

Presentation at IT Management Forum

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FY09 & FY10 Budget Reduction Summary

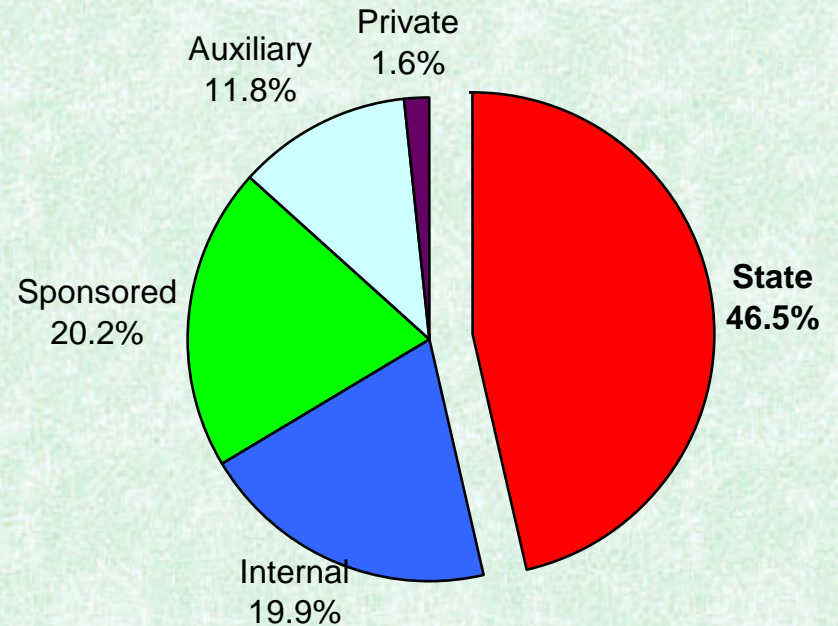
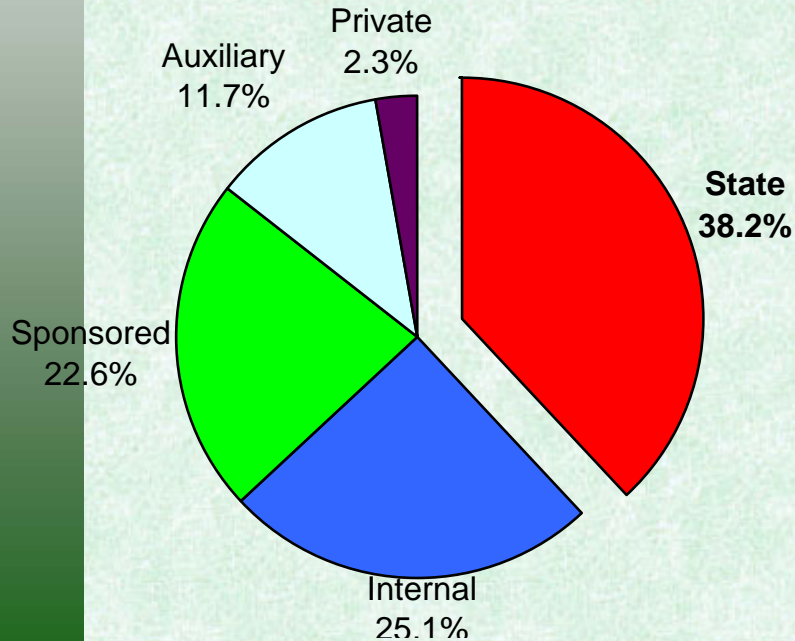
(per FY 10 Allocation Sheet from BOR)

| | FY 2009 | | | FY 2010 | |
|-----------------------------|---------------------------|-----------------------------|-------------------------|----------------------------|-------------------------|
| | Base State Appropriations | Cut to State Appropriations | % Cut to Appropriations | Cut to Base Appropriations | % Cut to Appropriations |
| Resident Instruction | 397,804,761 | 39,923,238 | 10.0% | 47,740,560 | 12.0% |
| “B” Units | 94,403,942 | 8,695,418 | 9.2% | 9,003,166 | 9.5% |
| Special Funding Initiatives | 1,758,240 | 504,892 | 28.7% | 403,156 | 22.9% |
| Research Consortium | 1,293,553 | 129,355 | 10.0% | 1,093,553 | 84.5% |
| UGA Total | 495,260,496 | 49,252,903 | 9.9% | 58,240,435 | 11.8% |

