

AGENDA

**COMMITTEE OF THE WHOLE
FINANCE AND BUSINESS OPERATIONS**

April 16, 2013

Agenda Item

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INFORMATION ITEM

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COMMITTEE ON FINANCE AND BUSINESS OPERATIONS

April 16, 2013

1. Budget Recap – Fiscal Year 2013 Amended and Fiscal Year 2014

The Vice Chancellor for Fiscal Affairs, John Brown, will provide a briefing on the final fiscal year 2013 amended and the fiscal year 2014 budgets, as approved by the General Assembly.

2. **Fiscal Year 2013 Amended Budget**

Recommended: That the Board approve the allocation of state appropriations for the fiscal year (“FY”) 2013 amended budget.

Background: The FY 2013 state funds original budget for the University System of Georgia was \$1.83 billion. Appendix I outlines the changes from the FY 2013 original budget to the FY 2013 amended budget by institution. The final, amended state funds budget for the University System of Georgia is \$1.75 billion, which is a net decrease of 4.44% from the original budget for FY 2013. Generally, the 4.5% reduction to formula funds is applied to the state fund budget of each institution; however, a differentiated reduction is applied to some institutions to address enrollment and other challenges. All other changes identified specifically by HB 105 were made accordingly.

House Bill 105, the Amended Appropriations Act for FY 2013, was signed by the Governor.

	FY 2013 Original Budget	Reductions	Eliminations and Other Adjustments	FY 2013 Amended Budget
Formula funds	\$ 1,631,690,795	\$(73,424,961)	\$(2,748,724)	\$ 1,555,517,110
Line Items	\$ 196,878,989	\$ (5,482,992)	\$ 550,720	\$ 191,946,717
Total	\$ 1,828,569,784	\$(78,907,953)	\$(2,198,004)	\$ 1,747,463,827

3. Fiscal Year 2014 Tuition

Recommended: That the Board approve the tuition

3. Fiscal Year 2014 Tuition (Continued)

Proposed Undergraduate Rate Increases:

The recommended strategy for FY 2014 balances affordability, access and quality across all sectors of the University System, recognizing that research institutions must remain nationally competitive.

Specifically, the components of the undergraduate rate increase proposal are as follows:

1. A tuition increase of 2.5% for all institutions across all sectors, except for Georgia Institute of Technology, Georgia Regents University, Georgia State University and the University of Georgia.

3. Fiscal Year 2014 Tuition (Continued)

The recommended tuition differentials for the research institutions are market driven and based on comparative tuition data for peer institutions.

A 7% in-state tuition increase is recommended for Georgia Institute of Technology. Georgia Institute of Technology is world-renowned and competes on a global scale. It offers many high-cost programs and must generate sufficient revenues to remain technologically competitive and provide quality program offerings. Based on tuition data of peer institutions, the undergraduate tuition rates at Georgia Institute of Technology are below the average tuition rates of their peers. A 7% tuition increase continues to move Georgia Institute of Technology to their peer tuition average.

In-state tuition increases of 5% and 3.5% are recommended for the University of Georgia and Georgia State University, respectively. Both the University of Georgia and Georgia State University are below the peer averages for in-state tuition. The recommended tuition increases move the tuition rates closer to the peer averages. Maintaining quality in the classroom and a competitive edge are essential for all research institutions.

The recommended out-of-state tuition increases for the Georgia Institute of Technology, the University of Georgia, and Georgia State University are based on the same dollar increase as the in-state tuition. This computes to a 2% increase for the Georgia Institute of Technology, a 1.5% increase for the University of Georgia and a 1% increase for Georgia State University. The current out-of-state tuitions rates are more in line with comparative peers.

