



BOARD OF REGENTS OF
THE UNIVERSITY SYSTEM OF GEORGIA

BOARD OF REGENTS MEETING AGENDA

Wednesday, May 2, 2007

270 Washington Street, S.W.

Atlanta, Georgia 30334

Board Room, 7007

<u>Approx. Time</u>	<u>Tab</u>	<u>Agenda Item</u>	<u>Presenter</u>
10:00 AM Room 7007	1	Call to Order	Chairman Vigil
	2	Invocation	
	3	Safety Briefing	Mr. Mark Demyanek
	4	Attendance Report	Secretary Murphy
	5	Remarks from the Chancellor	Chancellor Davis
	6	Committee of the Whole <ul style="list-style-type: none">• Real Estate and Facilities	Regent Tucker Ms. Linda Daniels
	7	Committee of the Whole <ul style="list-style-type: none">• Finance and Business Operations	Regent Hatcher Mr. William Bowes
12 Noon	8	Adjournment	Chairman Vigil

AGENDA

COMMITTEE ON REAL ESTATE AND FACILITIES

May 2, 2007

Agenda Item	Page No.
--------------------	-----------------

APPROVAL ITEMS

- | | |
|---|---|
| 1. Gift of Real Property, 198 Waddell Street, Athens, University of Georgia | 1 |
| 2. Rental Agreement, 480 East Broad Street, Athens, University of Georgia | 2 |
| 3. Rental Agreement, Vickery Drive, Dahlonega, North Georgia College & State University | 3 |
| 4. Authorization of Project, Stallworth Biotechnology Addition, Fort Valley, Fort Valley State University | 4 |
| 5. Appointment of Design-Build Firm, Project BR-40-0701, Data Center Platform Upgrade, Annex Building, Medical College of Georgia | 5 |

AGENDA

COMMITTEE ON REAL ESTATE AND FACILITIES

May 2, 2007

1. Gift of Real Property, 198 Waddell Street, Athens, University of Georgia

Recommended: That the Board accept a gift of approximately 0.435 acre of improved real property located at 198 Waddell Street, Athens, from UGAREF Newton Street, LLC (the "LLC") for the use and benefit of the University of Georgia ("UGA").

Recommended further: That the legal details involved with accepting this gift of real property be handled by the Office of the Attorney General.

Understandings: The property contains an approximately 3,328 square foot frame structure with a basement.

The Board has rented this building since 2004. At the time of rental, the LLC indicated the intent to gift the real property to the Board.

This real property was acquired by the LLC in January 2003 for \$295,000. The LLC has invested \$184,000 to renovate the facility. An appraisal conducted by James L. Lee, MAI, Alpharetta, in January, 2007 values the property at \$360,000.

Acquisition of this real property is consistent with the UGA master plan.

An environmental site assessment has been conducted and indicates no significant adverse environmental issues.

This real property will continue to be used by the University of Georgia Office of Government Relations.

There are no restrictions on the gift and no known reversions, restrictions, or adverse easements on the real property.

2. Rental Agreement, 480 East Broad Street, Athens, University of Georgia

Recommended: That the Board authorize the execution of a rental agreement between Franklin House, Inc., Landlord, and the Board of Regents, Tenant, for approximately 10,460 square feet of office space located at 480 East Broad Street, Athens, Georgia, for the period July 1, 2007, through June 30, 2008, at a monthly rent of \$15,951.50 (\$191,418 per year annualized/\$18.30 per square foot per year) with options to renew on a year-to-year basis for 4 consecutive one-year periods with rent increasing 2.5% per year, for the use of the University of Georgia (“UGA”).

Recommended further: That authorization to execute this rental agreement be delegated to the Vice Chancellor for Facilities.

Recommended further: That the terms of this rental agreement be subject to review and legal approval of the Office of the Attorney General.

Understandings: In November 2004, the Board approved renting this property as swing space for the current tenants of Old College and New College during the renovation of these facilities. Renovation is on-going and there is a continuing need for this swing space.

All operating expenses are included in the rent rate.

