



# 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
<b>Total Educational and General</b>	<b>6,309,195,084</b>
Capital	155,176,918
Auxiliary Enterprises	910,698,777
Student Activities	125,775,624
<b>Total FY 2014 Original Budget</b>	<b>\$7,500,846,403</b>



~25% of Total Budget

# University System Programs

<b>Teaching Program (31 Institutions)</b>	<b>\$ 1,676,074,685</b>
<b>Other Programs:</b>	
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>
<b>Other Activities Sub-total</b>	<b>\$ 207,054,107</b>
<b>Total State Funds</b>	<b>\$ 1,883,128,792</b>

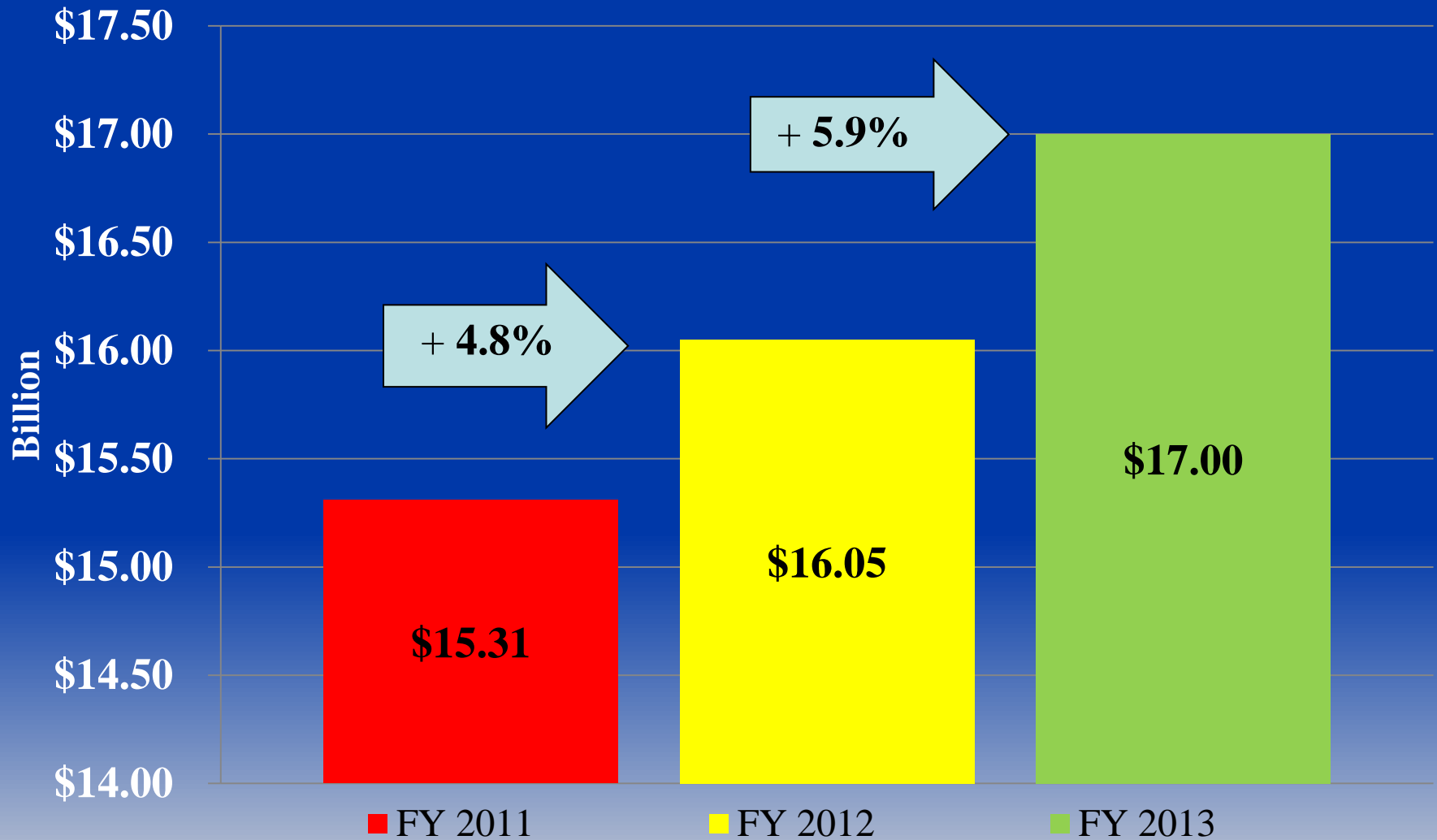


# Budget Instructions

- 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

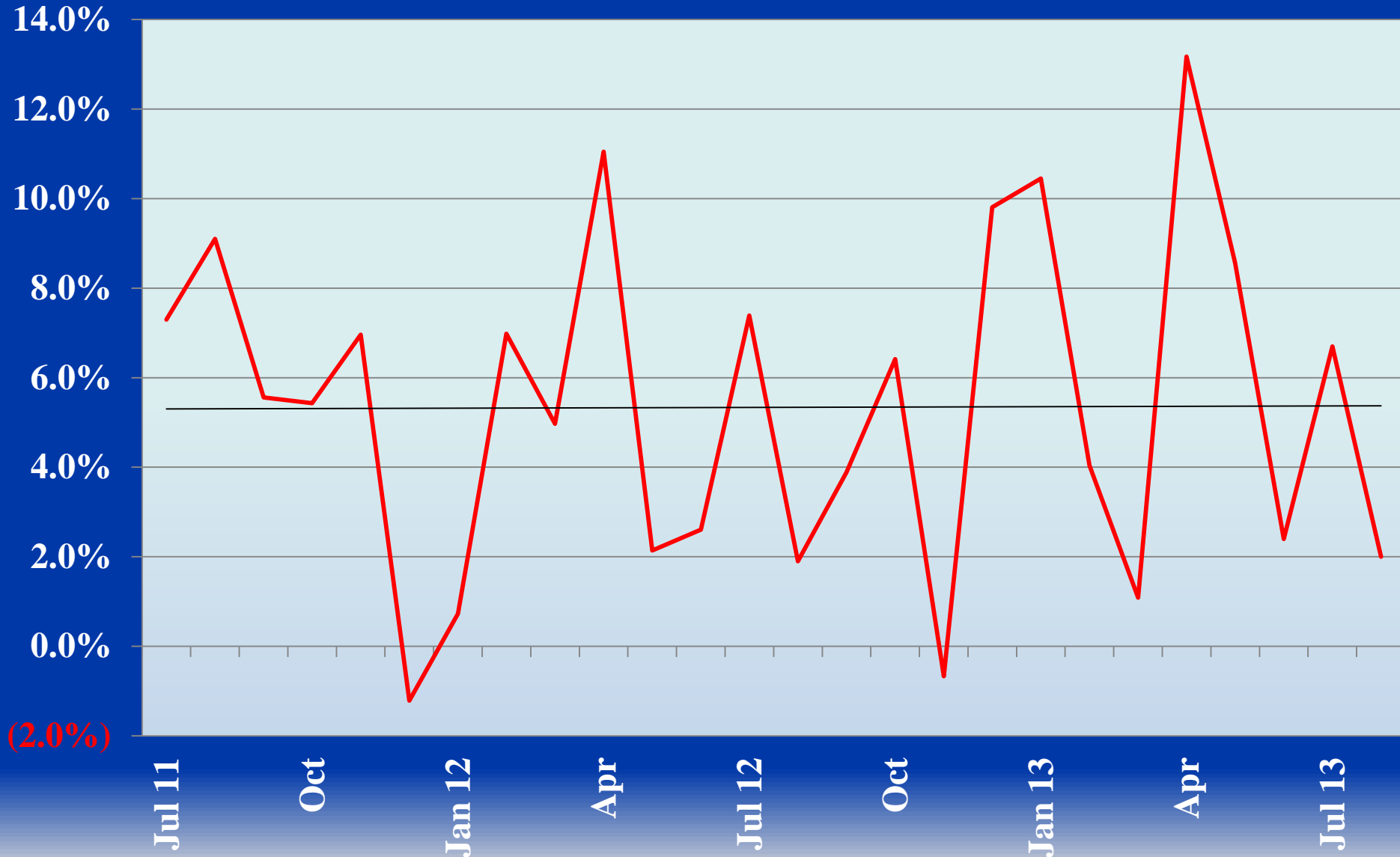