UGA Funding Source Trends

| | FY 2009 | | Growth |
|-----------------------|------------------------|-------|---------------|
| State Appropriations | \$513,193,672 | 38.0% | 16.0% |
| Internal Revenue | \$336,363,182 | 24.9% | 77.5% |
| Sponsored | \$303,924,522 | 22.5% | 57.8% |
| Auxiliary Enterprises | \$157,393,062 | 11.7% | 40.6% |
| Private Funding | \$38,712,982 | 2.9% | 159.8% |
| TOTAL BUDGET | \$1,349,587,420 | | 41.9% |
| ENROLLMENT | 34,089 | | 5.5% |

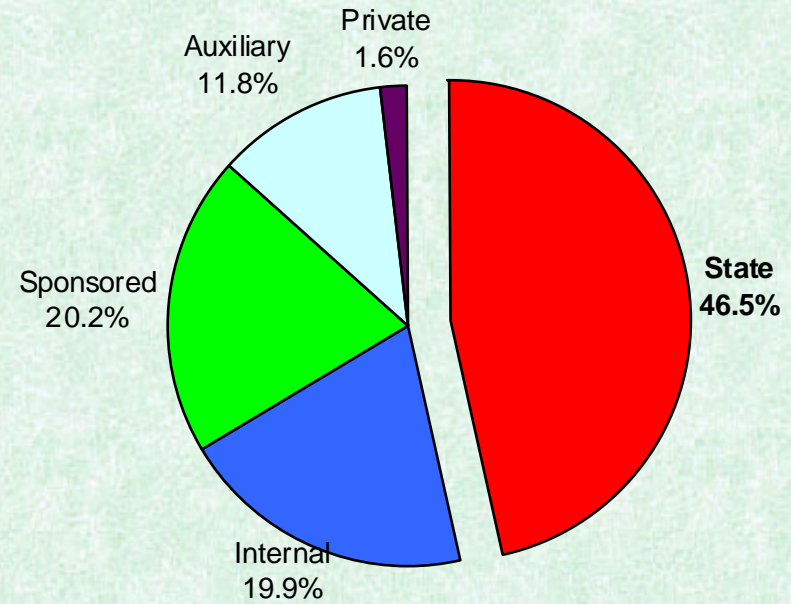
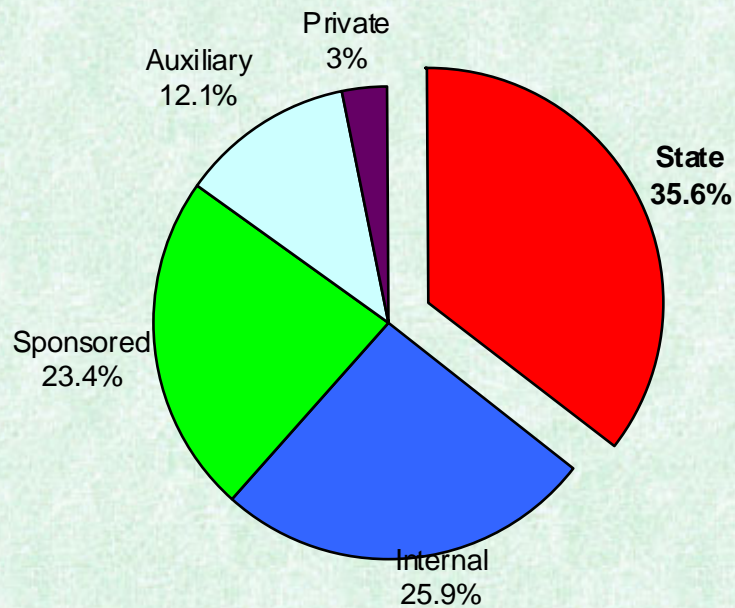
| | FY 2002 | |
|-----------------------|----------------------|-------|
| State Appropriations | \$442,236,809 | 46.5% |
| Internal Revenue | \$189,514,922 | 19.9% |
| Sponsored | \$192,553,970 | 20.2% |
| Auxiliary Enterprises | \$111,938,091 | 11.8% |
| Private Funding | \$14,900,000 | 1.6% |
| TOTAL BUDGET | \$951,143,792 | |
| ENROLLMENT | 32,317 | |