3. **Rental Agreement, Vickery Drive, Dahlonega, North Georgia College & State University**

Recommended: That the Board authorize the execution of a rental agreement between Roberta Green, Landlord, and the Board of Regents, Tenant, for 28 apartment units located on Vickery Drive, Dahlonega, Georgia, for the period August 1, 2007, through July 31, 2008, at a monthly rent of \$20,660 (\$247,920 per year annualized) with options to renew on a year-to-year basis for 2 consecutive one-year periods at the same rent rate, for the use of the North Georgia College & State University (“NGCSU”).

Recommended further: That authorization to execute this rental agreement be delegated to the Vice Chancellor for Facilities.

Recommended further: That the terms of this rental agreement be subject to review and legal approval of the Office of the Attorney General.

Understandings: NGCSU can house 1,479 students on campus in traditional dormitories and apartments. NGCSU has experienced unanticipated retention for next year. This has resulted in insufficient student housing beds for returning students required to live on campus.

This rental agreement will provide sufficient additional student housing beds adjacent to campus to house all students required to live on campus.

Operating expenses, including utilities, are estimated to be \$67,200 per year.

4. Authorization of Project, Stallworth Biotechnology Addition, Fort Valley, Fort Valley State University

Recommended: That the Board authorize Project No. BR-64-0603, “Stallworth Biotechnology Addition,” Fort Valley State University (“FVSU”), with a total project budget of approximately \$3.1 million to be funded from a United States Department of Agriculture facilities grant and other private funds.

Understandings: The project will involve construction of an addition to the Stallworth Building to house new laboratories, classrooms and offices. The new addition will enhance FVSU’s mission within the biotechnology arena through research, extension, and resident instruction. Specifically, the addition is necessary to accommodate the significant growth in biotechnology research being experienced within the College of Agriculture, Home Economics, and Allied Programs at FVSU. This project will provide an approximate 8,000-square-foot addition to the existing 23,650-square-foot facility.

The proposed addition will provide research laboratories, a general/prep laboratory, an interactive outreach laboratory, offices, restrooms, and a tiered seating assembly space dedicated to students and the public. The total construction cost for the project is estimated to be approximately \$2.4 million.

If authorized by the Board, FVSU will proceed with the selection of design professionals in accordance with Board of Regents procedures.

5. Appointment of Design-Build Firm, Project BR-40-0701, Data Center Platform Upgrade, Annex Building, Medical College of Georgia

Recommended: That the Board appoints the first-named design-build firm listed below for the identified project and authorize the execution of a contract with the identified firm. Should it not be possible to execute a contract with the top-ranked firm, staff will then attempt to execute a contract with other listed firms in rank order.

Following public advertisement, a qualifications-based selection process for a design-build firm was held in accordance with Board of Regents procedures. The following recommendation is made:

Project No. BR-40-0701, “Data Center Platform Upgrade, Annex Building”
Medical College of Georgia (“MCG”)

Project Description: The proposed new construction/renovation, approximately 4,925 square feet, is to upgrade the existing data center reliability and infrastructure in the Annex Building and increase the floor and support space.

The current data center was originally designed and constructed as part of the Annex building second floor renovation in 1992. This data center is the primary data center for both MCG and MCG Health System. It supports all the campus and hospital related IT functions. Both MCG and MCG Health System have experienced sizeable growth in the existing 2,925-square-foot data center, hence the need for this expansion to meet projected space and IT equipment growth over the next five years.

Total Project Cost:	\$3,906,500
Construction Cost (Stated Cost Limitation)	\$3,370,000

Number of design-build firms that applied for this commission: 6

Recommended firms in rank order:

- 1)
- 2)
- 3)

AGENDA

COMMITTEE ON FINANCE AND BUSINESS OPERATIONS

May 2, 2007

Agenda Item **Page No.**

APPROVAL ITEMS

- | | | |
|----|--|---|
| 1. | Fiscal Year 2008 Budget Allocations | 1 |
| 2. | Fiscal Year 2008 Tuition | 5 |
| 3. | Fiscal Year 2008 Mandatory Student Fees | 7 |
| 4. | Fiscal Year 2008 Salary and Wage Administration Policy | 8 |

AGENDA

COMMITTEE ON FINANCE AND BUSINESS OPERATIONS

May 2, 2007

1. Fiscal Year 2008 Budget Allocations

Recommended: That the Board approve the allocation of state appropriations for fiscal year 2008 among institutions and operating units of the University System of Georgia. All allocations are pending the Governor's signing of the fiscal year 2008 Appropriations Act.