# State Revenue Collections

## FY 2011 – FY 2013 Actual Collections



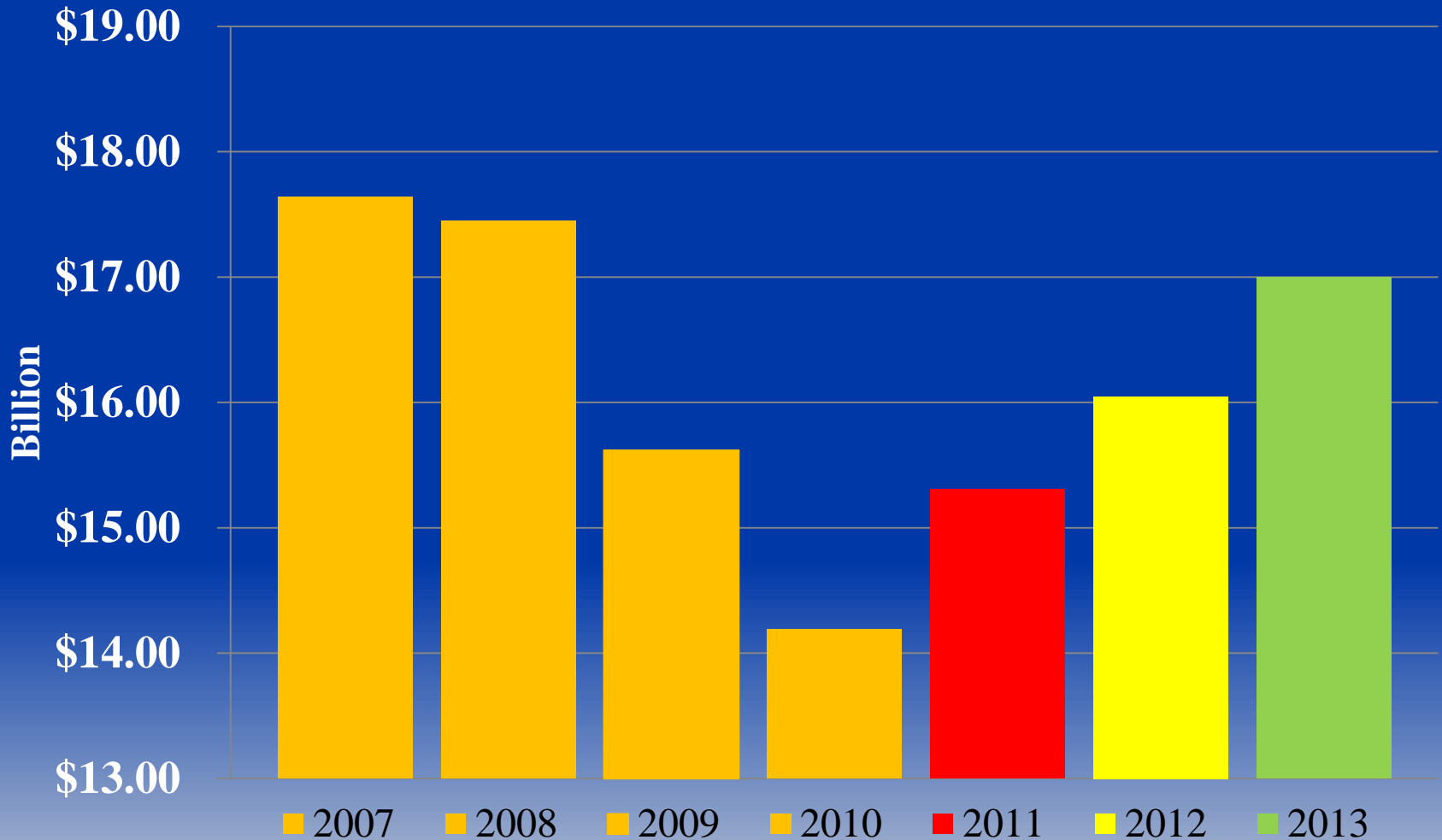
# State Revenue Collections

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



# State Revenue Collections

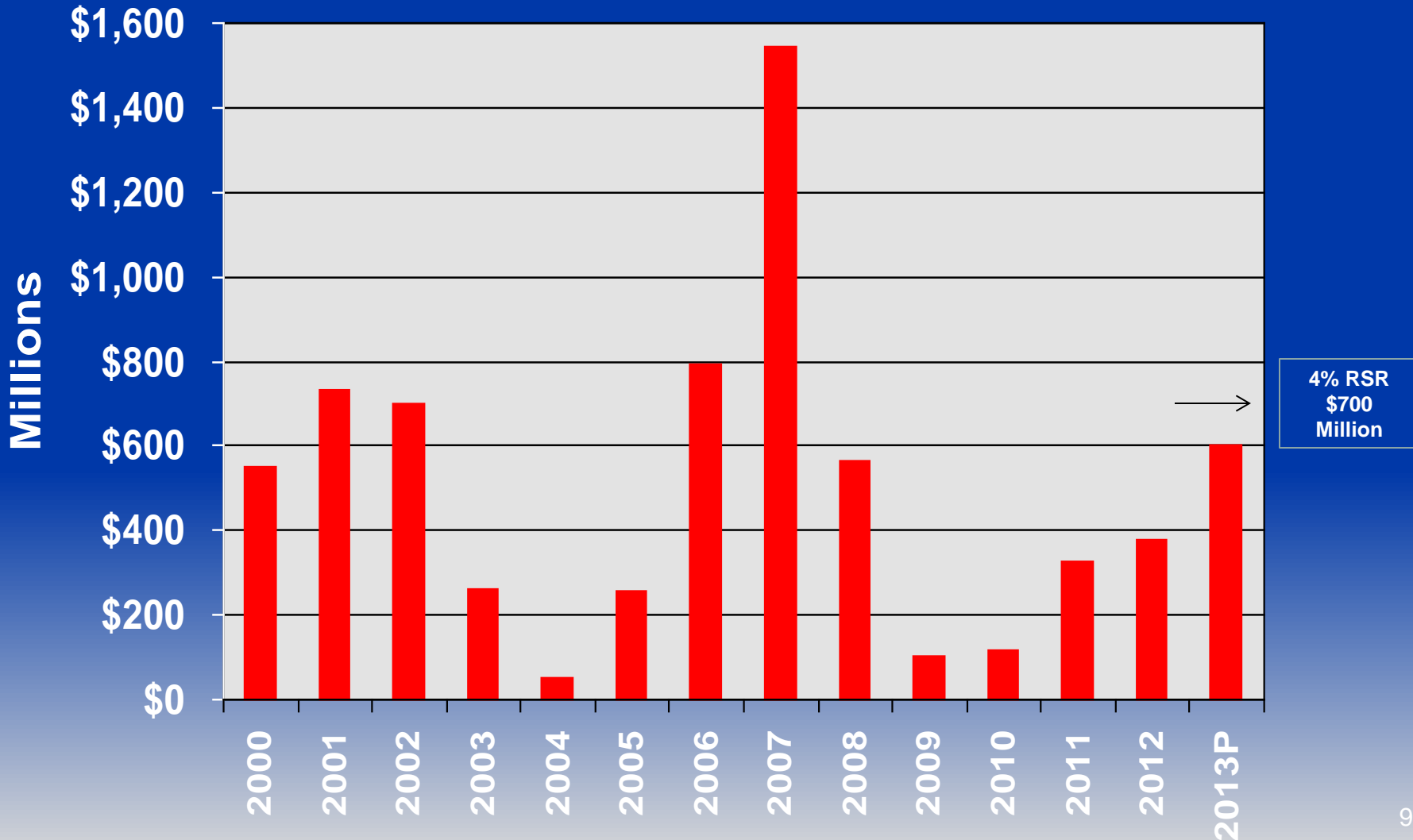
FY 2007 – FY 2013 Actual Collections





# State Revenue Shortfall Reserve

FY 2000 to FY 2013 (Projected)