University of Georgia Funding Source Trend Summary - after 10% cut

| FY 2009 (after 10% cut) | | | Growth |
|-------------------------|------------------------|-------|--------------|
| State Appropriations | \$461,874,305 | 35.6% | 4.4% |
| Internal Revenue | \$336,363,182 | 25.9% | 77.5% |
| Sponsored | \$303,924,522 | 23.4% | 57.8% |
| Auxiliary Enterprises | \$157,393,062 | 12.1% | 40.6% |
| Private Funding | \$38,712,982 | 3.0% | 159.8% |
| TOTAL BUDGET | \$1,298,268,053 | | 36.5% |
| ENROLLMENT | 34,089 | | 5.5% |

| FY 2002 | | |
|-----------------------|----------------------|-------|
| State Appropriations | \$442,236,809 | 46.5% |
| Internal Revenue | \$189,514,922 | 19.9% |
| Sponsored | \$192,553,970 | 20.2% |
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| TOTAL BUDGET | \$951,143,792 | |
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"Unrestricted" FY 2009 Budget Sources

\$ 401 M - **State Appropriations** (Funding Formula/Credit Hours)

\$ 95 M - **State Appropriations** ("B" Units)

\$ 191 M - **Tuition** (set by Board of Regents)

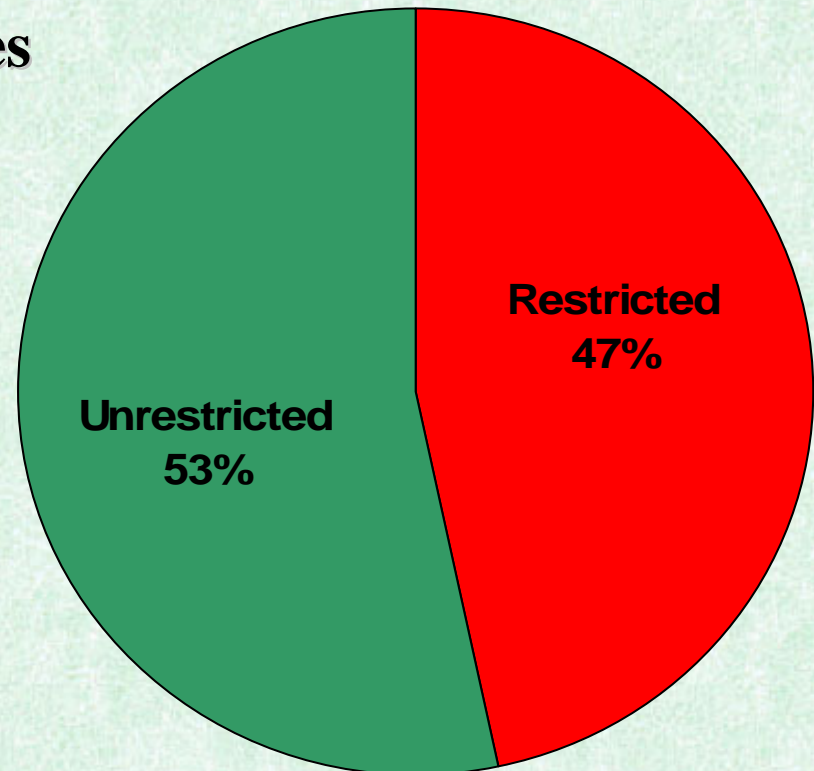
\$ 29 M - **Other Internal Revenue**

\$ 0 M - **Sponsored Sources**

\$ 0 M - **Auxiliaries**

\$ 0 M - **Private Funding**

**\$ 716 M or 53% of
\$1.342 B Total Budget**

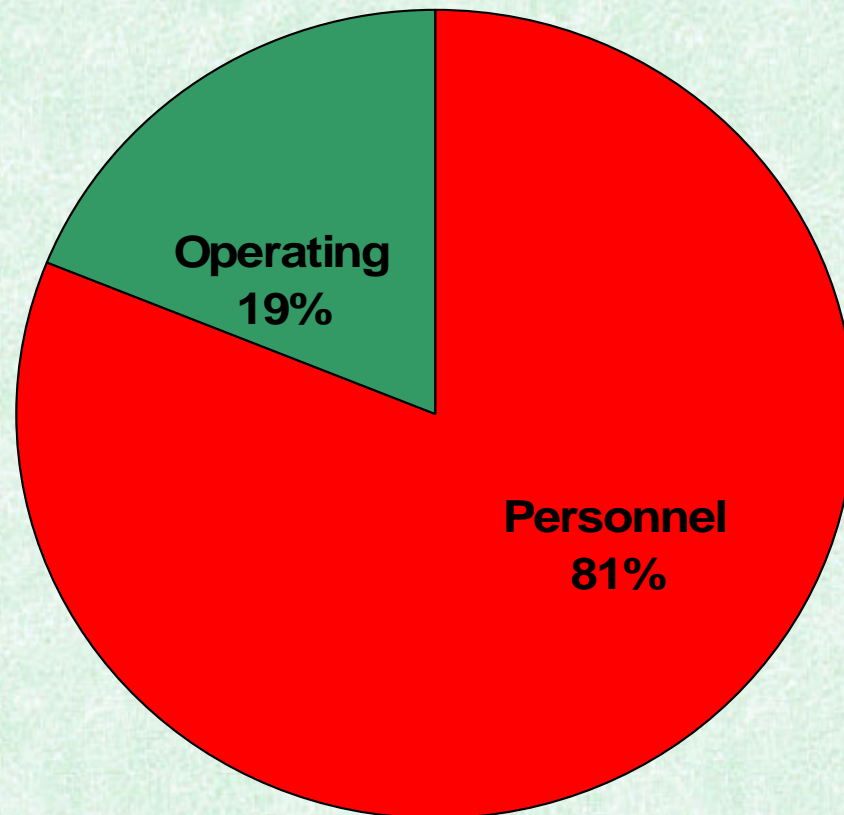


“Unrestricted” Budget Breakdown

\$ 580 M - **Salaries & Benefits**

\$ 136 M - **Operating Support**

\$ **716 M** - **Total “Unrestricted” Budget**



FY09 - 6% Reduction Actions/Impacts

Summary of Resident Instruction Unit-based Actions:

Reductions by Category

\$8.4 million – Faculty (153)

\$6.1 million – Staff (173)

