



BOARD OF REGENTS MEETING AGENDA
Wednesday, September 14, 2016
Room 8026

<u>Approximate Times</u>	<u>Tab</u>	<u>Agenda Item</u>	<u>Presenter</u>
10:00 AM Room 8026/Phone	1	Call to Order	Chairman Kessel D. Stelling, Jr.
	2	Attendance	Secretary Samuel Burch
	3	Finance & Business Operations	Regent Neil L. Pruitt, Jr. Vice Chancellor Shelley Nickel
	4	Name Regents' Nominating Committee	Chairman Kessel D. Stelling, Jr.
	5	Executive Session	Chairman Kessel D. Stelling, Jr.
	6	Reconvene	Chairman Kessel D. Stelling, Jr.
11:00 AM	7	Adjourn	Chairman Kessel D. Stelling, Jr.

AGENDA

FINANCE AND BUSINESS OPERATIONS

September 14, 2016

Agenda Items

Page No.

APPROVAL ITEM

- | | | |
|----|---|---|
| 1. | Fiscal Year 2018 Operating and Capital Budget Requests | 1 |
| 2. | Approval of Revisions in Kennesaw State University's Mandatory Commuter Food Service Plans and Fees | 5 |

AGENDA

FINANCE AND BUSINESS OPERATIONS

September 14, 2016

1. **Fiscal Year 2018 Operating and Capital Budget Requests**

Recommended: That the Board approve the fiscal year (“FY”) 2018 Operating and Capital Budget Requests.

Background: Revenue collections for FY 2016 were up 9.4% (\$1.786 billion) compared to FY 2015. Georgia continues to experience increasingly strong economic growth. The state expects this continued economic growth to be sufficient to meet the needs of the growing citizenry, but continues to monitor uncertainties in the global economy. The budget instructions from the Office of Planning and Budget (OPB) allow the University System of Georgia to request the formula funding (workload) increase for FY 2018.

Appendix I outlines the recommended operating request and Appendix II outlines the recommended capital request.

FY 2018 Formula Request (Appendix I: \$114,424,575)

Full funding of the University System formula remains the most essential factor of the annual budget request. These funds assist the System in meeting enrollment demands, provide for new facilities maintenance, ensure affordable student tuition costs, and allow the Board to pursue key strategic initiatives. The formula request contains the following major components:

Enrollment Growth (\$66.70M)

Total credit hours generated by the institutions of the University System of Georgia were 8.31 million in FY 2016, which represents an increase of 1.40%, or 114,466 credit hours, when compared to FY 2015. Total credit hours for research and comprehensive institutions increased by 1.78% and 1.69% respectively, while the total credit hours for the access institutions remained relatively flat. The increase in credit hours generates an additional \$66.7 million in state funds.

1. Fiscal Year 2018 Operating and Capital Budget Requests (continued)**Maintenance and Operations (\$3.43M):**

The total resident instruction square footage in the University System is 56.5 million square feet for FY 2018, up from 55.8 million square feet in the FY 2017 formula. The increase of 614,120 square feet generates an additional \$3.43 million in state funds, which are essential for plant operations such as utilities, custodial services, building maintenance and other related operating expenditures.

Health Insurance (\$5.21M):

The University System of Georgia offers four health insurance options for employees: (1) the Consumer Choice Health Savings Account (HSA); (2) the Comprehensive Care plan; (3) Blue Choice HMO, and (4) Kaiser Permanente HMO. In August 2016, the Board approved the healthcare plan premiums for plan year 2017. The increases to the premiums in plan year 2017 require an additional \$5.21 million in state funds.

Fringe for New Retirees (\$4.07M):

The additional funds of \$4.07 million are required for the health and life insurance premiums of the new 831 retirees.

Teachers' Retirement System (\$34.69M)

In May 2016 the Teachers Retirement System (TRS) Board of Trustees approved an increase to the employer contribution rate from 14.27% to 16.81%, effective July 1, 2017. This increase creates the need for additional \$34.69 million in state funds.

Funding for Payback Projects (\$1.71M):

Between 1989 and 2000 the construction of University System of Georgia (USG) facilities with independent revenue streams typically was financed by the state of Georgia through the issuance of General Obligation (GO) bonds. Projects funded utilizing this funding source are called "Payback Projects". The annual debt service on these Payback Projects was paid by USG institutions through reduced appropriations. Revenue generated by the Payback Projects through mandatory student fees, parking fees, student housing rental, food service revenues and the like was used to replace an institution's reduced appropriation.

