

— B U L L E T S —

Chancellor Thomas C. Meredith

FY03 Amended/FY 04 Budget Presentations

11:00 a.m., Tuesday, January 21, 2003

Room 341, State Capitol

- Thank you Mr. Chairman.
- When I stepped into the room and saw Representative Buck and Senator Hill, for a moment I thought I had misread my schedule and instead of appropriations, was in a joint meeting of the higher education committees!
- So let me offer my congratulations to both Rep. Buck and Sen. Hill for their new assignments. I'm sure we all wish you could have taken up these new duties under a rosier economic picture.
- Budget discussions always are serious discussions. I understand both the pressures of time and of the underlying economic situation that surround these discussions in this session. We will be respectful of your time and of these economic realities.
- First, I want to recognize a number of our regents who are present today. Our chair, Governor Joe Frank Harris, Regent Hugh Carter, Regent Don Leebern, Regent Martin Nesmith, and Regent Eldridge McMillan. Regent McMillan is the dean of our regents, having served on the board for 28 years.
- I'd like to also recognize members of our staff who are here today to assist in the presentation: Vice Chancellor for Fiscal Affairs Bill Bowes, Budget Director Usha Ramachandran, Vice Chancellor of Facilities Linda Daniels, and of course, Senior Vice Chancellor for External Affairs and Facilities Tom Daniel.
- Before I cover the Governor's recommendations for the University System, I ask your indulgence to highlight some significant points.
- Over the course of my first year as Chancellor, I've had the opportunity to meet and listen to many voices throughout this great state.
- I have visited every campus and driven the highways and roads of Georgia for over 15,000 miles.
- I've listened to our campus presidents and faculty members and some of the 233,098 students we serve – a record enrollment, by the way, for fall 2002.
- I've talked with business and community leaders.
- And I've had the opportunity to meet and work with so many of you throughout the past year. I want you to know how much your assistance and many courtesies have meant to me as I've learned about the state and the System.
- Let me just state one, overriding observation. Georgia is blessed with outstanding leadership and determined citizens. People are committed to their communities, their colleges and universities and to the state. It is a pleasure and a privilege to serve this great University System and the state of Georgia.
TOGETHER, WE WILL SOLVE THE STATE'S REVENUE PROBLEMS.

- ✓ Second, as I said in my “State of the System” speech to the Board of Regents earlier this month, **Governor Perdue has stated he intends to work for a Georgia that is educated, safe, healthy and growing.**
- ✓ This is a focused message. And it is a message that resonates easily with the University System of Georgia. **We are going to be active partners in helping Governor Perdue achieve these objectives.**
- ✓ Third, **we will continue to be constructive partners with you as you work through these budget discussions.** Over the past year our Board and our presidents have taken very seriously the developing situation with state revenues and budgets.
 - They have responded with realistic, prudent and careful answers to revenue shortfalls.
 - We must and will continue to be efficient and effective in our use of state dollars, with the maintenance of our outstanding quality as an overarching goal.
 - Our FY04 budget request demonstrates our determination to be good partners – it is lean and focused in recognition of the economy. It reflects our commitment to fiscal prudence while making the case for preserving and enhancing quality.
- ✓ **The state of Georgia has developed one of this nation’s very best higher education systems.**
 - Our national reputation for excellence continues to shine bright. Both Georgia Tech and UGA were ranked this year by U.S. News & World Report as the 9th and 18th best public universities in America, respectively. For Tech – that’s a jump of one spot from last year.
 - In the area of research, led by our four research universities, the System had a record \$795 million in grants and contracts for FY02 – an increase of 15.8 percent over the previous fiscal year. As you are aware, research funds are earmarked dollars.
- ✓ **I cannot stress too strongly that the outstanding quality that has been built over time must not be torn down in just two or three years.** Higher education is a reputation-driven industry. So far, our reputation is still intact.
- ✓ **Our system is the economic engine that can be a significant factor as we work together to revive this state’s economy.**
 - Finally, our focus on the budget is not about dollars for dollars sake. It is, ultimately, about students.
 - And on this front, the past year has been a standout.
- ✓ As I mentioned, **our fall 2002 headcount enrollment is 233,098 students – an increase of 7.1 percent over the fall 2001 total of 217,546. This is an all-time high for the System.**
 - On almost every campus, we are serving more students.
- ✓ **Even more impressive than the enrollment jump is the 8.2 percent increase in Full Time Equivalent Enrollment. In other words, more students are going full-time and more students are taking larger loads. That’s the highest full-time enrollment in the System’s history.**

