

AGENDA

COMMITTEE OF THE WHOLE FINANCE AND BUSINESS OPERATIONS

April 15, 2014

| Agenda Item | Page No. |
|--------------------|-----------------|
|--------------------|-----------------|

APPROVAL ITEMS

- | | | |
|----|--|----|
| 1. | Fiscal Year 2014 Amended Budget | 1 |
| 2. | Fiscal Year 2015 Tuition | 2 |
| 3. | Approval to Revise <i>Policy Manual</i> , Section 7.3.1.1, Definitions, Remove <i>Policy Manual</i> , Section 7.3.1.2, The Guaranteed Tuition Plan, and Remove <i>Policy Manual</i> , Section 7.3.1.3, Continuing Tuition Rate | 5 |
| 4. | Fiscal Year 2015 Mandatory and Elective Fees | 10 |
| 5. | Fiscal Year 2015 Budget Allocations | 14 |
| 6. | Fiscal Year 2015 Salary and Wage Administration Policy | 18 |

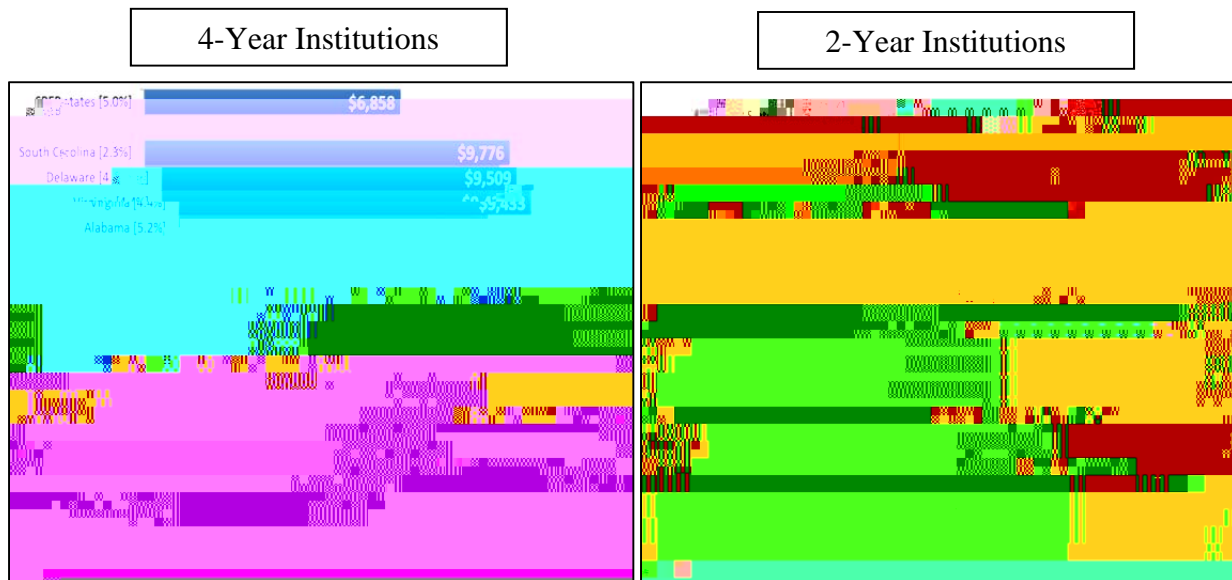
AGENDA

COMMITTEE ON FINANCE AND BUSINESS OPERATIONS

2. Fiscal Year 2015 Tuition

Recommended: That the Board approve the tuition rates for fiscal year 2015, to become effective fall semester 2014. Recommended tuition rates appear in Appendix IA (Undergraduate Tuition) and Appendix IB (Graduate, Professional Programs and Distance Learning Tuition).

Background: Tuition and fees in the University System are an excellent value for students; among all 16 states of the Southern Regional Education Board (SREB), Georgia ranks 10th among four-year institutions and 7th among access institutions for FY 2013.



Proposed Undergraduate Rate Increases:

Maintaining affordability is one of the highest priorities of the University System of Georgia and, as such, the University System of Georgia is committed to keeping tuition rates low.

