University System of Georgia

Fiscal Year 2012
Budget, Tuition & Fee Recommendations
State funding is declining...

Formula: $1.553B, line items: $185M

Total State funds lowest since FY 2005
Students are Enrolling in Greater Numbers...

Number of students will have increased nearly 60,000 in 5 years
And the Funding Formula Recognizes the Cost of Increased Student Enrollment...

- **Formula Generated**
- **Students**

<table>
<thead>
<tr>
<th>Year</th>
<th>Formula Generated</th>
<th>Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2007</td>
<td>$1.94</td>
<td>259,945</td>
</tr>
<tr>
<td>FY 2008</td>
<td>$2.10</td>
<td>270,022</td>
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<td>FY 2009</td>
<td>$2.25</td>
<td>282,978</td>
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<td>FY 2010</td>
<td>$2.38</td>
<td>301,892</td>
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<tr>
<td>FY 2011</td>
<td>$2.53</td>
<td>311,442</td>
</tr>
<tr>
<td>FY 2012</td>
<td>$2.70</td>
<td>320,000</td>
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<tr>
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<td>300,000</td>
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<td>$2.80</td>
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<td>FY 2009</td>
<td>$3.00</td>
<td>320,000</td>
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<tr>
<td>FY 2010</td>
<td>$3.20</td>
<td>330,000</td>
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<tr>
<td>FY 2011</td>
<td>$3.40</td>
<td>340,000</td>
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<tr>
<td>FY 2012</td>
<td>$3.60</td>
<td>350,000</td>
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</table>

FY 2007 - FY 2012
With Reductions, the funding gap is getting wider...

- FY 2007: $1.94
- FY 2008: $2.10
- FY 2009: $2.25
- FY 2010: $2.38
- FY 2011: $2.53
- FY 2012: $2.70

Formula Generated – Formula Funded = ~$1B in cuts, $177M (FY 12) unfunded
State Share of Funding is Decreasing...

75% during 1990’s

Dropped to mid 60’s after first round of cuts after 9/11

Dropped to mid 50’s after second round of cuts
State Funding per FTE student is the lowest since 1994
FY 2012 State Funds: $1.74B; Down from $1.95B in FY 2011

**Formula Funds: $1.553B**

<table>
<thead>
<tr>
<th></th>
<th>FY 2011 Original</th>
<th>FY 2012 Original</th>
<th>Net Reduction</th>
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<tbody>
<tr>
<td><strong>FY 2011</strong></td>
<td>$1.722B</td>
<td>$1.553B</td>
<td>($169M)</td>
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</table>

Net reduction ($146M in State Funds, $23M stimulus)

**Line Items: $185.1M**

<table>
<thead>
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<th></th>
<th>FY 2011 Original</th>
<th>FY 2012 Original</th>
<th>Net reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY 2011</strong></td>
<td>$224.5M</td>
<td>$185.1M</td>
<td>($39.4M)</td>
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</table>
FY 2012 Allocations

- FY 12 Formula request of $177M not funded.
- Reductions pro-rated based on institution’s share of formula funds, $145.9M + $6.1M = $152M.
- Other Adjustments.
The Funding Gap Widens in FY 2012

Total reduction from FY 2011 Base:  ($146M)
Total unfunded formula increase:  ($177M)
Loss of Stimulus Funds:  ($23M)
Total  ($346M)

If we were to cover the entire FY 2012 gap with tuition increases, it would take an impossible 35% increase in tuition...
Institutions Are Taking Deep Cuts...

- Increasing efficiency and productivity
- Eliminating low enrollment programs
- Eliminating positions
- Increasing class size
- Increasing part-time faculty
- Increasing deferred maintenance
- Voluntary retirement plans
- Reducing library holdings
- Reducing operating expenditures
What are we trying to achieve?

1. Keep increase to a single digit (weighted avg.)
2. Stay close to 90%...for HOPE students.
3. Maintain academic excellence at institutions.
How do we get there?

**Tuition Increase**

- 3% Tuition Increase at all 35 institutions:
  - $106 at research universities
  - $64 at comprehensive universities
  - $41 at state colleges
  - $36 at two-year colleges
  
  *Per Semester*

**Special Fee Increase**

- $100 increase at 29 institutions
- $150 increase at GA Gwinnett & Coastal GA.
- $250 increase at research universities
- $350 increase at Georgia Tech
  
  *Per Semester*

Overall Weighted Average Increase: 9%

HOPE will pay 87.4% of FY 2012 Tuition (90% of FY 11 rates)
**Georgia’s tuition is a bargain…**

4-year institutions
Georgi ranks 10 of 16 states in the SREB in annual tuition and fees (FY 2010). Below the SREB median.

**2-year colleges**
Georgi ranks 5 of 16 states in the SREB in annual tuition and fees (FY 2010). Above the SREB median.
Total Funding per FTE student: State funding, Tuition and Special Institutional Fee Revenue

- State funding, Tuition and Special Institutional Fee Revenue

- Total Funding per FTE student adjusted for inflation (CPI).

- Lowest since FY 2007: $11,384

- Lowest since FY 1994: $7,440
Total funding is low...

4-year institutions
Georgia ranks in the bottom quartile in state and tuition funding per student. Below the SREB median.

2-year colleges
Georgia ranks in the bottom quartile in state and tuition funding per student. Below the SREB median.
The more you learn, the more you earn.

Georgia Average Per Capita Personal Income by Education Level

- Less than High School: $28,800, 10.6%
- High School Graduate: $35,910, 6.2%
- Some College: $44,390, 5.6%
- Associate's Degree: $47,420, 3.7%
- Bachelor's Degree: $70,210, 3.1%
- Master's and Higher: $91,550, 2.5%

Georgia Unemployment Rate by Education Level

Source: U.S. Census Bureau American Community Survey 2005-07. Includes total income from all sources for adults age 25-64, working full time. Unemployment rates for adults age 25-64.
Actions

• FY 2012 Budget Allocations (Appendix IB)
• FY 2012 Tuition Rates (Appendix II)
• FY 2012 Mandatory Fees (Appendix III)
• FY 2012 Elective Fees (Page 11, Agenda)
• FY 2011 Amended Budget (Appendix ID)
University System of Georgia

Fiscal Year 2012
Budget, Tuition & Fee
Recommendations