



LEGISLATIVE UPDATE

A Briefing for Faculty & Staff of the University System of Georgia No. 2, January 25, 2011
"Creating a More Educated Georgia"

Chancellor: To Stimulate the Economy, Invest in More College Graduates

On January 18, Chancellor **Erroll B. Davis Jr.** provided to a joint session of the appropriations committee the answer to this question, "How does your investment in higher education pay off for the state?"

Davis, in his last presentation to the Joint Appropriations Committee as Chancellor of the University System of Georgia, said that the more a person earns, the more they pay in taxes. "Note that someone with a bachelor's degree can expect to pay on average \$8,900 in state and local taxes, which is almost \$5,000 more than a high-school dropout."

According to the Atlanta Regional Council for Higher Education, at the bachelor's degree level, a person will earn on average \$70,210 per capita and the Georgia unemployment rate will be 3.1 percent. At the high-school dropout level, the average per capita income is \$28,800 and the unemployment rate is 10.6 percent.

"Over the course of someone's working life, a college graduate can expect to earn \$1 million more than someone without a college degree...if you are looking to stimulate the economy, if you were looking to en-

hance revenues, the surest way to achieve this is by investing in education.

While giving a brief description of the University System and what it does, Chancellor Davis focused on one of the three foci of the system's mission – research.

Research is critical to the University System, and to the economy of the state of Georgia. The system annually attracts awards of over \$800 million. Of the system's research Chancellor Davis said, "Research is not all abstract. Much translates into the many service activities performed by this system on behalf of citizens, businesses

and local governments across the state. We touch the lives of over a million Georgians through outreach that has a positive impact on farmers, on small businesses, local economic development,

public health and lifelong learning."

The economic impact of the University System's 35 public colleges and universities was \$12.7 billion in FY 2010. "This is the reason why the engines of this system must be continuously and adequately fueled," said Davis.

Chancellor Davis then turned his attention to the Governor's budget recommendations for the University System.

Davis began by sharing three points about the system: enrollment has increased by 100,000 students in the last 10 years; students

are taking more classes, which puts students on track to graduate in a timely manner; and, the graduation rate for FY10 was at 59 percent, up from 56.7 percent. Davis remarked, "This good news is even more extraordinary given the difficult budget times. It is the result of outstanding and dedicated work by our Board, our presidents, and our hard working faculty and staff in the University System."

The Governor's recommendation reduces the FY11 budget by \$112 million, which is almost a 6 percent reduction. At the start of FY11, the system had 4-, 6- and 8 percent reduction plans in place and ready to implement. The 6 percent reduction plan is now being implemented and the reductions will be made by the end of FY11.

Due to economic conditions, the formula increase of \$177 million is not being funded for the almost 19,000 additional students enrolled during FY10. Said Davis, "We understand that the state's strategy is to structurally balance the budget due to the loss of the federal stimulus funds, and there are no additional funds available, but the students are already here."



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Chancellor

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The FY12 budget recommendation from the Governor calls for an additional cut of \$185 million, reducing the \$1.92 billion base budget to \$1.74 billion, which represents an almost 10 percent reduction.

Over the past three years, the state has ordered budget reductions from all state agencies, and the University System has participated. Chancellor Davis showed the Joint Appropriations committee that over a 3-year period, the system has endured a net reduction of \$550 million or almost 24 percent, but at the same time managed record enroll-

ment of almost 37,000 students over the same 3-year period.


Chancellor Davis observed about the data, “More students cost more money to educate, but more importantly, to educate with excellence, to preserve access and to protect quality.”

Chancellor Davis went on to note how the system is managing the 33 percent drop in state funding per full-time student. “We are managing this through increased efficiencies, productivity, innovation, and increased tuition and fee support from our students... We are working to maintain

our high academic quality while preserving access to higher education for all Georgians.”

The USG’s capital recommendation by the governor is \$81 million, reflective of the budget situation. The majority of the funds are for maintenance and repair and renovation, which Chancellor Davis said is critical to the ongoing stewardship of the system’s more than 3,000 building.

In closing, Davis took a moment to reflect on his tenure as Chancellor of the University System. “Over the past five years, I have had the opportunity to work

alongside many of you through some of the most challenging periods in this state’s financial history. We have a strong University System and I have been honored to represent our students, faculty and staff, and to safeguard the investment you have made. As I prepare to leave, I urge all of you to continue your support and funding in good times and bad. This support is critical for all of education – for K-12, for the Technical College System and the University System.” 

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