The recommended strategy for FY 2015 balances affordability, access and quality across all sectors of the University System, recognizing that research institutions must remain nationally competitive.

Specifically, the components of the undergraduate rate increase proposal are as follows:

1. A tuition increase of 2.5% for all institutions across all sectors, except for Georgia Institute of Technology, Georgia Regents University, Georgia State University and the University of Georgia.
2. A tuition increase of 9% for the Georgia Institute of Technology.
3. A tuition increase of 7% for the University of Georgia.

2. Fiscal Year 2015 Tuition (Continued)

- 4. A tuition increase of 4% for Georgia State University and Georgia Regents University.
- 5. Further, out-of-state tuition will increase by the same percentage for all institutions except Georgia Institute of Technology, Georgia Regents University, Georgia State University and the University of Georgia. Out-of-state tuition will increase by the same dollar amount as in-state tuition for these four universities.

| | In -State | | Out-of-State | |
|--|--------------------------|------------|--------------------------|------------|
| | \$ Increase per Semester | % Increase | \$ Increase per Semester | % Increase |
| Georgia Institute of Technology | \$ 372 | 9.0% | \$ 372 | 2.7% |
| Georgia Regents University - Health Sciences | \$ 155 | 4.0% | \$ 155 | 1.2% |
| Georgia Regents University - Summerville | \$ 93 | 4.0% | \$ 93 | 1.1% |
| Georgia State University | \$ 156 | 4.0% | \$ 156 | 1.2% |
| University of Georgia | \$ 281 | 7.0% | \$ 281 | 2.1% |
| Georgia College and State University | | | | |
| Georgia College and State University | \$ 85 | 2.5% | \$ 309 | 2.5% |
| Regional Universities | \$ 62 | 2.5% | \$ 219 | 2.5% |
| State Universities | \$ 58 | 2.5% | \$ 210 | 2.5% |
| State Universities with Special Missions | \$ 62 - 67 | 2.5% | \$ 219 - 240 | 2.5% |
| Georgia Gwinnett College | | | | |
| Georgia Gwinnett College | \$ 43 | 2.5% | \$ 162 | 2.5% |
| State Colleges | \$ 32 - 36 | 2.5% | \$ 123 - 135 | 2.5% |

The recommended tuition differentials for the research institutions are market driven and based on comparative tuition data for peer institutions.

A 9% in-state tuition increase is recommended for Georgia Institute of Technology. Georgia Institute of Technology is world-renowned and competes on a global scale. It offers many high-cost programs and must generate sufficient revenues to remain technologically competitive, retain superior faculty, keep classes sized small for maximum student-faculty interaction and provide quality program offerings. Based on tuition data of peer institutions, the undergraduate tuition rates at Georgia Institute of Technology are below the average tuition rates of their peers. A 9% tuition increase continues to move Georgia Institute of Technology to their peer tuition average.

In-state tuition increases of 7%, 4% and 4 % are recommended for the University of Georgia, Georgia Regents University and Georgia State University, respectively. Both the University of Georgia and Georgia State University are below the peer averages for in-state tuition. The recommended tuition increases move the tuition rates closer to the peer averages. Maintaining quality in the classroom and a competitive edge are essential for all research institutions.

2. Fiscal Year 2015 Tuition (Continued)

The recommended out-of-state tuition increases for the Georgia Institute of Technology, the University of Georgia, Georgia Regents University and Georgia State University are based on the same dollar increase as the in-state tuition. The current out-of-state tuition rates are more in line with comparative peers.

In FY 2014, a tuition structure was implemented at Georgia Regents University to create a new, non-health sciences tuition rate that increases progressively to match the Georgia State University rate over a seven-year period. The FY 2015 in-state and out-of-state undergraduate tuition rates for Georgia Regents University Summerville Campus reflect year two of the seven-year plan. These rates apply to all new students and those continuing from the 2014 academic session plan. The request per student is \$4,940 for in-state students and \$8,140 for out-of-state students. The request for the Georgia State University is \$4,000 for in-state students and \$7,930 for out-of-state students. The request for the Georgia Institute of Technology is \$4,000 for in-state students and \$7,930 for out-of-state students.

