



Board of Regents University System of Georgia

FY 2015 Operating Budget Request
September 11, 2013

FY 2015 Budget Cycle

(Budget Effective July 1, 2014 – June 30, 2015)

June – September 2013

- Development of FY15 Budget Request

September 2013

- Board Approves FY15 Budget Request

September 2013

- USG Submits FY15 Budget Request to Governor

January 2014

- Governor's Releases Budget Recommendations

March – April 2014

- General Assembly Finalizes FY 15 Appropriations Act

April 2014

- Board Approves Allocations, Tuition and Fees

April – May 2014

- Institutions Develop and Submit FY15 Budget

May 2014

- Board Approves FY15 Budget (By Institution)

June 2014

- FY15 Annual Operating Budget Submitted to OPB

FY 2014 Current Budget - \$7.50B

State Appropriations	\$1,883,128,792
Tuition	1,677,551,095
Special Institutional Fee	204,669,283
Other Revenues	350,070,102
Sponsored	1,944,332,220
Departmental Sales and Services	249,443,592
Total Educational and General	6,309,195,084
Capital	155,176,918
Auxiliary Enterprises	910,698,777
Student Activities	125,775,624
Total FY 2014 Original Budget	\$7,500,846,403



~25% of Total Budget

University System Programs

Teaching Program (31 Institutions)	\$ 1,676,074,685
Other Programs:	
Agricultural Experiment Station - UGA	\$ 35,233,027
Cooperative Extension Service - UGA	29,365,384
Enterprise Innovation Institute - GT	7,187,612
Forestry Cooperative Extension - UGA	495,191
Forestry Research - UGA	2,562,254
Georgia Archives	4,151,428
Georgia Tech Research Institute - GT	5,588,520
Marine Institute - UGA	714,567
Marine Resources Extension Center - UGA	1,179,252
Medical College of Georgia Hospitals and Clinics - GRU	28,297,463
Public Libraries	31,497,624
Special Funding Initiatives (GME, Cancer and Other)	25,303,326
Regents Central Office	8,401,788
Research Consortium	6,104,447
Skidaway Institute of Oceanography - UGA	1,214,869
Veterinary Medicine Experiment Station - UGA	2,569,841
Veterinary Medicine Teaching Hospital - UGA	386,135
Georgia Military College (Pass Thru)	2,288,309
Georgia Public Telecommunications Comm. (Pass Thru)	<u>14,513,070</u>
Other Activities Sub-total	\$ 207,054,107
Total State Funds	\$ 1,883,128,792

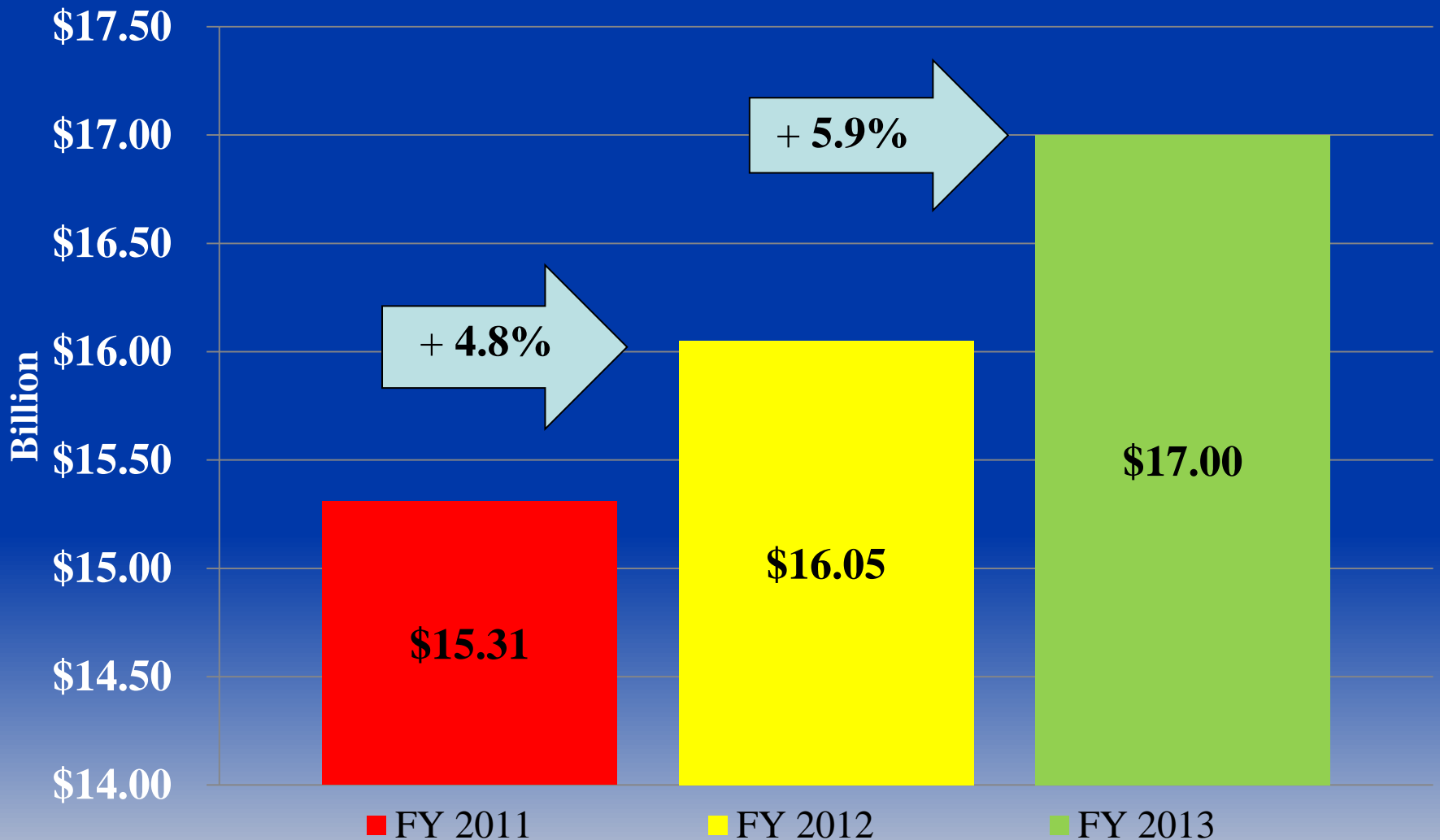


Budget Instructions

- FY 2015 Budget Instructions released by Office of Planning and Budget on July 11, 2013
- No required reductions or withholds
- Request Limited: For most State Agencies the FY 2015 Budget can not exceed the FY 2014 Budget
- Exceptions:
 - State Education Agencies may request workload increases including enrollment, M&O and fringe benefits.
 - Medicaid based on number served