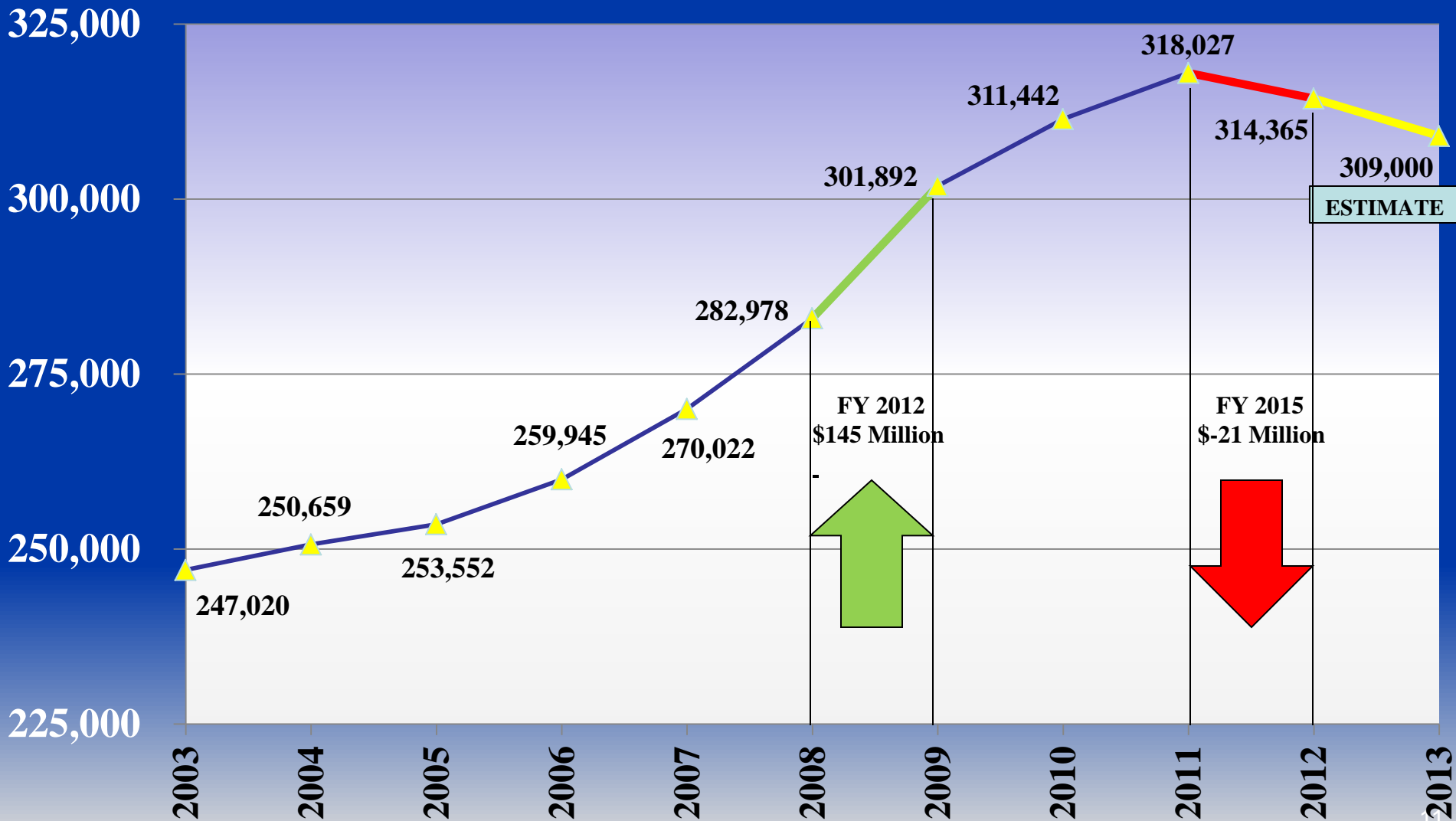


# State Budget Outlook

- 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)