Background: The fiscal year 2008 budget approved by the Governor and General Assembly provides for total funding of \$2.1 billion for the University System of Georgia, including all institutions and organized activities, an increase of \$203 million, or 10.5% above last year's appropriation. Formula funding increases comprise \$75.5 million of the total increase, a reflection of the continued strong support state funding partners provide to the University System of Georgia to fulfill its mission of teaching, research and service.

Other organized activities ("B" budget unit, and non-teaching "A" budget activities, special funding initiatives and Research Consortium) including, as examples, the Georgia Tech Research Institute, the Agricultural Experiment Station, the Cooperative Extension Service, the University System Office and the Georgia Public Library Service and line item A units received \$315.5 million in state appropriations, an increase of \$39.8 million or 14.4% above current funding levels.

Operating Budget

The fiscal year 2008 approved budget for the University System of Georgia includes the following major components:

- \$23.9 million is included to provide merit-based salary increases averaging approximately 3 percent. The increases for both faculty and staff will become effective January 1, 2008. Funds to annualize the fiscal year 2007 pay increase in the amount of \$30.6 million are also included.
- \$75.5 million for formula increases. The formula comprises the major component of new state appropriations approved by the Governor and General Assembly for the University System of Georgia and includes \$38.8 million for enrollment-related increases; \$5.6 million is for operation and maintenance of new facilities, \$4.3 million for new system retirees, \$10 million for utility rate increases, and \$16.8 million for health insurance premium costs implemented in January 2006 and 2007.
- \$10 million is provided to assist Georgia Gwinnett College to hire faculty and staff and acquire other needed resources to develop programs and meet accreditation requirements.

1. Fiscal Year 2008 Budget Allocations (Continued)

- \$3.7 million is included to effect the transfer of the Georgia Aviation and Technical College to Middle Georgia College.
- \$17.5 million is provided to begin the transition of funding for the Major Rehabilitation and Repair Fund (“MRRF”) from bond funding to state appropriations (cash). This transition is expected to occur over a four-year period.
- \$2.8 million has been appropriated to provide for the planning and expansion of the Medical College of Georgia.
- \$1 million is included to provide for maintenance and operations for the Agricultural Experiment Station and Cooperative Extension Services.
- \$297K is provided under the Georgia Public Library Services formula reflecting growth in population.

Capital Budget

The total bond package for capital projects is \$271.5 million for fiscal year 2008, excluding design funds for the school of dentistry at Medical College of Georgia and \$17.5 million in MRR funds, both of which were funded in cash. A list of approved projects appears in Appendix I.

1. Fiscal Year 2008 Budget Allocations (Continued)

Allocation Recommendations:

The allocation recommendations for fiscal year 2008 call for \$25.4 million of enrollment-related formula funds to be allocated to institutions to support basic educational needs and create additional capacity for enrollment growth. The allocation strategy for fiscal year 2008 reflects findings from the new budget process begun last year by incorporating elements of institutional workload (enrollment), performance and efficiency. These elements include:

- Targeted Funding per full-time equivalent (“FTE”) Student
- Growth in enrollment
- Retention Rates
- Graduation Rates
- Audit Performance
- Institutional Support Efficiencies (Dollars spent on administrative support)

The allocation weighs each of these factors to develop a final allocation figure.

It is further recommended that new funds for maintenance and plant operations be allocated according to the formula. Funds for new retirees, electricity rate increases, and health insurance premiums are recommended for allocation to institutions based on actual costs or proportional share of estimated costs, except that it is proposed that \$2.5 million from new utility funds be reserved to establish a revolving fund in support of energy efficiency projects.