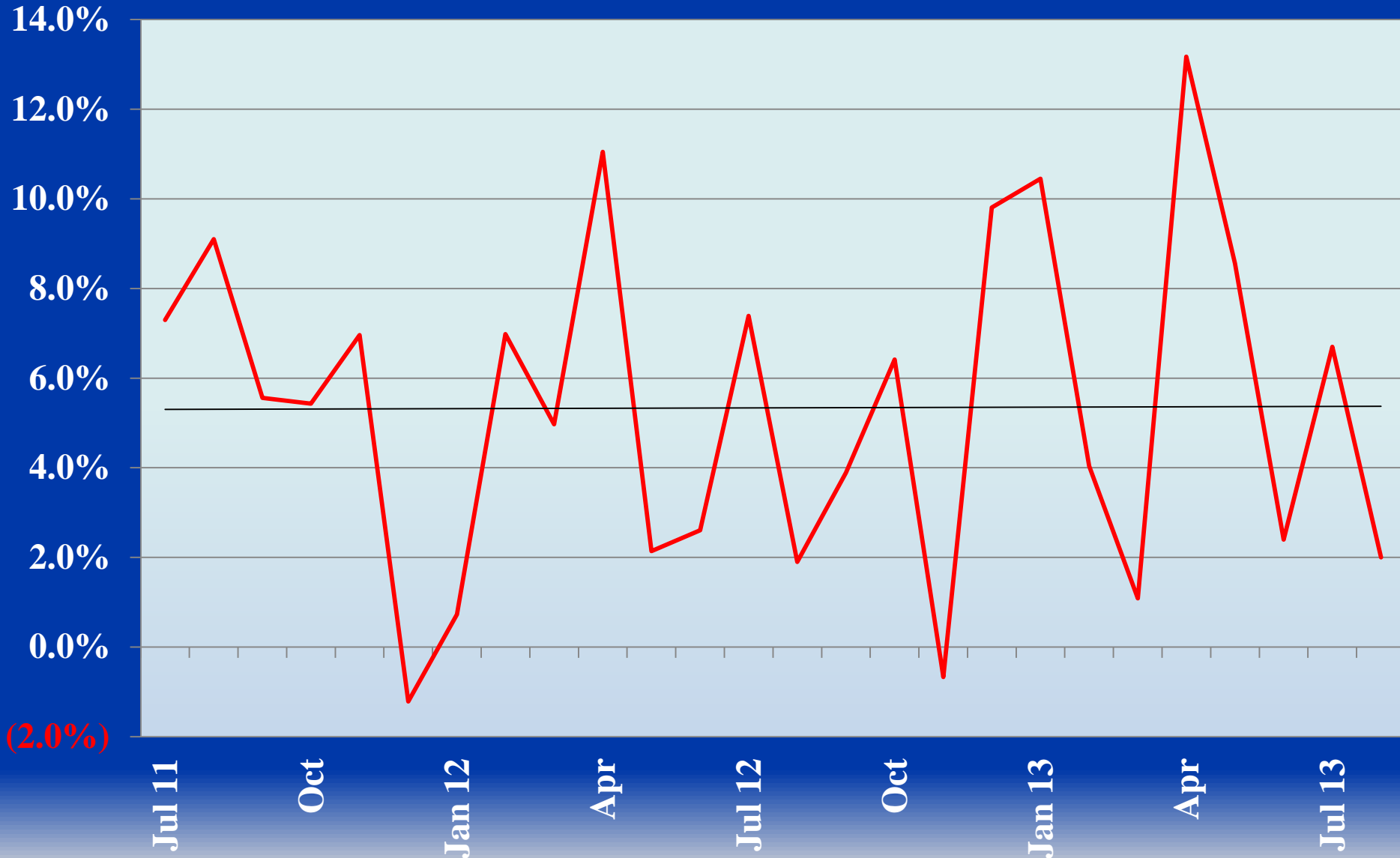
State Revenue Collections

FY 2011 – FY 2013 Actual Collections



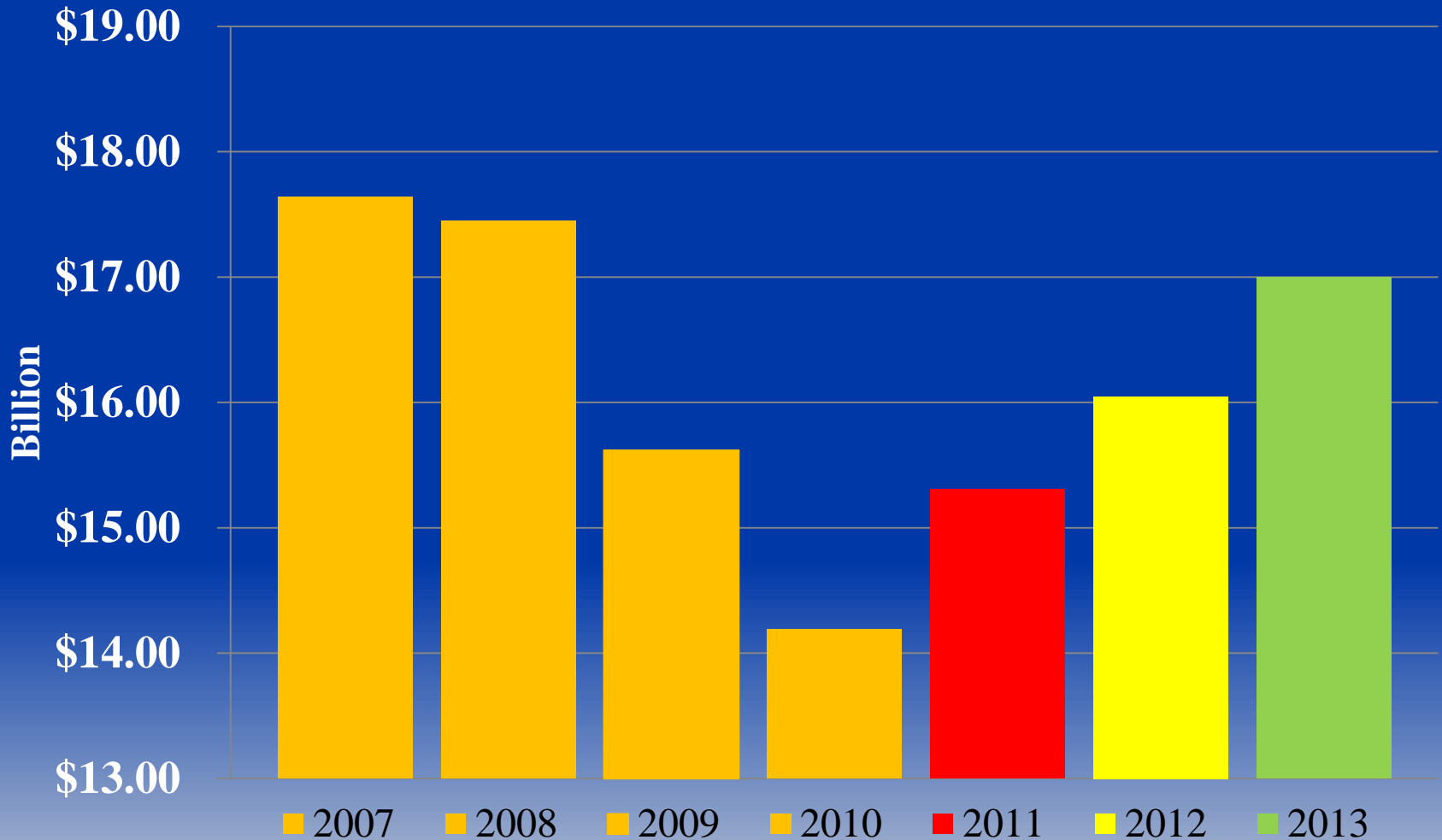
State Revenue Collections