3. Approval to Revise Policy Manual, Section 7.3.1.1, Definitions, Remove Policy Manual, Section 7.3.1.2, The Guaranteed Tuition Plan, and Remove Policy Manual, Section 7.3.1.3, Continuing Tuition Rate

Recommended: That the Board approve to remove policy language pertaining to the Guaranteed Tuition Plan.

Background: In April 2006, the Board approved a new tuition strategy that provided a “guarantee tuition rate” for entering undergraduate students full-time and part-time, and resident and nonresident. The purpose of the plan was to provide a degree of predictability to undergraduate students regarding tuition costs and to encourage more rapid progress toward graduation.

In June 2009, the Board approved to discontinue the guaranteed tuition plan for new students beginning summer semester 2009. Fall 2013 was the final semester in which select students were eligible for the Guaranteed Tuition Plan.

Below is the revised policy. The stricken texts represent deletions.

| <i>Current Policy</i> | <i>Proposed Policy</i> |
|--|--|
| <p>7.3.1.1 Definitions</p> <p>Tuition</p> <p>Tuition shall be defined as payment required for credit-based instruction and related services and shall be charged to students. Tuition rates for all USG institutions and programs shall be approved annually no later than the May meeting by the Board of Regents to become effective the following fall semester. Exceptions to this requirement may be granted upon recommendation of the Chancellor approval by the Board of Regents.</p> <p>Tuition for both undergraduate and graduate students enrolled at a USG institution shall be charged at the full rate for students enrolled for fifteen (15) credit hours or more, and at a per credit hour rate for students enrolled for less than fifteen (15) hours, effective July 1, 2009.</p> <p>Graduate tuition will be charged at the full rate for students enrolled for twelve (12) credit hours, and at a per credit hour rate for students enrolled for less than twelve (12) credit hours (Board Minutes, June 2009). Distance education courses and programs as defined in Section 7.3.1.6 of this Policy Manual may be exempted from this policy and charged on a per credit hour basis.</p> <p>Further, a “finish-in-four” tuition model provides for a flat tuition based on fifteen (15) hours a semester will be charged at University of Georgia, Georgia Institute of Technology and Georgia College and State University for all undergraduate students taking in excess of six (6) hours, to encourage students to graduate in four (4) years. Students taking six (6) hours or fewer will pay a flat rate that will be lower than the rate. The “finish-in-four” model is effective July 1, 2009, for University of Georgia and Georgia Institute of Tech and July 1, 2011, for and Georgia College and State University.</p> <p>A “finish-in-four” tuition model provides for a flat tuition based on fifteen (15) hours a semester will be charged at Georgia Regents University for all undergraduate students taking ten (10) hours or more.</p> | <p>7.3.1.1 Definitions</p> <p>Tuition</p> <p>Tuition shall be defined as payment required for credit-based instruction and related services and shall be charged to students. Tuition rates for all USG institutions and programs shall be approved annually no later than the May meeting by the Board of Regents to become effective the following fall semester. Exceptions to this requirement may be granted upon recommendation of the Chancellor approval by the Board of Regents.</p> <p>Tuition for both undergraduate and graduate students enrolled at a USG institution shall be charged at the full rate for students enrolled for fifteen (15) credit hours or more, and at a per credit hour rate for students enrolled for less than fifteen (15) hours, effective July 1, 2009.</p> <p>Graduate tuition will be charged at the full rate for students enrolled for twelve (12) credit hours, and at a per credit hour rate for students enrolled for less than twelve (12) credit hours (Board Minutes, June 2009). Distance education courses and programs as defined in Section 7.3.1.6 of this Policy Manual may be exempted from this policy and charged on a per credit hour basis.</p> <p>Further, a “finish-in-four” tuition model provides for a flat tuition based on fifteen (15) hours a semester will be charged at University of Georgia, Georgia Institute of Technology and Georgia College and State University for all undergraduate students taking in excess of six (6) hours, to encourage students to graduate in four (4) years. Students taking six (6) hours or fewer will pay a flat rate that will be lower than the rate. The “finish-in-four” model is effective July 1, 2009, for University of Georgia and Georgia Institute of Tech and July 1, 2011, for and Georgia College and State University.</p> <p>A “finish-in-four” tuition model provides for a flat tuition based on fifteen (15) hours a semester will be charged at Georgia Regents University for all undergraduate students taking ten (10) hours or more.</p> |

