



LEGISLATIVE UPDATE



A Briefing for Faculty & Staff of the University System of Georgia No. 3, January 22, 2007

“Creating a More Educated Georgia”

Chancellor: Governor’s Budget Recommendations for University System Critical to Meeting Growing Demands for System’s Services

University System of Georgia Chancellor Erroll B. Davis Jr. made his first appearance before the Joint Appropriations Committee on Jan. 17, positioning the Governor’s Fiscal Year 2008 budget recommendations for the USG in terms of the System’s need to keep pace with the tremendous growth in Georgia and within the University System itself.

“The University System is in a needed period of transformation,” he told the legislators. “Our mission has changed, and not everyone has noticed. We must educate more Georgians to higher

levels than in the past because the jobs of the future require a highly educated workforce. Our challenge is to broaden access to our institutions even as we try to keep up with the heightened demand for our services. We have added 60,000 students – the equivalent of a *University of Georgia* and a *Georgia State University* – over the past eight years.”

Keeping pace with growth is one of several challenges facing the Board of Regents if it is to meet its overall goals of admitting, retaining, and graduating more students, Davis told committee members, and the Governor’s

budget recommendations all help to address this need.

Formula Funds

Gov. Sonny Perdue recommended \$80 million to fully fund the University System’s enrollment growth, money that is critical to meeting the resident-instruction operational needs of all 35 USG campuses.

However, Davis pointed out, the funding formula is based in part on credit-hour enrollment figures that are two years old. Therefore, it reflects funding adequate for covering the costs associated with the enrollment that existed two years ago, not today.

For example, Davis said, the System currently is serving 260,000 students with a budget that was based on an enrollment of 250,000 students.

Start-Up Funds for Georgia Gwinnett

The Governor recommended \$10 million in the FY 2008 Budget as a start-up investment for the University System’s newest institution, since *Georgia Gwinnett College* (GGC) had no previous enrollment to generate funding under the formula.

GGC opened its doors in Fall 2006 to a junior class that currently has 118 students. This coming fall, a freshman class will be added, and up to 150 faculty will need to be hired to accommodate this new class. The institution’s enrollment won’t begin generating formula funding until FY 2009.

Davis also noted that GGC needs a library in order to be accredited by the Southern Asso-

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- ◆ The House Higher Education Appropriations Subcommittee chaired by Rep. Bob Smith will hold meetings on the Fiscal Year 2008 Budget on Monday, Tuesday and Wednesday this week. Chancellor Erroll B. Davis Jr. and several other University System of Georgia officials will appear before the subcommittee. 🏛️

Growth Demands

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ciation of Colleges and Schools, and Perdue has recommended \$28.3 million for this project in the capital outlay budget.

Medical College of Georgia Expansion

The Governor recommended \$3.8 million for an expansion of medical education into Athens enabling the *Medical College of Georgia* (MCG), aided by the resources of the *University of Georgia*, to help address the state's need for more physicians.

Davis noted in his remarks that Georgia ranks 37th in per-capita physicians, and this program, which MCG hopes to base at the current Naval Supply Corps School in Athens, is expected to have an enrollment of 160 medical students within seven years.

However, Davis cautioned that even if the program were to start

immediately, the first students would not graduate until 2013, and they will not be licensed until 2016. "This effort requires a long lead time," he said.

Capital Outlay

The Governor has proposed a \$228 million bond package to fund the University System's most critical new construction and renovation projects, including \$42.5 million for Maintenance, Repair and Rehabilitation (MRR).

Davis noted that the University System has a \$3.4 billion projected need for new facilities over the next ten years. Enrollment in the System is expected to increase by an additional 100,000 students by 2020. Efforts to ensure that the System's capital needs are met and students graduate on time will be critical in managing growth, he said.

"The University System is the state's largest owner of buildings, and MRR funds are critical to our effective stewardship of these facilities, which comprise more than half of the state's holdings," Davis said. "Therefore it is important that MRR funds be provided in the base budget. We appreciate the Governor recognizing this and his recommendation that MRR bond funds be shifted to cash over a four-year period."

As an initial step, the Governor has recommended that \$17.5 million of the total \$60 million in MRR funds in the FY 2008 Budget be moved to cash.

After summarizing a variety of other recommendations made by the Governor concerning the University System – such as \$10 million for the Georgia Research Alliance to build on the distinctive capabilities

of the USG's research universities to become global action centers in the research and development of the next generation of vaccines against cancer, heart disease and diabetes – Davis concluded his remarks by highlighting the value the University System adds to the state's economic development.

"Every person we can get to move from a high school diploma to a college degree adds another \$1 million to the earnings potential of that individual over his or her lifetime," he said.

"Our overall economic impact on the state is \$23.3 billion. With every single graduate we produce, we add value. With every patent that goes to market, we add value. In short, we are creating the future for individuals, but we also are creating the future for this state." ♣