\$1.6 million - Graduate Assistants

\$7.2 million - Operating Supplies & Equipment

\$0.7 million - Travel

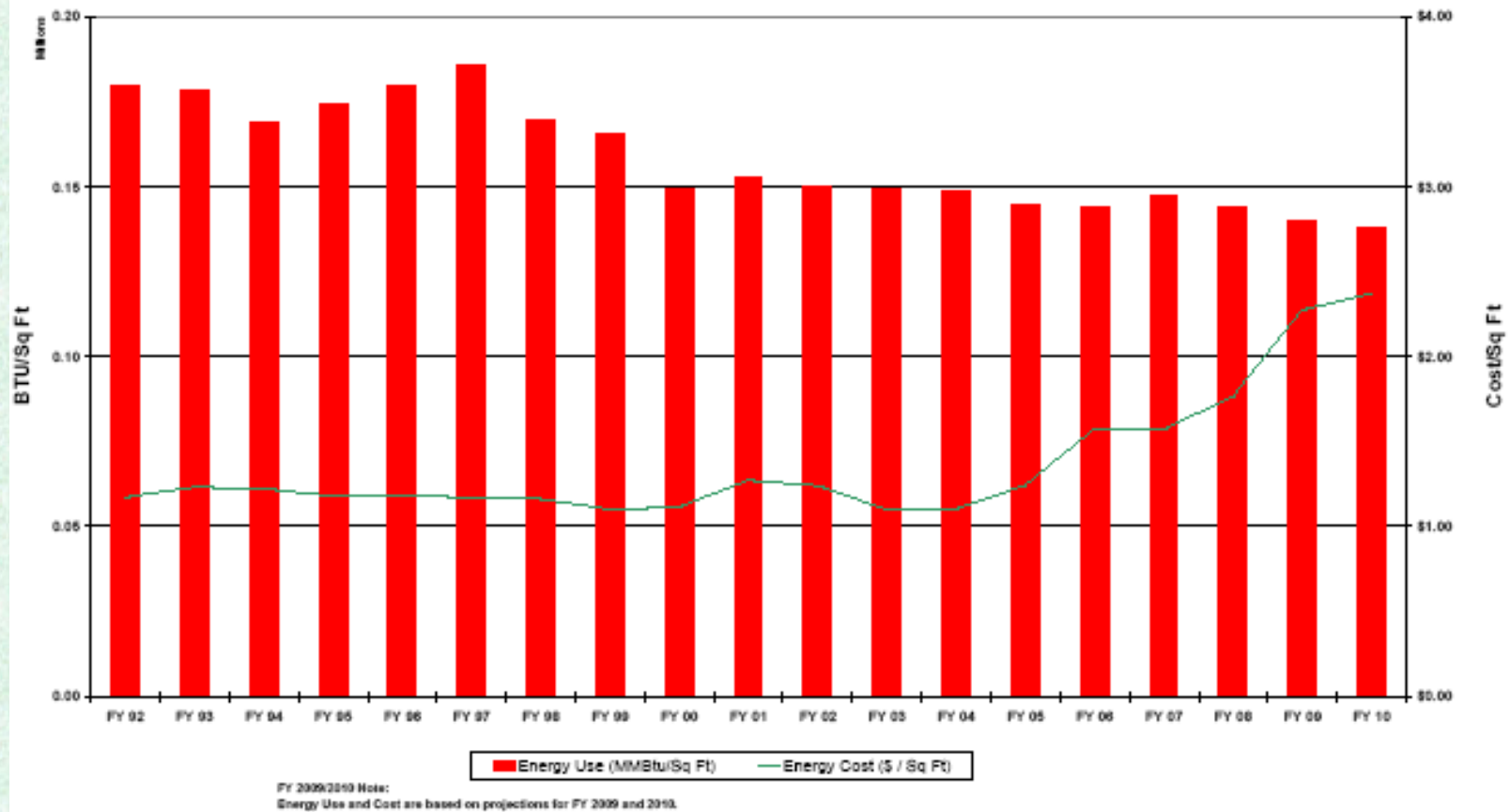
FY09 - 6% Reduction Actions/Impacts

Examples of Institutional Actions:

- \$126,000: Student Learning Center – eliminate 24/5 operation
- \$100,000: SLC Computer/IT Support – 25% reduction
- \$1,060,000: Physical Plant – cancel scheduled projects
