



LEGISLATIVE UPDATE

A Briefing for Faculty & Staff of the University System of Georgia No. 9, March 10, 2010

“Creating a More Educated Georgia”

Balancing Act Between Cutting Programs, Services, Pay and Raising Tuition

The state’s budget writers strongly encouraged the Board of Regents and the 35 institutions of the University System of Georgia (USG) to strike a balance between making massive cuts to USG programs and services, seeking efficiencies and raising tuition during a second hearing on the University System’s Fiscal Year 2011 budget last week. And that’s exactly what the System aims to do, according to **Chancellor Erroll B. Davis Jr.**

“We are committed to taking a balanced approach to our budget issues in order to protect the tremendous investment the state of Georgia has made in higher education,” Davis said. “The state’s investment in the University System helps to create more jobs for Georgia. Just look at the work we’re doing to assist NCR in bringing 3,000 new jobs to the Atlanta area and Columbus and the value we provide the state beyond classroom learning becomes obvious.”

At the initial joint hearing of the House and Senate Appropriations Higher Education subcommittees on Feb. 24, budget writers wanted to know specifically how the University System could absorb budget reductions of up to \$300 million in the FY 2011 budget, over and above the \$265 million in cuts already recommended by **Gov. Sonny Perdue**.

On March 1, University System leaders presented legislators with a lengthy document quickly developed in concert with the 35 USG presidents that painted a stark portrait of what cuts at this magnitude would look like. Two days later at the second subcommittee hearing, legislators expressed some dismay that the University System would consider eliminating popular public outreach programs such as 4-H and severely curtailing extension-service activities.

Remarks made by Sen. Cecil Staton of Macon at the March 3 joint meeting of the House and Senate Appropriations Subcommittees on Higher Education

I have served on the Senate Appropriations Subcommittee on Higher Education for many years, and I do so with great pride in our higher education system in Georgia.

I have had the privilege to travel to other states for conferences on several occasions, and I’ve been very pleased to find that there is a great deal of envy of the University System of Georgia and what has been achieved in this state, largely because of HOPE, over the last couple of decades.

What we are discussing here today is of enormous importance.

I want to say a word of thanks today to everyone who works in the University System – to those who keep the grounds and work in the cafeterias, to junior faculty members, to people who work in athletics, to researchers, to our administrators, to the regents and those in the Chancellor’s Office.

You are a bright spot in the state of Georgia, where we have enormous educational challenges – look at our statistics for high-school graduation rates; look at the challenges in K-12 education. And yet one bright spot that we can point which gives each and every one of us pride is the USG.

I hope that what we do we do carefully, soberly, recognizing that we are in unprecedented times. I hope that whatever cuts we make – and cuts will be made – that we will do them with surgical precision and with great care, recognizing that what we hold in our hands is a great treasure and perhaps the most important asset of our state, recognizing that what we do today will most assuredly impact the Georgia of tomorrow.

But Davis said the USG is not recommending these measures, merely showing legislators what additional cuts of \$300 million or so would mean for the University System.

Budget

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“What we are saying is that, if there are cuts of significant magnitude, significant entities of the University System will be compromised or will have to be eliminated,” he said. “Everything is on the table.

“We touch the lives of everyone in this state,” the chancellor continued. “We not only educate their children, we provide technology for their workplaces, we provide extension and public service... and something has to give.

“I assure you, whatever cuts are made are going to be painful to a lot of people,” Davis added, in response to legislators’ protests that some programs are too important to tamper with. “It’s impossible to make cuts of this magnitude without exposing a lot of people to pain, and it will be the regents’ job to look at the totality of what we do and try to prioritize that in the context of the cuts that we have to make.”

Some budget writers suggested the University System needs to achieve its budget reductions at least in part by cutting employee salaries. Davis replied that imposing a 1 percent across-the-board salary reduction on employees at the USG’s institutions would free up \$10.4 million in state funds. To cut \$300 million solely through pay cuts would require a 28 percent across-the-board reduction.

When some legislators spoke in favor of imposing salary reductions on a sliding-scale basis, with no cuts for those who make less than \$50,000 and the biggest cuts reserved for those who make \$100,000 or more, Davis noted that highly paid researchers, many of whom have brought multi-million dollar grants with them, can easily go elsewhere. And, he added, “Our presidents’ salaries are in fact below the market. Do they make handsome salaries, compared to the average person? Yes, but they are not over-paid in comparison to their peers. This is an intellectual capital game, and you have to pay for intellectual capital. We run the risk of having our best and brightest leave us.”

Besides, he said, less than 10 percent of the University System’s state-funded positions are at



Updated Session Schedule

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| Thursday, March 11 | Legislative Day 24 |
| Friday, March 12..... | In adjournment |
| Monday, March 15..... | In adjournment |
| Tuesday, March 16..... | Legislative Day 25 |
| Wednesday, March 17 | Legislative Day 26 |
| Thursday, March 18..... | Legislative Day 27 |
| Friday, March 19..... | In adjournment |
| Monday, March 22..... | Legislative Day 28 |
| Tuesday, March 23..... | Legislative Day 29 |
| Wednesday, March 24 | In adjournment |
| Thursday, March 25..... | Legislative Day 30 |
| Friday, March 26..... | In adjournment |
| Monday, March 29..... | Legislative Day 31 |
| After this, the schedule has yet to be determined. | |

salary ranges above \$100,000. A 10 percent pay reduction for this group would yield the state less than \$29 million; the same size cut for the much smaller group earning more than \$200,000 would amount to less than \$7.5 million.

Raising tuition by 1 percent would generate approximately \$5 million, but Davis pointed out that tuition increases are complicated by the fact that approximately 100,000 students who entered the USG during FY 2008 and FY 2009 are still covered by the Guaranteed Tuition Plan, which guarantees students’ tuition rates will not increase for four years.

“The Board of Regents is acutely aware of the impact of increased tuition on the families of this state,” the chancellor said.

The final decisions on funding, Davis stressed to subcommittee members, will be made by the regents after the General Assembly adopts the FY 2011 state budget. At that point, the regents will approach the University System’s needs through a judicious mix of cuts to programs and services, increased efficiencies and tuition. 🏛️