In accordance with the strategic plan initiatives now under the Board’s consideration, \$13.6 million in fiscal year 2008 state appropriations is recommended for allocation as follows:

A. Renewing Excellence in Undergraduate Education (\$750,000)

Funding is recommended to establish an implementation structure for the Transforming the Core Curriculum project, producing initial core curriculum competency recommendations and designing the initial core curriculum framework.

B. Creating Enrollment Capacity (\$600,000)

In addition to the previously mentioned \$25.4 million which will be used to expand capacity at all University System of Georgia institutions and provide funding for Georgia Gwinnett College, \$600,000 in new funding is recommended to establish an online masters degree program in education, develop a franchise model for online degree programs, and develop a database of all available online programs in the University System. These funds add to \$2.2 million that will be allocated to Georgia Southern University, Valdosta State University, Kennesaw State University, and the University of West Georgia from base-level funds appropriated in fiscal year 2007 to support retention and graduation rate improvement initiatives.

1. **Fiscal Year 2008 Budget Allocations (Continued)**

C. **Research and Economic Development (\$7.1 million)**

The recommendations provide \$800,000 to each of the four research universities to support expansion of research programs, \$500,000 to support the Archway Initiative at the University of Georgia, \$100,000 to explore opportunities to establish a research park and \$300,000 to expand the Intellectual Capital Partnership Program (“ICAPP ®”) to align with the strategic industry needs of the state as identified by the Commission for a New Georgia.

In addition, \$3 million is allocated to implement the recommendations of the Nursing Education Task Force. These funds will be used to support institutions who can demonstrate a capacity to increase the number of pre-licensure graduates with priority for funding based on factors relating to increased number of pre-licensure graduates; increased retention and graduation rates; partnerships/joint proposals among nursing institutions to increase the number of pre-licensure graduates and/or improve efficiencies; to identify matching funds from other sources including internal institutional funds, partner health systems funds, philanthropy, or grants; National Council Licensure Examination (“NCLEX”) pass rates within six months of graduation, and cost per graduate.

These recommendations build upon the \$2.3 million in fiscal year 2007 funds that were allocated to eleven institutions last year and which are proposed for reallocation to the same institutions in fiscal year 2008 to increase the number of nursing graduates.

D. **Building University System Partnerships with Other State Agencies (\$2.2 million)**

Funds are recommended for implementation of the initiative to improve learning in math and science (the STEM initiative) and to fund the Early College program.

E. **Increasing Efficiency, Working as a System (\$2.93 million)**

In addition to the previously mentioned \$2.5 million to create energy efficiencies, \$500,000 is recommended for process improvement, Lean Six Sigma and back office efficiency projects, \$400,000 is recommended for central hosting of student administration systems, \$275,000 is recommended for addressing issues of risk management, \$210,000 is recommended for expansion of the GALILEO databases, \$225,000 is recommended for the development of a leadership culture in the University System of Georgia, and \$1.32 million is recommended for expansion of programmatic capacity to provide system level services to institutions.

2. Fiscal Year 2008 Tuition

Recommended: That the Board approve the tuition rates for fiscal year 2008 to become effective in the fall semester 2007. Recommended tuition rates appear in Appendix II.

Undergraduate Tuition

Last year marked the introduction of the guaranteed tuition policy, known also as the “fixed for four” plan. Under that policy, entering students are guaranteed a fixed tuition rate for four years, if enrolled in one of the University System of Georgia’s research or comprehensive state universities or three years, if enrolled at one of University System of Georgia’s two-year colleges.

The recommended fiscal year 2008 tuition rates under this new policy reflect projections of operating budgets through the year 2010 based upon enrollment growth and the impact of that growth on the funding formula. Rates reflect the minimum needed to ensure that the full share of student cost is captured during the next four years from entering freshman. Rates for continuing students are recommended also in accordance with needs based on the formula.

