding on budget cuts.

Dr. Kaminshine observed the figures did not separate undergraduate and graduate components and did not tag core curriculum credit hour generators. He pointed out some of the outliers were mainly graduate credit hour generators.

Dr. Hudson asked about the role of FACP in the overall budgetary process. Dr. Henry replied FACP would develop a collective set of general recommendations once the magnitude of the cuts was known, but would not discuss details such as occupied positions. He stated all eliminations of filled positions will be announced at the same time. He also indicated FACP would focus on things to protect such as enrollment services and research infrastructure.

Prepared by Edgar Torbert
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