



LEGISLATIVE UPDATE

A Briefing for Faculty & Staff of the University System of Georgia No. 12, April 3, 2006

“Creating a More Educated Georgia”

Perdue, General Assembly Support USG With Record Budget Appropriation \$6.6M Increase Includes 4 Percent Average Merit Increases

When the Georgia General Assembly adopted the Fiscal Year 2007 Budget during the final hours of its 2006 legislative session last Thursday, the University System of Georgia (USG) had several reasons to cheer:

- ◆ The \$1,932,973,502 appropriated for the state’s public higher-education system is the largest allocation the USG has ever received;
- ◆ The 6.6 percent increase over the FY06 allocation is the second consecutive significant budget increase;
- ◆ The University System’s percentage of the total state budget rose from 11 percent to 11.5 percent; and
- ◆ The 4 percent merit salary increases for USG employees included in the budget is the largest pay raise received in five years.

“Gov. Sonny Perdue and the General Assembly deserve

our sincere appreciation for their strong support of our legislative and budget priorities,” Chancellor Erroll B. Davis Jr. said. “As a result, the University System of Georgia will have approximately \$120 million more dollars to put to work in the coming year than we did in FY06.”

Davis also expressed his thanks for the collective efforts of University System faculty, staff and administrators who contributed to the overall success of the legislative session.

FY07 Highlights

Salary Increase

The legislature appropriated \$47 million to give the state’s teachers – including USG faculty, staff and administrators – a 4 percent average merit salary increase. For the past two legislative sessions, average salary increases have been limited to 2 percent, so

The \$1.93B appropriation increases the University System’s portion of the overall state budget from 11 percent to 11.5 percent.

4 percent represents a significant improvement.

Formula funds

Lawmakers appropriated \$31.4 million to cover the USG’s enrollment growth (credit-hour increase), \$6.27 million in Maintenance and Operations (M&O) funding, and \$5.9 million to cover recent increases in the employer portion of health insurance premiums. The General Assembly also set aside \$3.8 million to fund USG retirees’ fringe benefits, \$5.5 million to cover electrical rate increases.

The grand total of new formula funds in the FY07 Budget is \$53 million.

Capital Outlay

The University System received \$240.2 million in FY07 funds for capital outlay. This represents 25

percent of the state’s general obligation debt for FY07 and includes \$75.5 million for major capital projects, \$82.1 million for minor projects, \$19 million for other projects such as the Georgia Research Alliance, \$2.9 million for public library projects and \$60 million in Maintenance, Repair and Renovation (MRR) funds.

Chancellor Davis issued a reminder that the budget is not yet set in stone. “House Bill 1027 now awaits the Governor’s signature,” he said. “The budget is not final until it has been approved by the Governor.”

Details of budget actions taken by the legislature regarding specific programs and projects will be provided in a session wrap-up in next week’s *Legislative Update*. 🏠