Year Over Year Change By Month – FY 2012 & FY 2013



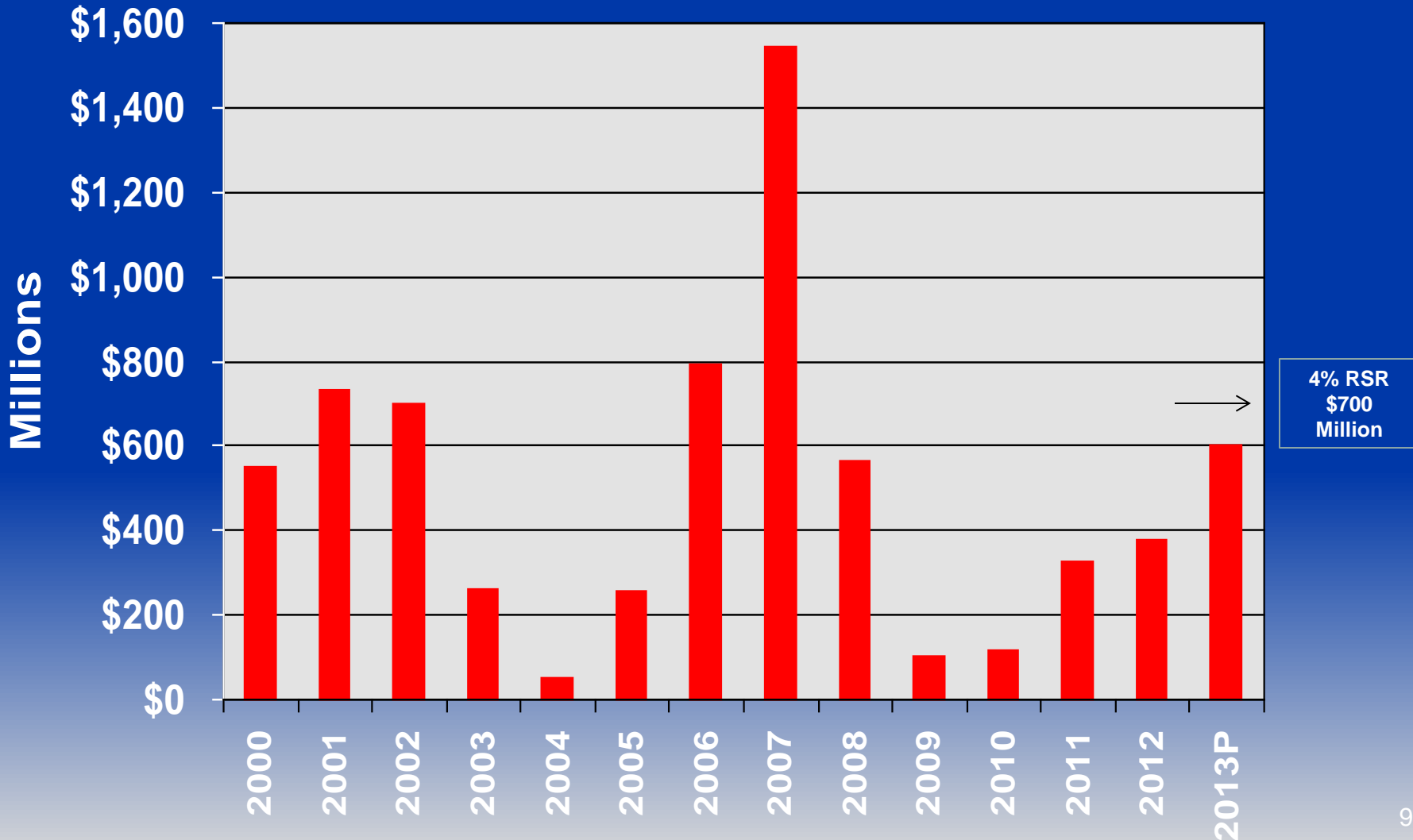
State Revenue Collections

FY 2007 – FY 2013 Actual Collections



State Revenue Shortfall Reserve

FY 2000 to FY 2013 (Projected)