Graduate and Professional Program Tuition

In November 2006, the Board of Regents adopted a change to the current policy on graduate tuition rates. The former policy indexed graduate tuition rates to an amount equal to no less than 120% of undergraduate tuition rates. The adoption of the guaranteed tuition plan last year, which altered the fixed relationship between undergraduate and graduate rates, necessitated a change. The new policy gives University System of Georgia institutions having graduate programs the ability to request a separate “core” graduate tuition rate based on market and cost considerations while retaining and expanding policy provisions that also allow institutions to request approval for separate tuition rate adjustments for select competitive graduate and professional programs. Although the change to the graduate tuition policy was driven by the creation of the guaranteed tuition plan for undergraduates, it also serves the benefit of reducing the subsidy of graduate programs by undergraduate tuition and ensures that funds are available to promote excellence in competitive professional programs as well.

The recommended “core” graduate tuition rates appear in Appendix II as do the recommendations for changes in tuition rates for graduate professional programs. The recommendations support all of these requests.

Under current policy, Georgia College & State University and Southern Polytechnic State University have undergraduate tuition rates that differ from the other four-year comprehensive universities due to their unique missions. It is recommended that undergraduate tuition rates at Georgia Southern University, Valdosta State University, Kennesaw State University, and the University of West Georgia, also be differentiated based upon their mission as doctoral degree granting institutions and increased at the same rate that tuition rates at the research universities are increased.

2. Fiscal Year 2008 Tuition (Continued)

Finally, it is recommended that tuition rates at the seven state colleges in the University System of Georgia, which are now divided between lower and upper division per credit hour rate, be transitioned to a single tuition rate. This change will simplify tuition rates for students at these institutions and facilitate the implementation of the guaranteed tuition plan at the state colleges.

3. Fiscal Year 2008 Mandatory Student Fees

Recommended: That the Board approve increases and/or adjustments in mandatory student fees for various institutions of the University System of Georgia to become effective in the fall semester 2007. Recommended mandatory student fees appear in Appendix III.

Background: By policy, the Board of Regents is authorized to approve all mandatory fees and fee increases. The major mandatory fees include intercollegiate athletic fees, student health service fees, student activity fees, parking and transportation fees, and, in recent years, fees to support private funding of facilities such as recreation centers, parking decks, student centers and similar projects. The recommendations contained in Appendix III were developed following a review of institutional fee increase requests that considered, among other things, the current financial position of the programs and activities supported by fees. In addition, all requests were accompanied by documentation provided by each institution concerning the committee review process required by Board of Regents policy. That policy requires each fee and the budget it supports to be reviewed by a committee comprised of a minimum fifty percent of students.

There are currently 161 mandatory student fees in effect at University System of Georgia institutions. A total of 64 requests were submitted for fee increases. An additional seven were requested as new fees. The recommendations support 53 of these requests at the requested amount, and 16 at a level below the requested amount. Two fee requests are not recommended. One is a request by Kennesaw State University to establish a Global Learning Center; the second is a request by the University of West Georgia to create an international fee. Since the activities to be supported by these fees are tied to academic programs, it is recommended that they be funded from tuition revenues and/or state appropriations.

The overall system average increase in mandatory fees based on these recommendations is 9%. This is higher than in previous years. Most of the increase can be attributed to increases in technology fees which have been held constant at most institutions for 5-6 years and to new privatized capital projects for which financing is dependent upon the charging of facilities fees to students. Technology or facilities fees account for more than forty percent (40%) of the total recommended fee increases.

4. Fiscal Year 2008 Salary and Wage Administration Policy

Recommended: That the Board approve the fiscal year 2008 salary and wage administration policy for the University System of Georgia.

Background: The Board of Regents allocated to each institution funds to provide for a three percent (3%) salary increase for all employees. These funds must be provided to University System of Georgia employees for salary increases on the basis of merit. It is expected that individual merit salary increases will be reasonably distributed among employees in amounts ranging from zero to ten percent (10%). Salary increases may exceed ten percent for employees exhibiting exceptionally meritorious performance. Institutions must notify the Chancellor in writing of any merit increases they approved at a level exceeding ten percent 10%. Additionally, the policy allows for institutions needing to make promotions or position reclassifications or to address market issues and issues of salary inequity or compression to make adjustments while requiring that these adjustments be supported by appropriate documentation (e.g., market analysis or internal salary studies).

Salary increases become effective January 1, 2008, for all System employees.