



LEGISLATIVE UPDATE

A Briefing for Faculty & Staff of the University System of Georgia No. 5, February 11, 2008

“Creating a More Educated Georgia”

House Passes Amended Budget with \$7.8M for Olympic Dorms

On Friday, the Georgia House of Representatives approved its version of the Fiscal Year 2008 Amended Budget, agreeing with Gov. Sonny Perdue’s recommendation to transfer \$7.8 million in debt service from the Georgia State Finance and Investment Commission to the University System of Georgia (USG) for the Olympic-era dormitories at *Georgia State University* and *Georgia Tech*. Previously used by Georgia State, the dorms now house Georgia Tech students.

The House also elected to divert funding for five other projects included in the original FY08 Budget at the end of the last session for K-12 projects and other purposes.

The five projects whose funding was redirected include:

- ◆ The Georgia Water Planning and Quality Center at *Albany State University*, which provides assistance to decision makers, including members of the state water council responsible for crafting a statewide water man-

agement plan, and legislative committees dealing with water issues (\$180,000 in state matching funds);

- ◆ The Washington Center for Internships, an independent, nonprofit, educational organization supported by 14 states that brings 1,700-2,000 students a year to Washington, D.C., for internships (\$45,000);
- ◆ Improvements to facilities for *Middle Georgia College’s* Outdoor Physical Education Program (\$375,000);

- ◆ The creation of a charter school for math and science at *Valdosta State University* in partnership with Valdosta City Schools (\$125,000 in administration costs); and
- ◆ Funding to cover the cost of roof repairs, furniture and office supplies for the Cordele campus of *Darton College* (\$75,000). 🏠

House Study Committee Recommends Improving MRR Funding Formula

A study of funding practices for the major repair and rehabilitation (MRR) of public postsecondary education facilities in Georgia commissioned by the House Higher Education Finance and Formula Study Committee recommends that state officials adjust the formula for calculating these funds so that additional money is appropriated in the state budget for this purpose.

“This is certainly consistent with what the Board of Regents and its institutions think,” said Sandra Neuse, the

University System of Georgia’s (USG) assistant vice chancellor for compliance and operations.

The House Higher Education Finance and Formula Study Committee, chaired by Rep. Bob Smith, heard a report on Wednesday from MGT of America, Inc., which it had asked to review MRR funding practices for both the USG and the Department of Technical and Adult Education (DTAE).

“The adequacy of funding for MRR has become a source of concern to state leaders and

college and university officials,” said J. Kent Caurthers, director of the consulting firm. “Georgia has made a significant investment in postsecondary education facilities, and adequate MRR funding can serve to avoid the costs that result when needed repairs have been postponed too long.”

For the past 25 years, Caruthers noted, MRR funding requirements for the USG have been calculated based on a formula that allots for this purpose a small percentage of the cost of replacing all of the agency’s

facilities (1 percent in recent years). Since 2000, MRR funding for the DTAE also has been based on this formula, and similar formulas are used in 8 other states.

However, higher-education facilities-management literature suggests that the MRR budget should be 2-3 percent of building-replacement value, studies for federal facilities recommend a 2-4 percent rate and in the private sector, a rate of 2-6 percent of replacement value is typical, Caruthers said. 🏠