Undergraduate Tuition for Consolidated Institutions:

The Board approved four consolidations for eight USG institutions. No changes were required to the tuition structures at Middle Georgia State College (formerly Middle Georgia College and Macon State College) and South Georgia State College (formerly South Georgia College and Waycross College) since the combined institutions

3. Fiscal Year 2014 Tuition (Continued)

The Associate of Science in Nursing (ASN) program at the former North Georgia College and State University began in 1976 and always charged the state university tuition rate. This

4. **Approval of “Finish-In-Four” Tuition Model for Georgia Regents University and Revision to**

4. Approval of “Finish-In-Four” Tuition Model for Georgia Regents University and Revision to *The Policy Manual*, Section 7.3.1.1, Definitions (Continued)

Below is the revised policy. The bold, highlighted texts represent additions and the stricken texts represent deletions.

<i>Current Policy</i>	<i>Proposed Policy</i>
7.3.1.1 Definitions	
Tuition	
<p>Further, a “finish-in-four” tuition model that provides for a flat tuition based on fifteen (15) hours a semester will be charged at University of Georgia and Georgia Institute of Technology for all students taking in excess of six (6) hours, to encourage students to graduate in four (4) years. Students taking six (6) hours or fewer will pay a flat rate that will be lower than the 15-hour rate. The “finish-in-four” model is effective July 1, 2009 (BoR Minutes, June 2009). Students jointly enrolled in high school and at either the University of Georgia or Georgia Institute of Technology under the Accel program will continue to be charged tuition on a per-credit-</p>	

5. Fiscal Year 2014 Mandatory Student Fees

Recommended: That the Board approve the proposed mandatory student fees for fiscal year (“FY”) 2014 for institutions of the University System of Georgia, to become effective fall semester 2013. Recommended mandatory student fees appear in Appendix III.

Further Recommended: That the Board approve the elective fee requests for Fort Valley State University, Kennesaw State University and College of Coastal Georgia as outlined on page 12. These elective fee requests require Board approval based on Board Policy 7.3.2.2.

Background: By policy, the Board of Regents approves all mandatory fees and fee increases. The major mandatory fees include intercollegiate athletic fees, student health service fees, student activity fees, parking and transportation fees, technology fees, and, in recent years, fees to support private funding of facilities such as recreation centers, parking decks, student centers and similar projects. The recommendations contained in Appendix III were developed following a review of institutional fee requests that considered, among other things, the current financial position of the programs and activities supported

5. Fiscal Year 2014 Mandatory Student Fees (Continued)

Georgia Southwestern State University	Activity Fee, \$1 Athletic Fee, \$10 Success Center Fee, \$5
Savannah State University	Athletic Fee, \$10 Transportation Fee, \$8
Southern Polytechnic State College	Activity Fee, (\$51) Recreation Fee, \$51
College of Coastal Georgia	⚡ Athletic Fee, \$30
Dalton State College	Athletic Fee, \$33 Recreation Fee, \$20 (New)

5. Fiscal Year 2014 Mandatory Student Fees (Continued)

Elective Fees Requiring Board Approval:

The policy revisions adopted by the Board in January 2010 require certain elective fees to be approved by the Board. They include any fee or special charge that is required to be paid by all full-time, undergraduate students at the institution or by all undergraduate students in a specific degree program, with the exception of specific course fees for supplementary costs. Prior to this change in Board Policy, program fees were already in place at Clayton State University, Kennesaw State University, and Columbus State University. All three institutions have been allowed to continue these charges through FY 2014. No action by the Board is required for FY 2014, except as noted below.

In accordance with the Board Policy, the following elective fees are recommended for approval.

Institution	Fee	Current Rate	Proposed Rate	Students Impacted
Fort Valley State University	Wildcat Cash	\$ 100	\$ 100	All non-residential, full-time, undergraduate students.

