



LEGISLATIVE UPDATE

A Briefing for Faculty & Staff of the University System of Georgia No. 6, February 16, 2009

“Creating a More Educated Georgia”

Shelley Nickel Addresses Senate Committee on Stimulus Priorities

On Feb. 12, *Shelley Nickel*, the University System of Georgia (USG) associate vice chancellor for planning and implementation, accepted an invitation from Sen. Robert Brown to address his Special Committee on Stimulus Priorities, which had posed some questions to University System officials about how the USG is handling the economic crisis. President Barack Obama’s \$787 billion stimulus bill passed the House and Senate the

following day, and Obama signed it into law today. State and Board of Regents officials are working to determine the net effect of the bill on Georgia and the University System. Here are some excerpts from her remarks:



Nickel

Q: Has the economic crisis increased the need for your services?

Yes, this has created tremendous challenges for us, because higher education is unlike most businesses. When the economy is in recession, businesses see a lowered demand for goods and services and can cut production and costs, but we are just the opposite – instead of demand for our product decreasing with the economic downturn, it is exploding.

We were already growing as we added 10,000 students last year [Fall 2007], and this year [Fall 2008] we’ve added another 13,000. This past fall, we had a record enrollment of 283,000 students, and it looks like we will have about a 5 percent increase in students this spring over last spring.

We are now serving 23,000 additional students who are not yet reflected in our funding formula. We are doing more ... with less.

Our presidents have been asked to and have complied with a reduction in their budgets of almost 10 percent while simultaneously increasing their enrollment by upwards of 10 percent. Long story short, between fall 2000 and fall 2008, we grew by 79,172 students, while our net flexible funds decreased by \$87 million.

Resolution Creates Study Committee on Savannah/Albany Mergers Issue

Sen. Seth Harp, chair of the Senate Committee on Higher Education, and Sen. Emanuel Jones have co-authored a resolution that would create a Study Committee on Consolidation of Institutions of Higher Education.

If approved, the committee would explore a recent proposal to merge *Savannah State University* with *Armstrong Atlantic State University* (retaining Savannah State as the name) and *Albany State University* with *Darton College* (retaining Albany State as the name). This proposal was the basis for Harp’s Senate Resolution 84, which he has now tabled.

The Senate Committee on Higher Education favorably reported Senate Resolution 140, the study-committee legislation, on Feb. 12, and it is now before the Senate Rules Committee.

The study committee is to be made up of three members of the Senate and four members of the general public appointed by the president of the Senate, who will include a member of the Georgia Legislative Black Caucus Committee on Education. The resolution designates the chair of the Senate Committee on Higher Education (Harp) as the study committee’s chair. 🏛️

Nickel

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Q: Have your objectives and methods been altered by the recession?

Yes. For the current fiscal year, we have seen reductions of \$219 million for the University System. That's a 9.5 percent cut to our budgets that we already have taken. We have 1,337 vacant positions that have not been filled on a permanent basis – 505 of these are for faculty. We have increased the number of part-time faculty (from 33 percent to 41 percent) as a result of budget cuts going back to 2002. And we have laid off 62 employees.

We have also made some internal changes to make our System more efficient to support these thousands of additional students who are not supported through the funding formula. For example, we are combining back-office functions across our 35-campus System and capturing those administrative efficiencies.

The January revenue figures for the state – down 14.3 percent or \$262 million – indicate the Governor and General Assembly have some very tough new decisions to make. We can expect additional austerity cuts – on top of the 9.5 percent I mentioned. And looking ahead for the upcoming fiscal year, we will see a continuation – and an increase – in our reductions, just as demand continues to explode.

For FY10, from a FY09 base of \$2.3 billion, we are seeing reductions of \$249.9 million, or 10.8 percent in the Governor's recommendations – and potentially greater cuts.

But at some point, without sufficient resources, we will have to weigh quantity against quality. And I am certain you will want a quality University System.

Q: If federal stimulus funds become available, how will you utilize the funds?

We are still uncertain if the final package includes funding for capital outlay. If it does, we have a very substantial list of renovations, repairs and projects that will make our buildings

more energy efficient. Also from the information we have now, it appears that the stabilization fund is focused mainly on K-12 – backfilling some of the budget cuts there. If there is funding available for higher education, we believe it will be allocated back to our funding formula, to help us manage our increasing enrollments.

We are also looking to enhance some research capabilities at our research universities. The stimulus package includes \$15 billion to intensify research in energy efficiency, biomedicine (cancer, Parkinson's disease, heart disease) and innovation and manufacturing. We will diligently pursue these new research grants following the processes set up by the National Institutes of Health, the National Science Foundation and the Department of Energy.

In addition, there are opportunities to increase the number of quality teachers and healthcare workers for the state. We will have several proposals on this front that will focus on people who may have lost their jobs or want to move to the next level in their careers (for example, paraprofessionals to teachers, business people to teachers).

We hope to see our students stay in school with an increase in the Pell grant, more funding for work-study programs, and the tax credit for education all included in the compromise bill. We serve a diverse population of students, and these items will allow some of our financially stressed students to remain in school.

Q: If the funding does not become available, what will be the impact on your students?

The federal stimulus package does not appear to hold any magic wand to fill our budget hole. If it does not help us much, we will have to balance our growth with shrinking resources.

We understand the need to be as efficient as possible in the current budget climate. Our focus will always remain on the student. We have to produce Georgia's next generation of leaders, farmers, teachers, doctors, nurses and business professionals – all of whom will serve this state. That is our ultimate purpose – educating and preparing Georgia's next generation of leaders. 🏠