- \$500,000: Start-Up Equipment – UGARF “swap”
- \$100,000: Griffin Program support – 30% reduction
- \$ 50,000: Police Department – reduce overtime by 20%
- \$560,000: Library – cancel 21% of subscriptions

“Uncontrollable” Utility Costs

UGA Energy Trending



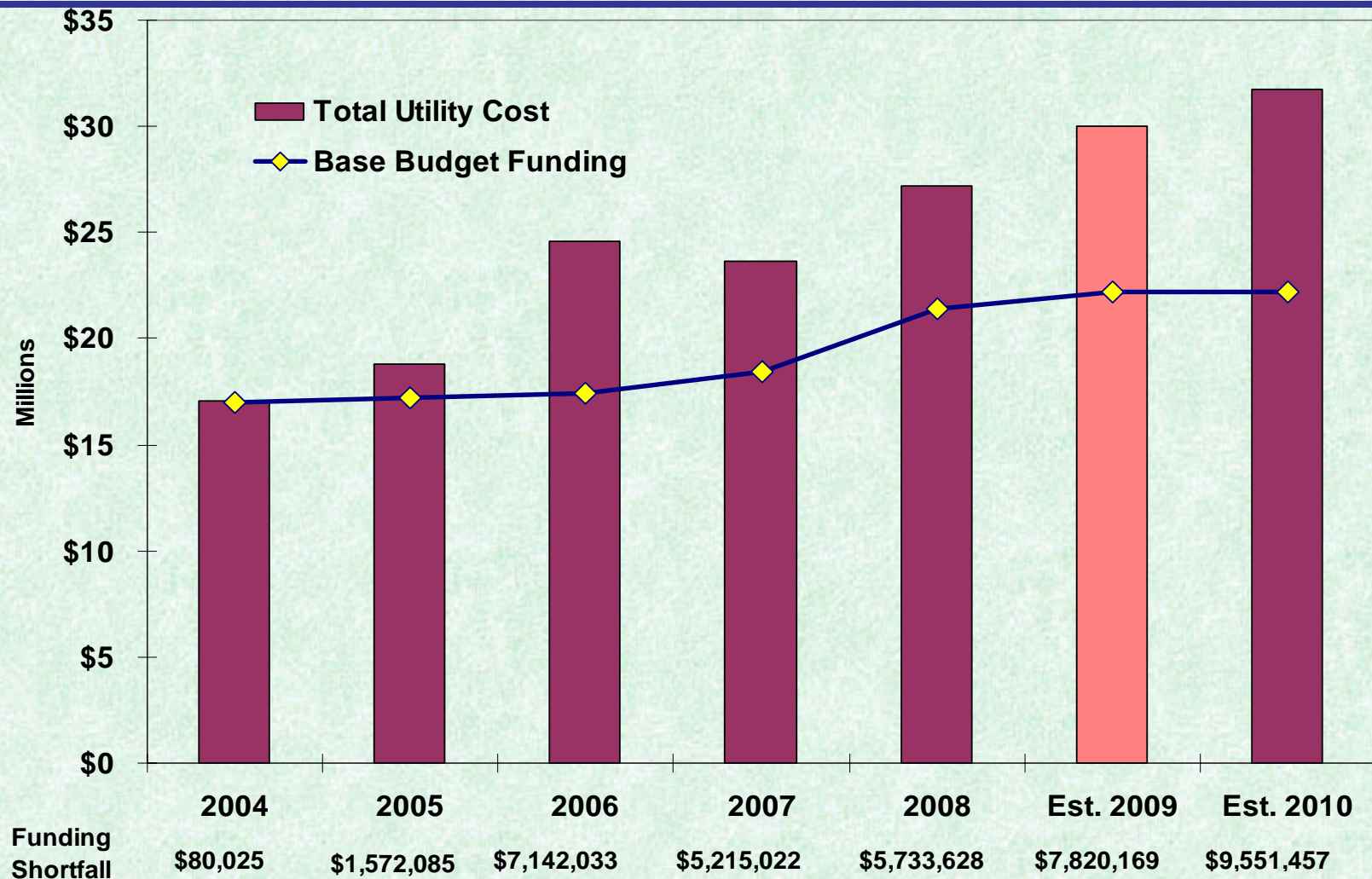
- * Consumption reduced by 20% over 10 years
- * Energy cost has more than doubled since 2003

