

AGENDA

COMMITTEE ON FINANCE AND BUSINESS OPERATIONS

June 7, 2011

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AGENDA

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1. Fiscal Year 2012 Operating and Capital Budgets

Recommended: That the Board approve the fiscal year 2012 operating and capital budgets for the University System of Georgia as shown in Appendix I.

Summary: The total FY 2012 budget for the University System of Georgia is approximately \$7.1 billion, which includes funding from all unrestricted and restricted sources. The FY 2012 budget represents projections by each institution for next fiscal year, which includes the state funds allocation by the Board as well as the tuition and fee rates as approved in April 2011. Institutions also have projected the fall enrollment that is supported by the planned revenues and expenditures.

The FY 2012 budget includes the following major categories:

Educational and General Funds: Educational and General Funds serve the primary mission of the University System: teaching, research and public service, as well as academic support, student services, institutional support and plant operations. It includes restricted funds, such as sponsored research funding from federal, state and private sources, and unrestricted funds, such as state funds, tuition, and other general funds. The total educational and general budget for the University System for FY 2012 is \$5.95 billion.

Auxiliary Enterprises: Auxiliary Enterprises include student housing, parking, food services, bookstore operations, transportation, athletics, health clinics and other functions that primarily serve the students, faculty and staff at the institutions. The FY 2012 auxiliary enterprises budget is \$802 million, as compared with \$745 million in the original budget for FY 2011. Auxiliary operations are self-supporting and rates for the various services are set to cover the cost of operations.

Capital: The capital budget includes routine maintenance and repair projects, MRR projects, and other capital projects that are managed by the institutions. The FY 2012 budget is \$141 million, as compared with \$159 million in the original budget for FY 2011. All bond projects funded by the state are recorded and accounted for in GSFIC's budget, unless the institution has responsibility for managing the project.

Student Activities: Student Activities include a range of activities funded by student fees, such as student government activities, campus newspaper, radio/television, and other extracurricular activities. The FY 2012 budget is \$158 million, as compared with \$144 million in FY 2011, due to the projected increase in enrollment, increase in mandatory fees, and use of prior year reserves for specific purposes.

2. Redirect \$32 of Student Activity Fee at Kennesaw State University for Student Recreation & Activity Center Project

Recommended: That the Board approve the request of President Dan Papp to redirect \$32 of the student activity fee to a new Student Recreation & Activity Center project. The original purpose of the \$32 fee was for a student activity center that, after completion of payments, will be used for the new student recreation and activity building. The redirection of the \$32 fee will be in two phases: \$20 in FY 2012 and \$12 in FY 2017.

Background: Kennesaw State University (KSU) proposes to renovate and expand the existing recreation building and construct a new Student Recreation and Activities Center at an approximate cost of \$57 million. The total project cost of \$57 million a project cost of \$48 million, as well as \$9 million for the related capitalized interest fund, working capital fund and cost of issuance.

In April 2011, the Board approved a \$35 fee for this project, effective FY 2013. Further, the Student Fee Committee at KSU recommended the redirection of \$32 from the student activity fee as well as the use of \$3 million from the student activity fee reserve for the new project.

Due to student enrollment growth, and based on overcrowded conditions and severe space limitations, there is great demand for additional student recreation and activity space. The most cost effective plan to address the increased demand is to initiate one comprehensive project. The redirection is contingent upon the Board's approval of the new project as proposed to the Committee on Real Estate and Facilities.

3. Revision of *The Policy Manual*, Section 7.3.5.3, Military Service Refunds

Recommended: That the Board approve a revision to *The Policy Manual*, Section 7.3.5.3, Military Service Refunds, effective immediately.

Background and Rationale: When the current policy was implemented, activation and deployment of the reserve component of the U.S. military was deemed a response to “emergency” situations to supplement active duty forces. The nature of military deployment has since evolved and now requires temporary duty (TDY) of both active duty and reserve personnel as part of normal unit rotation in the ongoing war in the Iraq and Afghanistan. While TDY plays a crucial role in relocating military personnel to meet the needs of the services, a service member’s orders may not indicate the temporary assignment is an “emergency” even if it is to a combat zone. These temporary assignments can last up to 179 days. A move of 180 days or more is considered a permanent change of station (PCS). Orders to go TDY are not optional.

