



the University System of Georgia

FY10 Budget *Talking Points*

General – The Budget Process

- ◆ **One of the Board of Regents' primary responsibilities is to manage the budget process** for the University System. This is a cyclical, year-round process.
- ◆ The budget process begins with the development and approval of a budget request for the next fiscal year in July and August. This request is sent to the Governor by Sept. 1, who then incorporates it into a recommendation on the total state budget sent to the General Assembly. The General Assembly debates the Governor's budget recommendation from January through March/April, passing a final state budget, which is then signed by the Governor. The Board of Regents formally approves the final budget in April/May.
- ◆ State appropriations to various state agencies occur at the beginning of the fiscal year, July 1. The regents allocate state funds to the institutions for the fiscal year at this time.

Specific – Strategic Plan Drives Priorities

- ◆ **The goal of the Board of Regents through its mission of teaching, research, and service at its 35 degree-granting institutions is "Transforming the System, Changing Lives, Strengthening the State."**
- ◆ Driving planning for the University System and the budget needs for the 35 campuses is a philosophy **that all resources available to the System will be aligned with the Board of Regents' strategic priorities and state needs.**
- ◆ **These priorities and state needs have been identified and given focus through the Board of Regents' Strategic Plan. The Plan has six major goals:**
 1. Renew excellence in undergraduate education to meet students' 21st century needs.
 2. Create enrollment capacity in the University System to meet the needs of 100,000 additional students by 2020.
 3. Increase the USG's participation in research and economic development to the benefit of a global Georgia. Increase the numbers of health profession graduates and create a long-term, system-level academic plan for workforce development.
 4. Strengthen the USG's partnerships with the state's other education agencies, with a key focus on the Alliance of Education Agency Heads.
 5. Maintain affordability so that money is not a barrier to participation in the benefits of higher education by continuing a tradition of low tuition rates and by establishing a need-based financial aid program.
 6. Increase efficiency by working as a system to focus on business functions, developing a leadership culture, engaging in workforce process improvements and establishing accountability metrics.

Setting the Stage for FY10

- ◆ While the USG's funding partners were strongly supportive of public higher education in the FY09 budget, the national and state economic outlook has created significant budget challenges for both the current and upcoming fiscal years.
- ◆ Prior to this worsening economic picture, **the Governor and General Assembly provided the largest state appropriation in the University System of Georgia's history: \$2.3 billion for FY09 – an increase of 7.7 percent over FY08 appropriations.**
- ◆ The University System's share of the total state budget now stands at 12.1 percent – the highest level in six years.
- ◆ **Also in FY09, the University System received \$271 million in bonds for needed facilities.** This funding helped the USG begin the transition to a new capital funding model.
- ◆ But state revenues declined 1.1 percent in FY08 and revenues were down almost 7 percent over projections in the first two months of FY09.

Thus, at the Governor's request, the Board of Regents submitted a FY10 proposal that included a 6 percent reduction to the base budget and additional options to reduce the budget 8 and 10 percent (cumulative). The 6 percent reduction plan also applies to the FY09 budget.

- ◆ The USG reduction plans were developed with the philosophy that those activities that affect the least number of customers and are furthest from the core academic/research mission are reduced first, while activities that affect the largest number of constituents and central to the core mission are reduced last.
- ◆ The new Strategic Plan positions the USG well to meet these budget challenges. The plan focuses efforts on the System's core mission and creates the mechanisms to make changes in System and institutional policies and processes that promote efficiencies.
- ◆ For example, the consolidation of all institutional payroll operations into a Shared Services Center will prove to have long-term benefits, as well as a System-wide focus on controlling energy usage.
- ◆ As the USG responds to these budget challenges, decisions will protect students in the classroom, but also will target long-term structural changes in the way business is conducted, as dollars lost under these reductions will not be returned at a later date.
- ◆ However, structural changes should not compromise the quality of the education experience students expect and deserve.
- ◆ The challenge is to manage risks inherent in delivering the next educated generation of citizens and leaders. The largest challenge is to maintain academic quality for all who qualify academically. The alternative, which is to be avoided, is to limit access if the requisite resources cannot be secured to maintain quality.

- ◆ Thus, close attention must be paid to **Enrollment Growth**. **Fall 2007's enrollment of 270,022 students was a record high. USG enrollment has grown 31 percent from fall 2000 to fall 2007 – the equivalent of adding almost two UGA's.** Credit hours taken by students also are increasing: 4.4 percent from fall 2006 to fall 2007.