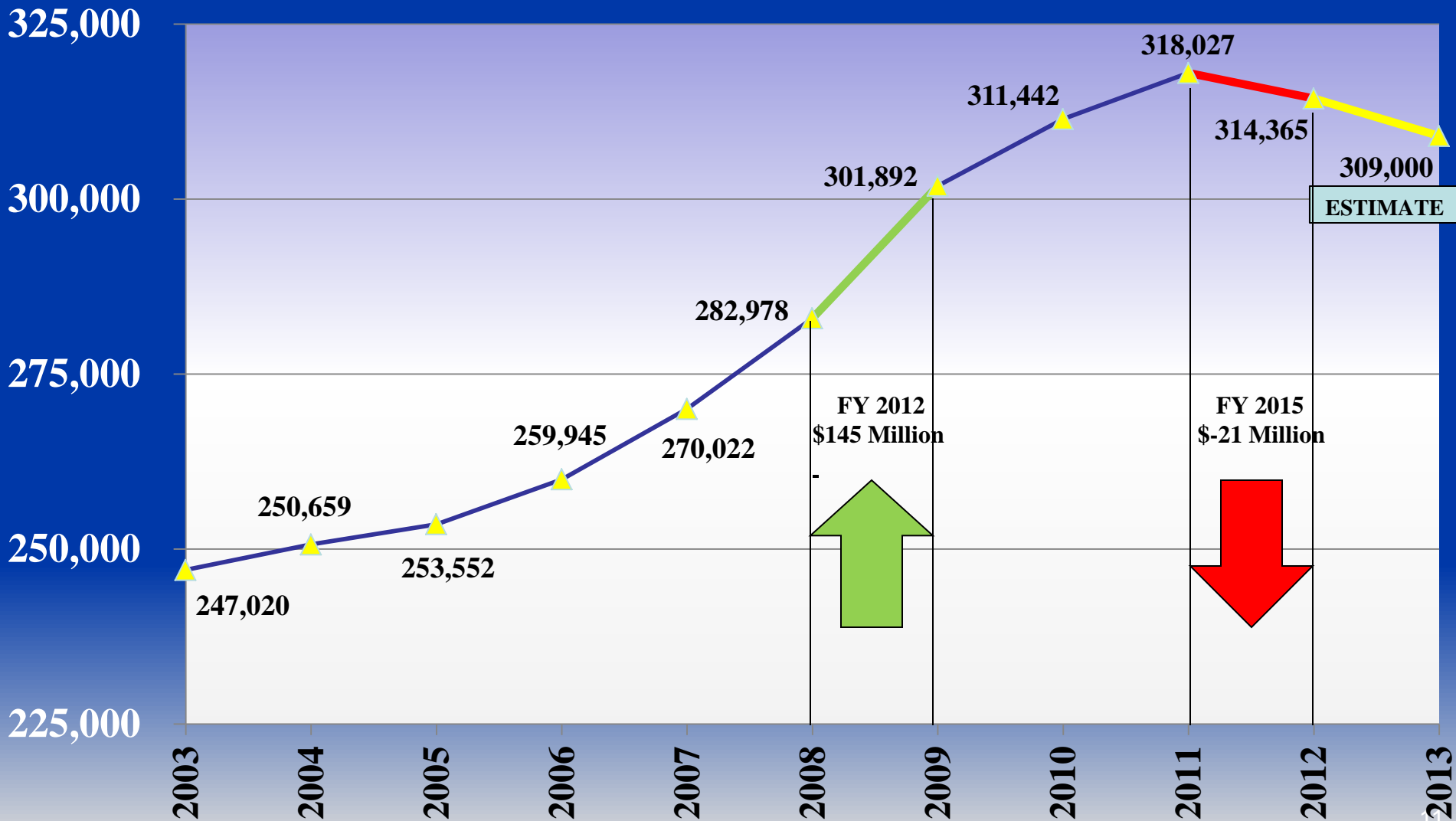


State Budget Outlook

- Revenue Collections
 - FY 2013 Up 5.9%
 - FY 2014 Projected Growth of 6%
- Revenue Shortfall Reserve \$600+ Million (<4%)
- FY 2014 Amended and FY 2015 Budget Issues:
 - Projected Increase in Revenue Collections (6% = \$900+ Million)
 - Continue to Rebuild Revenue Shortfall Reserve
 - Healthcare:
 - Medicaid
 - Affordable Care Act
 - Education Enrollment Growth (Primarily K-12)
 - Retirement – TRS and ERS (Excluding OPEB)
 - Salary Increases? (1% = \$130 Million Annually)

