FISCAL ADVISORY COMMITTEE TO THE PRESIDENT
Minutes of April 1, 2009

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

Others Attending: David Caudill, Fenwick Huss, Beth Jones, Randy Kamphaus, Robert Moore, Bill Nelson, Tim Renick, Anthony Roberts, Nan Seamans, Edgar Torbert

The minutes of March 18, 2009, were approved as distributed.

Dr. Henry reported a change in the outlook for FY2010 with the decision by the state to displace state appropriations for higher education with two-year federal stimulus package dollars with no guarantee of reinstatement of the state appropriation dollars after the two years. Dr. Henry noted this action would effectively reduce the current total FC10 budget (state appropriations plus other revenues) by 3.7%. He indicated another round of conversations with the deans and vice presidents would ensue to determine if this development would alter their strategies for making budget cuts.

Dr. Henry noted the previously discussed 12% cut in state appropriations would reduce the base budget by $27M, but offsets for increased enrollment and tuition rates would potentially diminish the impact to $12M. Dr. Henry advised starting with an across-the-board 4% reduction for the colleges and vice presidential units and then FACP recommending targeted exemptions to Dr. Becker. He mentioned possible categories of exemptions such as development, enrollment services, campus safety, and research infrastructure.

Dr. Nelson asked for clarification about the amount of the cut, taking into account the loss of state appropriations relating to the federal stimulus package. Dr. Henry summarized the cut to USG as 17% with 5% temporarily covered by the stimulus package. He pointed out the budget bill specified replenishment of the displaced state appropriations after two years in the case of the State Department of Education, but did not do so for USG. Dr. Morris commented legislators were saying too much money is spent on higher education.

Dr. Kelley asked if the cross subsidy analysis distributed at the FACP meeting on March 18 would be used to identify programs to discontinue. Dr. Henry answered decisions on cuts were left to deans and vice presidents, and the deans would work with department chairs and others in their colleges to determine programs to be discontinued. Mr. Medlock commented support units were not included in the cross subsidy analysis and asked about availability of comparable data for those units. Dr. Henry replied cross subsidies could not be computed for support units in the same way, but these units had already been significantly cut in prior years, including the 5% cuts used to fund the first cycle of areas of focus.

Dr. Baumstark communicated on behalf of Dr. Tai concern about cutting revenue generating programs and operations, because those cuts would induce secondary cuts from lost revenues. Dr. Henry noted credit hour and research related revenue and tuition and fee sources, and also commented more efficient use of classrooms could be an offset to reductions in sections taught.
Dr. Baumstark pointed to larger classrooms as a pressing need. Dr. Morris raised the possibility of expanding Saturday offerings to increase teaching capacity for lab sciences. Dr. Baumstark stated Saturday labs would entail building additional storage for on-going lab projects.

Dr. Huss urged consideration of quality in determining which programs and areas to protect. Dr. Huss also recommended examining Statware reports on the number of students per section.

Dr. Alberto asked about the cost of fully utilizing the campus on Saturdays. He suggested offering classes targeted to students living in campus housing. Dr. Rackliffe quoted an estimated cost of operating Aderhold Learning Center as $3K per day. Dr. Rackliffe also noted many students living in campus housing go home on weekends as evidenced by little traffic in the Panther Den in Citizen’s Trust. Dr. Henry commented Georgia Perimeter College was expanding Saturday and Sunday afternoon course offerings to accommodate their rapidly growing enrollment expected to reach 25K next year. Mr. Eskridge observed non-traditional students would find Saturday and Sunday afternoon courses attractive.

Dr. Alberto suggested greater flexibility in the university calendar might aid expansion of weekend offerings. Dr. Morris recalled big demand for Saturday classes in past years, but dissatisfaction with the lack of support services with those offices open only Monday through Friday. Dr. Huss stated the Robinson College of Business had had success with Saturday classes at satellite campuses rather than downtown, because those campuses were closer to where the majority of students live. Dr. Huss also suggested returning to early morning weekday course offerings as a means of expanding capacity. Dr. Renick commented the One Stop Shop concept could be helpful in delivering services on weekends.

Dr. Kaminshine urged protection of research infrastructure and development as areas already seriously understaffed and underfunded.

Dr. Kamphaus urged attention to the University Strategic Plan in determining how to proceed noting the plan sets forth goals for what to nourish. He pointed out the cost of programs did not measure their value. He added strategic cuts should be applied rather than ad hoc ones.

