

**MINUTES OF THE MEETING OF THE  
BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA  
HELD AT  
270 Washington St., S.W.  
Atlanta, Georgia  
September 12, 2001**

**CALL TO ORDER**

The Board of Regents of the University System of Georgia met on Wednesday, September 12, 2001, in the Board Room, room 7007, 270 Washington St., S.W., seventh floor. The Chair of the Board, Regent Hilton H. Howell, Jr., called the meeting to order at approximately 10:00 a.m. Present on that day, in addition to Chair Howell, were Vice Chair Joe Frank Harris and Regents Hugh A. Carter, Jr., Connie Cater, Michael J. Coles, George M. D. (John) Hunt III, Donald M. Leebern, Jr., Elridge W. McMillan, Martin W. NeSmith, Joel O. Wooten, Jr., and James D. Yancey.

Chair Howell announced that the full Board had met in Executive Session on Monday, September 10 and Tuesday, September 11, 2001 in a special called meeting of the Board to discuss a personnel issue. There were no actions taken in those meetings.

**INVOCATION**

The invocation was given on Wednesday, September 12, 2001, by Regent Michael J. Coles.

**ATTENDANCE REPORT**

The attendance report was read by Secretary Gail S. Weber, who announced that Regents Juanita P. Baranco, Allene Magill, J. Timothy Shelnut, and Glenn S. White had asked for and been given permission to be absent on that day.

**APPROVAL OF MINUTES**

Motion properly made and duly seconded, the minutes of the Board of Regents meeting held on August 7 and 8, 2001, were unanimously approved as distributed.

**COMMITTEE ON FINANCE AND BUSINESS OPERATIONS, “COMMITTEE OF THE WHOLE”**

Chair Howell next convened the Committee on Finance and Business Operations as a Committee of the Whole and turned the Chairmanship of the meeting over to Regent Yancey.

Chair Yancey thanked Regent Howell and explained that the purpose of this meeting was to consider the fiscal year 2003 and fiscal year 2002 amended operating and capital budget request proposal (Item 1, page 13). He then called upon the Chancellor to make the presentation to the Board.

Chancellor Portch thanked Chair Yancey and explained that each year at this time, the Board considers

for approval its next year's fiscal budget request. Once the Board reviews and approves the request, it is submitted to the Governor's Office of Planning and Budget ("OPB"). The Governor then makes his budget recommendations to the legislature in January. Included in this request is operating funding that would cover July 1, 2002, to June 30, 2003, or the 2002-2003 academic year. Also included is the amended budget request, which is the available funds from the state treasury in this year's current budget that have not yet been appropriated or allocated. Those funds would be allocated before June 30, 2002. The Chancellor noted that Georgia may be the only state likely to have any supplemental budget, and that is because of the wisdom of having low revenue estimates and a good "rainy day" fund. Also in this proposal was the capital budget request, which consists of the major capital projects list, the minor capital projects list, and the payback projects. The Chancellor noted that the budget closely follows the Board's strategic plan. Although the final details of the plan are not yet completed, the budget request undergirds its priorities.

Next, the Chancellor discussed the figures in the budget request. He noted that the fiscal year adjusted base appropriation is \$1.4 billion. Added to that will be \$74.5 million, the staff's calculation of the funding formula, including specific improvements and restoration of reductions. The Board is also allowed by the Governor to ask for up to 2% of its base budget in special initiatives enhancement funding, which constitutes \$31.1 million. Plus, 2% of the enhancements would be \$4 million, and the continuing special funding initiatives and lottery funds equal \$57.4 million. Thus, the University System budget request totals \$1.8 billion, not including salaries, which the Chancellor would address momentarily. He noted that the most important part of the budget request is the formula, which has served the state very well. However, there have been discussions with the Governor and others that it is time for the formula to undergo some significant revision. It does not, for example, include quality improvements, but only rewards quantity improvements. The staff do not believe that this is the year to overhaul the formula, but it is certainly the year to start the groundwork for the future. Next year will likely be a better year to start revising the formula itself. The staff will begin the conversations with their partners in OPB and the Legislative Budget Office this coming year to prepare for that major task, which will likely be the Board's strategic planning initiative one year from now. In the meantime, there are some things that the staff would like to see improved and enhanced in minor ways this year in the formula. Included in the formula is \$60 million for the basic parts of the formula. In addition, the staff are recommending asking for changes in the formula in the amount of \$14.4 million to restore the technology factor to 1.75% and then increase it from 1.75% to 2% and to establish the operations and maintenance of plant rate at \$5.99 per square foot.

Chancellor Portch turned his attention to salaries. He noted that in 1995, Georgia was sixth among the Southern Regional Education Board ("SREB") states with regard to salaries. In 1998, Georgia reached second, but it slipped down to fourth in 2001. In 2000, the University System salaries were at 98.7% of the national average. The Chancellor stated that the Board has a unique opportunity this year to continue its upward trend to become more competitive nationally and regionally and that the state has made a sustained positive commitment to salaries. He assured the Regents that there is a very direct correlation between the salary increases and improvement in the System's quality and reputation, because the System is now able to attract very impressive faculty. There was a little slippage in salary increases in recent years,

but the increase was better in fiscal year 2002, and we would like to see that improvement sustained. Rather than put the Governor in a difficult position by asking for a specific percentage when he has not yet finished examining the revenue projections and the overall budget situation, the staff are simply requesting that he include a strong commitment to salaries this year to continue the System's competitive position. The Chancellor stressed that the University System of Georgia is in competition with other states where salaries and faculty are concerned. The competitor states will likely have a lean year, so this is a good time for the University System to have a strong year and catch up with them. While there is no specific percentage request in the budget proposal, each percentage of the salary increase equates to about \$16 million.

Then, the Chancellor discussed the special initiatives. He reiterated to the Regents that the University System is allowed to ask for up to \$31.1 million, or 2% of the base budget, in special initiatives funding. The staff are recommending that over half of that figure be dedicated to the two major strategic goals that the Board had recently identified: enhancing access (\$7.6 million) and improving retention and graduation rates (\$9 million). Chancellor Portch introduced Mr. Bill Keith, a graduate of both Abraham Baldwin Agricultural College ("ABAC") and Georgia Southwestern State University ("GSSU"), to help put a human face on these strategic goals. Mr. Keith has been able to complete his college education because the Board has made it possible for him to access higher education in his part of the state. His story would be illustrative of what the Board should try to do for students throughout the State of Georgia.

Mr. Keith stated that he lives in Tifton and that he was a college dropout. He is 51 years old and has been married to his wife, Connie, for 26 years. Mrs. Keith graduated in 1970 from Central High School in Thomasville. She attended ABAC and graduated from Valdosta State University with a degree in secondary education, and she now teaches in Tifton. Mrs. Keith took a traditional path, but Mr. Keith took a much different path. He graduated in 1968 from Florida Military School and then attended Manatee Junior College in Bradenton, Florida, for two quarters. In his first quarter, the college put him on probation. In his second quarter, the college invited him to leave. So, he spent the next 3 years, 9 months, and 18 days in the Air Force. When he was honorably discharged from the Air Force, he returned to Tifton to be close to his parents. He attended and graduated from ABAC in 1974 with an associate's degree in business. This time, he was much more focused on his future. He went to work for Belk Department Store and was transferred to Thomasville, where he met and married Connie. He lived in Thomasville for 12 years before he was offered the opportunity to return to Tifton in 1986, where he and his wife have since lived.

One of Mr. Keith's long-term goals was to achieve his bachelor's degree, but he did not have the time nor the opportunity to pursue that goal. In 1993, his position changed and it appeared that he would have more time to spend in Tifton with his family. One of his coworkers was attending a satellite program at ABAC sponsored by GSSU. Mr. Keith had a full-time career and family responsibilities, but he still wanted to return to college. Obviously, he fell within the nontraditional student category. He could not commute to Valdosta or Americus for his college education, so he enrolled at the satellite program. Much to his surprise, he was not the only older student in the program. He attended classes for two years and graduated in December 1994. He was able to achieve his goal only because the courses he needed were

available at ABAC in partnership with GSSU. After graduating, he focused on family and his community, but now he has a new goal: he wants to earn the master of business administration (“M.B.A.”) that is offered by Albany State University at ABAC. He plans to start this spring and is ready. He is following in the footsteps of his father, who went back to school at age 41 and finished his bachelor’s and master’s degrees in education. Then, his father taught at ABAC and retired as the director of continuing education. Likewise, Mr. Keith’s son, Kevin, went to college but dropped out. He said that he hopes that Kevin will return to ABAC when the time comes. Mr. Keith’s second son started at ABAC this semester with future plans to transfer to the Georgia Institute of Technology in two years. Mr. Keith stated that he is proud of the contribution that ABAC makes to the community and quality of life in Tifton. He thanked the Regents for the opportunity to speak at this time and hoped they would continue to strengthen the collaboration between the institutions so that opportunities will continue to be available for nontraditional students to complete their educational goals at ABAC and across the state.

Chancellor Portch reminded the Regents that they have discussed how to use the two-year colleges to bring additional baccalaureate and master’s degrees to certain areas of the state from other institutions. ABAC and other two-year colleges are finding ways to address this need, and the Senior Vice Chancellor for Academics and Fiscal Affairs, Daniel S. Papp, is performing an inventory to find out how much of this is happening across the state to see where there are gaps and what incentives and support are necessary for additional sites to be opened. He then turned his attention to the Eminent Scholars Endowment Trust Fund. He explained that there is a \$4.75 million request in the amended budget request for catch-up. Right now, the Eminent Scholars Program is such that the private sector provides \$500,000 and the state matches with another \$500,000. However, the University System has been so successful with this program that it has fallen behind on the state matching funds. With the amended budget request, the Board could catch up with the private donations it has already obtained for Eminent Scholars, and to prevent a future situation like that, the permanent budget requests \$5 million to establish a trust fund for ten Eminent Scholars per year.

This is advantageous both to the donors, who will know whether or not the matching funds are available, and the state, who will have a cap on its budget. This creates a permanent solution while providing a one-time catch-up in the amended budget. This program is important because it brings outstanding professors into the University System and it engages the private sector in leveraging state monies. The Chancellor introduced Dr. William W. McCartney, who holds the W. E. Carter Distinguished Chair of Business Leadership at Georgia Southern University (“GSOU”).

Dr. McCartney thanked the Chancellor and greeted the Regents. He explained that he had been invited to the Board meeting to discuss the Eminent Scholars Program. The program started in 1986, and since its inception, more than 20 Eminent Scholars have been funded throughout the University System. The program allows the System to attract a uniquely talented group of people to become involved in research and service projects that benefit the citizens of Georgia. However, the Eminent Scholars Program is about more than just research; it is also about practical applications, focusing on regional and statewide problems and building long-term relationships with individuals and corporate partners. Dr. McCartney graduated with an engineering degree from Auburn University and then went into the military for three years. After

the military, he took a job as a sales engineer in the electrical industry. While working, he went back to school at night and earned his M.B.A. He thought he might like to teach college, so three years after earning his M.B.A., he went back and earned his doctorate in management. He then had a 15-year career as a faculty member and administrator. In 1993, he left his job as a department chair and went to work in the healthcare industry, where he served as a senior executive for seven years. Most recently, he served as Senior Vice President of Operations for Olsten Health Services in the Southeast. In that capacity, he had responsibility for 80 offices in 7 states with a total of approximately 5,000 employees and \$360 million in revenues.