- All of this increase is not only due to more students coming, but also to a record retention rate, which is one of our goals in the Strategic Plan.
- ✓ **The retention rate of first-time, full-time freshmen from fall of 2001 to fall of 2002 is at the highest rate ever recorded in the System’s history.**
- Even as student numbers increase, right in lock step we continue to see an increase in the quality of our incoming freshmen.
- ✓ **Our first-time, full-time freshmen in fall 2002 set another record for average SAT scores with a 1030 average, up from 1026 in the fall of 2001. This keeps our System average above the national average. Twelve University System institutions had an average SAT score above 1000.**
- ✓ **By the way, we expect significant increases in enrollment to continue for another eight to ten years.** With all of this enrollment growth, our challenge is to manage these increases well and be prepared.
- Radio commentator Paul Harvey is legendary across this nation. For decades, he’s been on the air with his trademark, “and now for the rest of the story.”
- It’s the “rest of the story” that often digs behind the surface and gets to the heart of the tale.
- Permit me to play Paul Harvey and give you “the rest of the story.”
- We all know the facts and figures as they relate to the current economic situation and the state’s budget.
- And we all know the many tools most businesses have available to cope with a recession.
- When times get tough and demand decreases, you pull back. Any company that offers a service or makes a product can reduce spending when demand on the company’s products and services decreases, unless they have an incredible reserve.
- But the rules work exactly the opposite for higher education. When the economy is down, it’s very difficult for higher education to respond by reducing our services. That’s because a down economy actually increases – not decreases – the demand for what we offer.
- It’s harder to get jobs or better jobs. This is when people go back to college – to prepare, to acquire skills, to better their prospects, or simply to wait for better times. We are the place people go when times are tough. That’s one key aspect of the “economic engine” I mentioned earlier.
- In addition, there are more students available for higher education.
- Our primary asset is people. It is the people in the System that are the true “intellectual capital” that gives us value – and that gives increased value to all those students who’ve been showing up on our campuses over the past two years as the economy worsened.
- ✓ **So it’s very difficult to cut back on this asset – our people – at the very time the demand for our services is booming.** And as you heard in those enrollment numbers – it is booming.
- ✓ **That’s why we don’t have the ability to use the tools at hand as effectively as other businesses to cope with economic hard times.**