Mr. Eskridge asked about the worst case scenario for faculty and staff cuts. Dr. Henry answered the step from a 2.8% to 4% cut to the base budget would likely require cuts of $1M in staff, $500K in faculty, and $800K in non-personal services. Dr. Henry explained there is little flexibility in the non-personal services budget with only $24M beyond utilities, rents, and insurance. Dr. Seamans asked if the aforementioned personnel cuts were positions or people. Dr. Henry replied a lot could be vacant positions, but not all.

Dr. Morris asked about potential savings by combining departments as had been done in the College of Education in the early 1990s. Dr. Kelley responded the College of Health Sciences had realized only $100K in administrative savings by its departmental reorganization. Dr. Kamphaus noted savings of $200K at another university. Dr. Henry injected some colleges were looking at consolidating staff support for departments rather than merging departments.

Dr. Kaminshine suggested using the stimulus funds to float any programs identified for discontinuation, but still requiring short-term operation in order to allow students in the pipeline to
complete their degree programs. Dr. Alberto reminded the Senate had established procedures for expediting discontinuation of programs, which allowed deans along with department chairs to come forward with agreements to dismantle programs. He reiterated the hard decisions about discontinuing programs should be made within colleges. Dr. Kaminshine added these decisions should be strongly coordinated by the Provost. Dr. Hudson commented the two-year approach would also allow time to relocate tenured faculty to other departments. Dr. Alberto noted these relocations might lead to those departments being more inter-disciplinary.

Dr. Hudson stated while termination of tenured faculty was allowed under a legitimate declaration of financial exigency, respectable administrations would make every effort to relocate tenured faculty to other departments. He stressed the need to make decisions right away if that course of action was followed. Dr. Henry responded the second round of conversations with the deans was intended to expedite that process. Dr. Huss asked if the second round proposals should start from scratch or be revisions of the first. Dr. Henry replied he expected revisions, but in some cases minimally.

Dr. Henry emphasized this round of budget cuts was unlike any previously experienced in that the cuts would not be replaced later. He explained the additional revenues generated by enrollment and tuition rate increases would have to go to the departments generating the additional credit hours and to value enhancements for students paying the higher rates. He pointed out some very good programs do not attract enough students, and consequently decisions would have to be made as to whether the university can afford them given everything else required.

Dr. Huss asked about the status of revisions of the RIF or layoff policy. Dr. Rackliffe answered the existing RIF policy would be used. Dr. Huss asked about fractional RIFs. Dr. Rackliffe answered these would be allowed.

Dr. Hudson observed the message was in effect, termination of programs and faculty could be delayed, but not avoided. Dr. Henry concurred, again noting this was unprecedented with respect to having no route out. He added delays would cause continuing programs to suffer.

Dr. Moore commented on the experience of the Andrew Young School of Policy Studies eliminating two programs. He noted severe criticism of the dean for taking this action, but indicated in the long run the school benefited from shifting resources to stronger programs.

Dr. Huss cautioned bigness alone should not be a deciding criterion in these decisions, because “big and not good is a lot of not good”.

Dr. Kaminshine spoke to the issue of each college proceeding on its own in a different way and how that might lead to a perception of uneven treatment. Dr. Alberto responded this would be addressed through coordination of the process by Dr. Henry. Dr. Henry added the magnitude of the cut would be the incentive for all deans to make hard decisions about programs and faculty. Dr. Moore pointed out the incentive of having to cut strong programs if not willing to weed out weak programs. He noted strong departments were at times already frustrated with the allocation of resources to continue weaker ones.

Dr. Hudson acknowledged the cuts to support areas in prior years, but pointed out the magnitude
of this cut should not excuse these areas from further cuts. Dr. Kaminshine commented on the
difficulty of identifying bloatedness in support area budgets. Dr. Henry responded the vice
presidents had already submitted their tiered plans for cuts in the same manner as the deans.

Dr. Rackliffe explained the Board of Regents will meet April 14-15 to approve the USG budget, but
it was uncertain when on April 15 the institutions would receive their allocation notices. Dr. Henry
advised FACP meetings on April 16 or 17 might be necessary in addition to the regularly scheduled
April 15 meeting.

Dr. Seamans asked about the possibility of furloughs. Dr. Rackliffe answered furloughs might be
part of a mid-year strategy to deal with further cuts, but would not be included in the original
budget.

It was agreed to change the time of the April 8 meeting from 1:30 p.m. to 1:00 p.m.

Prepared by Edgar Torbert
Approved April 8, 2009