Students enrolled at Georgia Regents University taking less than ten (10) hours will continue to be charged tuition on a per-credit-hour basis. Students jointly enrolled in high school and at the University of Georgia, Georgia Institute of Technology, Georgia College and State University, or Georgia Regents University under the Accel program will continue to be charged tuition on a per-credit-hour basis. Students enrolled during the summer semester at the University of Georgia, Georgia Regents University, Georgia College and State University will be charged tuition on a per-credit-hour basis during the summer semester (BoR Minutes, April 2013).

In-State Tuition

In-State Tuition shall be defined as the rate paid by students who meet the residency status requirements as provided in [Section 4.3 of this Policy Manual](#)

Out-of-State Tuition

Out-of-State Tuition shall be defined as the rate paid by students who do not meet the residency status requirements as provided in [Section 4.3 of this Policy Manual](#). Out-of-state tuition at USG institutions shall be established by the Board, taking into consideration: (1) out-of-state tuition rates of peer or comparable institutions and (2) the full cost of instruction. The annual increase in the out-of-state amount must be at least equal to the dollar increase amount in in-state tuition.

Guaranteed Tuition Rate

| | |
|---|---|
| <p>Semester Semesteshall be defined for the purpose of this section as the standard term of instruction for each institution for fall, spring, and summer. The summer semester shall be defined as the combined terms of instruction provided by USG institutions that begin after the completion of the spring semester and end prior to the start of the fall semester (BoR Minutes, October 2006).</p> | <p>Semester Semesteshall be defined for the purpose of this section as the standard term of instruction for each institution for fall, spring, and summer. The summer semester shall be defined as the combined terms of instruction provided by USG institutions that begin after the completion of the spring semester and end prior to the start of the fall semester (BoR Minutes, October 2006).</p> |
|---|---|

| | |
|-----------------------|------------------------|
| <i>Current Policy</i> | <i>Proposed Policy</i> |
|-----------------------|------------------------|

7.3.1.2 Guaranteed Tuition Plan

The guaranteed tuition plan is continued for new students beginning summer semester 2009, and the provisions outlined below will not apply. The sections will continue to apply to students already on the guarantee for the period of the guarantee (BoR Minutes, June 2009).

Pursuant to
for semester 2009, and the provisions

shall be fixed for a period of five years, or fifteen (15) consecutive semesters, including fall, spring, and summer.

New students who enter the undergraduate program at these institutions shall be charged the guaranteed tuition rate for four (4) years, or twelve (12) consecutive semesters) as noted above.

Summer Semester

New students enrolling in an undergraduate program at a USG institution in summer 2006 may be charged either the non-guaranteed tuition rate approved by the Board of Regents effective fall 2005, or the guaranteed tuition rate approved by the Board of Regents effective fall 2006 pursuant to the policy established by each USG institution and subject to:

If charged the non-guaranteed tuition for summer 2006, new students shall be charged the guaranteed tuition rate beginning fall 2006, which shall be fixed as noted above.

If charged the guaranteed tuition for summer 2006, new students shall continue to be charged the same guaranteed tuition rate beginning fall 2006, which shall be fixed at that rate beginning with fall 2006 as noted above.

New students enrolling in an undergraduate program at a USG institution for the first time in summer 2007 and any summer thereafter shall be charged the guaranteed tuition rate approved by the Board of Regents for the year in which that summer occurs and be charged the new fall guaranteed tuition rate as noted above.

Transfer Students

Transfer students from non-USG institutions shall be charged the guaranteed tuition rate effective in the year in which they transferred, which shall be fixed for two (2) years, or six (6) consecutive semesters. This policy shall become effective for such students beginning with spring semester 2007.

Transfer students from USG institutions who first entered the USG in fall 2006 or thereafter shall be charged the guaranteed tuition rate at their new institution that was approved for the year in which they first entered the USG, if that year does not differ from the year of transfer by more than the period of time as described above.