- ✓ **To do so without regard to our students would deal this state and its prospects for economic recovery a severe blow.**
- Our funding formula is, by design, based upon a two-year lag.
- In other words, the recommendations for FY04 are based upon student numbers that are two years old – and which do not reflect two years of significant growth in enrollment.
- Yet the FY04 recommendation is a cut in dollars. The dollars available don't even cover our needs for the student numbers on which they are based, much less the students actually on our campuses today.
- To put this in perspective, we added the equivalent of another Georgia Tech this past fall.
- ✓ **The gap between the dollars needed to serve students and the number of students just keeps widening. Taking poetic license, if in 2001 we had \$100 to feed 100 students, today we have only \$90 to feed 113 students.**
- So how do we achieve this?
- You know I talked about quality earlier. I demonstrated improvements in the quality of our entering students, in our retention rates, in some national rankings.
- Today that quality is being threatened.
- Now “quality” can be a vague term. How do you define it? Let me give you a few examples from our institutions on the impact of budget cuts on quality.
- ✓ **At the University of Georgia, to date cuts have meant 342 faculty positions have been kept vacant. Georgia Tech's student/faculty ratio increased from 19.9 in fall 1998 to 21.9 in fall 2002.**
- At Georgia Southern, reductions have meant the loss of 24 full-time faculty positions and 35 staff positions. This is happening at all of our institutions and it means larger class sizes, the cancellation of some classes, fewer sections, and increased case loads for financial aid counselors and academic advisors. Compliance with federal and state requirements regarding student disability accommodations is in jeopardy, for example.
- At Middle Georgia College, 16 positions are either being held vacant or filled with interim appointments. Two of these key positions are the directors of the Dublin Campus and of Continuing Education, a major initiative area in our Strategic Plan.
- These are just examples from four of our 34 institutions. And they represent actions to date – not what would need to happen if there are additional cuts.
- ✓ **Across the System we are serving more students with part-time instructors instead of full professors. More graduate assistants are in key roles. Class sizes are much larger in many cases. Some classes are not available, so access is reduced.**
- ✓ **All of this is in the exact opposite direction of where we are trying to go as a System.**
- All of these items have a cumulative impact on quality.
- And quite frankly these have an impact on student debt as it takes longer for many students to graduate.

- And this is the heart of the story – the rest of the story. It means that we are coming very close to the point where what you have so carefully built in terms of one of this nation’s outstanding systems of public higher education will be compromised.
- We all share the same goals – we want to serve this state and its people well, and with quality and excellence.
- ✓ **Governor Perdue has stated that education is the “cornerstone of economic development.”**
- I share that belief – and I know you do as well.
- We need to be aware of how we chip away at that cornerstone.
- I understand all too well the economic realities. I understand the very difficult decisions each of you have to make. There are many very worthy priorities.
- But I cannot evade my responsibility to you to lay out an honest picture – to give you full information as you make your decisions. That’s why I wanted to take a moment to give you “the rest of the story.”
- I will now turn to the FY03 Amended recommendations and then move to the FY04 recommendations. Mr. Chairman, I would like to discuss the capital recommendations at one time. They are divided between the FY03 Amended and FY04, so I will save my comments on capital until the end of the presentation, and discuss both budget recommendations together.

FY03 Amended

- Let me review the budget situation as it currently stands with our FY03 budget.
- Here is the timeline on the cuts. It is very important to follow this process. This unfolded as follows:
- In November of 2001, we were told to plan for a 5 percent cut totaling \$106.8 million in the upcoming FY03 budget.
- In February of 2002, during the legislative session on the FY03 budget, we were told to prepare an additional .86 percent cut, or \$13.9 million.
- Both of these cuts were for the total budget – which included instruction.
- These first two cuts in the FY03 budget were dealt with in the 2002 legislative session and took effect at the beginning of the fiscal year, on July 1, 2002.
- Then in May of 2002, we were asked to holdback an additional 1 percent in the FY03 budget, or \$9.1 million, with instruction exempted.
- In August of 2002, we were asked to hold back an additional 2 percent, or \$18.2 million – again, instruction was exempted.
- And in November of 2002, we were asked to hold back another 2 percent or \$34 million of the total budget.
- These last three holdbacks will be dealt with in this session during your discussions on the FY03 Amended Budget.