When the Carter family established the W. E. Carter Distinguished Chair of Business Leadership, GSOU stated in its requirements that it was seeking an individual with business experience as well as academic credentials. Dr. McCartney really wanted to teach, so he applied, was selected, and began teaching at GSOU in fall 2000. Some of the programs with a leadership focus at GSOU include Leadership Southeast Georgia, a series of two-day seminars for community leaders, primarily in the public sector. GSOU is also involved in mentoring activities for the Coastal Venture Investment Forum, which is an initiative to match venture capitalists with developing businesses. GSOU also has some special leadership classes for student leaders in the College of Business. Additionally, GSOU is continuing to invite business leaders to campus to talk to the students about leadership topics. Of all the benefits that accrue to an institution through the Eminent Scholars Program, perhaps the most important is the long-term relationships that are created between the donor and the university. As a result of supporting the Eminent Scholars Program, donors usually get involved in scholarships for students, guest lectures and activities, faculty-industry exchange programs, student internships, continuing education, and a variety of other activities. In short, the Eminent Scholars Program will help cement a relationship that is life-long and mutually beneficial between donors and universities. Recently, Dr. McCartney went to a lecture by a president of a major university in a neighboring state. In the president's speech, he said that he thought it was possible in the not-too-distant future that his institution might be the first public university to be funded primarily by private funds. Dr. McCartney stated that this is not a likely scenario in Georgia, but it does underscore the importance of private funds to a publicly funded state university. People like to give donations to projects that have substance or to programs in which they have an interest. William Freeman, founder of the William A. Freeman Distinguished Chair in Free Enterprise, obviously believed in free enterprise. Likewise, the Carter family was concerned about improving leadership in the business environment. Both of these groups demonstrated the strength of their commitment by making a sizable financial contribution to GSOU. The Board needs to ensure that it continues the opportunity and incentive for this type of giving. As long as the needs and interests of the donors are consistent with the long-term mission of the university, then there is a win-win situation. The Eminent Scholars Program is unique in its ability to focus effort and resources on the relevant issues and its ability to build lasting relationships between the public and private sectors in the State of Georgia. Dr. McCartney urged the Board to continue its support of the program, which provides benefits to both the System and the citizens of the state.

Chancellor Portch thanked Dr. McCartney and then discussed the Intellectual Capital Partnership Program ("ICAPP®"). At this meeting, the staff were proposing an innovative addition to ICAPP®. Many Regents

received letters about the nursing shortage and the healthcare workforce crisis that exists in the State of Georgia and across the nation. Working with the Georgia Hospital Association and others, the staff has developed a unique approach to this situation. The concept basically builds on the ICAPP® Advantage model, which creates partnerships when there are workforce shortages. The concept is that the hospitals or consortiums of hospitals will work with University System institutions or consortiums of institutions to make proposals for funding in the sum of \$4 million. Then, the hospitals will have the responsibility of helping recruit the students into the program. The System is also asking the state for work-cancellable loans so that students can subsist while they are in the program. The institutions will work with the hospitals to upgrade and expedite the curriculum just as they did with knowledge workers, and the System would ask its private partners to put some monies on the table in the way of matching funds for the state's \$4 million. The Chancellor stressed that this is an economic development issue. Those in rural Georgia know that if there are not good schools and good healthcare, they will not be able to attract good companies. So, this is why the healthcare issue fits with ICAPP®. This is the perfect time to shift the program's focus a bit toward the healthcare workforce shortage. The Chancellor then introduced Ms. Karen Waters from the Georgia Hospital Association to talk a bit more about this new approach.

Ms. Waters thanked the Chancellor and the Regents for this opportunity to speak. She explained that Georgia is experiencing a severe healthcare workforce shortage that is not expected to improve in the foreseeable future. This shortage is occurring at the same time as the state is experiencing an increased demand for health services, increased patient acuity, and increasing age of allied health professionals and nurses. In fact, the crisis in New York and Washington, D. C. has created a situation in Georgia where the hospitals have to be on alert not only to a potential crisis here in the state, but also to be able to send assistance to those areas. In addition, the shortage is occurring when the state is experiencing a decreased number of 18- to 21-year-old students entering the healthcare professions. The shortage has impacted hospitals in a number of ways. Many hospitals are dealing with long patient waits in their emergency and recovery rooms. They may also be limited in their ability to admit patients, and many have closed beds due to the shortage. However, the shortage is not limited to nursing; it affects both nursing and allied health professionals. Recently, the Department of Community Health ("DCH") worked with the group to discuss this issue, and its report entitled "Code Blue" accurately describes the situation. There is a statewide shortage of registered nurses, pharmacists, medical technicians, radiation technicians, physical therapists, and medical stenographers, to name just a few. A complement of professionals is necessary to provide quality patient care. The hospitals are very focused on this issue. It is discussed at all the meetings, even if it is not on the agenda. A number of activities are underway to address the issue. Managers in hospitals are being trained on the importance of retention of the current staff. Salary structures are being reviewed and adjusted, even in the face of shrinking reimbursements from the federal government. School and business partnerships are being formed in order to direct efforts toward recruiting middle and high school students.

There are also other creative ways of dealing with the situation, said Ms. Waters. ICAPP® is an excellent way to encourage collaboration with universities and colleges on these special projects. The end result is a win-win situation for the universities, the hospitals, and the students. Some of the hospitals have partnered

with local community colleges to provide satellite programs on the hospital campuses through the use of distance learning. The hospitals provide staff as adjunct instructors for clinical oversight and learning labs. The hospitals in the Savannah area have partnered with Armstrong Atlantic State University to offer an accelerated training program for nurses. The students in that particular program in many cases are in their second careers. They welcome the opportunity to go to school year-round and graduate early. It is extremely helpful to the hospitals to have professionals graduating in both December and August. Finally, while one rural hospital might not be able to hire ten students, which is the requirement under ICAPP<sup>®</sup>, a group of rural hospitals could participate in a joint local program that allows area residents an opportunity for further education. The crisis in New York and Washington, D.C. has affected hospitals in Georgia. The burn centers in Augusta and Atlanta have been contacted about possibly receiving patients. The hospitals are responding to address the situation and to address the workforce shortage. They need the assistance of the University System to provide trained professionals to care for Georgia's citizens. The ICAPP<sup>®</sup> model will be very beneficial in helping hospitals address the workforce shortage. In closing, Ms. Waters expressed that the healthcare industry in Georgia looks forward to working with the Board and the University System in utilizing this model.

The Chancellor thanked Ms. Waters. He noted that this ICAPP<sup>®</sup> project may well indeed attract people into second careers, as ICAPP<sup>®</sup> did in its approach to the shortage of knowledge workers. He stressed that the ICAPP<sup>®</sup> project would not just address shortages in nursing, but also in pharmacy and other allied health professions. Next, he turned his attention to Accountability Plus II, which is the next phase of the University System's accountability system. This phase would be focused on two areas: to help institutions or consortiums of institutions get the necessary staffing to provide sufficient accountability and to pay for the System's ongoing surveys of student satisfaction and business leader satisfaction. The budget request for this special initiative is \$1 million, and it will be done in cooperation with the Office of Education Accountability. The next item on the special initiatives list was a mission-related initiative. Since 1995, the Board has tried to encourage its institutions to be as distinctive as possible. Where it has been appropriate, the Board has sought funding to support that. A few years ago, the Board sought funding for the historically black colleges and universities, and last year, it sought funding for Georgia College & State University, requiring that the funding be matched with private monies. North Georgia College & State University ("NGCSU") has had trouble maintaining the size of Corps of Cadets (the "Corps") that it should have. The Corps is a great element of leadership training, and it should be maintained and even enhanced. The Chancellor stated that it is extraordinarily important that the American military is distinguished from so many other militaries, because its officers have a combination of liberal arts education and military training. That combination of thoughtful military leaders is a very important element in the American military. So, this year, the Board will request \$750,000 which would be matched in the first year with \$250,000 in private funds. By the third year, that match will rise to \$500,000 of state funds matching \$500,000 of private funds. Chancellor Portch then introduced Cadet Amanda Rickling, who will graduate in 2002 and be commissioned as a lieutenant in military intelligence.

Ms. Rickling stated that she is Deputy Brigade Commander at NGCSU. Brigade Commander Jeremiah Register and First Battalion Commander Kitifre Oboho were also in attendance at this meeting representing

the Corps of Cadets, which consists of 530 full-time military students. Ms. Rickling said that she is currently pursuing a degree in psychology with a minor in criminal justice. She chose to attend NGCSU after receiving a four-year Army Reserve Officer Training Corps (“ROTC”) scholarship in high school. After researching all of the senior military colleges in the nation, she chose NGCSU because of its outstanding reputation in producing the finest Army officers. She learned that the college’s cadets consistently outperform the other military schools at the national ROTC competitions each summer. She also learned that NGCSU’s lieutenants are highly respected in the Army. They have a tremendous work ethic, and the college has produced thousands of successful leaders both in the Army and in business. She also learned that both women and military leaders have always been a fundamental part of NGCSU, dating back to its first class in 1873.

At NGCSU, Ms. Rickling has learned to respect and be concerned about the welfare of her subordinates. As the number two person in charge of the entire Corps of Cadets, she must be technically and tactically proficient in her duties. She can delegate some of her authority to her assistant, but she cannot delegate her overall command responsibilities. She has learned how to deal with her subordinates and her superiors alike and that she is required to treat all cadets with dignity and respect, even when they make mistakes or fall short of the goals she sets for them. The staff she runs prepares orders, directives, and implementation instructions for the entire Corps of Cadets. Her responsibilities have increased each year she has been in the Corps, and as she earns greater rank, even more will be expected of her. NGCSU is the only place where her daily decisions can directly affect the lives of 530 men and women. Her senior year has become an awesome responsibility, and she pushes herself to her limits and her abilities every day. Next year, the freshmen will become leaders in the Corps, and in four years, one of them will replace her. In short, she is getting a great liberal arts education, and at the same time, she is preparing for a great military career following graduation in May. She will earn the commission of second lieutenant when she graduates, and she intends to serve her country in the military intelligence branch of the Army. While on active duty, she hopes to attend the Defense Language Institute to gain proficiency in either Chinese or an Arabic language. While in her officer basic courses, she hopes to work in either counter-intelligence or psychological warfare. After her Army experience, she will pursue a career with either the Federal Bureau of Investigation or with the Division of Criminal Investigation. In closing, she thanked the Board of Regents for supporting NGCSU and encouraged them to approve the special funding initiative that will enhance the college’s mission statement. If approved, the funding will help the college provide quality training for the Corps of Cadets and recruit and retain high-quality high school graduates from across the state and nation. Above all, it would help the university to sustain its mission of leadership and military excellence in Dahlonega for another 128 years. With the Board’s continued support, thousands of Georgians will be able to attend NGCSU in the twenty-first century and participate in its nationally prominent Army ROTC program.

Chancellor Portch thanked Ms. Rickling and said that he would go through the remaining special initiatives quickly. First was a Systemwide master’s degree program for P-12 teachers requested to be funded at \$750,000. The Chancellor noted that there are a number of P-12 teachers who are leaving the state because it does not have a convenient master’s degree program with a strong content emphasis which



would lead to national certification. So, the staff want to create a consortium of institutions using distance learning to respond to that important need. Another special initiative was the SREB doctoral scholars program, which helps minority doctoral students complete their doctorates, especially in math and science. The staff would like to have eight scholars per year in this program and add to that over the next three years, which would require \$160,000. The Governor will chair the SREB in the coming year, and he is particularly interested in this program. The final item under the special initiatives was health insurance for graduate teaching and research assistants. There are two reasons for this request. First, the graduate students need health insurance and cannot always provide it on their own. Second, this is a matter of competition. The System's research volume is directly impacted by the strength of the graduate students, and many of the System's competitors offer health insurance to graduate assistants. So, as a matter of competition and recruitment, the System needs to also offer them health insurance. The staff have worked with the DCH to develop a shared cost program, and the Chancellor urged the Board's support of the recommendation at \$2.85 million. Altogether, the special initiatives enhancements total \$31.1 million, or 2% of the base budget.