Georgia currently has 62,714 active duty and 42,910 Reservists and National Guard members. Each of these federalized service members has access to \$4,500 per year in tuition assistance for higher education. A large percentage of these service members are within the age cohort of the under-served, non-traditional student. Enlisted personnel must actively work toward obtaining an Associate’s or Bachelor’s degree to be eligible for promotion or to receive advanced military training. Officers must work toward a Master’s degree or higher to be considered for promotion and to receive highly rated Officer Effectiveness Reports. It is in the best interest of the University System of Georgia (USG) to support policy that enables service members to attend and return to USG institutions from TDY without penalty and financial hardship.

Understandings: The proposed recommendation for Section 7.3.5.3, Military Service Refunds, constitutes a revision of the previous policy. Proposed revisions are provided below. Please note that any strikethrough text represents a deletion from the current version, and the bold, highlighted text represents an addition to current policy.

| <i>Current Policy</i> | <i>Proposed Policy</i> |
|--|--|
| 7.3.5.3, Military Service Refunds | 7.3.5.3, Military Service Refunds |
| Subject to institutional policies, full refunds of tuition and mandatory fees and pro rata refunds of elective fees are hereby authorized for students who are: <ol style="list-style-type: none"> 1. Military reservists (including members of the National Guard) who receive emergency orders to active duty after having enrolled in a USG institution and paid tuition and fees; | Subject to institutional policies, full refunds of tuition and mandatory fees and pro rata refunds of elective fees are hereby authorized for students who are: <ol style="list-style-type: none"> 1. Military reservists (including members of the National Guard) who, after having enrolled in a USG institution and paid tuition and fees, receive emergency orders to active duty or are reassigned for temporary |

3. Revision of *The Policy Manual*, Section 7.3.5.3 Military Service Refunds (Continued)

| <i>Current Policy</i> | <i>Proposed Policy</i> |
|--|--|
| 7.3.5.3, Military Service Refunds | 7.3.5.3, Military Service Refunds |
| <p>2. Commissioned officers of the United States Public Health Service Commissioned Corps (PHSCC) and who receive deployment orders in response to a public health crisis or national emergency after having enrolled in a USG institution and paid tuition and fees;</p> <p>3. Active duty military personnel and who receive emergency reassignment after having enrolled in a USG institution and paid tuition and fees; or,</p> <p>4. Otherwise unusually and detrimentally affected by the emergency activation of members of the reserve components or the emergency deployment of active duty personnel of the Armed Forces of the United States and who demonstrate a need for exceptional equitable relief.</p> | <p>duty or mandatory training that prevents completion of the term after having enrolled in a USG institution and paid tuition and fees;</p> <p>2. Commissioned officers of the United State Public Health Service Commissioned Corps (PHSCC) and who receive deployment orders in response to a public health crisis or national emergency after having enrolled in a USG paid tuition and fees;</p> <p>3. Active duty military personnel and who, after having enrolled in a USG institution and paid fees, receive emergency reassignment or a temporary duty assignment or a training assignment that would prevent completion of the term after having enrolled in a USG institution and paid tuition and fees; or,</p> <p>4. Otherwise unusually and detrimentally affected by the emergency activation of members of the reserve components or the emergency deployment of active duty personnel of the Armed Forces of the United States and who demonstrate a need for exceptional equitable relief.</p> |

4. Authorization of Resolution to Commend Dr. Lindsay A. Desrochers

Recommended: That the Board authorize Vice Chancellor Fiscal Affairs, Usha Ramachandran, and Vice Chancellor of Facilities, Linda Daniels, to author a proper recognition and commendation for Lindsay A. Desrochers, Ph.D. acknowledging her many contributions to Higher Education and the University System of Georgia to be presented to her on the occasion of her retirement from Portland State University on June 15, 2011.

Background: Dr. Lindsay A. Desrochers, Senior Vice Chancellor for Capital Resources, served the Board of Regents of the University System of Georgia from August 9, 1995 to October 31, 2000. She oversaw accounting, budgeting, internal and external auditing, and capital outlay planning. She also managed and remolded various business processes and procedures to improve and comply with new regulations and implement best practices in addition to having worked closely with the Senior Vice Chancellor for Academic Affairs on strategic planning for the University System. Providing financial oversight of the System's \$4.0 billion budget for thirty-four institutions comprising of four research universities, fifteen state universities, thirteen two-year colleges as well as a number of campus centers including Skidaway Institute of Oceanography. Under her leadership, the University System undertook physical master planning for all campuses, launched and/or completed major capital outlay projects and regularized funding of major renovation and repair for all campuses. As Treasurer to the Board of Regents, Dr. Desrochers staffed four Board Committees: Finance and Business Operations, Real Estate and Facilities, Audit, and Teaching Hospital, including serving on the Medical College of Georgia Health, Inc. (MCGHI) Governing Board from 1999 – 2000.