6. **Repurposing of the Student Facility Fee at the University of Georgia**

Recommended: That the Board approve the repurposing of \$50 of the Student

7. **Fiscal Year 2014 Budget Allocations**

Recommended: That the Board approve the allocat

7. Fiscal Year 2014 Budget Allocations (Continued)

\$9.2 million in increases for line items:

- \$5.0 million for the Georgia Health Sciences University Cancer Center
- \$2.1 million for the Health Professions Initiative
- \$759K for employer share of health insurance and retiree health benefits
- \$661K for the TRS and ERS rate increases
- \$138K in funding for the Public Library formula increase
- \$425K to support the Agricultural Experiment Station
- \$104K to reflect adjustment in telecommunications expenses

These increases reflect the State's continued commitment to the University System of Georgia to fulfill its mission of teaching, research and service, despite difficult economic times.

FY 2014 Reductions: (\$53.6 Million)

The reductions for the USG institutions for

7. Fiscal Year 2014 Budget Allocations (Continued)

FY 2014 Allocation Recommendations:

Allocations of state funds by institution are listed in Appendix IVB.

Of the new enrollment funds of \$62.9 million, funds are allocated based on a combination of factors: (1) enrollment changes over the past three years; (2) restoration of budget reductions to maintain quality; and (3) targeted institutional priorities.

Allocations of cost increases for health insurance, new retiree health benefits, and the TRS and ERS rate increases are allocated based on institutional projections of cost increases.

All general reductions are pro-rated based on share of each institution's state funds budget.

Any changes identified specifically by HB 106 were made accordingly.

FY 2014 Capital Budget:

The total bond package for capital projects for the Board of Regents is approximately \$315.1 million for FY 2014 and includes:

- \$49.12 million for Major Repairs and Rehabilitation (MRR) for USG institutions
- \$4 million for Major Repairs and Rehabilitation (MRR) at the Cooperative Extension and Agricultural Experiment Station
- \$24.9 million for equipment for buildings previously funded for design and construction at Dalton State College, Georgia College and State University, Georgia Gwinnett College, Georgia Regents University, Georgia Institute of Technology, University of Georgia and Valdosta State University
- \$133.6 million in construction funds for projects at Georgia State University, Clayton State University, Georgia Southern University and Georgia Regents University
- \$14.75 million for military outreach projects at Armstrong Atlantic State University and Middle Georgia State College
- \$4.3 million for the Lab Sciences Building at Abraham Baldwin Agricultural College
- \$1.0 million for Renovations of 3 Labs at University of North Georgia (Gainesville)
- \$3.9 million for Howard Hall Renovation at Columbus State University
- \$3.8 million for Haynes Hall Renovation at Middle Georgia State College (Cochran)
- \$3.0 million for the Classroom/Lab Building at Bainbridge State College
- \$2 million for Academic Commons Renovation at the College of Coastal Georgia
- \$2.6 million for Fine Arts Building Renovation at the University of Georgia
- \$4.4 million for Sturgis Library Renovation at Kennesaw State University

7. Fiscal Year 2014 Budget Allocations (Continued)

\$4.6 million for Tech Ed Building for Health Sciences Renovation at Dalton State College
\$2.5 million for Academic Building D (Math) Renovation at Southern Polytechnic State University
\$3.8 million for Science Lecture Building Renovation at Atlanta Metropolitan State College
\$7.5 million for the 4H Rock Eagle Cabins at University of Georgia (Cooperative Extension)
\$1.875 million for Lloyd W. Chapin Renovation at Georgia Institute of Technology
\$3.5 million for Murphy Building Renovation at the University of West Georgia
\$1.95 million for Fine Arts Center Renovation at Georgia Southwestern State University
\$2.5 million for Martin Hall Renovation for STEM Center at Valdosta State University
\$4 million for Building D - Warehouse Renovation at Georgia Gwinnett College
\$4.7 million for Tift Building Renovation at the University of Georgia
\$1.0 million for equipment at the Cooperative Extension and Agricultural Experiment Station
\$1.0 million for the Camden County Campus equipment at College of Coastal Georgia
\$8.495 million for the Georgia Public Libraries, including \$3.995 million for Major Repairs and Rehabilitation (MRR)
\$12.5 million for the Georgia Research Alliance equipment
\$3.76 million for facility repairs and equipment at the Georgia Public Telecommunications Commission