



LEGISLATIVE UPDATE

A Briefing for Faculty & Staff of the University System of Georgia No. 13, April 12, 2006

“Creating a More Educated Georgia”

A Closer Look at the FY07 Budget

As the dust slowly settled following the Georgia General Assembly’s “sine die” adjournment, those who have had the heaviest involvement in the legislature’s day-to-day deliberations regarding the University System of Georgia’s (USG) budget expressed satisfaction.

“This was a very good legislative session for the University System,” said **Thomas E. Daniel**, senior vice chancellor for external activities and facilities. “We received the largest allocation of state funds we’ve ever received in the Fiscal Year 2007 Budget. The General Assembly’s allocation to us of

\$1.93 billion represents a 6.6% increase – or \$120 million more than we received in FY06.”

What’s more, if you add the FY06 Amended Budget to the equation, the total amount of state funding received for the University System’s general-obligations projects tops \$310 million, or 27.5 percent of the state’s general-obligation debt, said Assistant Vice Chancellor for Fiscal Affairs **Usha Ramachandran**.

“This was definitely an ‘up’ session for the University System,” she said. “There is a great deal to be pleased about.”

Among the highlights of the FY07 Budget the legislature funded a 4 percent average merit salary increase for USG employees. They also provided funding to cover the System’s enrollment growth, Maintenance, Repair and Renovation (MRR) costs, and a variety of programs and projects.

Enhancements

Under mission-related initiatives, the General Assembly set aside \$1 million to assist with the start-up of the University System’s 35th institution, **Georgia Gwinnett College**, in Lawrenceville, and \$1.5 million to match federal funds provided to **Fort Valley State University** in its role as a designated 1890 land-grant institution.

To help the System meet the state’s critical needs, legislators appropriated \$1.5 million for **Georgia’s Leadership Institute for School Improvement** and \$27,400 to fund a nurse-educator salary study.

Other Enhancements and Adjustments

In addition, the legislature made the following allocations:

- ◆ \$5 million for the Advanced Technical Development Center’s Seed Capital Fund;
- ◆ \$2 million to provide materials for Georgia’s public libraries; See “Budget,” Page 2 ...

Bill Creating Facilities Authority Approved

The last of the four bills championed by the University System of Georgia during the 2006 legislative session, Senate Bill 562, was adopted by the General Assembly at the end of the 2006 legislative session. The new legislation, which takes effect July 1, will have a tremendous impact helping the University System of Georgia (USG) address its capital needs by creating the Georgia Higher Education Facilities Authority (GHEFA).

The new authority will assist the USG and the Department of Technical and Adult Education with financing for revenue-generating projects such as dormitories, recreation centers and parking decks. The authority will enable pooled financing of multiple small projects under a single bond issue, thus lowering transaction costs and fees.

By spreading financing costs and risk among multiple USG institutions, GHEFA may obtain better financing rates, according to **William Bowes**, the USG’s vice chancellor for fiscal affairs. The new authority will have the power to make and execute contracts and leases. In addition, it will be able to extend credit or make loans to any person, firm, corporation, limited liability company or other type of entity for the planning, design, construction, and acquisition of projects, Bowes said.

Senate Bill 562 established a \$300 million outstanding-debt limit for the GHEFA.

The House of Representatives amended the Senate bill during the last week of the session by adding a provision for additional legislative oversight.

Gov. Sonny Perdue will name three appointees to the authority. The Speaker of the House will appoint a member from DTAE, and the Speaker Pro Tem will appoint a member of the Board of Regents.

Budget

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- ◆ \$1.8 million in worker's compensation funds;
- ◆ \$1 million to provide maintenance and operations funds for the Agricultural Experiment Station and Cooperative Extension;
- ◆ \$900,000 in formula funding for Georgia's public libraries;
- ◆ \$720,000 to cover rent and health insurance for Georgia's public libraries;
- ◆ \$552,800 to correct a previous error in appropriating funds for the budget of the **Georgia Tech Research Institute (GTRI)**
- ◆ \$500,000 for a bio-business incubator at the **Medical College of Georgia**;
- ◆ \$500,000 for UGA's Griffin Extension;
- ◆ \$486,000 to add five county extension agents to the Cooperative Extension;
- ◆ \$406,000 to cover health insurance for program budgets;
- ◆ \$300,000 for various studies by the Agricultural Experiment Station;
- ◆ \$164,700 for the University System Office;

- ◆ \$141,000 to fund a worker safety technology program at GTRI;
- ◆ \$75,000 for Vidalia onion research by the Cooperative Extension Service;
- ◆ \$57,000 to fund a position in the Marine Extension's fishing and shrimping industries program; and
- ◆ \$38,000 for a Fiscal Research Center at **Georgia State University**.

Major Capital Outlay Projects

Georgia State University's Teaching Lab Building received \$37.5 million in bonds, and **Georgia Tech's** Nanotechnology Center, an economic-development initiative, received \$38 million in bonds.

Minor Capital Outlay Projects

The General Assembly funded a total of 20 "minors" projects during the 2006 legislative session, as follows:

Infrastructure

East Georgia College – infrastructure-utilities corridor and road: \$1.4 million;

Coastal Georgia Community College – infrastructure: \$4.7 million;

University of Georgia – campus infrastructure upgrades: \$4.8 million; and

Augusta State University – central energy plant expansion: \$2.8 million.

Renovation/Improvements

Gainesville State College – Student Center renovations and addition: \$5 million;

Kennesaw State University – renovation of Social Science, Library and Wilson buildings: \$4.9 million;

Savannah State University – renovation of historic Hill Hall: \$3.8 million;

North Georgia College & State University – renovation of historic Education Building: \$4.7 million;

University of West Georgia – renovation/addition to Callaway Building: \$4.7 million;

Georgia Southern University – renovation/addition to Foy Fine Arts Annex: \$5 million;

Middle Georgia College – renovation of Dillard Hall: \$4.5 million; and

Georgia Tech – Civil Engineering Building: \$5 million.

New Construction

Skidaway Institute of

Oceanography – Marine Bioscience Research & Instructional Center: \$5 million;

Waycross College – addition to Building A: \$2.3 million;

Armstrong Atlantic State University – addition to Burnett Hall for a Leadership Hall: \$5 million;

Dalton State – new building at Whitfield Career Academy: \$4.65 million;

Georgia College & State University – Herty Hall addition and equipment: \$4.85 million;

University of Georgia – Animal and Dairy Livestock Facility in Oglethorpe County: \$5 million;

Gordon College – Academic Success and Retention Center: \$4 million; and

Darton College – Nursing/Health Sciences Building: \$5 million.

Public Libraries

Last, but not least, legislators added funds for three library construction projects: \$2 million for the Live Oak Public Library in Savannah, \$325,000 for the Mountainview Public Library in Cobb County and \$600,000 for the Chicamauga Public Library in Walker County. 🏠