

University Senate Budget Committee

Tuesday, January 17, 2012

750 Andrew Young School of Policy Studies

10:00 am

Members Present: Margo Brinton, William Downs, Irene Duhaime, Peggy Gallagher, Miriam Jackson, Chester Phillips, Sarah Steiner, Winnie Tsang-Kosma, Elizabeth West, Katherine Willoughby, Maryann Wysor, Yongsheng Xu

Katherine Willoughby called the meeting to order and provided an update of Governor Deal's Budget for FY 2013 which can be accessed at:

http://opb.georgia.gov/vgn/images/portal/cit_1210/23/26/180289834State%20of%20Georgia%20Budget%20Report%20FY%202013%20-%20Jan%2011%20A.pdf

(Budget highlights in the area of Education and programs undergoing ZBB review are attached.)

- Deal's budget indicates 5.0% general fund revenue growth from 2012; this represents 19.0% growth from 2009; total revenue growth for the same periods equal 4.0% and 18.0%, respectively; most of increase is anticipated growth from individual income tax revenue, plus some improvement from general sales and use tax revenues
- Total authorized state positions dropped by 729, from 97,523 to 96,794; Regents indicates staying the same.
- Deal's 2013 budget recommendation (all funds) for the Regents is 1.4% greater than FY 2012 current base and 7.6% greater than FY 2010 expenditures. (\$6.179 billion)
- His 2013 budget recommendation (state funds only) for the Regents is 5.0% greater than FY 2012 current base and 7.7% greater than FY 2010 expenditures. (\$1.826 billion)
- Deal's FY 2013 budget adds \$94.5 million to USG to fund enrollment growth; this is not fully funding the BOR formula, but funding at 54% of growth, including \$76 million for enrollment growth, though \$35 million is cut from personal services and operating expenses
- The Governor recommends \$235.6 million for construction for the USG, part of proposed \$700 million in new bonded projects.

Projects include:

- \$59 million to design and construct an engineered biosystems building at Georgia Tech;
- \$52.3 million for a veterinary medical learning center at the University of Georgia;
- \$35 million for general improvements; \$28 million for a medical education commons at the Georgia Health Sciences University in Augusta;
- \$25.2 million for a new health building at Georgia Gwinnett College
- \$3.48 to GPB for communications and information system upgrades and roof replacement and cooling system upgrades; GPB attached to USG for budgetary purposes

- The Governor's tax proposals are mostly business-related; his proposal to exempt sales tax on energy for manufacturers is estimated to cost ~\$140 million.

Katherine then provided an overview of the Board of Regents January 10-11, 2012 meeting, noting the following approved institution consolidations:

- Augusta State University and the Georgia Health Sciences University;
- South Georgia College and Waycross College;
- North Georgia College & State University and Gainesville State College;
- Middle Georgia College and Macon State College; and

Of these, it was noted that the Augusta State and Health Sciences consolidation may be toughest given different institutional cultures. Next steps to consolidation include sustained leadership, the maximization of distance education to meet consolidation goals, the Chancellor will form implementation groups, and a website has gone live for the public to follow the process. The timeline calls for these consolidations to be effective by Fall, 2013.

Tim Connell, President of the Georgia Student Finance Commission, then provided an assessment of the Student Access Loan Program and the future of HOPE. He noted that a second cycle of loan applications are presently being considered; approximately \$10 million of the loan program funds have been awarded and the rest will be awarded by the end of this month. The program received approximately \$65 million worth of requests for support. Regarding HOPE, Connell noted that on its present course, out-of-pocket expenses of students will eventually exceed HOPE benefits on a semester basis and for all types of institutions in the USG. The FY 2013 HOPE budget request is at the same level as FY 2012 (\$934,032,925) He noted the assumptions used in projections for FYs 2014, 2015 and 2016 that included:

- Annual growth rate of 4% in number of HOPE awards and Zell Miller Scholarship awards
- Tuition increases estimated at 3% annually
- Apportionment of lottery revenues tracks current apportionment between Pre-Kindergarten and Scholarship programs
- Mandatory fee levels are flat at current levels
- Beginning in FY 2014, expenditures are limited to projected revenues – no reserve funds are used so that the required reserve level is maintained annually

Katherine reminded members that Irene Duhaime presented results from the SBC subcommittee report to FACP at the end of last fall, 2011 that reviewed mandatory fees at GSU's off-campus centers and for online courses/programs. The report makes specific recommendations regarding a differentiated fee structure. After discussing the report, FACP voted to approve it. This report is accessible at: <http://www.gsu.edu/senate/50547.html>.

SBC subcommittee members provided brief updates of their activities. Sarah Steiner noted that the subcommittee on planning and budgeting for infrastructure building, maintenance and repair has met with a number of stakeholders within the University community and should have a completed informational report by the next budget meeting. Peggy Gallagher, a member of the Senate's Research and Budget Committees' joint ad hoc committee on graduate funding, explained that this committee is in process of working on a survey to get information about how programs across the University fund their doctoral students. The committee has also reviewed peer and aspirational institutions to gain information about their funding of doctoral programs. Margo Brinton, SBC representative on the Enrollment Management Committee noted that the undergraduate enrollment targets for fall, 2011 were exceeded but the number of freshman was below target, while the number of transfers was above target. It was projected that the GSU enrollment targets would only be increased by small amounts in future years but that more effort would be made to increase retention. Also, efforts are being made to include more social media in the University's future student recruiting efforts. The quality of the 2010 freshman class was the highest to date. However, the one year retention rate was only 83 percent. Interviewing students not continuing showed that for some, this was due to financial problems. These students were directed to student loan and aid resources. Increasing student retention is also being addressed by improving and extending student available advisement especially for undeclared majors.

