



LEGISLATIVE UPDATE

A Briefing for Faculty & Staff of the University System of Georgia No. 14, April 18, 2008

“Creating a More Educated Georgia”

Bills on USG’s Retirement Plan, Carrying Forward Tuition Funds Await Governor’s Signature

Here are some of the numerous pieces of legislation passed during the final days of the 2008 session of the Georgia General Assembly that now await the signature of Gov. Sonny Perdue, who has until May 14 to sign them into law:

University System of Georgia Legislation

House Bill 815 (the Board of Regents Optional Retirement Plan)

Sponsor: Rep. Carl Rogers of Gainesville; carried by Sen. Seth Harp of Midland in the Senate

In a nutshell:

- ◆ Effective July 1, 2008, the Board of Regents will be authorized to set contribution rates for its Optional Retirement Plan (ORP) that clearly distinguish between the components of the Defined Benefit Plan and the Defined Contribution Plan.
- ◆ This legislation allows the Board of Regents to set the employer contribution rate instead of the Teachers Retirement System (TRS) of Georgia. However, the regents must consult with the state auditor’s office and state accounting officer in setting the rate.
- ◆ The bill uses the federal definition of full-time employee to clarify who can participate in the 401(a) plan.
- ◆ This legislation does not contain a provision allowing TRS members to switch to the ORP or vice versa.



House Bill 1183 (Tuition Carry Forward)

Sponsor: Rep. Bob Smith of Watkinsville; carried by Sen. Bill Cowser of Athens in the Senate

In a nutshell:

- ◆ This legislation permits the Board of Regents to carry forward from one year to the next up to 3 percent of the annual tuition revenues collected in any given year.
- ◆ The ability to carry forward tuition funds is an essential component of the University System’s “Fixed-for-Four” tuition plan.
- ◆ Without the flexibility of carry-forward legislation, the USG will not be able to match revenues with anticipated expenditures.
- ◆ Under the “Fixed-for-Four” plan, the tuition for Fiscal Year 2008 is set at a fixed rate that does not change for the four years it is guaranteed. The fixed tuition rate is higher than the “normal” (non-guaranteed) tuition rate in years 1 and 2, and less than the “normal” tuition rate in years 3 and 4. The regents need the ability to carry forward the “accelerated” revenue from years 1 and 2 into years 3 and 4 in order to provide the 25 percent match required by the state to cover cost increases related to health insurance premiums, utilities, salary increases, etc.

See “Bills,” Page 2 ...

Bills Awaiting Governor's Signature

Continued from Page 1...

- ◆ This legislation contains a “sunset” provision of June 30, 2010, on the carrying forward of tuition revenues, so University System officials will have to pursue passage of this legislation again in 2010 in order to retain the ability to carry revenue forward.
- ◆ The sunset provision also applies to revenue collected by USG and Department of Technical and Adult Education (DTAE) institutions from departmental sales or services, continuing education fees, technology fees or indirect cost recoveries.
- ◆ The bill also allows the University System to write off small amounts – \$100 to \$3,000 – which have been deemed not collectible. This relates primarily to student receivables and will have no fiscal impact on the State.
- ◆ The current law governing these matters expires June 30, 2008.

Other Legislation of Interest

Senate Bill 492

Sponsor: Sen. John Buloch of Ochlocknee

In a nutshell:

This bill was intended to add the Florida Council of Independent Schools as an accrediting entity to the definition of the term eligible high schools in relation to HOPE. By the end of the session, the following provisions had been added to the underlying legislation:

- ◆ the classification of which students qualify for “in state” tuition rates;
- ◆ the revision of the criteria for non-Georgia high school graduates who wish to obtain HOPE Scholarships from a waiting period of 12 months to two years;
- ◆ the addition of earlier checkpoints for certain students with HOPE Scholarships; and
- ◆ the establishment of a dual enrollment cap for the technical colleges and technical programs.

Senate Bills 434 and SB 435

Sponsor: Sen. Seth Harp of Midland

In a nutshell:

This legislation officially changes the name of the Department of Technical and Adult Education (DTAE) to the Technical College System of Georgia (TCSG). The agency has already begun using this new name. 🏛️