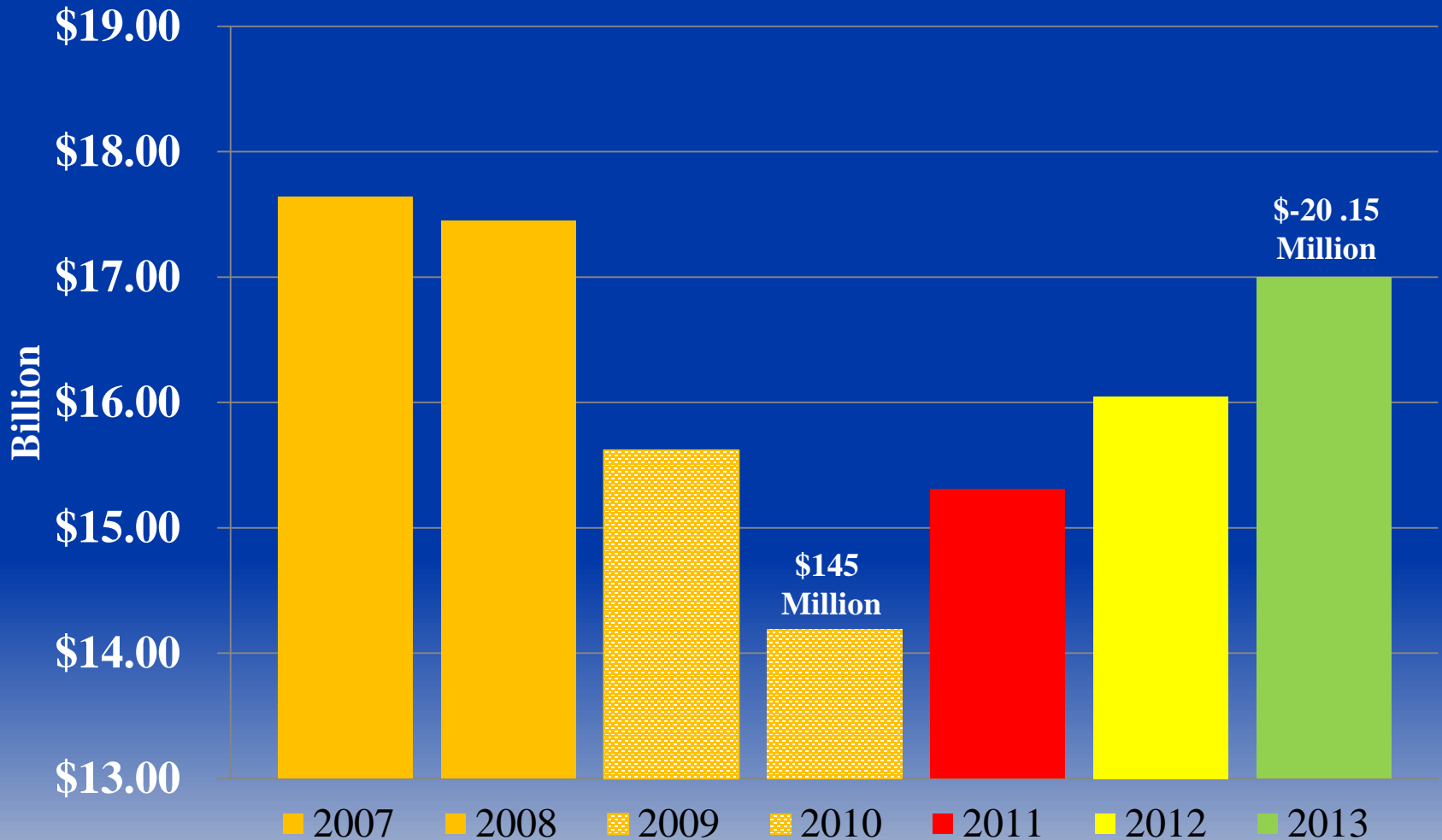
University System Enrollment

Fall Headcount Enrollment



State Revenue Collections

Seven-Year Trend





FY 2015 System Outlook

- 2.74% decline in semester credit hours
- \$20.1 million loss in enrollment funding
 - 11 Institutions Potential Gain totaling \$21.2M
 - 20 Institutions Potential Loss totaling -\$41.3M
- Further enrollment decline Fall 2014 (FY 2016)
- No quick recovery....must think “New Normal”