- ✓ Let me summarize the total impact of these five cuts or holdbacks. **While we were fortunate and thankful to receive funding for Fiscal Year 2003 for critical areas such as enrollment growth, health insurance and merit salary increases, at the same time, our cuts total \$184 million. That's 10.6 percent in our state funding.**
- ✓ Let there be no mistake. **Your University System is operating on less money today than a year ago. We are experiencing cuts like every other state agency.**
 - Now, please turn to the FY 03 Amended "A" budget on the tracking sheets, page 42.
 - The last three holdbacks just outlined are formalized on the tracking sheets as items #1-#4.
 - Item #5 is the Governor's recommendation of \$4 million for health insurance costs due to premium increases.
 - During the past two years the Board of Regents has taken steps to reduce and control costs associated with its health insurance programs.
- ✓ Despite these changes and successful negotiation of favorable administrative contracts, the Board's health insurance programs have not escaped a national trend of increasing costs. **The Governor's recommendation will cover around 57 percent of the projected increase in health insurance premiums for the current fiscal year. That means our institutions will have to find the remaining \$3 million within their existing budgets to pay the employer share of these premiums.**
 - Item #6: \$100,000 to provide funds to maintain the Tift College Campus.
 - Item #7 relates to funding for the data warehouse. The Governor has recommended dollars for this effort be drawn from the Education, Technology and Construction Trust Fund – ETACT. ETACT funds are from the Lottery.
 - For the past year, the University System has been developing a data warehouse to capture financial data to meet both Regents and state of Georgia reporting requirements. This is an important accountability tool.
- ✓ **This past fall, as part of this project, we debuted online "USG by the Numbers," a website which provides the general public access to University System data and select groups access to financial data as well as management tools.**
 - As demands for University System data from various agencies and individuals increase, the data warehouse and USG by the Numbers must expand. Additional hardware and software is needed to meet further project expansion.
 - I must mention some items requested by the Regents that the Governor was not able to recommend.
 - One of our outstanding public/private partnership programs, Eminent Scholars, was not recommended for funding. Private sector businesses and individuals contribute a partial endowment, to be matched by the state, for a top quality faculty scholar in a field of particular interest.
- ✓ **The Eminent Scholars program currently has a backlog of 17 positions at nine campuses around the state of at least \$10 million in private commitments waiting for the state match of \$7 million. The**

institutions involved are: Dalton State, Georgia Tech, Georgia State, UGA, Georgia Southern, Kennesaw State, Columbus State, Georgia College, and Valdosta State.

- ✓ **Eminent scholar positions draw some of the world’s top faculty to Georgia – and along with them come federal and private research grant funding, and often existing or new support businesses for their research. This means economic growth for Georgia.**
- To date there have been 77 eminent scholars named through the program – 30 funded through the state and 47 through the Georgia Research Alliance.
- ✓ **The Regents requested a total of \$5 million which was not recommended to cover increased employer share costs for life insurance premiums and optional retirement plan rates. These bills will need to be paid from the institutions existing budgets. Frankly, zero funding for health benefits represents an unfunded mandate on our institutions.**
- ✓ **\$4.5 million was requested but not recommended for much needed updates in technology and building renovations for the Georgia Public Library System.**
- ✓ **And a \$1.17 million request for the statewide Public Information Network for Electronic Services (PINES) computer program that serves 247 public libraries was not recommended. PINES is unique in the nation in moving toward a state-wide library card and collections for all Georgia residents.**
- ✓ **\$115,000 was requested but not recommended for the popular GALILEO statewide electronic library. Without this funding, some databases will have to be eliminated for GALILEO users, including K-12 schools, DTAE, and public libraries.**
- Let’s now review the FY03 Amended “B” unit recommendations, which are on page 43.
- First note that all the recommendations are reductions.
- Items #1 and #2 pertain to the 5 percent budget reductions for each of the “B” units, totaling \$11.9 million.
- Item #3 pertains to a rent increase from the Georgia Building Authority and that amount (which is not indicated on your tracking sheet) is \$13,082.
- Item #4 is a reduction in funding for specific library construction projects by the amount of the local contributions from the counties in which these projects are located. This totals \$516,250.
- Let me turn to Lottery funds recommended by the Governor under the FY03 Amended. These items are on page 44.