1. Fiscal Year 2018 Operating and Capital Budget Requests (continued)

The formula funding request includes restored appropriation (state funds) of \$1.71 million for three projects (student center at Georgia State University, student center addition at Kennesaw State University and facility planning and design at the former Southern Polytechnic State University, now Kennesaw State University). Payback Projects will be completely phased out by fiscal year 2022, with five projects remaining.

Reduce Funding for Georgia Gwinnett College (-\$1.375M):

Further, the formula funding request includes a reduction in the special appropriation for Georgia Gwinnett College in the amount of \$1.375 million. This represents year four of a seven-year reduction plan.

Other Items (Appendix I: \$2,832,090)**Increases for B Units (\$2,758,792):**

The increase for health insurance, new retirees and the TRS contribution for the B units will cost an additional \$2,758,792.

Formula for the Georgia Public Library Service (\$39,707)

The formula for the Georgia Public Library Service (GPLS) is based on population growth and geography. The FY 2018 formula funding request for the Georgia Public Library System is \$39,707.

Southern Regional Education Board (\$33,591)

The FY 2018 increase for the Southern Regional Education Board (SREB) totals \$33,591 which will provide the appropriate level of funding for the Optometry and Doctoral Scholars programs. The increase is the result of a 5.1% increase to the regional contact for the Optometry program and a 1.5% increase to the SREB dues.

1. Fiscal Year 2018 Operating and Capital Budget Requests (continued)

Capital Request (Appendix II: \$265,051,000)

The FY 2018 capital request includes \$9.2 million for six equipment projects, \$158.1 million for seven construction projects, and \$16.1 million for five planning and design projects. In addition, funding is requested for \$60 million in bond funds for Major Repairs and Renovations (MRR). The total amount requested is \$243.4 million for the University System of Georgia.

The Georgia Public Library Service is requesting a total of \$21.651 million in state funding for eleven public library projects, funding for computer replacement, and funding to support major repairs and renovations.

The complete list of capital projects is detailed in Appendix II.

2. Approval of Revisions in Kennesaw State University’s Mandatory Commuter Food Service Plans and Fees

Recommended: That the Board approve the request of Interim President Houston Davis of Kennesaw State University (KSU) to lower mandatory commuter meal plans from Access 40 to Access 25 for freshmen and Access 14 to Access 7 for sophomores and juniors, reducing the cost from \$475 per semester to \$324 per semester for freshmen and \$160 per semester to \$84 per semester for sophomores and juniors. These changes are to become effective Spring 2017.

Students Affected	Current Semester Meal Plan	Current Semester Rate	Proposed Meal Plan	Proposed Semester Rate	Savings in Spring Semester
Commuter full-time first year students with < 30 credit hours (freshmen)	Access 40 (40 meals + \$75 in Dining Dollars)	\$475	Access 25 (25 meals + \$60 in Dining Dollars)	\$324	(\$151)
Commuter full-time sophomores & juniors (30 – 89 credit hours)	Access 14 (14 meals + \$20 Dining Dollars)	\$160	Access 7 (7 meals + \$10 in Dining Dollars)	\$84	(\$76)

Background: In Fall 2009 KSU implemented mandatory meal plans for all full-time residential and commuter undergraduate students, and for full-time graduate residential students. The mandatory commuter full-time student meal plan rates are subject to Board approval under Board Policy 7.3.2.2. KSU’s FY 2017 meal plan rate request, which the Board approved in April 2016, eliminated the mandatory meal plan requirement for commuter full-time seniors (> 90 credit hours) effective this Fall semester (Fall 2016). In continued adherence with the Board’s goal of keeping costs for students pursuing a college education affordable, Dr. Davis announced in July 2016 that KSU would eliminate all mandatory commuter student meal plans effective Fall 2018. These plans cover commuting full-time first year (< 30 credit hours) and commuting full-time sophomores and juniors (30 – 89 credit hours).

As part of the process to smoothly transition operationally and financially toward its goal of eventually eliminating mandatory commuter student meal plans, KSU reviewed its present mandatory commuter student meal plans to determine formats and pricing better meeting these students’ needs and budgets. The result is the proposal to replace, effective Spring 2017, the current Access 40 and Access 14 mandatory commuter student semester meal plans with the

2. Approval of Revisions in Kennesaw State University's Mandatory Commuter Food Service Plans and Fees (continued)

Access 25 and Access 7 mandatory commuter student semester meal plans respectively. This proposal would lower mandatory commuter student meal plan semester prices from \$475 (Access 40) to \$324 (Access 25) for commuter full-time first year students (students with less than 30 credit hours), and from \$160 (Access 14) to \$84 (Access 7) for commuter full-time sophomores and juniors (students having between 30 and 89 credit hours). KSU requests Board approval of this proposal.