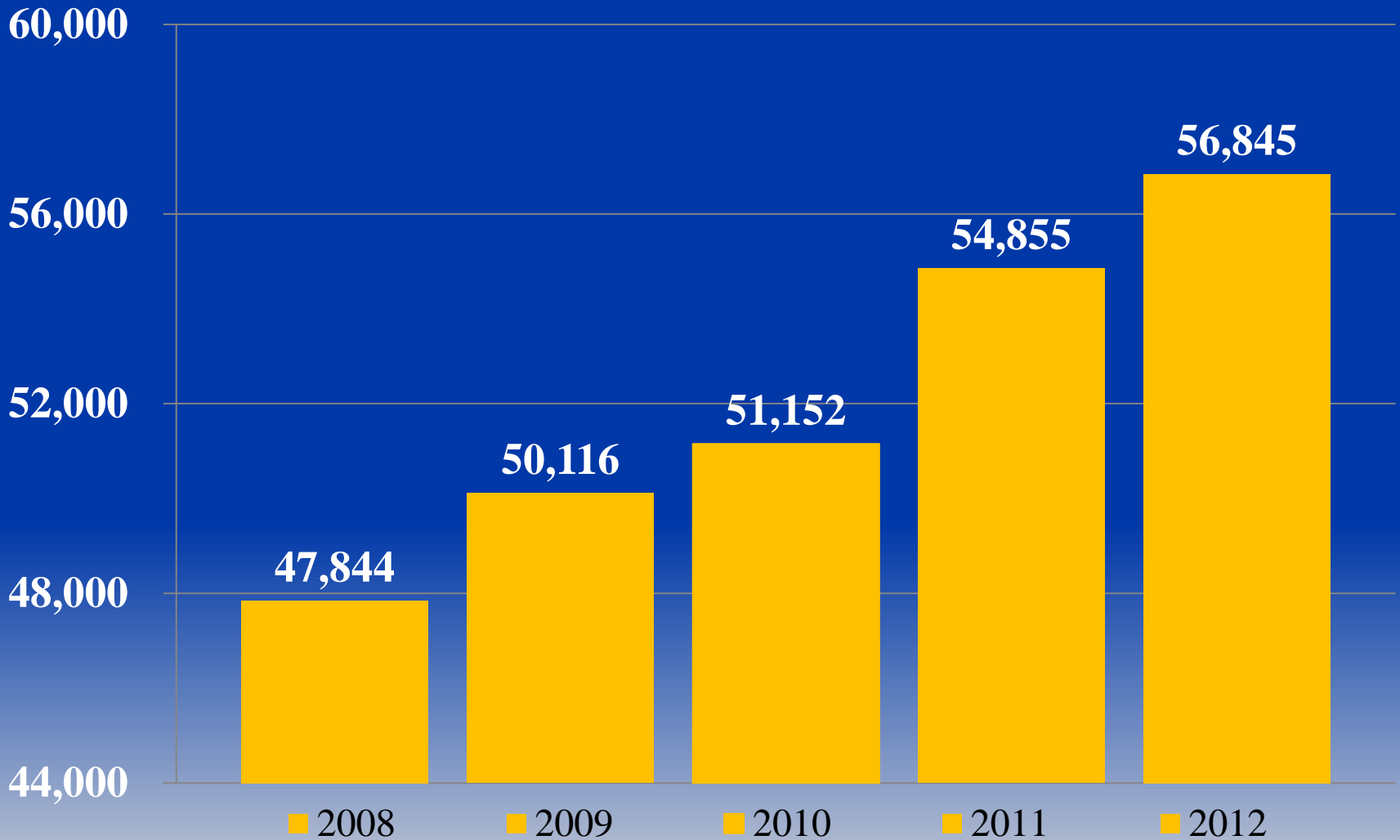


New Normal

- Address Fall 2013 and FY 2015 Decline:
 - Not just another budget cut – fewer students
 - Must think about student demand and program offerings
 - Evaluate and update service delivery model
 - Must work harder for students: attract and retain
 - Affordability
- Recognize Enrollment No Longer Drives Funding
- Work with Governor to Implement new Performance-Based Funding Formula – FY 2016
- Begin New Formula with Sound Base Funding

“Creating A More Educated Georgia”

University System Awards/Degrees Conferred



FY 2015 Formula Request

Enrollment Reduction @ 2.74%

\$ -20.15 Million

FY 2015 Formula Request

Enrollment Reduction @ 2.74% **\$ -20.15 Million**

M&O Funds - Increased Square Footage **\$ 20.64 Million**

FY 2015 Formula Request

Enrollment Reduction @ 2.74%	\$ -20.15 Million
M&O Funds - Increased Square Footage	\$ 20.64 Million
Health Insurance – Employer Share	\$ 7.91 Million



Estimated Net Savings from Plan Changes and Needed Funds

Additional Cost of Plans - “Status Quo” in 2014	(\$17,000,000)	
Tobacco Surcharge Payments	\$2,400,000	
BCBSGa Open Access POS Plan Change Savings	\$4,180,087	
BCBSGa HDHP/HSA Plan Change Savings	\$2,030,000	
BCBSGa HMO Plan Change Savings	\$1,750,000	
New ACA Requirements, All Current Members	(\$2,700,000)	
Change for New Medicare-Eligible Retirees	Savings Unknown	
ESTIMATED NET SAVINGS FROM PLAN MEMBERS	\$7,660,087	45%
BALANCE NEEDED – TOTAL FUNDS	<u>\$9,339,913</u>	55%

\$7.91 million is being requested in State Funds through the funding formula.

FY 2015 Formula Request

Enrollment Reduction @ 2.74%	\$ -20.15 Million
M&O Funds - Increased Square Footage	\$ 20.64 Million
Health Insurance – Employer Share	\$ 7.91 Million
Affordable Care Act	\$ 20.60 Million



ACA Related Costs

- **Mandated Reinsurance Costs (\$5.6 million)**
- **Increased Enrollment Based on ACA Individual Mandate (\$15 million)**
- **Total of \$20.6 million in state funds**

FY 2015 Formula Request

Enrollment Reduction @ 2.74%	\$ -20.15 Million
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M&O Funds - Increased Square Footage	\$ 20.64 Million
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Health Insurance – Employer Share	\$ 7.91 Million
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Affordable Care Act	\$ 20.60 Million
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Optional Retirement Program (ORP)	\$ 10.00 Million
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Historical TRS vs. ORP Rates

Year	TRS Employer Rate	ORP Employer Rate	Gap
2009	9.74%	9.24%	-0.50%
2010	9.74%	9.24%	-0.50%
2011	10.28%	9.24%	-1.04%
2012	10.28%	9.24%	-1.04%
2013	11.41%	9.24%	-2.17%
2014	12.28%	9.24%	-3.04%
2015	13.15%	9.24%	-3.91%

Funding in the amount of \$10 million closes the gap by 1%, bringing the ORP employer contribution from 9.24% to 10.24%.

FY 2015 Formula Request

Enrollment Reduction @ 2.74%	\$ -20.15 Million
M&O Funds - Increased Square Footage	\$ 20.64 Million
Health Insurance – Employer Share	\$ 7.91 Million
Affordable Care Act	\$ 20.60 Million
Optional Retirement Program (ORP)	\$ 10.00 Million
Retiree Health and Life Benefits (949 Retirees)	\$ 6.21 Million
Payback Projects Retired (Georgia Southern)	\$ 1.01 Million
Georgia Regents University – Rome Expansion	\$.78 Million
Reduce Funding for Georgia Gwinnett College	\$ - 1.37 Million
Total	\$ 45.64 Million