There being no other business, the meeting was adjourned.

Budget Highlights

Governor's Recommendation for FY 2013

EDUCATED GEORGIA

K-12 Public Schools

\$58,686,542 to recognize a 0.36% increase in enrollment growth and \$55,770,353 to recognize increased training and experience of Georgia's teachers bringing the total number of full-time equivalent (FTE) students funded in FY 2013 to over 1.6 million students and over 120,000 teachers.

\$173,563,705 in funds transferred to the Quality Basic Education Program for Nutrition, Pupil Transportation, and School Nurses giving local school systems additional funds and spending flexibility.

\$3,020,931 differentiated pay for newly certified math and science teachers to support goal of increasing student and teacher proficiency and achievement in science, technology, engineering and mathematics.

\$8,647,953 for a supplemental grant to state special charter schools affected by the State Supreme Court ruling.

To support the goal of increasing the number of Georgia children reading at grade level by the completion of third grade, \$1,641,299 for a Reading Mentor Program in Office of Student Achievement and \$396,824 for strategic professional development focused on reading.

University System

\$94,494,566 added for enrollment growth. Reflects a 3.05 percent increase in credit hours, bringing the total number of hours generated to 8,356,547. The credit hours were generated by 311,442 students. Both numbers represent an all-time high for the University System of Georgia.

\$4,230,000 to increase the number of health professionals practicing in the state. Funds will be used to develop new graduate medical education programs

to train residents and increase the number of nursing faculty teaching at USG institutions.

\$5,000,000 for cancer-related research at Georgia Health Sciences University (GHSU). This funding will hire research faculty and staff and provide for research equipment and infrastructure enhancements at the GHSU Cancer Center.

\$235,645,000 in bonds for new capital projects as well as major repairs and renovations at all USG institutions.

Technical College System

\$16,843,896 added for enrollment growth. This reflects a 6.6% increase in credit hours.

\$55,550,000 in bonds for renovations, equipment, and new building construction.

Early Care and Learning

Transfers the Child Care Services program (\$54,234,300) from the Department of Human Services to the Department of Early Care and Learning to provide a seamless system of child care services for Georgia families and provides easier access to quality child care for families of children receiving subsidized care.

Increases the pre-kindergarten school year by 10 days and provides over \$298 million in Lottery funds for 84,000 slots for 4-year olds.

Student Finance

Maintains the same award amount for HOPE scholarships and grants (100% factor rate) as FY 2012.

Maintains \$20 million in low interest college loan funds.

Teachers Retirement System

\$89,688,027 to fully fund the annual required contribution for the Teachers Retirement System (TRS) in order to continue fiscal soundness and sustainability.

Summary of Programs for Zero Based Budgeting Review

Policy Area	Agency	Program
The following programs were assessed during the fall budget process:		
Educated Georgia	Department of Early Care and Learning	Child Care Services
	Department of Education	School Improvement
	Board of Regents	Technology/Career Education Central Office Public Service/Special Funding Initiatives Georgia Public Telecommunications Commission
Healthy Georgia	Technical College System of Georgia	Departmental Administration
	Behavioral Health and Developmental Disabilities Department of Community Health Department of Human Services	Adult Forensic Services Health Care Access and Improvement Adoption Services Elder Community Living Services Georgia Trauma Care Network Commission Georgia Veterans Memorial Cemetery
	Department of Public Health Department of Veterans Service	
Safe Georgia	Department of Corrections	Departmental Administration Probation Supervision Youth Education Services Criminal Justice Information System Secure Commitment (YDC's) Public Safety Training Center
	Department of Defense Georgia Bureau of Investigation Department of Juvenile Justice Department of Public Safety	
Best Managed State	Department of Administrative Services Department of Banking and Finance Georgia Forestry Commission Office of the Governor	State Purchasing Non-Depository Financial Institution Supervision Forest Protection Governor's Office for Children and Families Office of Student Achievement Office of Consumer Protection Business Enterprise Program Historic Preservation Recruitment and Staffing Services System Administration Total Compensation and Rewards Workforce Development and Alignment Archives
	Department of Labor Department of Natural Resources State Personnel Administration	
	Secretary of State	
Growing Georgia	Department of Agriculture Department of Economic Development Department of Transportation	Marketing and Promotion Tourism Airport Aid

The purpose of the Zero Based Budgeting review is to assess a program against its statutory responsibilities, purpose, cost to provide services, and outcomes achieved. Ten percent of programs are examined each year, including a thorough evaluation of the activities and services provided by the program, the performance measures demonstrating program outcomes and effectiveness, and program spending trends. The total recommended reductions to the programs shown above is \$8,890,376.