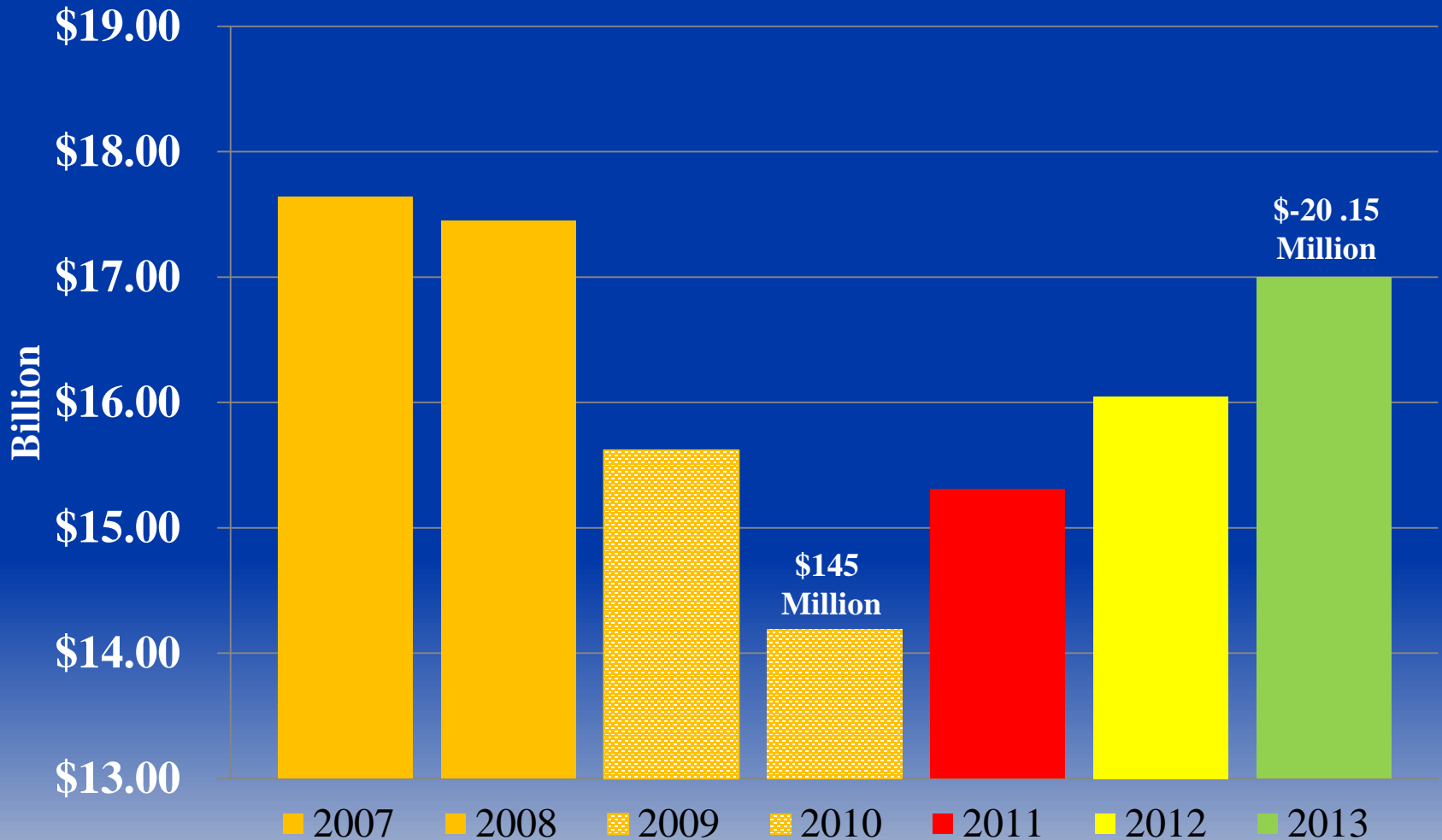
# University System Enrollment

## 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”

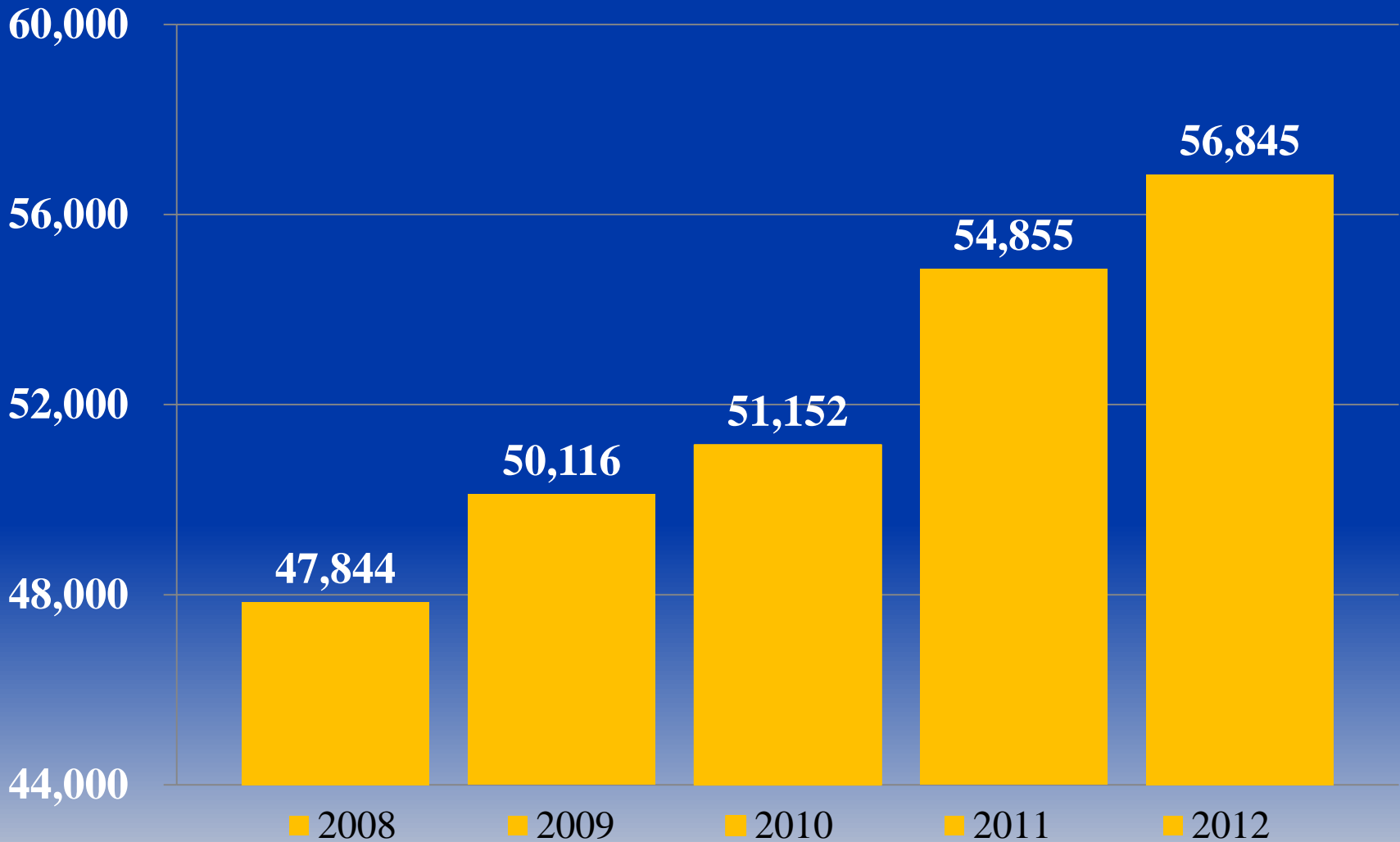


# New Normal

- 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

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# 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