Next, Chancellor Portch discussed the line item ("B") budget. The cap on this budget is \$211 million. Included in this budget is the public library system, which has not had a capital budget request in a number of years. So, the budget will include a combination of reading programs and a capital budget request in the amount of \$14.5 million on behalf of the public libraries. The Chancellor noted also that the total figure of \$504.5 million for major capital projects is not actually being requested in the coming year. Rather, that is the total dollar amount of the five-year rolling capital projects list. He reminded the Regents that they had voted on the projects to add to that list at their June 2001 meeting. The staff try to keep the minor capital projects list under \$60 million. After all, the minor capital projects, which are each \$5 million or less, should not interfere with the major capital projects request. The Chancellor stated that keeping the minors list under \$60 million was very difficult this year because there were a number of situations that needed prompt attention. One such situation is at Bainbridge College ("BC") and includes a private match of \$1.25 million, which is a remarkable feat for BC, which is the only one of the System's 34 institutions that has not had a minor or major capital project since it was built. So, this will be a nice milestone for BC. There were a number of other worthy projects that did not make the minor capital projects list this year that may return for consideration again next year. There is also one payback project in the budget. The Chancellor said that he is very grateful that the Board has found alternative ways to do payback projects since the state is no longer funding them.

The last piece of this year's budget request is the fiscal year 2002 amended budget request. This request includes the funding formula adjustment, the employer contribution for health insurance, the Eminent Scholars Endowment Trust Fund, ICAPP<sup>®</sup> Advantage, and the public library system. Also in this part of the budget request was the Camden Center, which is a joint project with the Department of Technical and Adult Education that is in need of equipment. The Chancellor stated that the project will help increase access in a high-growth county. Another project in this request is the funds to move several University of Georgia ("UGA") greenhouses as part of its master plan and as part of the efforts of the Committee on Information and Instructional Technology to develop a facility on the UGA campus for the Office of

Information and Instructional Technology's Athens operations. The last piece of this request is a research building at the Medical College of Georgia ("MCG") that is being funded by many sources but was not sufficient to finish the inside of the facility. So, this request will help MCG position itself to be prepared for the next Cancer Center. The total fiscal year 2002 amended budget request was \$72.325 million. The Chancellor stressed that the staff tried to be modest in its amended budget request, and he feels they have been.

This concluded the Chancellor's budget presentation. He said that he and the staff would answer any of the Regents' questions. He then recognized the Vice Chancellor for Fiscal Affairs, William R. Bowes; the Vice Chancellor for Facilities, William K. Chatham; the Special Assistant to the Chancellor, Shelley C. Nickel; and the budget staff. He asked them to stand and be recognized.

Chair Yancey thanked the Chancellor for this comprehensive review of the budget and asked for a motion to approve the fiscal year 2003 and fiscal year 2002 amended operating and capital budget request, which was properly made and variously seconded. He then asked whether there were any questions or comments.

Regent Leebern asked about the System's enrollment this year.

The Chancellor responded that the staff will have final numbers on the enrollment by the November 2001 Board meeting, when he plans to give his annual State of the System address. He assured the Board that the System's enrollment is very strong this fall and it appears to be stronger in credit hours than even in headcount. While enrollments have not yet fully rebounded from semester conversion, they are far exceeding the projections for the recovery of credit hours. He said that the System is very close to having gained back its full enrollments. The students are back to taking fuller course loads, and he predicted that in three years, there will be hardly anyone who remembers semester conversion.

Chair Yancey asked whether there were any further questions, and seeing that there were none, he called for a vote. Motion properly made, seconded, and unanimously adopted, the Board of Regents approved the fiscal year 2003 and fiscal year 2002 amended operating and capital budget request.

Chancellor Portch again thanked the guests who helped him present the budget proposal to the Board.

Chair Yancey thanked the Chancellor and the staff for their hard work on the budget proposal. He then adjourned the meeting of the Committee on Finance and Business Operations as a Committee of the Whole and turned the floor back to the Chair of the Board.

Chair Howell thanked the presenters for coming to the Board meeting. He also thanked the Corps of Cadets for honoring the Board with their presence at the meeting and honoring the State of Georgia with their service. He remarked that the budget request was exceptionally well presented and that it ties into an article that he had read in the September 7, 2001, edition of *The New York Times*. He read from the

article, "Like dozens of other public universities around the country, Clemson raised its tuition sharply this summer and put off a number of maintenance projects, signaling the abrupt end of a relatively flush period for the nation's state colleges." The article announced that the most pronounced budget shortfalls and tuition increases are in the South. The University of Tennessee has implemented a tuition increase of 13%; it can no longer afford to pay salaries high enough to attract full-time professors, so it must use part-time instructors. The article also indicates that William and Mary College has frozen faculty salaries and has suspended a \$16 million renovation, and Clemson University's board of trustees has raised tuition by 25% for South Carolina residents.

Chair Howell asked the Board what the article says to them. He noted that in the past year, the Board approved a 0% tuition increase at the System's two-year colleges, a 3% tuition increase for its state colleges and regional universities, and a 5% tuition increase for its research universities. He remarked that while this demonstrates good work on the part of the System, the Board is tremendously grateful to the political wisdom and vision and to the fiscal management of the State of Georgia. He said that he would like to go on record as thanking the Governor, the Lieutenant Governor, the Speaker of the House, and the leadership of the legislature for their strong support of keeping Georgia as a low-tuition state and for allowing the state to continue to build on its reputation. Georgia is not, cannot, and must not be looking to higher education as a rainy day fund when times are tough, he said. Georgia's political leaders are the individuals who guarantee that, and Chair Howell thanked them. However, this also ties into another issue: this year, in this budget request, it is critical that the University System speak with one voice. The System is in a time of transition, and it is in a time of relative budget austerity. This System has created and maintained a sterling reputation for speaking with one voice. This Board of Regents intends to burnish that reputation this budget year. So, the Chair requested that each of the units and institutions and presidents make certain that they stay within the lines that the Board and the Chancellor create so that when they speak to the legislature this year, it is with a unified voice.

Then, Chair Howell moved forward with Committee reports, which would be adopted by unanimous consent with the understanding that any individual item may be extracted for discussion.

### **COMMITTEE ON FINANCE AND BUSINESS OPERATIONS**

The Committee on Finance and Business Operations met on Wednesday, September 12, 2001, at 9:00 a.m. in the Board Room. Committee members in attendance were Chair James D. Yancey and Regents Connie Cater, George M. D. (John) Hunt III, Donald M. Leebern, Jr., and Joel O. Wooten, Jr. Chair Yancey reported to the Board on Wednesday that the Committee had reviewed 12 items, 11 of which required action. With motion properly made, seconded, and unanimously adopted, the Board approved and authorized the following:

1. **Approval of Fiscal Year 2003 Operating and Capital Budget and Fiscal Year 2002 Amended Budget Requests (To be addressed by the Board of Regents as a Committee of the Whole)**

Approved: The Board approved the fiscal year 2003 and fiscal year 2002 amended operating and capital budget request. (The budget request document is on file with the Office of Academics and Fiscal Affairs.)

This item was considered by the Committee on Business and Finance Operations as a Committee of the Whole. (See pages 2 to 12.)

**2. Approval of Board of Regents Participation in the Georgia Department of Community Health Contract With Beech Street Corporation for Access to a National Preferred Provider Organization Healthcare Network**

Approved: The Board approved the inclusion of the University System of Georgia in a one-year contract between the Georgia Department of Community Health and Beech Street Corporation for access to the Beech Street national preferred provider organization (“PPO”) healthcare network. The effective date for the inclusion of the University System of Georgia in the Beech Street national PPO healthcare network will be January 1, 2002.

Background: In April 2001, the Georgia Department of Community Health executed a contract with Beech Street Corporation to provide PPO healthcare plan participants of the State Health Benefits Plan (“SHBP”) and the University System of Georgia with access to the Beech Street national PPO provider network. Access to the Beech Street national PPO provider network would begin for the SHBP effective July 1, 2001, and for the USG effective January 1, 2002.

In addition, the contract stipulated that Blue Cross Blue Shield of Georgia, Inc., the claims administrator for the SHBP and the System, would have Internet access to the Beech Street Claims Repricing System. Blue Cross Blue Shield of Georgia will access the Beech Street Claims Repricing System to conduct online repricing of healthcare claims submitted by Beech Street national PPO network providers. Blue Cross Blue Shield of Georgia will adjudicate submitted claims and reprice submitted claims in accordance with an established fee schedule.

Beech Street will provide set-up assistance, system training, and ongoing operational assistance for use of its national PPO provider network. The SHBP and System PPO healthcare plans will be responsible for costs associated with hardware, software, connectivity, and maintenance. There will be no charge to the SHBP and System healthcare plans for access to the Beech Street Claims Repricing System by Blue Cross Blue Shield of Georgia. The SHBP and the System will be charged an administrative fee for access to the Beech Street national PPO network.

In the agreement signed between the Georgia Department of Community Health and Beech Street Corporation, the amount of the administrative fee was agreed to be 5% of “savings.” “Savings” is defined, in the contract, as the difference between the billed charges from the PPO provider and the application of the Beech Street discounted fee schedule. Notwithstanding the percent-of-savings payment methodology, the maximum administrative fee that the SHBP or System would pay to Beech Street for access to its

national PPO network is \$0.35 per employee per month.

The administrative fee charged to the System will be based on the actual number of System PPO plan participants. With the addition of the Beech Street national PPO provider network, System PPO plan participants will have access to both the MRN/Georgia *First* PPO network and to the Beech Street national PPO network. The University System of Georgia currently has approximately 16,700 PPO plan participants.

**3. Approval of the Preferred Provider Organization Healthcare Plan Premiums, the Indemnity Medical Healthcare Plan Premiums, and the Indemnity Dental Plan Premiums for Plan Year 2002**

Approved: The Board approved the preferred provider organization (“PPO”) healthcare plan premiums, the indemnity medical healthcare plan premiums, and the indemnity dental plan premiums for the University System of Georgia for plan year 2002. The respective plan premiums are on file with the Office of Academics and Fiscal Affairs.

Background: In January of this year, Towers-Perrin reported that, nationally, the overall costs for healthcare plans for 2002 were expected to increase by 11% for PPO and health maintenance organization (“HMO”) healthcare plans and by 12% for indemnity healthcare plans. Towers-Perrin also projected that the national costs for Medicare HMO participants would increase by an even greater percentage (16%) for 2002.

With few exceptions, cost increases are projected to affect retiree plans far more than plans for active employees. This may reflect an increasing demand for prescription drugs and a growing use of newer, expensive prescription drugs that do not have generic equivalents. Prescription drug cost increases are trending nationally at between 15% and 20%.

Steep increases in HMO healthcare plan premiums are also being attributed to the rising costs of prescription drugs. Reuters News Service reports that projected increases in HMO healthcare premiums will be between 16% and 20% for 2002. In Florida, the University of Miami anticipates that its HMO healthcare plan rates will increase by 45% for 2002.

Towers-Perrin was retained by the University System Office to conduct an actuarial review of the System’s PPO healthcare plan, the System’s indemnity healthcare plan, and the System’s dental indemnity plan. In its review and analysis, Towers-Perrin was asked to:

- Identify the required premiums for the respective healthcare plans and the dental indemnity plan for plan year 2002;
- Conduct an analysis of PPO and indemnity healthcare plan premiums paid by Medicare retirees; and

- Recommend plan design enhancements for the pharmacy benefit program.

Among the recommendations proposed by Towers-Perrin were:

- Increase the premiums for the PPO and indemnity healthcare plans by 5.5% and 10.6%, respectively, for plan year 2002. “Retiree with Medicare” monthly premiums for the indemnity plan will increase from \$34.00 to \$52.06, and “Retiree + 1 with Medicare” monthly premiums will increase from \$67.00 to \$104.14. The proposed rates should be sufficient to cover costs for paid medical claims, to cover costs for plan administrative fees, to remain current with increasing medical trending costs, and to enhance the financial stability of the current plan reserves.
- Increase the dental indemnity plan premiums by 3.3% for plan year 2002. The premium for the dental indemnity plan is borne entirely by the employee. The proposed rates should be sufficient to cover costs for paid dental claims, to cover costs for plan administrative fees, to remain current with increasing dental trending costs, and to enhance the financial stability of the current plan reserves.
- Participate in the Beech Street national PPO healthcare plan network beginning with plan year 2002.
- For plan year 2002, implement different healthcare premiums for Medicare retirees who elect to participate in the indemnity healthcare plan, rather than participate in the PPO healthcare plan.
- Implement a member out-of-pocket monthly maximum for generic and preferred brand name prescription drugs. The following monthly maximum out-of-pocket amounts (stop loss) have been recommended:

Employee Only:	\$100 per month
Employee and One Dependent:	\$200 per month
Family:	\$200 per month

Once a member reaches his/her monthly out-of-pocket maximum, his/her prescription drug copayments will be waived for generic and preferred brand name medications for the remainder of that month.