- ✓ **Let me call to your attention that the Governor has not recommended any Lottery funding in the FY04 budget. While I understand his desire to fund only pre-K and HOPE Scholarship, the projects that have been funded through Lottery funds in the University System budget will have to be funded through internal sources. These include efforts like GALILEO, ETACT, and Connecting Students and Services.**

- Page 44, item #1: the Governor has recommended \$12 million of the original \$15 million request for the Equipment, Technology and Construction Trust Fund, ETACT. ETACT provides critical funding for the purchase of equipment, installation of infrastructure, renovation and construction of facilities related to technology. And, as I just mentioned, the data warehouse will be funded through ETACT.
- We match ETACT funds on a one-to-one basis with private dollars.
- Item #2: \$2 million to fund distance-learning programs through the Georgia Public Television Commission. Jim Lyle will cover this item during his presentation.
- Item #3a: \$1.5 million for Internet connectivity. Funding will provide better access to University System services such as GALILEO to K-12 schools and the public libraries. Funding also will support security-related network services to our institutions.
- ✓ **Item #3b: The Governor has combined our separate but related Connecting Teachers and Technology and Connecting Students and Services initiatives into a single request -- \$4,070,000. This effort serves to prepare teachers to use technology in the classroom and in student advising and to provide distance education opportunities. It also supports a number of technologies that assist students in the transition from high school to college and in college.**
- ✓ **Let me just note that while we are pleased with this recommendation, it is short of the full proposal. We will lose \$1.3 million, which will impact our service to students.**
- Item #3c: \$1.9 million for GALILEO. These funds are used for database management of this single, automated statewide electronic library. GALILEO provides universal access to materials and information services to all Georgians, not just University System students.
- I will mention one Lottery request which the Governor was not able to recommend. This is a \$180,000 request for the P-16 initiative. Funding would support the Reading Consortium that certifies teachers to strengthen reading programs in the schools. This funding also would support the Leadership Institute. This Institute helps train school leaders and strengthens their ability to support Georgia teachers.
- ✓ **I'm very pleased to report the Governor's recommendation to restore \$25 million in MRR funding. As you will recall, our FY03 budget contained \$56 million for MRR but \$25 million was cut in the FY03 discussions. This recommendation puts back that money that was cut. Every institution will benefit. We are grateful.**
- ✓ **We cannot lose sight of the fact that the Regents are entrusted with more than 3,000 state buildings valued at \$5.8 billion. Twenty percent of these buildings are more than a half-century old. Sixty four percent are more than 25 years old.**
- We pleaded during the last session that this money be restored as you consider the FY03 Amended.

FY04 Budget

- Let me turn to the FY04 recommendations. We will start with the "A" budget, which you can find on page 48.

- Item “a” totals \$42.9 million, and this includes the three percent cut on formula earnings, excluding instruction, as well as a new 3 percent cut on the instruction component of the formula.
 - Items “b,” “c,” and “d” and “f,” “g,” “h,” “i,” and “j” formalize reductions to specific line item units and special funding initiatives. The total of these eight items is \$33.1 million.
 - Item “e” continues the 5 percent cut from FY03 into FY04, along with an additional one percent on special funding initiatives, research consortium and line item “A” units totaling \$30.4 million.
 - These reductions total \$106.4 million.
 - Item “k” is the new money of \$81.5 million to meet enrollment growth.
 - Item “l” -- \$6.7 million, also driven by the formula, is to cover operations and maintenance of our plant as the result of new square footage being added.
 - Both items “k” and “l” are basic to our ability to operate – and truly, truly critical. They are part of that two-year lag that I outlined earlier. These dollars are needed to serve the students on our campuses, in our classrooms today – even though the number of those students today is higher than these formula dollars are intended to support.
 - These two recommendations are the “bread and butter” of our FY04 budget. I urge you to give them the most careful consideration as we work to meet the increased – and still increasing – demand on our services by Georgians.
 - Item “m” transfers \$200,000 for the Water Policy Center faculty from the formula to Special Funding Initiatives.
 - Item “n” totals \$200,000 in funding to maintain the Tift College campus.
 - Item #1 will fund one Georgia Research Alliance eminent scholar. Mike Cassidy will discuss this item on Wednesday.
 - The Regents requested but the Governor was not able to recommend funding in other key areas.
 - One area was a formula driven request for \$2.7 million new dollars for MRR.
 - Another key area relates to health benefits. The Regents requested a total of \$22 million to cover the employer share of rate and premium increases in retirement plans, health insurance and life insurance.
 - Regardless of whether or not these items receive funding, the bills will have to be paid. And our institutions will have to make additional cuts in other areas to meet these obligations.
 - Our Continuing Education Units formula generated an additional \$5.3 million that the Regents requested, but which was not recommended for funding. Once again, we are providing more services to students with fewer dollars.
- ✓ **What’s the bottom line for the “A” budget?** Let me ask you to refer back to page 48. Please note at the top the Fiscal Year 2003 adjusted base of \$1.488 billion. Now look to the bottom of the page and the FY04 base of \$1.470 billion. **We will be operating with record enrollments and less dollars in FY04 than in FY03.**