Energy Conservation

Investing in energy-efficient systems & upgrades to reduce energy use

- HVAC, electrical and plumbing systems
- Replacement of steam condensate piping
- Central steam plant upgrades
- Improvements to chilled water system; new chillers will use an environmentally safe refrigerant
- Water efficient fixtures in restrooms

“Uncontrollable” Utility Costs



* \$7.8 Million Current Funding Shortfall

* Projected at \$9.5 Million in FY 2010

Flattened "Unrestricted" Tuition Growth

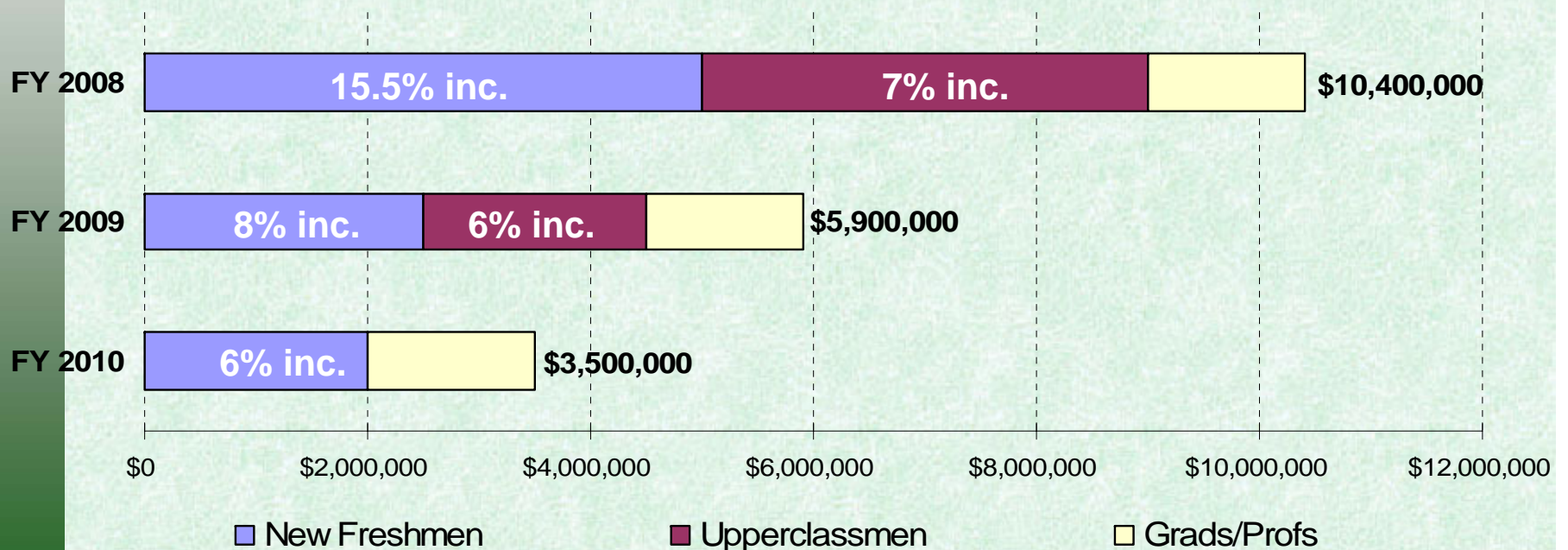
Guaranteed Tuition Plan

FY 2008 – No increase to Sophomores

FY 2009 – No increase to Sophomores or Juniors

FY 2010 – Increase only applies to New Freshmen

Impact on General Budget Revenue Growth



Efforts to Enhance Revenue Growth

Formula Allocation from USG

Encourage Credit Hour Growth at UGA

Greater weight for Quality Factors

Tuition & Fees

Market-Driven

Maintain Excellence

Fluctuating Credit Hour Growth

| | Credit Hours | | Formula Allocation | |
|-------------------|--------------|----------|--------------------|------|
| | Total | Change | Amount | Year |
| FY03 | 916,043 | 28,898 | \$11,439,664 | FY05 |
| FY04 | 952,922 | 36,879 | \$14,342,666 | FY06 |
| FY05 | 940,920 | (12,002) | \$ 1,265,845 | FY07 |
| FY06 | 943,425 | 2,505 | \$ 1,476,306 | FY08 |
| FY07 | 959,689 | 16,264 | \$ 5,192,410 | FY09 |
| FY08 | 951,495 | (8,194) | \$ (2,800,000) | FY10 |
| FY 09* | 966,380 | 14,885 | \$ 4,790,464 | FY11 |
| <i>*Projected</i> | | | | |

Understanding the Funding Formula

- Introduced in 1983 and used by the State of Georgia Legislature in determining funding for the Resident Instruction budget of the University System of Georgia.
- Major Factors that “drive” the Funding Formula:
 - **Credit Hours**
 - FY10 Funding Formula total = \$3.1Billion
 - Credit Hours generated \$2.75 Billion, or 89%, of this total
 - **Academic Positions**