**4. Approval of Continuation of the Health Insurance Administrative Services Contract With WellPoint Health Networks, Inc.**

Approved: The Board approved the continuation of the health insurance administrative services contract with WellPoint Health Networks Inc. (“WellPoint”) from January 1, 2002, through December 31, 2002. The health insurance administrative services contract will be administered by WellPoint’s wholly owned subsidiary, Blue Cross Blue Shield of Georgia, Inc.

Background: In late June 2001, an administrative services agreement was finalized between the Board of Regents of the University System of Georgia, the Georgia Department of Community Health, WellPoint, and Blue Cross Blue Shield of Georgia, Inc. Renewal options for administrative fees for Board of Regents healthcare plans were presented for plan years 2002, 2003, and 2004. The WellPoint/Blue Cross Blue Shield of Georgia, Inc. proposed administrative fees for plan years 2002, 2003, and 2004 reflected a 7% per annum increase for each of the respective healthcare plans.

At its August 2001 meeting, the Board of Regents approved an extension of the Blue Cross Blue Shield of Georgia, Inc. health insurance administrative services contract. The contract extension was approved for the period of June 1, 2001, through December 31, 2001. The administrative fee that was approved by the Board was \$15.49 per employee per month.

The proposed administrative fee for the respective University System of Georgia indemnity and PPO healthcare plans for plan year 2002 is \$16.57 per employee per month. The proposed plan year 2002 administrative fee reflects a 7% increase above the plan year 2001 administrative fee.

The health insurance administrative services contract will continue to be administered by WellPoint's wholly owned subsidiary, Blue Cross Blue Shield of Georgia, Inc.

**5. Approval of Continuation of the Dental Insurance Administrative Services Contract With WellPoint Health Networks, Inc.**

Approved: The Board approved the continuation of the dental insurance administrative services contract with WellPoint Health Networks, Inc. ("WellPoint") from January 1, 2002, through December 31, 2002. The dental insurance administrative services contract will continue to be administered by WellPoint's wholly owned subsidiary, Blue Cross Blue Shield of Georgia, Inc.

Background: In late June 2001, an administrative services agreement was finalized between the Board of Regents of the University System of Georgia, the Georgia Department of Community Health, WellPoint, and Blue Cross Blue Shield of Georgia, Inc. Renewal options for administrative fees for the Board of Regents dental indemnity plan were presented for plan years 2002, 2003, and 2004. The WellPoint/Blue Cross Blue Shield of Georgia, Inc. proposed administrative fees for plan years 2002, 2003, and 2004 reflected a 7% per annum increase for the dental indemnity plan.

At its August 2001 meeting, the Board of Regents approved an extension of the Blue Cross Blue Shield of Georgia, Inc. dental insurance administrative services contract. The contract extension was approved for the period of June 1, 2001, through December 31, 2001. The administrative fee that was approved by the Board was \$1.90 per employee per month.

The proposed administrative fee for the dental indemnity plan for plan year 2002 is \$2.03 per employee per month. The proposed plan year 2002 administrative fee reflects a 7% increase above the plan year

2001 administrative fee.

The dental insurance administrative services contract will continue to be administered by WellPoint's wholly owned subsidiary, Blue Cross Blue Shield of Georgia, Inc.

**6. Approval of the Continuation of the Administrative Services Contract Between the Board of Regents, the Georgia Department of Community Health, and Unicare**

Approved: The Board approved a one-year extension of the administrative services agreement between the Board of Regents, the Georgia Department of Community Health ("DCH"), and Unicare. The requested contract extension will be for the period of January 1, 2002, through December 31, 2002.

Background: At its September 2000 meeting, the Board of Regents approved the recommendation that the University System of Georgia be included in the administrative services agreement between DCH and Unicare.

The DCH/Unicare contract states that annual Unicare administrative fee increases will be determined by DCH. For plan year 2002, the administrative fee increase approved by DCH is 2.7%.

The increase in the administrative fee will be allocated as follows:

<u>Program</u>	<u>Plan Year 2001 Administrative Fee</u>	<u>Plan Year 2002 Administrative Fee</u>
1. Hospital In-patient Pre-certification	\$1.92 per contract/month	\$1.97 per contract/month
2. Alternative Medical Care	\$0.36 per contract/month	\$0.37 per contract/month
3. Medical Case Management	\$0.61 per contract/month	\$0.63 per contract/month
4. Out-patient Review Services	\$0.50 per contract/month	\$0.51 per contract/month
5. Pre-certification of Indemnity Healthcare Plan Participants for Behavioral Health Services	\$0.44 per contract/month	\$0.45 per contract/month



The Unicare disease state management program provides members with access to programs for asthma, diabetes, oncology, and congestive heart failure. Currently, the administrative fee charged to the University System of Georgia is \$0.37 per contract/month for access to the asthma program and \$0.29 per contract/month for access to the diabetes program. Access to the oncology and congestive heart failure programs has been available to System members, at no cost, for 18 months (January 1, 2001, through June 30, 2002).

From January 1, 2002, through December 31, 2002, there will be no increase in the administrative fee for access to the asthma and diabetes programs. From July 1, 2002, through December 31, 2002, the administrative fee charged for access to the oncology program will be \$0.10 per contract per month and access to the congestive heart failure program will be \$0.20 per contract per month.

The University System of Georgia will continue to participate in the Unicare national transplant network. Under the agreement, the System will pay Unicare \$6,150 for each transplant, excluding kidney transplants. The System will pay Unicare \$3,500 for each kidney transplant. There is no increase in the administrative fee for access to the Unicare national transplant network for plan year 2002.

**7. Approval of the Continuation of the Administrative Services Contract Between the Board of Regents, the Georgia Department of Community Health, and Magellan**

Approved: The Board approved a one-year extension of the administrative services agreement between the Board of Regents, the Georgia Department of Community Health, and Magellan. The requested contract extension will be for the period of January 1, 2002, through December 31, 2002.

Background: Magellan provides utilization review and managed care for preferred provider organization (“PPO”) plan participants who require behavioral healthcare services. The proposed administrative fee for the University System of Georgia for plan year 2002 is \$2.152 per employee per month. There is no increase in the administrative fee from the rate that was charged for plan year 2001.

**8. Approval of the Continuation of the Administrative Services Contract Between the Board of Regents, the Georgia Department of Community Health, and MRN/GeorgiaFirst**

Approved: The Board approved a one-year extension of the administrative services agreement between the Board of Regents, the Georgia Department of Community Health, and MRN/GeorgiaFirst. The contract extension will be for the period of January 1, 2002, through December 31, 2002.

Background: MRN/GeorgiaFirst is the vendor of the Georgia preferred provider organization (“PPO”) service area. The Georgia PPO service area includes a comprehensive network of healthcare

providers that have signed direct contracts with MRN/GeorgiaFirst to provide medical treatment and services at discounted rates.

The administrative fee for the University System of Georgia for plan year 2002 will be \$1.59 per employee per month. There is no increase in the administrative fee from the rate that was charged for plan year 2001.

**9. Approval of the Continuation of the Administrative Services Contract Between the Board of Regents, the Georgia Department of Community Health, and Express Scripts, Inc.**

Approved: The Board approved a one-year extension of the administrative services agreement between the Board of Regents, the Georgia Department of Community Health, and Express Scripts, Inc. The requested contract extension will be for the period of January 1, 2002, through December 31, 2002.

Background: In August 2000, the Georgia Department of Community Health executed a pharmacy benefit management contract with Express Scripts, Inc. on behalf of the Board of Regents, the State Health Benefits Plan, the state Medicare program, and the state Peachcare children's program.

The contract includes pharmacy cost-containment strategies and pharmaceutical rebate provisions to benefit each of the state stakeholders. The pharmacy benefit plan design includes a \$10 generic prescription drug copayment, a \$20 preferred brand name prescription drug copayment, and a 20% copayment for non-preferred brand name prescription drugs. The minimum member copayment for a non-preferred brand name prescription drug is \$35; the maximum member copayment is \$75. The prescription drug plan covers both the PPO and the indemnity healthcare plans.

The proposed administrative fee for the University System of Georgia for plan year 2002 is \$0.38 per pharmacy electronic claim and \$1.50 per pharmacy paper claim. There is no increase in the administrative fee from the rate that was charged for plan year 2001.

**10. Approval of Health Maintenance Organization Healthcare Plan Contracts**

Approved: The Board approved a one-year extension of the two health maintenance organization ("HMO") contracts with the University System of Georgia. The Board of Regents presently has HMO contracts with Kaiser Permanente and with Blue Cross Blue Shield of Georgia, for its Blue Choice HMO product. The contract extensions will be for the period of January 1, 2002, through December 31, 2002.

Background: As of February 2001, there were approximately 6,953 HMO contracts in the University System of Georgia. The Kaiser Permanente HMO had 3,183 contracts, and the Blue Choice HMO

had 3,770 contracts. For plan year 2001, approximately 17% of all University System of Georgia healthcare contracts were with HMO plans.

- Kaiser Permanente:** Kaiser Permanente has requested a 5.45% increase for plan year 2002. The recommended plan design for plan year 2002 includes an increase in prescription drug copayments at Kaiser Permanente Medical centers from \$5 to \$10, an increase in prescription drug copayments at Eckerd pharmacies from \$11 to \$16, an increase in the member emergency room copayment from \$50 to \$75, and an increase in the member copayment for ambulance transport from \$50 to \$75.

The increase in emergency room copayments and standard ambulance copayments has been applied to all of Kaiser Permanente’s Large Group HMO clients. In comparison, the Blue Choice HMO has a \$10 copayment for generic drugs and a \$20 copayment for name brand drugs. The Blue Choice HMO currently has a \$75 emergency room copayment and a \$75 ambulance transport copayment.

The Medicare premium for the Kaiser Permanente HMO healthcare plan will increase by 29% for plan year 2002. The Medicare premium presented by Kaiser Permanente to the Board of Regents for plan year 2001 was \$9 per month less than it should have been. Kaiser Permanente submitted Medicare premium rates to the Board of Regents for plan year 2001 prior to the company having determined and finalized its standard Medicare healthcare plan design and rate structure.

- Blue Choice:** Blue Choice has requested a 9% increase for plan year 2002. Medical trend rates for University System of Georgia Blue Choice HMO participants for plan year 2001 were identified as being 9%. Pharmacy trend rates for University System of Georgia Blue Choice HMO participants for plan year 2001 were identified as being 20%. Blue Choice has requested no plan design changes. Blue Choice has agreed to continue Medicare retiree premiums for plan year 2002 at the same rate as plan year 2001.

**11. Acceptance of Gift for Kennesaw State University**

**Approved:** The Board accepted on behalf of Kennesaw State University cash from the Goizueta Foundation:

<u>Donor</u>	<u>Value</u>	<u>Items</u>	<u>Department</u>
Goizueta Foundation	\$1,000,000	Cash	Leland and Clarice C. Bagwell College of Education

**Background:** The Goizueta Foundation has donated \$1,000,000 to Kennesaw State University with the following requests:

- The Foundation requests that \$500,000 of the funds be used to create the Goizueta Foundation

Distinguished Endowed Chair in Early Childhood Education within the Leland and Clarice C. Bagwell College of Education. The endowed chair would create a model program to provide specialized training and education for daycare center directors and owners. This chair would be placed on the fiscal year 2003 Eminent Scholar Trust Fund list for state matching funds.