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



# Estimated Net Savings from Plan Changes and Needed Funds

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

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

# FY 2015 Formula Request

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



# 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

<b>Enrollment Reduction @ 2.74%</b>	<b>\$ -20.15 Million</b>
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<b>M&amp;O Funds - Increased Square Footage</b>	<b>\$ 20.64 Million</b>
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<b>Health Insurance – Employer Share</b>	<b>\$ 7.91 Million</b>
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<b>Affordable Care Act</b>	<b>\$ 20.60 Million</b>
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<b>Optional Retirement Program (ORP)</b>	<b>\$ 10.00 Million</b>
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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	<b>13.15%</b>	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

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





# FY 2015 Funding Change

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

**Formula Increase** **\$ 45.64 Million**

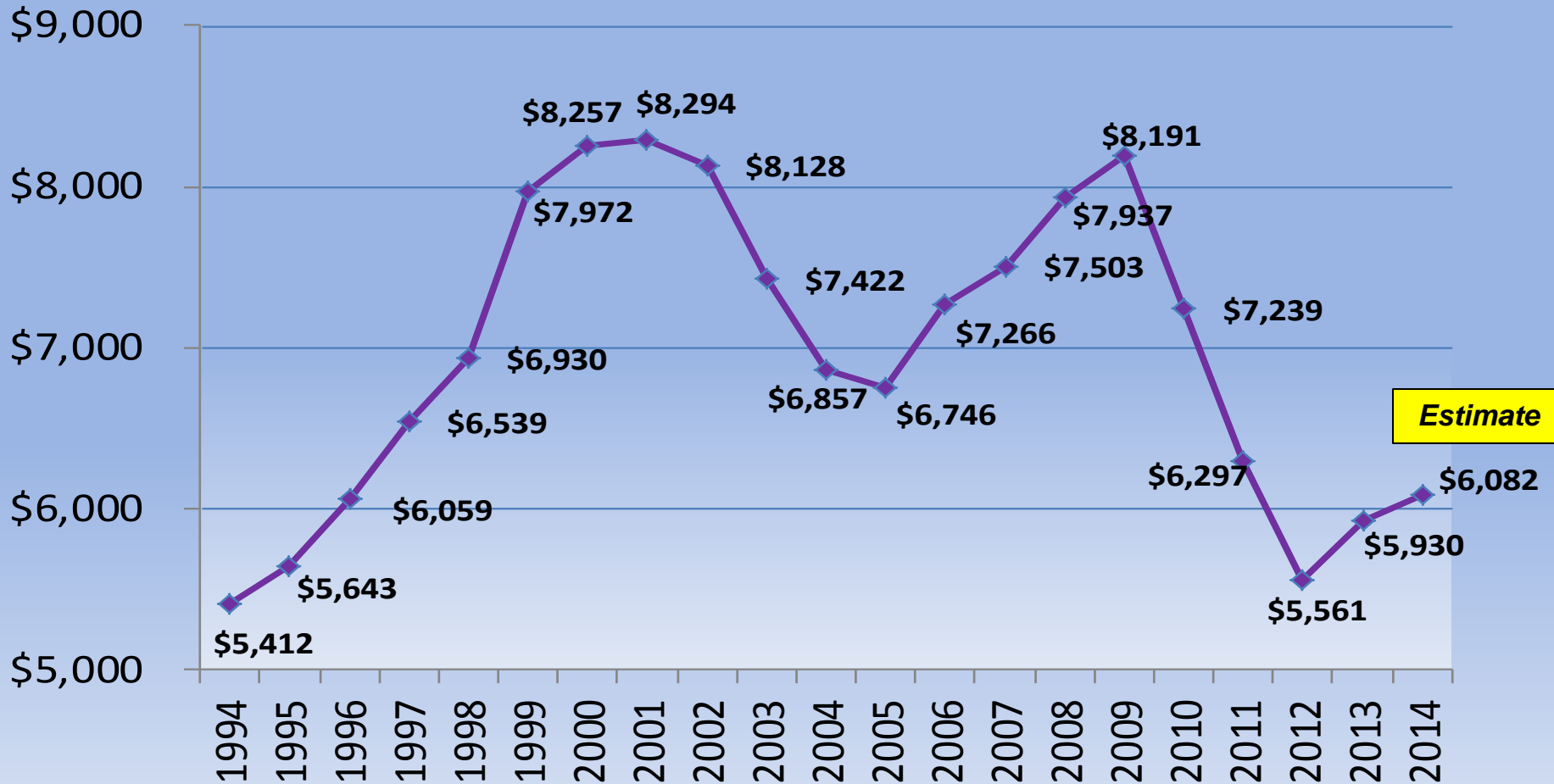
**Graduate Medical Expansion** **\$ 3.23 Million**

