



LEGISLATIVE UPDATE

A Briefing for Faculty & Staff of the University System of Georgia No. 10, March 15, 2010

“Creating a More Educated Georgia”

Governor’s Revised Budget Estimate Offers Strong Support for USG

Gov. Sonny Perdue’s revised revenue and budget estimate for Fiscal Year 2010 and FY 2011, released last Thursday, holds some encouraging news for the University System of Georgia.

With FY 2010 revenue collections having declined nearly 13 percent to date, compared to FY 2009, Perdue reduced Georgia’s revenue estimates for FY 2010 by \$343 million and FY 2011 revenue estimates by \$443 million.

Based on the Governor’s recommendations, the University System will experience no net change in funding in its FY 2010 amended budget, and a reduction to the FY 2011 budget that amounts to less than half of the worst-case scenario forecast by some in recent weeks.

“An additional reduction of \$117M in state funding for FY 2010 will be made up by a corresponding increase in federal stimulus funds of \$117M,” **Chancellor Erroll B. Davis Jr.** explained. “The institutions therefore will be able to continue operating at their current funding levels.”

Regarding the FY 2011 budget, the chancellor said, “The positive news for the University System is that, while there will be an additional reduction as a result of the downward adjustment in the state’s revenues, the cut contained in the Governor’s recommendations is much less than the \$300 million we were warned to expect – it is a reduction of \$117 million.”

In addition, “the Governor has retained the formula enrollment

increase of \$113 million that he originally included in his FY 2011 budget,” Davis said. “The B unit line items (Cooperative Extension, the agricultural experiment stations, Medical College of Georgia Health, Inc., etc.) will have an additional reduction of 3 percent, consistent with most of the other state agencies.”

The Governor has recommended two other changes related to non-profit hospitals and Medicaid providers that could potentially affect MCG Health Inc., which runs the MCG Hospitals:

- ◆ Removal of sales-tax exemptions for hospital purchasing; and
- ◆ Reducing the Medicaid reimbursement rate by 10.25 percent.

“All in all, we recognize these are difficult

economic times and appreciate the strong support from the Governor, which reflects the high priority he places on higher education,” Davis concluded. “Our priority in the next few days of the legislative session is to try to ensure that the reduction recommended by the Governor does not get larger and that we retain funding for the formula enrollment increase, which is extraordinarily important to our institutions and the students we serve.”

He added, “We will continue to work closely with our funding partners as difficult decisions are made on the state budget.”