- In addition, the Goizueta Foundation has requested that the remaining \$500,000 be directed toward Hispanic student recruitment efforts. These plans are part of Kennesaw State University's efforts to better prepare our future University System students by addressing the need of improved early childhood education.

Board policy requires that any gift to a University System of Georgia institution with an initial value greater than \$100,000 must be accepted by the Board of Regents.

## **12. Fourth Quarter Financial Report, Fiscal Year 2001**

Associate Vice Chancellor for Fiscal Affairs William R. Bowes presented to the Committee the third quarter financial report for the University System of Georgia for the period ending June 30, 2001, which is on file with the Office of Academics and Fiscal Affairs. The report provides tables which compare actual and budgeted revenues and expenditures through June 2001 for educational and general funds, auxiliary enterprise funds, and student activity funds. In addition, the report contains charts that compare June 2001 financial data with data from June 2000.

## **COMMITTEE ON REAL ESTATE AND FACILITIES**

The Committee on Real Estate and Facilities met on Wednesday, September 12, 2001, at approximately 9:15 a.m. in the Board Room. Committee members in attendance were Chair George M. D. (John) Hunt III, Vice Chair Joel O. Wooten, Jr., and Regents Connie Cater, Donald M. Leebern, Jr., and James D. Yancey. Chair Hunt reported to the Board on Wednesday that the Committee had reviewed nine items, seven of which required action. With motion properly made, seconded, and unanimously adopted, the Board approved and authorized the following:

### **1. Naming of Bennett A. Brown Commerce Building, Georgia State University**

Approved: The Board approved the naming of the Commerce Building at Georgia State University ("GSU") the "Bennett A. Brown Commerce Building."

Understandings: Mr. Brown, a former chairman of NationsBank, was instrumental in promoting a strong relationship between the business community and GSU. His influence led to the donation of two bank buildings to the university, plus significant financial gifts.

In 1960, the Commerce Building was built to house the Commerce Club, an Atlanta institution where

political, business, and civic leaders meet to discuss the issues of the day. Mr. Brown contributed much to the role that commerce plays in shaping the Atlanta community.

**2. Rental Agreement, Addition to Courtyard II, Columbus State University**

Approved: The Board authorized the execution of a rental agreement with Foundation Properties, Inc. (“Foundation”), Landlord, and the Board of Regents, Tenant, covering 61,082 square feet of space (144 beds) at 3528 Gantian Boulevard, Columbus, Georgia for the period October 1, 2001, through June 30, 2002, with the option to renew on a year-to-year basis for four consecutive one-year periods at a monthly rental of \$26,250 per month (\$315,000 per calendar year/\$5.16 per square foot per year/\$2,188 per bed per year) with rent increasing during the second, third, and fourth option periods to \$27,000 per month (\$324,000 per year, \$5.30 per square foot per year, \$2,250 per bed per year) for student housing.

The terms of the rental agreement are subject to review and legal approval of the Office of the Attorney General.

Understandings: At the July 1998 meeting, the Board approved in concept the housing plan for Columbus State University.

At its October 1998 meeting, the Board approved a rental agreement with the Columbus State University Foundation, Inc. for the Courtyard II complex of 224 beds.

This three-building complex includes 36 apartments (144 beds), is adjacent to Courtyard II, and will share amenities, including a pool, management offices, and a laundry and vending area.

Students will be charged a rate of \$1,700 per semester. This compares favorably to rent of \$1,600 per semester at Courtyard I and \$840 per month average market rate for a three-bedroom apartment.

Operating expenses, including salaries, utilities, maintenance, supplies, cable and tele-communications, are estimated to be \$108,000 per year in addition to rent.

When the Foundation debt is retired, this property will be gifted to the Board of Regents.

**3. Consent to MCG Health, Inc. Sublease to Bio-Medical Applications of Georgia, Inc.**

Approved: That the Board consent to MCG Health, Inc. (“MCGHI”) subletting approximately 9,427.52 square feet in the Hemodialysis/Respiratory Therapy Center, 914 New Bailie Street, Augusta, Georgia, commencing on October 1, 2001, and ending on June 30, 2010, to Bio-Medical Applications of Georgia, Inc.

Understandings: Paragraph 38.1 of the master lease agreement between the Board of Regents and

MCGHI, effective July 1, 2000, provides that MCGHI shall not sublet any portion of the premises without prior written consent of the Board of Regents.

MCGHI desires to outsource the outpatient dialysis facility to permit operation of this business at a cost per treatment that is consistent with the Medicare reimbursement amount.

The Medical College of Georgia, by letter dated July 18, 2001, recommends that the Board of Regents consent to MCGHI entering into this sublease agreement.

**4. Rental Agreements, East Parking Deck and West Parking Deck, Kennesaw State University**

Approved: The Board authorized the execution of a rental agreement between Kennesaw State University Foundation, Inc. (the "Foundation"), Landlord, and the Board of Regents, Tenant, for approximately 261,914 square feet of parking deck, providing 868 parking spaces on the east side of the Kennesaw State University ("KSU") campus adjacent to Frey Road (East Parking Deck) for the period August 1, 2002, through July 31, 2003, at a monthly rental of \$71,433.17 (\$857,198 per calendar year/\$3.27 per square foot per year/\$987.56 per parking space per year) with options to renew on a year-to-year basis for 23 consecutive one-year periods at the same rent rate.

The Board also authorized the execution of a rental agreement between the Foundation, Landlord, and the Board of Regents, Tenant, for approximately 204,007 square feet of parking deck, providing 667 parking spaces on the west side of the KSU campus, adjacent to Frey Lake Road (West Parking Deck) for the period August 1, 2002, through July 31, 2003, at a monthly rental of \$54,891.67 (\$658,700 per calendar year/\$3.23 per square foot per year/\$987.56 per parking space per year) with options to renew on a year-to-year basis for 23 consecutive one-year periods at the same rent rate.

Modification: The dates of these agreements were modified from the dates included in the published meeting agenda.

The terms of this agreement are subject to review and legal approval of the Office of the Attorney General.

Understandings: At its June 2001 meeting, the Board approved ground leases to the KSU Foundation, Tenant, for 3.01 acres for the purpose of constructing and owning the East Parking Deck and for 2.38 acres for the purpose of constructing and owning the West Parking Deck. The Board was informed of the intent to lease the two parking decks from the Foundation, with the request to be presented to the Board for consideration when construction is complete.

Construction of both decks is projected to be completed by August 1, 2002. To obtain more favorable financing, authorization of these rental agreements is requested at this time.

Operating expenses, in addition to rent, are estimated at \$100,000 per year for the East Parking Deck and at \$100,000 per year for the West Parking Deck, including all utilities, cleaning, and minor repairs.

**5. Authorization of Project, “GSUNET II,” Georgia State University**

Approved: The Board authorized Project “GSUNET II,” Georgia State University (“GSU”) with a total project budget of \$2,800,000, using institutional operating funds, over two years, to fund this project.

Understandings: GSU has requested authorization of GSUNET II, which is a data communications system upgrade to the existing system. The project will provide network infrastructure to 13 campus buildings. Approximately 50% of the campus has been wired. This project will complete the campus data communications system upgrade.

Since the project was approved, the staff, in conjunction with Georgia State University, will proceed with selection of a design consultant, design and documentation, and construction.

The data communications system will serve a complex set of academic and administrative requirements, including enhanced network performance and email, video conferencing, multimedia, curriculum sharing, distance learning, teleconferencing, high-speed Internet access, and Internet and computer training. For this reason, GSU will manage the project.

Before this authorization will be forwarded to GSU, approval from the Board of Regents Office of Information and Instructional Technology is required.

**6. Authorization of Project, “Renovation of J. S. Coon Building,” Georgia Institute of Technology**

Approved: The Board authorized Project No. BR-30-0201, “Renovation of J. S. Coon Building,” Georgia Institute of Technology (“GIT”), with a total project budget of approximately \$9.5 million.

Understandings: Constructed in 1920, the historic J. S. Coon Building will be renovated to house GIT’s School of Psychology. The project will involve the renovation of approximately 62,200 gross square feet and the construction of a new addition of approximately 10,000 gross square feet. The current School of Psychology requires relocation due to the planned construction of the Klaus Advanced Computing Building, a major capital outlay project. This major capital outlay project will displace the School of Psychology’s current space in the Naval Reserve Center.

The project will be accomplished in two phases. Phase I will include hazardous materials abatement, selective building demolition, and construction of the utility equipment and tower addition, which will include major mechanical, electrical, and plumbing systems upgrades; accessibility compliance upgrades; and elevator and restroom improvements. Phase I will also include the design of the entire two-phase project. The total cost for Phase I will be approximately \$4.5 million. Phase II will entail School of Psychology tenant improvements. The total cost of Phase II will be \$5 million.

The total project cost is \$9.5 million. The fund sources include \$2.5 million from GIT and \$2 million in fiscal year 2002 major repair and renovation (“MRR”) funds. Phase II will be funded in future years.

The renovation of this historic building is consistent with the Georgia Institute of Technology Master Plan.

Since this project was authorized by the Board, the University System Office staff and GIT will proceed with design of the project using professional engineering consultants in accordance with the Building Project Procedure Manual of the Board of Regents.

**7. Resolution, 2001 C and 2001 D General Obligation Bond Issue, Georgia State Financing and Investment Commission, University System of Georgia**

Approved: The Board adopted two Resolutions prepared by the Revenue Division of the Department of Law covering the issuance of 2001 C and 2001 D General Obligation Bonds (“G. O. Bonds”) by the State of Georgia through the Georgia State Financing and Investment Commission for use in funding projects for the University System of Georgia. These Resolutions are on file with the Office of Facilities.

Modification: This item was modified from the published Committee agenda in that details regarding these Resolutions became available after its publication.

The Revenue Division of the Office of the Attorney General prepared, on behalf of the Board of Regents, a Resolution to cover the sale of 2001 C G. O. Bonds for the following projects:

I-14	Learning Center Clayton College & State University	\$2,845,000
I-31	Technology and Commerce Center Columbus State University	\$1,100,000
I-37	Science & Nursing Building Georgia Southern University	\$2,030,000
I-38	Camden Center Facility Coastal Georgia Community College	\$959,000
I-39	Russell Library and Information Technology Center Georgia College & State University	\$1,370,000
I-40	Residence Hall Savannah State University	\$1,000,000



J-20	Renovation & Upgrades Armstrong Atlantic State University	\$3,000,000
	TOTAL	<u>\$12,295,000</u>

The Revenue Division of the Office of the Attorney General prepared, on behalf of the Board of Regents, a Resolution to cover the sale of 2001 D G. O. Bonds for the following projects:

I-41	Nursing, Health Science & Outreach Complex Macon State College	\$15,500,000
I-42	Agricultural Sciences Building Abraham Baldwin Agricultural College	\$7,005,000
I-43	Physical Education Building Darton State College	\$12,340,000
I-44	Health Physical Education & Recreation Center Georgia Southwestern State University	\$18,590,000
I-45	Classroom & Convocation Center Kennesaw State University	\$19,000,000
I-81	Classroom Replacement, Phase 2 Augusta State University	\$18,890,000
I-94	O'Neal Veterinary Renovation & Addition Fort Valley State University	\$3,000,000
J-26	Military Leadership Center North Georgia College & State University	\$5,000,000
I-65	Wellness Center Middle Georgia College	\$5,000,000
	Renovation of Old Governor's Mansion Georgia College & State University	\$5,000,000
	Public Library Cartersville	<u>\$2,500,000</u>
	TOTAL	<u>\$111,825,000</u>

**8. Information Item: University of Georgia, Student Housing Program**

The Vice Chancellor for Facilities, William K. Chatham, reported that the Regents-initiated program to provide modern student housing facilities through partnerships with private industry was well underway and had achieved several successes. New housing is underway or complete at Savannah State University, Southern Polytechnic State University, Armstrong Atlantic State University, and North Georgia College & State University. Together, these projects comprise approximately 1,550 new student bed spaces. These improvements, at a total cost in excess of \$50 million, have been realized without reliance on any state funds.