 - Credit Hours are converted to academic positions
 - Lower division – about 1 position for every 1,000 credit hours
 - Upper division – about 1.5 positions for every 1,000 credit hours
 - Graduate/Professional – about 4 positions for every 1,000 credit hours
 - **Average Salaries for Academic Positions**
 - University System of Georgia averages
 - Limited differentiation amongst disciplines
- Instructional component of the formula - All credit hours
- Research component of the formula - Only graduate credit hours

Impact to UGA's Resident Instruction Budget for Credit Hour Growth

- Assuming an overall increase of 5% in credit hours
 - Increase to UGA allocation = **\$12,811,660**
- Assuming an increase of one class per faculty at the schools and colleges
 - Faculty include: professors, associate professors, assistant professors, and instructors
 - Faculty count = 2,087
 - One Undergraduate class = 10 students for a 3 credit hour course
 - One Graduate class = 5 students for a 3 credit hour course
 - Increase to UGA allocation = **\$11,980,717**

University of Georgia Credit Hour Funding Model

- **Allocation factors**
 - For each undergraduate credit hour increase, \$100 is allocated
 - For each undergraduate credit hour decrease, \$100 is removed
 - For each undergraduate credit hour increase by tenured or tenure-track faculty members, \$75 is allocated
 - For each graduate credit hour increase, \$200 is allocated
 - For each graduate credit hour decrease, \$200 is removed
- **Impact for Schools and Colleges (increases to base budget)**
 - Assuming a 5% increase over FY 2008 in both undergraduate and graduate credit hours
 - Assuming 70% of the increase to undergraduate credit hours is due to tenure and tenure-track faculty teaching:
 - Large-sized College “A”: Increase of \$1,660,000
 - Mid-sized College “B”: Increase of \$550,000
 - Small School “C”: Increase of \$203,000

Budget Outlook



Budget Outlook