This provision, however, shall apply to students who transfer to the Medical College of Georgia's health profession programs as third-year students. These students shall be charged the guaranteed tuition rate in effect in the year they transfer and shall be charged the guaranteed tuition rate for no more than two (2) years, or six (6) consecutive semesters.

Students Enrolled in Programs Requiring More than Four (4) Years to Complete

USG research, regional, and state universities may, under limited circumstances, extend the guaranteed tuition rate up to three (3) additional consecutive semesters for certain selected programs that require more than four (4) years to complete. A list of these programs must be provided to the Board of Regents annually.

Students Called to Active Military Duty

A student eligible to receive the guaranteed tuition rate who is called to active duty will receive an extended charge for the period of service up to two (2) years, or six (6) consecutive semesters.

Transient and Non-degree-seeking Students

Transient and non-degree-seeking students who enrolled at a USG institution in fall 2006 or later and who are assigned a guaranteed rate shall be charged at the assigned rate at the institution they attend. New

4. Fiscal Year 2015 Mandatory and Elective Fees

Recommended: That the Board approve the proposed mandatory student fees for fiscal year 2015 for institutions of the University System of

4. Fiscal Year 2015 Mandatory and Elective Fees (Continued)

A summary of fee recommendations is provided below.

New Fees, Fee Increases and Fee Decreases:

| | |
|---|--|
| Georgia Regents University | <ul style="list-style-type: none"> › Health Fee, \$10 x Technology Fee, \$10 |
| Georgia Regents University – Summerville Only Georgia State University | <ul style="list-style-type: none"> › Special Institutional Fee, \$33 › Athletic Fee, \$14 x |

4. Fiscal Year 2015 Mandatory and Elective Fees (Continued)

Elective Fees Requiring Board Approval:

The policy revisions adopted by the Board in January 2010 require certain elective fees to be approved by the Board. They include any fee or special charge that is required to be paid by all full-time, undergraduate students at the institution or by all undergraduate students in a specific degree program, with the exception of specific course fees for supplementary costs. Prior to this change in Board Policy, program fees were already in place at Clayton State University, Kennesaw State University, and Columbus State University. All three institutions have been allowed to continue these charges through FY 2015. No action by the Board is required for FY 2015, except as noted below.

In accordance with the Board Policy, the following elective fees are recommended for approval.

| Institution | Fee | Current Amount | Proposed Rate | Students Impacted |
|------------------------------|-----------------------|-----------------------|----------------------|--|
| Fort Valley State University | Wildcat Cash | \$ 100 | \$ 100 | All non-residential, full-time, undergraduate students. |
| Kennesaw State University | 48 Meals | \$ 431 | \$ 452 | Commuter, full -time, first year students with less than 30hrs. |
| Kennesaw State University | 16 Meals | \$ 145 | \$ 152 | Commuter, full -time, sophomores and juniors (•30-89 hrs.). |
| Kennesaw State University | 8 Meals | \$ 75 | \$ 78 | Commuter, full -time, seniors (•90 hrs.). |
| College of Coastal Georgia | Dining Dollars | \$ 125 | \$ 130 | Students with 8 or more hours attending classes at the Camden Center. |
| College of Coastal Georgia | Summer Dining Dollars | \$ 50 | \$ 55 | Students with 6 or more hours attending classes during the summer session. |

College of Coastal Georgia
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4. Fiscal Year 2015 Mandatory and Elective Fees (Continued)

Housing and Food Service Fees Requiring Board Approval:

Board Policy 7.3.2.2 requires Board approval for housing fees and food service fees that support debt service. The inst

5. Fiscal Year 2015 Budget Allocations

Recommended: That the Board approve the allocation of state appropriations for fiscal year 2015 among institutions and operating units of the University System of Georgia (“USG”) as outlined Appendix IIIB and Appendix IIIC. All allocations for FY 2015 are pending the Governor’s signing of House Bill 744, the Appropriations Act for FY 2015.

Further Recommended: That the Board approve the FY 2015 Capital Budget, totaling \$223,860,000 as outlined in Appendix IV.

