



LEGISLATIVE UPDATE

A Briefing for Faculty & Staff of the University System of Georgia No. 8, February 27, 2006

“Creating a More Educated Georgia”

‘Carry Forward’ Bill Carries Great Benefits for Fiscal Planning

University System of Georgia leaders are keeping a close eye on a bill that would extend the benefits afforded by prior legislation which has helped USG institutions to greatly improve fiscal management, planning and the use of resources.

Key administrators from the University System Office worked with the Office of the Governor to develop House Bill 1294, sponsored by Rep. Bob Smith, chair of the House Appropriations Sub-Committee on Higher Education. The bill currently awaits scheduling by the House Rules Committee for a floor vote.

Legislation passed in 2003 – and known at that time as Senate Bill 73 – “has been enormously beneficial to USG institutions,” according to **William R. Bowes**, vice chancellor for fiscal affairs. However, the bill included a “sunset” provision

automatically repealing the law on June 30, 2006.

Senate Bill 73 had the following effects on the University System of Georgia:

- ◆ It allowed the Board of Regents’ to increase its capitalization threshold for equipment – the minimum value of equipment on which inventories must be kept – from \$1,000 to \$3,000;
- ◆ It increased maximum accounts receivable write-off requirements from \$100 to \$3,000; and
- ◆ It allowed the University System to carry forward certain unexpended funds, such as continuing education and technology fee revenues, rather than have them automatically lapse.

“Allowing these revenues to be carried forward has markedly enhanced the ability of USG institutions to plan for their use

and provided us with the ability to reserve funds for larger future year purchases,” Bowes said. “It also has eliminated last-minute spending.”

Bowes noted that since passage of the legislation, the Board of Regents has established guidelines tightening controls on the use of non-lapsing funds and procedures for collecting unpaid debts.

The proposed legislation now under consideration extends the sunset provision on SB 73 by two more years, to June 30, 2008. It also seeks to expand the non-lapsing provision to include the University System’s non-state funding revenue sources, by broadening the definition of continuing education fees to include departmental sales and services.

Bowes noted that the state of Georgia is among the few states that do not allow tuition and other non-state revenues (i.e.,

non-tax revenues) to be carried forward.

“This legislation will improve the University System’s efficiency and cost-effectiveness by eliminating wasteful year-end processes designed to expend remaining resources,” he said. “This is consistent with the Governor’s objectives to make Georgia the best managed state in the country.”

SB 73 applied only to the University System when it was approved in 2003. However, during the 2004 legislative session, the General Assembly extended the law’s provisions concerning accounts receivable write-offs to the Department of Technical and Adult Education (DTAE). The proposed legislation would extend SB 73’s non-lapsing funds and capitalization-threshold features to DTAE, which has similar revenue sources and needs. 🏛️