Vice Chancellor Chatham introduced President Michael F. Adams, who described a proposal for the improvement of all student housing at the University of Georgia (“UGA”). The concept anticipates the lease of the housing properties, including land and existing buildings, to the University of Georgia Real Estate Foundation, Inc., which will manage a variety of activities in conjunction with the private design and construction industry to rehabilitate existing and construct new student housing. As described by President Adams, the first phase of the project will consist of the construction of 1,200 new student bed spaces.

President Adams indicated that this presentation was for informational purposes only and that subsequent agenda items, the first as soon as the October 2001 Board meeting, would seek specific approvals for the necessary lease agreements.

In general discussion, the Committee heartily endorsed the privatization concept and urged President Adams to pursue this course of activity.

**9. Information Item: Georgia State University, Library South**

The Vice Chancellor for Facilities, William K. Chatham; Assistant Attorney General, George E. Zier; and Mr. John Wurz, representing Parsons Brinckerhoff Inc., addressed the Board regarding the continuing effort to repair Georgia State University’s Library South building. They reported that, because of unexpected structural deficiencies, an additional cost of approximately \$1.7 million will be required to remediate the facility.

**COMMITTEE ON EDUCATION, RESEARCH, AND EXTENSION**

The Committee on Education, Research, and Extension met on Wednesday, September 12, 2001, at 9:00 a.m. in room 6041, the Training Room. Committee members in attendance were Vice Chair Martin W. NeSmith, and Regents Hugh A. Carter, Jr., Joe Frank Harris, and Elridge W. McMillan. Vice Chair NeSmith reported to the Board that the Committee had reviewed ten items, nine of which required action. Additionally, 428 regular faculty appointments were reviewed and recommended for approval. With motion properly made, seconded, and unanimously adopted, the Board approved and authorized the following:

**1. Establishment of the Master of Science in Computer Science, Armstrong Atlantic State University**

Approved: The Board approved the request of President Thomas Z. Jones that Armstrong Atlantic State University (“AASU”) be authorized to establish the Master of Science in Computer Science, effective September 12, 2001.

Abstract: The Master of Science in Computer Science will offer Savannah residents a graduate degree in Computer Science that is accessible to active industry professionals and those who want to further their computer science education. It will build upon and strengthen existing partnerships between Yamacraw, the Georgia Tech Regional Engineering Program, and local industries. Currently, AASU offers a Bachelor of Science in Computer Science that is accredited by the Computer Science Accreditation Commission.

Need: According to the Georgia Department of Labor, the top three fastest growing jobs in Georgia projected out to 2006 are associated with computer technology. In the State of Georgia for fiscal year 1999, there were 410 graduates computer-related fields receiving master’s degrees. The average projected annual demand for new computer-related jobs in Georgia is approximately 4,000. In the Savannah area, no other Master of Science in Computer Science degree is available. There is an annual demand for new computer-related jobs in Savannah totaling approximately 612 positions.

Objectives: The purpose of the program is to produce graduates who have a strong academic background, can develop advanced technology in the field of computer science, and can effectively apply computer science to improve performances and qualities of systems in business and industries.

Curriculum: The 30-semester-hour curriculum includes courses in advanced operating systems, embedded systems programming, database systems, software development, computer graphics, and artificial intelligence. The program will be housed within the Department of Computer Science in the College of Arts and Sciences.

Projected Enrollment: The institution anticipates enrollments of 15, 40, and 60 for the first three years of the program.

Funding: The institution will redirect resources to establish and implement the program through retirements, existing positions, and external funding sources.

Assessment: The Office of Academics and Fiscal Affairs will work with the institution to measure the success and continued effectiveness of the proposed program. In 2005, this program will be evaluated by the institution and the University System Office to determine the success of the program’s implementation and achievement of the enrollment, quality, centrality, viability, and cost-effectiveness goals, as indicated in the proposal.

## **2. Establishment of the Bachelor of Information Technology, Armstrong Atlantic State University**

**Approved:** The Board approved the request of President Thomas Z. Jones that Armstrong Atlantic State University (“AASU”) be authorized to establish the Bachelor of Information Technology, effective September 12, 2001.

**Abstract:** AASU has developed the Bachelor of Information Technology to respond to a critical need for trained computer professionals in Southeast Georgia. The proposed Bachelor of Information Technology is designed specifically for Savannah-area and location-bound residents who require postsecondary education and training in applied information technology fields.

**Need:** The regional business community has exhibited a great demand for more information technology workers. Computer-related jobs are one of the fastest growing occupations in the region’s economic development. The findings of a January 1998 Georgia Merit System survey of 18 state agencies indicate that the inability to fill information technology positions with qualified staff is critical. According to *Georgia Occupational Trends in Brief: Projections to 2006*, the top three fastest growing occupations will continue to be associated with computer technology. The U.S. Department of Labor predicts a 117% increase in employment opportunities in computer and data processing services between 1998 and 2008, making this one of the nation’s fastest growing industries (*Career Guide to Industries*, U.S. Department of Labor).

**Objectives:** The objectives of the Bachelor of Information Technology are to prepare students for immediate employment in computer-related fields, to serve those already employed in those fields, and to offer students in the region an opportunity to obtain a broad-based degree in Information Technology that stresses applications.

**Curriculum:** The 120-semester-hour curriculum includes courses in visual basic programming, operating systems, network administration, applied data communications, client/server systems, and database administration. The program will be housed within the Department of Computer Science in the College of Arts and Sciences.

**Projected Enrollment:** The institution anticipates enrollments of 30, 90, and 150 for the first three years of the program.

**Funding:** The institution will redirect resources to establish and implement the program through retirements, existing positions, and external funding sources.

**Assessment:** The Office of Academics and Fiscal Affairs will work with the institution to measure the success and continued effectiveness of the proposed program. In 2005, this program will be evaluated by the institution and the University System Office to determine the success of the program’s implementation

and achievement of the enrollment, quality, centrality, viability, and cost-effectiveness goals, as indicated in the proposal.

### **3. Establishment of the Major in Music Under the Existing Bachelor of Arts, Clayton College & State University**

Approved: The Board approved the request of President Thomas K. Harden that Clayton College & State University (“CCSU”) be authorized to establish the major in Music under the existing Bachelor of Arts, effective September 12, 2001.

Abstract: CCSU developed the proposed major in music under the existing Bachelor of Arts to provide students with a program that could lead to graduate work in music theory, composition, and history. Students who receive the degree may not necessarily have specific employment objectives as performers or composers, but may be interested in related fields such as administration, sales, or promotion. CCSU also offers the Bachelor of Music with majors in Performance and Composition.

Need: CCSU plans to seek national accreditation for its music programs through the National Association of Schools of Music. Using the accreditation process as a guide, CCSU obtained the services of a consultant and determined that the baccalaureate major would provide a more flexible curricular option to students. CCSU also surveyed other University System institutions that offer similar programs. The results of the survey indicate that of the 200 students enrolled in such liberal arts music programs, approximately 35% enter graduate study upon graduation, another 33% enter the workforce in a music-related field, approximately 15% enter graduate or professional programs in non-music fields, and 17% enter the workforce, but in a non-music field.

Objectives: The principle objective of the major in Music under the Bachelor of Arts will be to offer students at CCSU a more flexible music major with 40% to 45% music content, as opposed to the two-thirds music content, characteristic of the professional Bachelor of Music majors.

Curriculum: The 120-semester-hour program requires that students complete a music capstone course and courses with foci on music theory, music history, and music technology. The program will be housed in the Department of Music in the School of Arts and Sciences.

Projected Enrollment: The institution anticipates enrollments of 20, 25, and 30 for the first three years of the program.

Funding: The institution will redirect resources to establish and implement the program through retirements, existing positions, and external funding sources. The institution will use such resources as the recently completed music building adjacent to Spivey Hall and will provide didactic instruction through existing faculty members from other programs.

Assessment: The Office of Academics and Fiscal Affairs will work with the institution to measure the success and continued effectiveness of the proposed program. In 2005, this program will be evaluated by the institution and the University System Office to determine the success of the program's implementation and achievement of the enrollment, quality, centrality, viability, and cost-effectiveness goals, as indicated in the proposal.

#### **4. Establishment of the Major in Communication and Media Studies Under the Existing Bachelor of Arts, Clayton College & State University**

Approved: The Board approved the request of President Thomas K. Harden that Clayton College & State University ("CCSU") be authorized to establish the major in Communication and Media Studies under the existing Bachelor of Arts, effective September 12, 2001.

Abstract: CCSU proposed a major in Communication and Media Studies that presents students with communication infused with technology in a computing environment. The Communication and Media Studies program will capitalize on this environment by blending a liberal arts foundation with computer-based technologies to prepare students for positions in technical writing, Web page development, corporate media departments, and other communication careers. In addition, students will complete internships in settings as technical writers and in other careers in advertising and public relations.

Need: Data presented in the Georgia Department of Labor's *Planning for Tomorrow* indicate that the communications and educational industries will be among the state's fastest growing fields between 2000 and 2006. Demand for technical writers alone will increase 86% in the same period. A recent CCSU survey sent to 20 area employers resulted in 75% indicating that writing skills were very valuable for entry-level candidates, while 80% indicated a similar need for advanced computing skills. Several other sources confirm the increased employment prospects for this major.

Objectives: The objectives of the program are to develop critical skills in writing and research and mastery of various media, especially digital electronic media. The program will help prepare students for professions using communications such as media production, professional/technical writing, government service, public relations, advertising, social service, industrial communication, and similar fields.

Curriculum: The 120-semester-hour curriculum will offer students a theoretical and historical understanding of communication, combined with training in digital technologies, ethics, aesthetics, and technical writing. Students will select from a range of upper-division electives in such areas as multimedia production, media studies, performance, and literature.

Projected Enrollment: The institution anticipates enrollments of 75, 100, and 110 for the first three years of the program.

Funding: The institution will redirect resources to establish and implement the program.

Assessment: The Office of Academics and Fiscal Affairs will work with the institution to measure the

success and continued effectiveness of the proposed program. In 2005, this program will be evaluated by the institution and the University System Office to determine the success of the program's implementation and achievement of the enrollment, quality, centrality, viability, and cost-effectiveness goals, as indicated in the proposal.

## **5. Establishment of the Master of Science in Marine Sciences, Savannah State University**

Approved: The Board approved the request of President Carlton E. Brown that Savannah State University ("SSU") be authorized to establish the Master of Science in Marine Sciences, effective September 12, 2001.

Abstract: SSU proposed the Master of Science in Marine Sciences to contribute to the technology, methodology, and information necessary to assess, predict, and improve the health of the regional coastal ecosystem. The program capitalizes upon SSU's location, resources, collaboration with Skidaway Institute of Oceanography and the University of Georgia, and external funding. It builds upon a successful undergraduate program in marine sciences.

Need: The need for individuals capable of providing adequate scientific information on coastal habitats, ecosystems, fisheries, and environmental quality is well established. Current trends and requirements include contributions to achieve biological, cultural, and economic sustainability, as well as contributions to achieve greater diversity in marine and environmental professions. In addition, Georgia's major coastal issues include pollution, a rapidly growing coastal population, and erosion on the state's developed barrier islands.

Objectives: The principle objective of the proposal is to provide a graduate degree program in Marine Sciences in coastal Georgia. SSU, through its established undergraduate Marine Sciences program and framework for collaboration with other state coastal marine science units, is prepared to meet the need for individuals qualified to address marine resource and coastal environment issues critical to the coastal region and state and to provide graduate coursework and research opportunities in coastal Georgia for students requiring graduate level courses for certification. The program will enhance access to the field at the graduate level.

Curriculum: The 36-semester-hour program will include courses in biometry, marine ecology, and marine science. The program will be housed in the Department of Biology and Life Sciences in the College of Sciences and Technology.

Projected Enrollment: The institution anticipates enrollments of 10, 20, and 30 for the first three years of the program.