Background: The total state funds budget for the USG at the beginning of FY 2014 was \$1.88 billion. The recommended state funds budget for FY 2015 is \$1.94 billion. Appendix IIIA lists the changes from FY 2014 to FY 2015. Allocations by institution are shown in Appendix IIIB. Appendix IIIC lists the changes from FY 2014 to FY 2015 in the Special Funding Initiatives and Research Consortium.

FY 2015 Budget:

The state funds budget for FY 2015 is \$1.94 billion, including \$1.73 billion in formula funds and \$209 million in all other line items. The FY 2015 budget represents a total net increase of \$56.0 million, or 2.97%.

| | FY 2014 Original Budget | Additions | Transfers and Other Adjustments | Net Increase to Pass- Through Organizations | FY 2015 Original Budget |
|---------------|--|----------------------|--|--|--|
| Formula funds | \$ 1,676,074,685 | \$ 46,620,949 | \$ 7,212,296 | \$ - | \$ 1,729,907,930 |
| Line Items | \$ 207,054,107 | \$ 10,494,460 | \$ (8,587,296) | \$ 218,563 | \$ 209,179,834 |
| Total | \$ 1,883,128,792 | \$ 57,115,409 | (-976(5)-4.7(7,054) 7(7,054) 7(7,054) 7(7,0598 302U-(7,054) 7i5.47998 | | |

5. Fiscal Year 2015 Budget Allocations (Continued)

- o \$1.0 million for debt service payback project at Georgia Southern University
- o \$775,000 for the Competitive EDGE Program for Small Business Incubators
- o \$784,721 for the Rome Medical Expansion at Georgia Regents University

- x \$10.5 million in increases for line items:
 - o \$2.5 million for GALILEO enhancements
 - o \$2.0 million for the Health Professions Initiative
 - o \$1.3 million for merit-based pay adjustments and employee recruitment and retention initiatives
 - o \$1.4 million for employer share of health insurance and retiree health benefits
 - o \$721,939 for the TRS and ERS rate increases
 - o \$400,000 to develop curriculum in Fayette County for workforce development
 - o \$460,000 to support Archives operations
 - o \$415,000 to provide E-Rate training and technical assistance
 - o \$106,078 in funding for the Public Library formula increase
 - o

5. Fiscal Year 2015 Budget Allocations (Continued)

- x \$300,000 for the Tift Building at the University of Georgia
- x \$1.0 million for equipment at the Agricultural Experiment Station
- x \$9.9 million for the Purchase of Brandsmart Property at Kennesaw State University
- x \$2.0 million for the Aviation College Airplane Replacement (Multi-Year Plan) at Middle Georgia State College
- x \$2.5 million for Digital Broadband PeachNet Access at the Regents Central Office
- x \$8.97 million for the Georgia Research Alliance equipment
- x \$6.78 million for the Georgia Public Libraries
- x \$1.36 million for Georgia Public Telecommunications

The FY 2015 budget also includes three capital redirects related to the University System of Georgia:

1. Redirect \$799,963 in 5-year unspent bond proceeds from FY 2010 for the design19.5/TT4 1 Tfao9udS

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6. Fiscal Year 2015 Salary and Wage Administration Policy

Recommended: That the Board approve the fiscal year 2015 salary and wage administration policy for the University System of Georgia.

Background: The FY 2015 budget includes \$114 million in state funds for merit-based pay adjustments and employee recruitment and retention initiatives.

Policy: The Board of Regents allocated to each institution funds to provide for salary increases for employees. Salary increases shall be awarded solely on merit with a range determined by the institution President. Institutions are permitted to augment state funds using other appropriate fund sources to create a pay pool. It is expected that individual merit salary increases will be reasonably distributed among employees based on the range determined by the institution President. Across the board increases are not permitted. Generally, merit increases for administrators whose salary is \$100,000 or greater will be limited to 4%. Salary increases may exceed ten percent for employees exhibiting exceptionally meritorious performance; however, institutions must request prior approval from the Chancellor in writing of any merit increases exceeding ten percent.

Additionally, the policy allows flexibility for in