



LEGISLATIVE UPDATE

A Briefing for Faculty & Staff of the University System of Georgia No. 8, March 10, 2005

“Creating a More Educated Georgia”

Budget Update: FY05 Amended Approved by House and Senate House Version of FY06 Adopted -- Budget Moves to Senate

The budget process continues move forward with, at this writing, 12 days left on the legislative calendar for the current session. This issue of Legislative Update looks at the FY05 Amended and FY06 Budget.

FY05 Amended

The House and Senate have approved the FY05 Amended Budget, which has a number of positive items for the University System. The Amended Budget includes the following items of interest to the System:

- ◆ The full \$9.4 million in re-appropriated lapsed

- funds;
- ◆ \$175,000 originally added by the House for the Carl Vinson Institute at the *University of Georgia*;
- ◆ \$500,000 added by the House/Senate Conference Committee for the Georgia Tech Research Institute to correct a calculation error associated with the payroll shift;
- ◆ The next four projects on the Major Capital Outlay List were earmarked by the Conference Committee for design funds. These are:
- ◆ *Macon State College* – Professional Sciences

- Center;
- ◆ *Fort Valley State University* – Academic Classroom building;
- ◆ *Georgia State University* – Teaching Laboratory building; and
- ◆ *University of Georgia* – College of Pharmacy.

FY06 Budget

The House Appropriations Committee

adopted its version of the FY2006 on March 3, 2005. This also had good news for the University System, as the committee endorsed Gov. Sonny Perdue’s major recommendations. These include:

- ◆ The full \$103.4 million for the formula;
- ◆ \$17.7 million for the two percent merit salary increase, effective Jan. 1, 2006;
- ◆ \$5 million for the *Medical College of Georgia’s* research mission;
- ◆ \$3.9 million added to correct a calculation error at the Georgia Tech Research Institute associated with the payroll shift;
- ◆ Construction funds for the first four projects on the Regents Major Capital Priority List:
 - ◆ *Georgia College & State University* – Parks Nursing/Health Science renovation;
 - ◆ *University of West Georgia* – Health, Wellness and Lifelong Learning Center;
 - ◆ *North Georgia College & State University* –

Library/Technology Center;

- ◆ *Savannah State University* – Academic Classroom building;
- ◆ Construction funds for public libraries in McDonough, Auburn, and Tifton;
- ◆ \$64.5 million in major repair and renovation funds;
- ◆ Design funds for the nanotechnology building at *Georgia Tech*.

In addition to endorsing the Governor’s recommendations for the FY06 Budget, the House Committee made some changes, which include:

- ◆ \$99,409 was restored to the Small Business Development Center;
- ◆ \$60,000 was added for the *UGA* experiment station in Griffin;
- ◆ \$200,000 was added to commission a study by *Georgia Tech* regarding the proposed Beltway project in Fulton County;
- ◆ \$375,000 in funding was eliminated for the Georgia Academy of Math, Engineering

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House Moves to Merge USG Health Plan with State Plan

In the Department of Community Health section of the budget, the House expressed its view that the Board of Regents health benefit plan should be combined with the State health benefit plan. This issue has been studied by outside consultants as recently as 2004, who reported no benefit to combining the two health plans. System officials are working to inform members of the House and the Senate of the importance of the Board of Regents health benefit plan to the 90,000 covered employees, spouses, dependents, and retirees.

Legislative Alert:

Senate Bill 250 Imperils Public-Private Partnerships

University System officials have been working to have the Georgia Education Authority (University), or GEA(U), reactivated by the General Assembly.

Revenue bonds issued through GEA(U) would provide an additional tool to help meet the system-wide need for new and renovated facilities.

This would especially benefit smaller University System institutions, which have difficulty going to the bond market on their own for projects.

The reactivation of GEA(U) also would enable the University System to package bonds

from several institutions in a single bond issue, thus reducing costs associated with issuing bonds and improving the interest rate that could be obtained.

Senate Bill 250 has been introduced and would effect the reactivation of GEA(U). As of press time, the bill is pending before the Senate Rules Committee.

This is not the version of the GEA(U) bill proposed and supported by the University System. As currently written, SB250 would adversely affect the strong public-private partnership approach that has developed between Insti-

tutional foundations, the System and the private sector in terms of providing needed facilities in a timely manner.

The future ability of the System to meet the needs of rising student enrollment with critical student support facilities such as privatized housing projects, student centers and parking decks would be jeopardized with passage of SB250.

The University System Office and Chancellor Thomas Meredith are working with the Governor's office and individual legislators to explain the System's position, the consequences of the bill's passage in its

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current form, and to seek to amend the bill.

Institutional presidents, chief facilities officers and chief business officers will be kept informed on the progress of this legislation. 🏠

Proposed Legislation Would Prohibit Use of Lottery Funds for Construction

Senate Bill 179 and an accompanying Senate Resolution 160 have been introduced to remove capital outlay projects from inclusion in the educational purposes and programs for which lottery proceeds may be used.

If passed, the legislation would amend the Official Code of Georgia and prohibit any use of lottery funds by the State Board of Education, the Department of Technical and Adult Education and the University System of

Georgia for the purchase of land, structures and buildings or the construction or renovation of any facilities.

The proposed legislation reflects the General Assembly's continuing efforts to review how HOPE funding is utilized and to ensure adequate future funding for the popular merit-based scholarship program.

Senators **Bill Hamrick** and **Brian Kemp** introduced the legislation. 🏠

Budget Update

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- ◆ The System's base budget was reduced by \$1.9 million;
- ◆ Construction funds were added for public library projects in Gilmar and Hall counties;
- ◆ Construction funds were added for a new dining facility at Rock Eagle 4H camp;
- ◆ Construction funds were added for six minor capital projects at *Georgia Southern University, Waycross*

College, Georgia Tech, Kennesaw State University, Medical College of Georgia, and Gainesville College.

Next steps

The General Assembly has been in recess this week and the Senate has been working on its version of the budget during this period. The Senate Appropriations Committee is scheduled to meet on March 11. 🏠