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

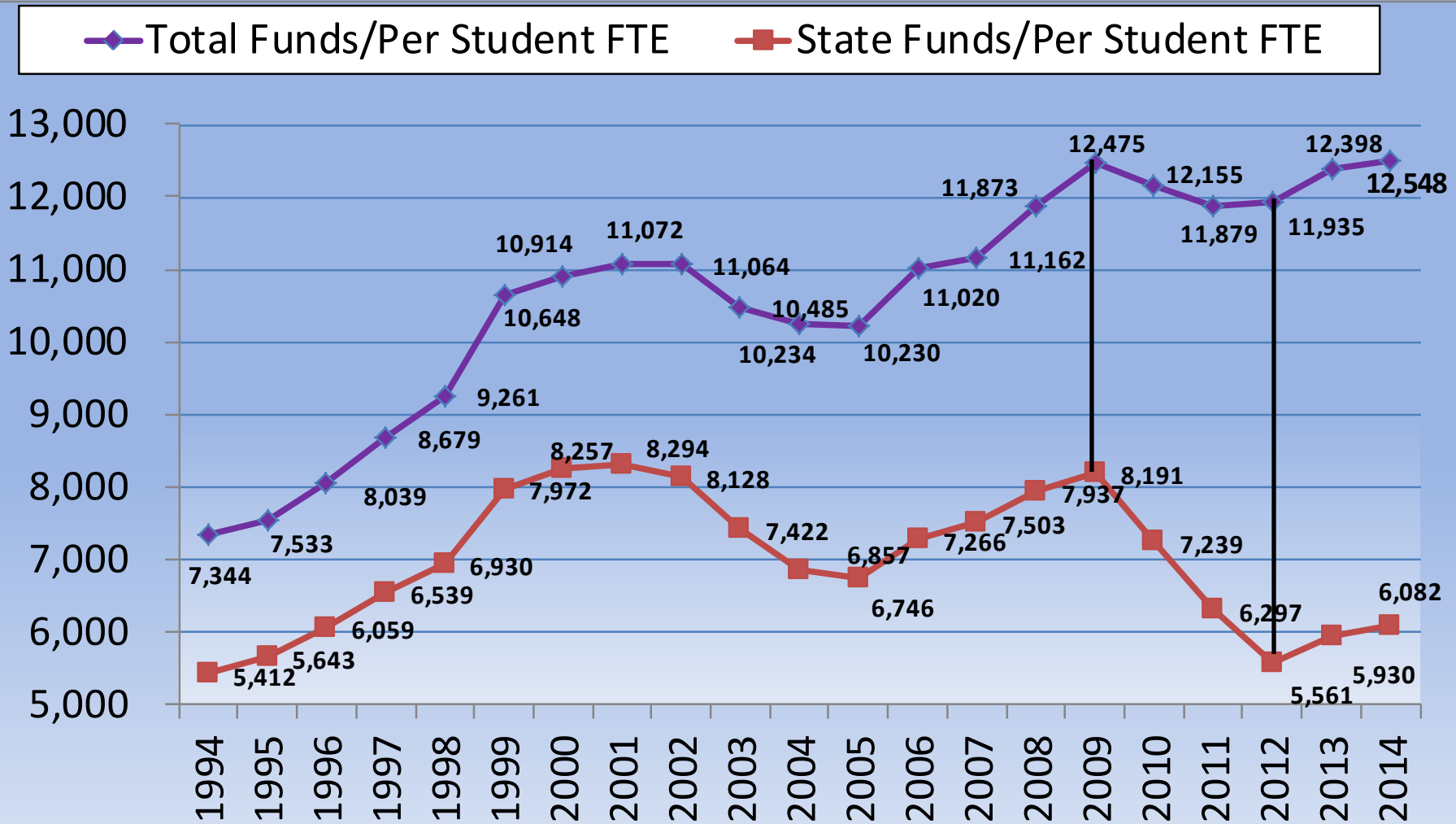
**FY 2015 Total Request** **\$ 1.932 Billion**

**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

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

## FY 2015 Capital Budget Request



# FY 2015 Equipment

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



# FY 2015 Construction

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



# FY 2015 Small Capital Projects

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

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# FY 2015 Planning

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



# 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

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



# 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>
<b>Subtotal</b>	<b>\$24,225,000</b>

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# 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