Funding: The University System Office will provide temporary funding to begin implementation of the program. After a period of two years, the institution will fund the program from internal redirection and

external funding.

Assessment: The Office of Academics and Fiscal Affairs will work with the institution to measure the success and continued effectiveness of the proposed program. In 2005, this program will be evaluated by the institution and the University System Office to determine the success of the program's implementation and achievement of the enrollment, quality, centrality, viability, and cost-effectiveness goals, as indicated in the proposal.

**6. Establishment of the Associate of Applied Science in Family and Consumer Science With a Major in Infant and Child Development, Fort Valley State University**

Approved: The Board approved the request of President Oscar L. Prater that Fort Valley State University ("FVSU") be authorized to establish the Associate of Applied Science in Family and Consumer Science with a major in Infant and Child Development, effective September 12, 2001.

Abstract: FVSU proposed the establishment of the Associate of Applied Science in Family and Consumer Science with a major in Infant and Child Development to address the shortage of associate-level prepared teachers in pre-kindergarten roles. Based on data gathered from the Georgia Department of Labor and the Office of School Readiness, significant numbers of graduates complete programs in early childhood education. However, the educational needs and learning styles of pre-school children are not adequately addressed by early childhood specialists. Curricular requirements uniquely different from the early childhood curriculum are also needed to more thoroughly prepare infant and child development specialists for their job responsibilities.

Need: There is a need to prepare individuals to work with the infant to five-year-old age group as the demand for high-quality childcare staff continues to increase. Head Start, in its Reauthorization Act of 1998, has mandated that there be at least one degreed teacher in each classroom by the year 2003. Teachers must have either an associate or baccalaureate degree in child development or early childhood education. The Georgia Department of Labor's data regarding labor trends toward 2005 indicate shortages in the fields of human services, pre-school teaching, and childcare.

Objectives: The associate-level degree will meet the needs of students who are unable to commit the time and resources to obtain a baccalaureate degree. In addition, the program is designed to meet the growing workforce needs of Middle Georgia for qualified personnel to provide appropriate leadership in programs for children from infancy to five years of age.

Curriculum: The associate degree program will include courses in behavior and guidance in pre-school, child development, parent-child relations, behavior in infancy, and family and consumer science. The program will be housed in the Department of Family and Consumer Sciences, which is a unit of the College of Agriculture, Home Economics, and Allied Programs.



Projected Enrollment: The institution anticipates enrollments of 35, 40, and 45 for the first three years of the program.

Funding: The institution will redirect resources to establish and implement the program.

Assessment The Office of Academics and Fiscal Affairs will work with the institution to measure the success and continued effectiveness of the proposed program. In 2005, this program will be evaluated by the institution and the University System Office to determine the success of the program's implementation and achievement of the enrollment, quality, centrality, viability, and cost-effectiveness goals, as indicated in the proposal.

## **7. Institutional Reorganization, Albany State University**

Approved: The Board approved the request of President Portia Holmes Shields that Albany State University ("ALSU") be authorized to reorganize its institutional units, effective September 12, 2001.

Abstract: ALSU requested Board approval for an institutional reorganization in order to achieve the following objectives: to remove the number of individuals reporting directly to the president and to reduce administrative costs by combining existing units such as Continuing Education, Community Outreach, and Institutional Planning and Research. The Center for Excellence in Teaching and Learning has moved under the leadership of the vice president for academic affairs. This change highlights the university's dedication to raising retention and graduation rates through sustained support for improved faculty teaching and student learning.

This reorganization will result in a cost reduction of approximately \$202,862 to the institutional budget. This cost-efficiency is the direct result of combining Continuing Education, Community Outreach, and Institutional Planning and Research and eliminating one administrative position. Also contributing to this cost reduction is the streamlining of responsibilities and the realigning of functions by placing the associate vice president for academic affairs in a dual role as dean of the graduate school.

## **8. Institutional Reorganization, Bainbridge College**

Approved: The Board approved the request of President Clifford M. Brock that Bainbridge College ("BC") be authorized to reorganize its institutional units, effective September 12, 2001.

Abstract: In an effort to become more student-focused, BC requested approval to reorganize its institutional units. The reorganization plan involves bringing together the offices of financial aid, counseling, the learning center, Postsecondary Readiness Enrichment Program ("PREP"), and student affairs. With these changes, students will be able to complete all activities related to student affairs within one location. The proposed structure would streamline efforts and promote efficient and effective student affairs functions. The proposal further provides for a cost-effective, "one-stop" arrangement for students.

With this reorganization, BC would move a dean of student affairs to vice president for student affairs. This provides a uniform oversight for all institutional student services and student activities. Students will be able to go to one area within which they are recruited, admitted, provided financial aid, and registered. The cost implications would be favorable. Although costs will be incurred with the addition of a vice president, the institution will gain a net savings of \$10,000 by reclassifying the admissions director position. In addition, the senior management team will be streamlined. As a result, three vice presidents will report directly to the president, forming the administrative cabinet.

**9. Administrative and Academic Appointments and Personnel Actions, Various System Institutions**

Approved: The administrative and academic appointments were reviewed by the Chair of the Committee on Education, Research, and Extension and approved by the Board. The full list of approved appointments is on file with the Office of Faculty Affairs in the Office of Academics and Fiscal Affairs.

**10. Information Item: Service Agreements**

Pursuant to authority granted by the Board at its meeting on February 7 and 8, 1984, the presidents of the listed institutions have executed service agreements with the indicated agencies for the purposes and periods designated, with the institutions to receive payment as indicated:

<b>University of Georgia</b>			
<b>Purpose</b>	<b>Agency</b>	<b>Duration</b>	<b>Amount</b>
Support Fanning Center Community Module	Georgia Department of Administrative Services	7/6/01 only	\$100,000
Design communities marketing campaign	Georgia Department of Community Affairs	6/15/00 - 6/15/02	\$65,000
Design rural development strategies	“ ” “	6/15/00 - 6/15/02	\$100,000
Prepare grant for regional assistance	“ ” “	6/27/01 - 6/27/02	\$110,000
Design Better Home Town program	“ ” “	7/1/01 - 6/30/02	\$90,000
Conduct corrections leadership institute	Georgia Department of Corrections	8/1/01 - 6/30/02	\$50,000

Score Georgia writing assessment programs	Georgia Department of Education	6/20/01 - 6/30/02	\$969,000
Prepare GKAP-R data report	“ ” “	6/5/01 - 6/30/02	\$75,000
Score Georgia high school graduation tests and Georgia basic skills tests	“ ” “	6/20/01 - 6/30/02	\$294,000
Conduct culinary institute	“ ” “	5/22/01 - 12/31/01	\$36,656
Conduct Georgia’s Better Babies program	Georgia Department of Human Resources	6/1/01 - 9/30/01	\$25,000
Conduct management program	“ ” “	6/30/97 - 6/30/02	\$109,000
Conduct family case managers training	Georgia Department of Human Resources	7/1/01 - 6/30/02	\$907,618
Conduct community service boards project	“ ” “	7/1/01 - 6/30/02	\$200,512
Train Georgia’s case managers and staff	“ ” “	6/30/01 - 6/30/02	\$1,096,272
Perform audit of four regional boards	“ ” “	7/1/01 - 6/30/02	\$46,304
Conduct performance, measurement, and evaluation system project	“ ” “	7/1/01 - 6/30/02	\$107,308
Conduct community service boards training	“ ” “	6/30/01 - 6/30/02	\$114,900
Conduct board training institutes	“ ” “	7/1/01 - 6/30/02	\$288,000
Conduct training programs	Georgia Department of Labor	7/1/01 - 6/30/02	\$75,000
Establish fish and wildlife research unit	Georgia Department of Natural Resources	7/1/89 - 6/30/02	\$34,000

Conduct education programs on conservation	“ ” “	7/1/01 - 6/30/02	\$5,000
Conduct best management programs in watersheds	“ ” “	6/18/01 - 12/31/05	\$315,545
Analyze statewide water samples	“ ” “	5/31/01 - 6/30/04	\$250,000
Provide reapportionment services	Georgia General Assembly	7/1/01 - 6/30/02	\$467,394
Conduct economic impact assessment	Georgia Industry and Trade	6/20/01 - 6/19/02	\$130,000
Design program on Savannah River Valley	Georgia Humanities Council	7/1/01 - 6/30/02	\$7,000
<b>Georgia College &amp; State University</b>			
Provide facilities and meals for workshop	Georgia School Plant Maintenance Association	5/25/01 - 7/14/01	\$34,519
Provide services for Child Development Associate Training	Baldwin County Headstart	7/14/01 - 7/27/01	\$2,100
<b>Floyd College</b>			
To provide software application training	Bartow County	7/16/01 - 7/26/01	\$6,000

<b>TOTAL AMOUNT - SEPTEMBER</b>	<b>\$ 6,111,128</b>
<b>TOTAL AMOUNT FY 2002 TO DATE</b>	<b>\$ 8,232,192</b>
<b>TOTAL AMOUNT FY 2001 (TO SEPTEMBER)</b>	<b>\$ 5,595,218</b>
<b>TOTAL AMOUNT FY 2001</b>	<b>\$25,106,814</b>

### **COMMITTEE ON ORGANIZATION AND LAW**

The Committee on Organization and Law met on Wednesday, September 12, 2001, at approximately 9:25 a.m. in the room 7019, the Chancellor's Conference Room. Committee members in attendance were Chair Hugh A. Carter, Jr. and Regents Joe Frank Harris and Martin W. NeSmith. Chair Carter reported to the Board on Wednesday that the Committee had reviewed four items; one was tabled until a later meeting and

two required action. Item 1 included five applications for review, all of which were denied. The recommendation in Item 4 would remain on the table until the October 2001 Board meeting, when it would be up for approval. With motion properly made, seconded, and unanimously adopted, the Board approved and authorized the following:

**1. Applications for Review**

- a. In the matter of Brenda Sullivan at Savannah State University, concerning denial of promotion and tenure, the application for review was denied.
- b. In the matter of Vivian Jones at Fort Valley State University, concerning the termination of her employment, the application for review was denied.
- c. In the matter of Betty White at Columbus State University, concerning elimination of her position, the application for review was denied.
- d. In the matter of Carolyn C. Williams at Albany State University, concerning reorganization of the Division of Public Service and Continuing Education and the reclassification of her position, the application for review was denied.
- e. In the matter of Yael Waknine at the University of Georgia, concerning readmittance to the College of Pharmacy, the application for review was denied.

**2. Amendment to Board of Regents Bylaw V.3**

Approved: The Board of Regents amended Bylaw V.3, entitled “Standing Committees,” by eliminating the Standing Teaching Hospital Committee.

**3. Policy Manual Revisions**

Tabled: The Board of Regents tabled this item until the October 2001 meeting.

**4. Information Item: Proposed Further Amendments to Bylaw V.3**

Recommended: That the Board of Regents, at its October 2001 meeting, amend the last two paragraphs of Bylaw V.3 to provide that:

- a. Standing Committees consist of between four and ten members (rather than the current range of between three and six members); and
- b. The Executive and Compensation Committee be expanded to include at least four but not

more than six members (rather than the current three members) in addition to the Chair, Vice Chair, and Chancellor.

This item will be up for approval at the October 2001 Board meeting.

### **CHANCELLOR'S REPORT TO THE BOARD**

After the Committee meeting reports, Chancellor Portch announced that he would deliver his originally scheduled State of the System address in November 2001. Instead, he made the following remarks to the Board:

Thank you, Mr. Chairman. I will give my traditional State of the System address in November. I want to take this opportunity today to make some brief personal observations.

What happened yesterday tests every last ounce of our faith in humanity, but faith we must have. I call on our campuses to get back to business as usual as quickly as possible. Terrorists must not disrupt our educational mission. I call on our faculty researchers to try and help us make sense out of the unfathomable. I call on our faculty, where appropriate, to help our students sort through the multiple and complex issues that surround yesterday's tragedies. This is a time when our curriculum must become immediately relevant. I call on our university community to come together across all ages, races, religious beliefs, and nationalities. I particularly call on our campus communities to embrace all our international students and faculty at this time. This, like no other time, is a time to be one.

