



LEGISLATIVE UPDATE



A Briefing for Faculty & Staff of the University System of Georgia No. 6, February 12, 2007

“Creating a More Educated Georgia”

Governor’s Recommended \$200M Increase in USG Budget Reflects System’s Rapid Growth and Responsiveness

Gov. Sonny Perdue’s recommendation to increase the overall budget of the University System of Georgia by \$200 million should not be viewed as a potential windfall, but merely a reflection of the System’s rapid response to expanding state needs, senior vice chancellor for external affairs **Tom Daniel** said in a presentation at the Coverdell Legislative Office Building on Feb. 7.

Daniel appeared before the Senate Appropriations Committee’s Higher Education Subcommittee to provide an overview of the Governor’s budget recommendations for the University System.

The additional \$200 million in Perdue’s recommendations represents a 10 percent increase over the USG’s Fiscal Year 2007 state appropriation of \$1.9 billion. “This is a substantial increase, and we are

certainly appreciative of the Governor’s strong support,” Daniel said. “However, it also reflects the reality of a rapidly expanding System, as well as our attempts to respond to state needs. With your help, together we can realize the System’s goal to create a more educated Georgia. We are one System, and we will act as one to meet the needs of the state.”

Daniel read off the basic elements of the Governor’s recommendations, including:

- ◆ \$80 million to fully fund the University System’s funding formula;
- ◆ \$10 million as a start-up investment for the new *Georgia Gwinnett College*;
- ◆ \$3.8 million for an expansion of medical education into Athens enabling the *Medical College of Georgia*, aided by the resources of the

University of Georgia, to help address the state’s need for more physicians;

- ◆ \$17.5 million as Phase I of a four-year plan to shift funding for Maintenance, Repair and Rehabilitation (MRR) of the University System’s facilities from bonds to cash; and
- ◆ \$65 million for statewide improvements, including \$24 million to fund a 3 percent merit salary increase for USG faculty and staff.

“The formula is critical to the operation of our institutions,” Daniel told the subcommittee. “It is the heart and soul of our budget.”

He broke down the Governor’s recommendation of \$80 million in formula funds as follows:

- ◆ \$38.8 million to cover a 1.8 percent increase in credit hours;
- ◆ \$5.6 million in Maintenance & Operations (M&O) funds to cover a 1.1 million increase in the University System’s square footage;
- ◆ \$14.5 million to cover the cost of rate increases for electricity and natural gas;
- ◆ \$16.8 million to cover increases in

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Rep. Bob Smith, chairman of the House Appropriations Committee’s Higher Education Subcommittee, has invited the presidents of the University System of Georgia’s four research universities and **Michael Cassidy**, president of the Georgia Research Alliance, to a subcommittee meeting today, Feb. 12, to report on the latest research being done in the University System. The next issue of *Legislative Update* will report on the meeting.

Governor

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the employer portion of health-insurance premiums; and

- ◆ \$4.3 million to cover fringe benefits for USG retirees.

“These represent real cost increases that must be paid by the institutions,” Daniel stressed. “Our goal is not to eat our seed corn – i.e., take money away from the classroom to pay for critical infrastructure and support costs.

“As you can see, almost half of the formula increase – \$38 million – is to cover our Fiscal Year 2006 enrollment increase to 254,000 students,” Daniel continued. “We are already at 260,000, and I expect our enrollment will be well beyond that by the time this budget goes into effect.”

Turning to the recommended \$10 million in start-up funds for *Georgia Gwinnett College* (GGC), Daniel thanked the legislators for their support of the University System’s newest institution, which is serving one of the fastest growing counties in the country.

“The formula does not cover start-up investments,” he noted, explaining that GGC had no FY 2006 enrollment on which to base formula funding for FY 2008. The campus will add a freshman class in Fall 2007 and needs to hire up to 150 faculty to accommodate these students. GGC also needs to add a library building to be eligible for accreditation by the Southern Association of Colleges and Schools.

Regarding the expansion of medical educa-

tion into Athens, Daniel said Georgia ranks 37th in per-capita physicians, and the Board of Regents intends to use existing resources at the *Medical College of Georgia* (MCG) and the *University of Georgia* (UGA) to leverage its ability to meet the state’s need for additional doctors.

“Our expansion in Athens is consistent with our strategy to utilize MCG’s resources to expand our clinical and related health-care efforts to other part of the state,” he said.

Focusing on the Governor’s recommendation to provide \$60 million in MRR funds and \$17.5 million of that amount in cash rather than bond funds, Daniel reminded the legislators that MRR funds are critical to the effective stewardship of the USG’s

facilities, and therefore it is important that they be provided in the base budget.

“We appreciate the Governor recognizing this and recommending that MRR bond funds be shifted to cash over a four-year period,” he said. “After all, you do not take out a 15-year loan to buy a car. This shift reflects a more responsible fiscal approach to addressing MRR needs.”

Daniel ended his presentation as he had begun it, by thanking the subcommittee members “for all that you have done and will do to help us ‘Create a More Educated Georgia.’” 🏠