Appendix I

**Board of Regents
University System of Georgia
Fiscal Year 2018 Operating Budget Request**

FY 2017 State Funds	
Formula Funds	\$1,897,455,350
All Other Activities	240,246,724
Total FY 2017 State Funds*	\$2,137,702,074
Formula Increase Request:	
Enrollment Growth	\$66,695,501
Maintenance and Operations	\$3,425,181
Health Insurance	\$5,206,998
Retiree Health and Life Benefits	\$4,069,520
Teachers' Retirement System (TRS)	\$34,688,783
Payback Projects	\$1,713,592
Reduce Funding for Georgia Gwinnett College	(\$1,375,000)
Subtotal Formula Increase Request	\$114,424,575
Health Insurance, Retiree Health and Life Benefits - B Units	\$691,976
Teachers' Retirement System (TRS) - B Units	\$2,066,816
Georgia Public Library System - Formula Increase	\$39,707
Southern Regional Education Board (SREB)	\$33,591
Subtotal Other Items	\$2,832,090
Total Increase Request	\$117,256,665
Total FY 2018 State Funds Request	\$2,254,958,739

** Total State Funds per HB 751 is \$2,145,702,074. This amount includes \$8,000,000 in the Teaching Program for Facility major repairs and renovations (MRR), which fund capital projects not operations.*

Appendix II

Board of Regents University System of Georgia Fiscal Year 2018 Capital Request

Capital Outlay: Equipment

Atlanta Metropolitan State College - Student Services & Success Center	\$ 800,000
Columbus State University - Academic Core Renovation and Addition (Lenoir)	2,000,000
Georgia Highlands College - Student Academic Center - Cartersville	2,600,000
Georgia State University - Alpharetta Labs & Student Learning	600,000
University of North Georgia - Convocation Center - Dahlonega	1,100,000
University of West Georgia - Biology Renovation & Expansion	<u>2,100,000</u>
Equipment Subtotal	\$ 9,200,000

Capital Outlay: Construction

Armstrong State University - Health Professions Academic Center	\$ 22,600,000
Clayton State University - Academic Core Renovations	6,900,000
Georgia College and State University - Historic Terrell Hall and Kilpatrick Renovations	11,500,000
Georgia Gwinnett College - Academic Building, Phase 4	11,500,000
Georgia Institute of Technology - Renovation of Crosland Tower and Price Gilbert Library	47,400,000
Kennesaw State University - Academic Learning Center (Kennesaw)	39,500,000
University of Georgia - Business Learning Community, Phase 3	<u>18,700,000</u>
Construction Subtotal	\$ 158,100,000

Capital Outlay: Design

Abraham Baldwin Agricultural College - Carlton Library Renovation & Fine Arts Building	\$ 1,600,000
Augusta University - College of Science & Math Building & Campus Infrastructure	4,500,000
Columbus State University - Schwob Memorial Library Renovation & Addition	500,000
Georgia Southern University - Center for Engineering & Research	4,900,000
University of Georgia - Interdisciplinary STEM Research Building	<u>4,600,000</u>
Planning Subtotal	\$ 16,100,000

Capital Outlay: Other

Major Repair and Rehabilitation	\$ 60,000,000
Other Subtotal	\$ 60,000,000

FY 2018 Capital Request for USG **\$ 243,400,000**

Appendix II

Board of Regents University System of Georgia Fiscal Year 2018 Capital Request

Georgia Public Libraries

Marshes of Glynn Libraries (Brunswick, Glynn County)	\$ 2,000,000
Moultrie-Colquitt County Library (Moultrie, Colquitt County)	1,386,000
Roddenbery Memorial Library (Cairo, Grady County)	2,000,000
Hall County Library (Gainesville, Hall County)	2,000,000
Sequoyah Regional Library (Jasper, Pickens County)	2,000,000
Middle Georgia Regional Library (Gray, Jones County)	1,300,000
Kinchafoonee Regional Library (Georgetown, Quitman County Library)	1,041,000
Gwinnett County Public (Norcross, Gwinnett County)	2,000,000
Flint River Regional Library (Milner Public Library, Lamar)	500,000
Statesboro Regional (Richmond Hill, Bryan County)	2,000,000
Elbert County Public Library (Bowman, Elbert County)	424,000
Major Repair and Rehabilitation	3,000,000
Computer Replacement	<u>2,000,000</u>
Georgia Public Libraries Subtotal	\$ 21,651,000
Total FY 2018 Capital Request	\$ 265,051,000