- Now please turn to pages 49 and 50 – which contains FY04 recommendations for the “B” budget.
- Item “a,” #1-18 formalizes the 5 percent reduction on total budget along with an additional 1 percent cut. This totals \$13.7 million.
- Items #21 and #22 are a transfer of operating funds and salaries from the University System to the Department of Agriculture totaling \$394,687.
- Items #23 and #24 are a reduction of funding provided in FY03.
- Item #25 is a \$180,000 cut to the Cooperative Extension Service.
- Item #26 is deals with the Public Libraries. It includes a cut of \$611,185 and provides a population-based formula adjustment of \$502,169 for materials, maintenance and operations.
- After everything is considered, the University System of Georgia will be operating on less dollars in FY04 than in FY03.

Capital Projects

- Finally, let me turn to the Governor’s recommendations for capital projects. Our total capital outlay listed under the Board of Regents is \$157 million, which includes some dollars for other agencies administratively attached to the University System. We are appreciative of these recommendations.
- First, in the FY03 Amended, capital projects can be found on page 57 of the tracking document. These are:
- Item #1a: Georgia College & State University – Old Governor’s Mansion (\$4 million). As you recall, the Woodruff Foundation has provided a \$1.5 million matching grant: \$500,000 of the Woodruff grant will go to a maintenance endowment and the other \$1 million will match the state \$4 million recommendation.
- Item #1b: The Governor’s Traditional Industries Program (\$900,000). This program covers pulp and paper, food processing, and textiles.
- Item #2a: University of Georgia – Coverdell Building (\$8.6 million) As you know, you provided \$1.4 million in design funds for this facility last year.
- Item #2b: This is the \$25 million for MRR discussed earlier.
- Item #2c: Georgia Research Alliance (\$17.5 million). Mike Cassidy will discuss.
- Item #3: Georgia Public Television Commission for towers and transmitter – (\$32.12 million). Jim Lyle will discuss this.
- Also included in the FY03 Amended is \$15 million for the bio-containment facility at UGA.
- Now turn to the FY04 Capital recommendations. These are on page 66 of your tracking sheets.
- Item #4: the Governor is recommending \$5 million in funds for equipment for seven previously funded major projects. These projects are:

- #4a: Macon State College – the Nursing, Health Science and Outreach Complex (\$1.33 million);
- #4b: Abraham Baldwin Agricultural College – the Ag. Sciences Building (\$400,000);
- #4c: Darton College – the Physical Education Building (\$110,00);
- #4d: Georgia Southwestern State University – the HPE Recreation, Athletic and Student Success Center (\$935,000);
- #4e: Kennesaw State University – the Classroom and Convocation Center (\$350,000);
- #4f: Augusta State University – the Classroom Replacement Phase II building (\$1.64 million); and
- #4g: Coastal Georgia Community College – Camden Center. This center is the first planned joint delivery of technical education and associate’s degree programs by DTAE and the Regents through Coastal Georgia Community College. This is for science lab equipment, furnishings and other costs. (\$275,000).
- However, we requested \$683,000, the amount actually needed to furnish this new facility.
- Another major project that lacks equipment funds is Floyd College – the Bartow Center (\$1.47 million). Although you will not see this on your tracking sheets, the Governor has authorized the Georgia State Finance and Investment Commission to sweep the needed dollars from unspent funds in projects.
- Item #5 is for design funds for two projects on the Regents’ major capital priority list:
 - #5a: the University of Georgia – Phase III of the School of Art (\$2.5 million) -- number 5 on the list; and
 - #5b: Georgia College & State University – renovation of Parks Nursing/Health Science (\$600,000), number 6 on the regents list.
- Please note that projects number 2, 3 and 4 on the Regents’ Major Capital Outlay List have already been designed and await construction funds. These are:
 - Kennesaw State University – Social Science Building (\$28.1 million);
 - Georgia Perimeter College – Student Center (\$6.7 million); and
 - Middle Georgia College – campus loop utilities upgrade (\$16.3 million).
- In terms of new construction, the Governor has recommended the following projects, which are under item #6:
 - #6a: Georgia Southern University – Henderson Library (\$20,495,000). This is ranked number one on the Regents’ Major Capital Outlay List;
 - ✓ #6b: the Medical College of Georgia Cancer Research Center (\$8.6 million). **MCG is the state’s only public academic medical center. MCG is on a fast track to become nationally recognized for its research and extraordinary health care. I’m pleased and excited about the progress being made under President Dan Rahn.**
 - #6c deals with MRR funding -- a critical issue for all of us who are stewards of the thousands of facilities in the University System.

- As we have discussed, there were significant cuts to MRR funding in the FY03 budget. These cuts have long-term impacts. Repairing a leaky roof today ultimately costs far less than replacing an entire roof tomorrow.
- The recommendation of \$32 million in the FY04 budget for MRR is vital – but I cannot state forcefully enough that it is far short of what is needed to keep our physical plant in proper repair and operating condition.
- I urge your close attention to MRR. It is critical to the System – and to our ability to be good stewards of the facilities with which the citizens of this state have entrusted us.
- ✓ **Ladies and gentlemen, you haven't heard us whine or grouse around about our cuts. We are big boys and girls. We understand the situation. However, there is a price for the state and its students to pay when we consider cutting back a system that is a national leader.**
- The core of our mission of teaching, research and service to this state must be protected from further erosion.
- I have preached to our presidents the need to be focused.
- ✓ **To summarize, our priorities** in these budget discussions on both the FY03 Amended and FY04 budgets are:
- ✓ **Funding the formula to keep that gap between the dollars needed and the record number of students we are serving to a minimum;**
- ✓ **Providing the dollars to maintain the state's \$5.8 billion investment in facilities;**
- ✓ **Securing the dollars required to maintain health benefits for 35,000 employees; and**
- ✓ **Providing new facilities needed to serve the growing enrollments and increasing demands on our services.**
- It is important we keep the momentum of this historic investment in public higher education.
- It's important we don't lose sight of our long-term goal during this current fiscal year – to create a more educated Georgia.
- We want to serve more students. We want to serve business and industry. We want to excel and expand the kind of research that brings new products, new jobs and new businesses to Georgians. We want to expand our public service efforts to reach more Georgians.
- All of these worthy objectives will help create safer, healthier and more educated Georgia that is growing.
- ✓ **Great leadership rises to the top during the most difficult times. We are fortunate to have outstanding regents and presidents during this time. We are equally blessed to have a competent legislature and governor as well. We stand ready to partner with you to help our state through these difficult times.**
- Thank you and I'm open for your questions.

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