FY 2015 Funding Change

Fiscal Year 2014 State Appropriations **\$ 1.883 Billion**

Formula Increase **\$ 45.64 Million**

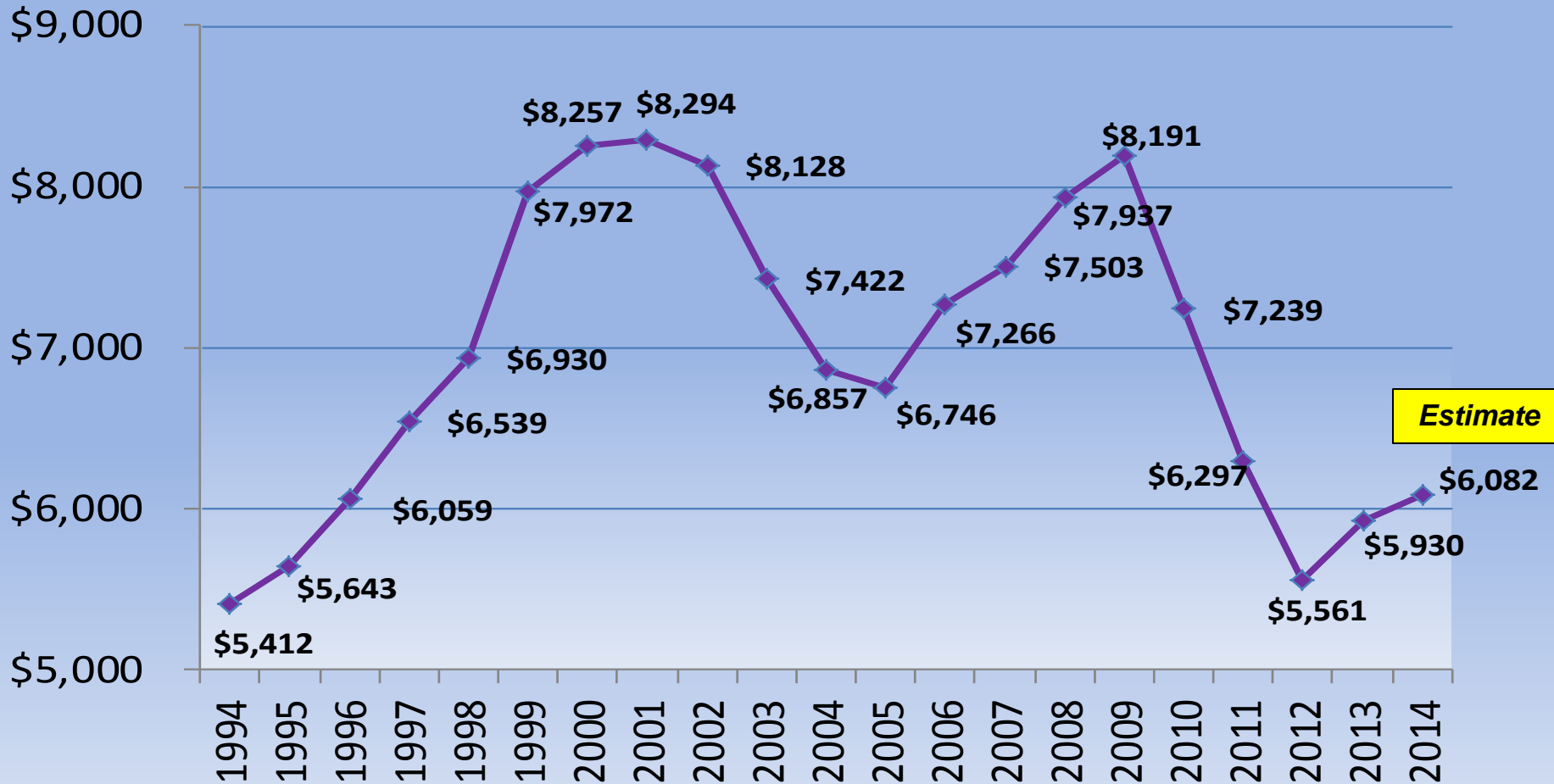
Graduate Medical Expansion **\$ 3.23 Million**

Total Increase **\$ 48.87 Million** **2.6%**

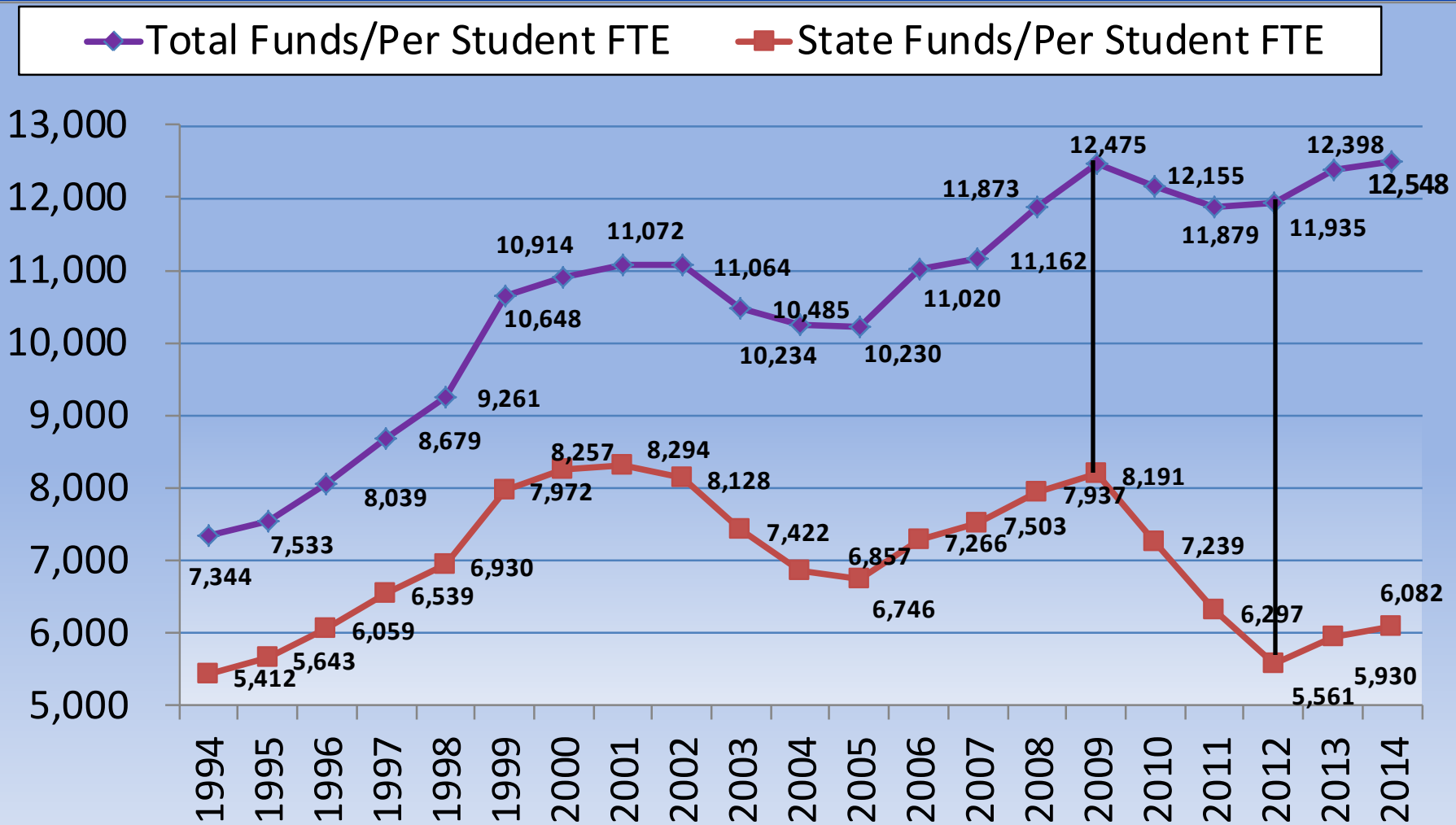
FY 2015 Total Request **\$ 1.932 Billion**