In recent times we have been celebrating — as we should — “the greatest generation.” They are those men and women who fought for freedom against fascism and imperialism. The country and the freedom we enjoy owe much to them. Now, in very different ways, our generation is being tested. We must be up to that test. There will be those who will call for the United States to return to isolationism, to withdraw from world affairs. There will likewise be those who call on us to cut back on study abroad and hosting international students. These would be grave errors. This nation and this University System must redouble its efforts to create more, not less, global awareness.

The atrocities were horrific acts of hatred and of ignorance, and ignorance breeds hatred. Ignorance breeds hatred. That is why the work we do to educate has never been more important. That is why the Board working through the day yesterday and on into today sends a powerful symbolic message. Our work must not be interrupted by acts of terror. Our work must go forward with a renewed passion that the only truly free citizenry is an educated one. Thank you, Mr. Chairman.

## **STRATEGIC PLANNING COMMITTEE, “COMMITTEE OF THE WHOLE”**

Chair Howell next convened the Strategic Planning Committee as a Committee of the Whole and turned the Chairmanship of the meeting over to Regent Leebern.

Chair Leebern introduced Dr. Sharon James to the Board. He noted that when Chancellor Portch came to the University System of Georgia, he brought Dr. James with him from the University System of Wisconsin for one year. Chair Leebern asked her to say a few words to the Regents.

Dr. James stated that she had a wonderful year with the University System of Georgia from 1995 to 1996. She remarked that the Board has done a wonderful job with higher education in the State of Georgia and it should be a model for the rest of the nation. She thanked the Regents for their hospitality and stepped down.

Chancellor Portch noted that Dr. James had come to Atlanta to attend an event in his honor that would have been held the previous night but was canceled due to the terrorist attacks in New York and Washington, D.C. Because the airports had also been closed, Dr. James would be in town a bit longer than expected, but the Chancellor was pleased that she had the chance to visit the Board again.

Chair Leebern next introduced Shelley C. Nickel, Special Assistant to the Chancellor, to discuss the implementation strategies for the Board’s recently adopted goals statement.

Ms. Nickel thanked Chair Leebern and stated that the Board had approved the revised vision, mission, and goals statements for the University System of Georgia at its August 2001 meeting. At this meeting, the Board would focus on the implementation of the goals outlined in the goals statement, which is as follows:

The University System of Georgia will ensure access to academic excellence and educational opportunities for all Georgians by:

1. Developing graduates who are intellectually and ethically informed individuals with defined skills and knowledge, capable of leadership, creative endeavors, and contributing citizenship in an ever-increasing interconnected world;
2. Expanding participation by increasing access while maintaining quality, enhancing diversity, focusing on the needs of nontraditional students, increasing distance education opportunities, advancing public library usage, and marketing the advantages of a postsecondary education to all Georgians;
3. Improving continuously the quality of its curricula, research activities, and international opportunities;

4. Increasing academic productivity through improved recruitment, increased retention, accelerated graduation, expanded credit generation, augmented continuing education opportunities, and current technology;
5. Emphasizing the recruitment, hiring, and retention of the best possible faculty, staff, and administration;
6. Accelerating economic development by providing, when feasible, needed graduates, appropriate academic programs, and expanding marketing of the System and its institutions as an economic asset of the state;
7. Seeking the most efficient, effective, and technologically sound business and service best practices and regularly comparing ourselves to national peers;
8. Providing and maintaining superior facilities, funded by innovative mechanisms which increase the speed with which they are usable;
9. Making University System of Georgia education seamless with K-12, DTAE, and independent colleges;
10. Increasing, diversifying, and strategically allocating funding;
11. Maximizing cooperation with other state agencies, boards, the Office of the Governor, and the General Assembly, while maintaining the constitutional authority of the Board of Regents.

Ms. Nickel stated that the staff were proposing three different approaches to the implementation that constitute a powerful combination of top-down and bottom-up decision making. The first approach is that of the Board, which has chosen two goals as its strategic planning focus this year. The second approach will involve faculty, because they are clearly the ones who should be advising and making decisions on the curriculum. The third approach will involve University System staff, who will focus on the goals that require both business process and human resource expertise. So, the Board is at the top making policy decisions that will trickle down to the campuses, while faculty and other University System staff make recommendations to the Board to achieve a good balance in decision making. She noted that access, excellence, and opportunity will characterize all of the goals.

Ms. Nickel began with the first approach, which involves the Board. The second and fourth goals of the goals statement will be the Board's strategic planning focus for this year. Last year's benchmarking study unveiled a great deal of data, some of which was somewhat surprising. The data led to a discussion of issues that the Board wanted to focus on this year. The budget presentation the Regents had heard at this meeting highlighted these two goals in the initiatives focusing on access and retention. During the course



of this year, staff will focus on these two goals and explore other ways of providing access, just as Mr. Keith had discussed earlier in the budget presentation. The data will be presented to the Regents so they may develop specific goals and targets for participation, retention, recruitment, continuing education, and other ways to expand credit generation.

The first and third goals of the statement, which focus on the curriculum and preparing students to be productive leaders in society, will largely be directed by faculty and other staff, which is the second approach, explained Ms. Nickel. Their task will be to recommend to the Board changes to the curriculum which will enhance what students know and what they are capable of doing when they graduate. This will include more opportunities in international education, research, and leadership.

Implementation of the fifth through eleventh goals will require the involvement of University System staff, the third approach. The fifth goal will involve a System working group that will be formed to identify campuses' best practices in this area. The group will recommend both policy changes and practices that can be duplicated throughout the System. With regard to the sixth goal, Ms. Nickel reminded the Regents that the Board's economic development tool is the Intellectual Capital Partnership Program ("ICAPP®"), which was initiated as a response to the Board's 1994 strategic plan. ICAPP® has been very successful in identifying and providing academic programs and needed graduates for the state's strategic growth areas. The Office of Economic Development will continue to focus on the opportunities in which the University System can play a role, such as nursing and allied health professionals. The next step will further refine the process in identifying such programs. Ms. Nickel reported that implementation of the seventh goal is already underway. In response to the benchmarking study, campuses are being asked to do an evaluation of their business processes and operations. Best practices that can be duplicated will be shared among the campuses. Likewise, some progress has already been made on the eighth goal. This goal requires staff to make recommendations to the Board on possible new approaches to providing both major construction and renovation projects. Last month, staff briefed the Committee on Real Estate and Facilities on the fast-track construction delivery method that may be utilized in order to deliver major construction projects with increased speed. In addition, an on-site Regents construction inspector program has been initiated at six pilot projects to ensure the quality of construction. Staff will report on the success of this pilot in the future. To address the ninth goal, staff will update the Board on the current status of the efforts in seamless education over the course of the year. They will propose recommendations that further ease students' mobility among the education sectors. This is also a central goal of the Governor's Education Committee, on which both the Chair and Chancellor serve. The tenth goal will require three subgroups. One group will make recommendations on how to diversify funding through private giving, contracts, and other strategies; the second group will recommend new allocation strategies; and the third group will work on the preliminary groundwork for revising the funding formula, as the Chancellor had discussed in his budget presentation. Those efforts will be made with the Governor's Office of Planning and Budget and the Legislative Budget Office. Another University System workgroup will address the eleventh goal by taking an inventory of all of the System's current relationships and cooperative agreements with other state agencies and identifying whether the System should strengthen them or make new relationships and agreements. In making recommendations on all the strategies for achieving these goals, the groups will

consider the University System's accountability for its resources to the state.

Ms. Nickel stated that these implementation plans comprise the three approaches that the staff are recommending: the Board, which is already committed to two strategic goals; the faculty, who will work on the curriculum; and working groups of faculty and staff throughout the System. The timetable for the implementation of these goals will vary depending on the complexity of each of these goals and issues. The objective is to have all of the recommendations that require Board approval adopted by the end of the academic year. The strategic plan will be considered complete and ready for implementation at that point. So, by June 30, 2002, all recommendations and, where appropriate, goals and specific targets will be adopted by the Board. In closing, Ms. Nickel thanked the Regents and stepped down.

Chair Leebern asked whether there were any questions or comments. Seeing that there were none, he adjourned the Committee of the Whole and reconvened the Board meeting in its regular session.

### **UNFINISHED BUSINESS**

Chair Howell announced that the Board needed to vote to ratify an action taken by Chancellor Portch regarding the Georgia Institute of Technology's ("GIT") Technology Square project. At the August 2001 meeting of the Committee on Real Estate and Facilities, the Board authorized the Chancellor to make various adjustments to the Technology Square project agreements. The overall concept and implementation methodology remains unchanged. However, the square feet assigned to various uses has changed with some increasing while others decreased. The overall effect is that the total number of square feet decreased slightly. Commensurate changes in the rental rate for the various uses were made. Also, the occupancy date was changed from July 1, 2003, to June 30, 2004. Annual rent for GIT's academic space is established at \$1,072,000, and the Board of Regents has a first right of refusal purchase option. These changes were necessary because the project has moved from "final concept" to "final design," a process that is frequently referred to as "trueing-up." The Chair then asked for a motion to ratify this action taken by the Chancellor.

Regent Leebern made the motion, which was duly seconded. With motion properly made, seconded, and unanimously approved, the Board ratified the Chancellor's action to make the above-referenced changes.

### **NEW BUSINESS**

There was no new business at this meeting.

### **PETITIONS AND COMMUNICATIONS**

Chair Howell presented a brief update on the Chancellor search. He reported that the Board had been having in-depth and serious conversations with several finalists for the position and may have more such conversations. The Regents will continue to assess and analyze the candidates as they work to fulfill their responsibility to the University System and the state to bring leadership to the Chancellorship that is

essential to keep Georgia moving forward with vision and boldness. The Board is on target to complete the process on time this fall and hopes to have a new Chancellor in place by the end of this calendar year.

Secretary Gail S. Weber announced that the next Board meeting would take place on Tuesday, October 9 and Wednesday, October 10, 2001, on the campus of Gainesville College. She noted that the staff are looking at dates around the November 2001 Board meeting to reschedule the event honoring the Chancellor, which had been postponed the previous evening.

### **EXECUTIVE SESSION**

At approximately 11:15 a.m. on September 12, 2001, Chair Hilton H. Howell, Jr. called for an Executive Session for the purpose of discussing a legal matter and a personnel appointment. With motion properly made and variously seconded, the Regents who were present voted unanimously to go into Executive Session. Those Regents were as follows: Chair Howell, Vice Chair Joe Frank Harris, and Regents Hugh A. Carter, Jr., Connie Cater, Michael J. Coles, George M. D. (John) Hunt III, Donald M. Leebern, Jr., Elridge W. McMillan, Martin W. NeSmith, Joel O. Wooten, Jr., and James D. Yancey. Also in attendance were Secretary to the Board Gail S. Weber and Chancellor Stephen R. Portch. In accordance with H.B. 278, Section 3 (Amending O.C.G.A. § 50-14-4), an affidavit regarding this Executive Session is on file with the Chancellor's Office.

At approximately 11:40 a.m., Chair Howell reconvened the Board meeting in its regular session and announced that no actions were taken in the Executive Session. In open session, the Chancellor recommended to the Board the appointment of Dr. Kofi Lomotey as President of Fort Valley State University, effective October 15, 2001.

Regent Cater, Chair of the Regents Special Fort Valley State University Presidential Search Committee, made the motion to appoint Dr. Lomotey, which was seconded by Regents Leebern and McMillan, who had served on the Committee. Motion properly made, seconded, and unanimously adopted, the motion was approved.

### **ADJOURNMENT**

There being no further business to come before the Board, the meeting was adjourned at approximately 11:45 a.m. on September 12, 2001.

s/ \_\_\_\_\_  
Gail S. Weber  
Secretary, Board of Regents  
University System of Georgia

s/ \_\_\_\_\_  
Hilton H. Howell, Jr.  
Chair, Board of Regents  
University System of Georgia