Specific – FY10 Budget Request

- ◆ **The total Fiscal Year 2010 request is \$2.45 billion. This reflects an increase of 6.5 percent, or \$148.7 million, over the current Fiscal Year 2009 state appropriation of \$2.3 billion.**

FORMULA FUNDING

- ◆ Central to the budget and to the continued ability of our campuses to serve students is a funding mechanism called the "formula." Student enrollment drives a mathematical formula that determines how many state dollars are needed to provide quality instruction in our classrooms. Last year, the Governor and General Assembly provided 100 percent of the funding for the dollars the formula generated.
- ◆ **In the FY10 budget request, the formula calls for \$114.7 million in new dollars. These dollars are truly the "bread and butter" that keep the campuses operating with quality. These new dollars will help continue the needed investment in classrooms and strengthen the academic quality that is offered – and expected.**
- ◆ The \$114.7 million in formula funds are broken down as follows:
 - ◆ Enrollment – credit hour increase: \$79.4 million
 - ◆ Health Insurance: \$20.0 million
 - ◆ Maintenance and Operations \$9.6 million
 - ◆ Fringe benefits for new retirees \$5.7 million

STRATEGIC PRIORITY – DOCTORS FOR GEORGIA

- ◆ Also in the FY10 request are funds to continue the needed expansion of physician education through the Medical College of Georgia.
- ◆ **Medical College Expansion \$8.0 million**
Goal: increase the number of physicians produced by the USG.
 - ◆ Georgia ranks ninth nationally in population, but 40th in the country in the supply of physicians per person.
 - ◆ New funds will be used for the following activities:
 - (1) develop needed curriculum for MCG's Athens's campus;
 - (2) accreditation of physician education program in Athens;
 - (3) plan for first cohort of students in fall 2010;
 - (4) create and expand residencies in Athens, Albany, and Savannah;

BUDGET REDUCTION PLANS

- ◆ At the 6 percent level: at both the institutional and System level – \$136 million.
- ◆ At the 8 percent level: at both the institutional and System level – \$182 million (cumulative).
- ◆ At the 10 percent level: either at the institutional level or through a temporary student fee – \$228 million (cumulative).

CAPITAL FUNDING REQUEST

- ◆ Another central element of the USG budget request relates to the buildings that serve students. The total capital request for FY10 is \$321 million.
- ◆ This includes funds for the following:
 - ◆ Major Repair and Rehabilitation \$70 million
 - ◆ Equipment for new facilities \$13.8 million
 - ◆ New construction \$211.4 million
 - ◆ Design funds \$25.8 million
 - ◆ **Equipment funds for new construction – \$13.8 million**
 - ◆ Gordon College – nursing/health building \$1.6 million
 - ◆ Georgia State University/Georgia Perimeter College – academic facility at the Alpharetta Center \$1million
 - ◆ Southern Polytechnic State University – Engineering Technology Center \$4.8 million.
 - ◆ University of Georgia – gas fired boiler addition \$6.4 million
 - ◆ **Major Projects - Construction \$211.4 million**
 - ◆ College of Coastal Georgia – health sciences building \$13.3 million
 - ◆ Darton College – property acquisition \$1.6 million
 - ◆ East Georgia College – Statesboro facility \$4.9 million
 - ◆ Fort Valley State University – renovations \$13.4 million
 - ◆ Georgia College & State University – Ennis Hall renovation \$10.6 million
 - ◆ Georgia Gwinnett College – infrastructure \$2 million
 - ◆ Georgia Highlands College – Cobb County access \$6.2 million
 - ◆ Georgia Institute of Technology – G. Wayne Clough Undergraduate Commons \$43 million
 - ◆ Gainesville State College – academic facility \$31.2 million
 - ◆ Kennesaw State University – lab addition to science bldg. \$19 million
 - ◆ Middle Georgia College – Georgia Hall renovation \$500,000
 - ◆ Macon State College – teacher education building \$20.1 million
 - ◆ North Georgia College & State University – renovations and building additions \$16.4 million
 - ◆ Savannah State University – Marine Biology and Environmental Sciences \$2.6 million
 - ◆ University of Georgia – Special Collections Library \$26.6 million
 - ◆ **Major Projects - Design Funds \$25.8 million**
 - ◆ Armstrong Atlantic State University – library addition \$1.1 million
 - ◆ Albany State University – Ray Charles Fine Arts Center \$1.8 million
 - ◆ Clayton State University – science building \$2.1 million
 - ◆ Georgia Perimeter College – academic building \$2.2 million
 - ◆ Georgia Southern University – biology building \$2.6 million
 - ◆ Georgia State University – humanities building \$4.7 million
 - ◆ Georgia Southwestern State University – health and human sciences building \$1.1 million
 - ◆ Medical College of Georgia – medical commons \$6 million
 - ◆ University of West Georgia – nursing building \$1.4 million
 - ◆ Valdosta State University – health science building \$2.8 million