Other Items for OPB's Consideration **\$.62 Million**

State Funding Per Student FTE



Total and State Funding Per FTE





Other Items for OPB's Consideration

Georgia Archives	\$ 496,000
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Formula for Georgia Public Library System	\$ 106,078
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Southern Regional Education Board (SREB)	\$ 22,400
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Total	\$ 624,478
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Board of Regents University System of Georgia

FY 2015 Capital Budget Request



FY 2015 Equipment

GSU	Humanities/Law Building	\$7,000,000
CLSU	Science Building	\$2,900,000
GRU	Cancer Research Building	<u>\$5,000,000</u>
	Subtotal	\$14,900,000



FY 2015 Construction

ALSU	Fine Arts Center	\$ 24,100,000
UGA	Science Building	<u>\$ 44,700,000</u>
	Subtotal	\$ 68,800,000



FY 2015 Small Capital Projects

GSC	Hightower Library Renovation	\$ 4,400,000
KSU	English Building Renovation/Addition	\$ 4,900,000
UGA	Baldwin Hall Expansion & Renovation	\$ 4,900,000
FVSU	Renovation of Bishop Hall	\$ 4,000,000
COSU	Renovate Arnold Hall	\$ 4,950,000
UNG	Oconee Campus Annex	\$ 2,500,000
SPSU	Building E Improvements	\$ 2,800,000
AMSC	Infrastructure Renovation/Upgrades	\$ 2,500,000
ABAC	Lab Science Building Phase II	\$ 2,700,000
VSU	Renovate University Center	\$ 1,900,000
GRU	Replace HVAC Reese Library	<u>\$ 4,600,000</u>
	Subtotal	\$ 40,150,000

"Creating A More Educated Georgia"



FY 2015 Planning

SSU	Science and Technology Facility	\$ 2,500,000
GGC	Academic Building	\$ 1,100,000
GCSU	Historic Beeson Hall Renovation	\$ 1,000,000
GSOU	Military Science Building	<u>\$ 550,000</u>
	Subtotal	\$ 5,150,000



FY 2015 Major Repair and Renovation - \$80,000,000

Critical for USG institutions to meet major repair and renewal needs in instructional buildings and associated infrastructure

- Maintains safety and integrity of critical facilities systems and components
- Enables instructional space to meet changing enrollment and program needs
- Promotes local economies through the use of locally based contractors and designers
- Protects State's capital investment



FY 2015 Other

MGSC

Aviation College Airplane Replacement (<u>Multi-Year Plan</u>)	<u>\$ 2,000,000</u>
Subtotal	\$ 2,000,000



FY 2015 Georgia Public Library System

1. Mountain Regional Library (Young Harris, Towns Co.)	\$ 900,000
2. Dougherty County Public Library (Central Library, Albany)	\$ 2,000,000
3. Three Rivers Regional Library (Folkston, Charlton Co.)	\$ 565,000
4. Dougherty County Public Library (Northwest Branch, Albany)	\$ 2,000,000
5. Gwinnett County Public Library (Norcross)	\$ 1,875,000
6. Cobb County Public Library (East Marietta)	\$ 2,000,000
7. Atlanta-Fulton County Library (Milton, Fulton Co.)	\$ 2,000,000
8. Atlanta-Fulton County Library (Wolf Creek, Fulton Co.)	\$ 2,000,000
9. Villa Rica Library (Carroll County)	\$ 2,000,000
10. Hogansville Public Library (Troup County)	\$ 2,000,000
11. WH Stanton Memorial Library (Walton County)	\$ 2,000,000
12. Barnesville-Lamar County Library (Lamar County)	\$ 1,385,000
13. Computer Replacement	\$ 2,000,000
14. Major Repair and Rehabilitation	<u>\$ 1,500,000</u>
Subtotal	\$24,225,000

“Creating A More Educated Georgia”



FY 2015 Capital Budget Summary

Equipment	\$ 14.9 M
Construction	\$ 68.8 M
Small Capital Projects	\$ 40.1 M
Planning	\$ 5.2 M
Major Repair and Renovation	\$ 80.0 M
Other	\$ 2.0 M
Georgia Libraries	<u>\$ 24.2 M</u>
Total	\$ 235.2 M



Board Action Items

- Approval of the FY 2015 Operating Budget Request
- Approval of the FY 2015 Capital Budget Request