



2010-11 and 2011-12 Budget Update

January 2011

Governor's Budget

- Governor Deal delivered the fiscal year 2012 budget on Wednesday, January 12th.
- Our last two fiscal year budgets included federal stimulus funds. Those funds are no longer available. Removing them from the FY12 budget results in additional budget reductions.
- The Governor's budget eliminates 14,000 state positions vacated through previous freezes, calls for no new positions in state government, and reduces state spending by 4%.





Budget Impact

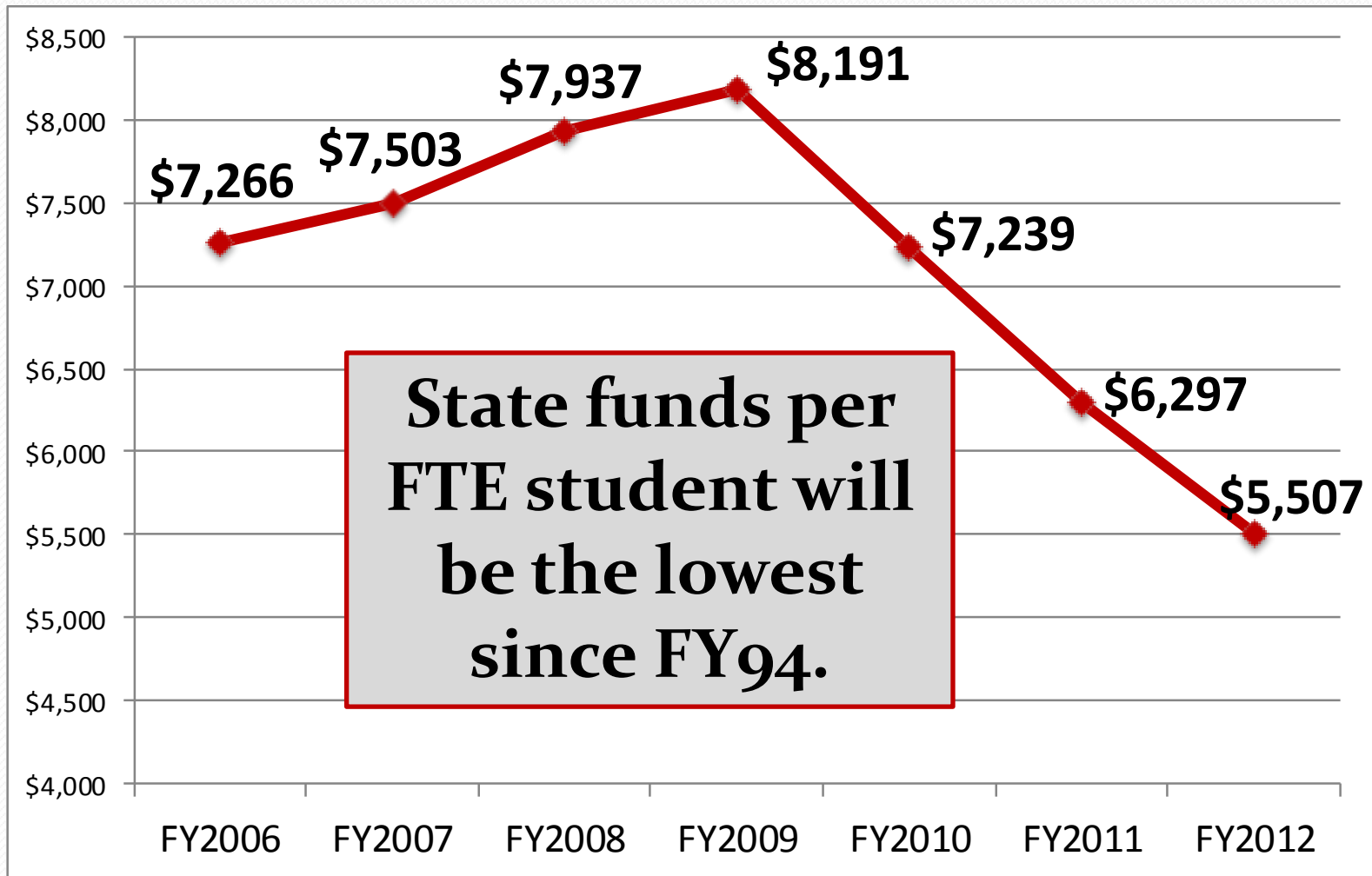
- The impact of the Governor's budget on the state system is:
 - an annualized 6% reduction for the current fiscal year (2010-2011)
 - an additional 10% reduction in 2011-2012
- The Chancellor has not addressed the prospect of furloughs, tuition increases, and the continuation of special fees.



University System of Georgia
Creating A More Educated Georgia



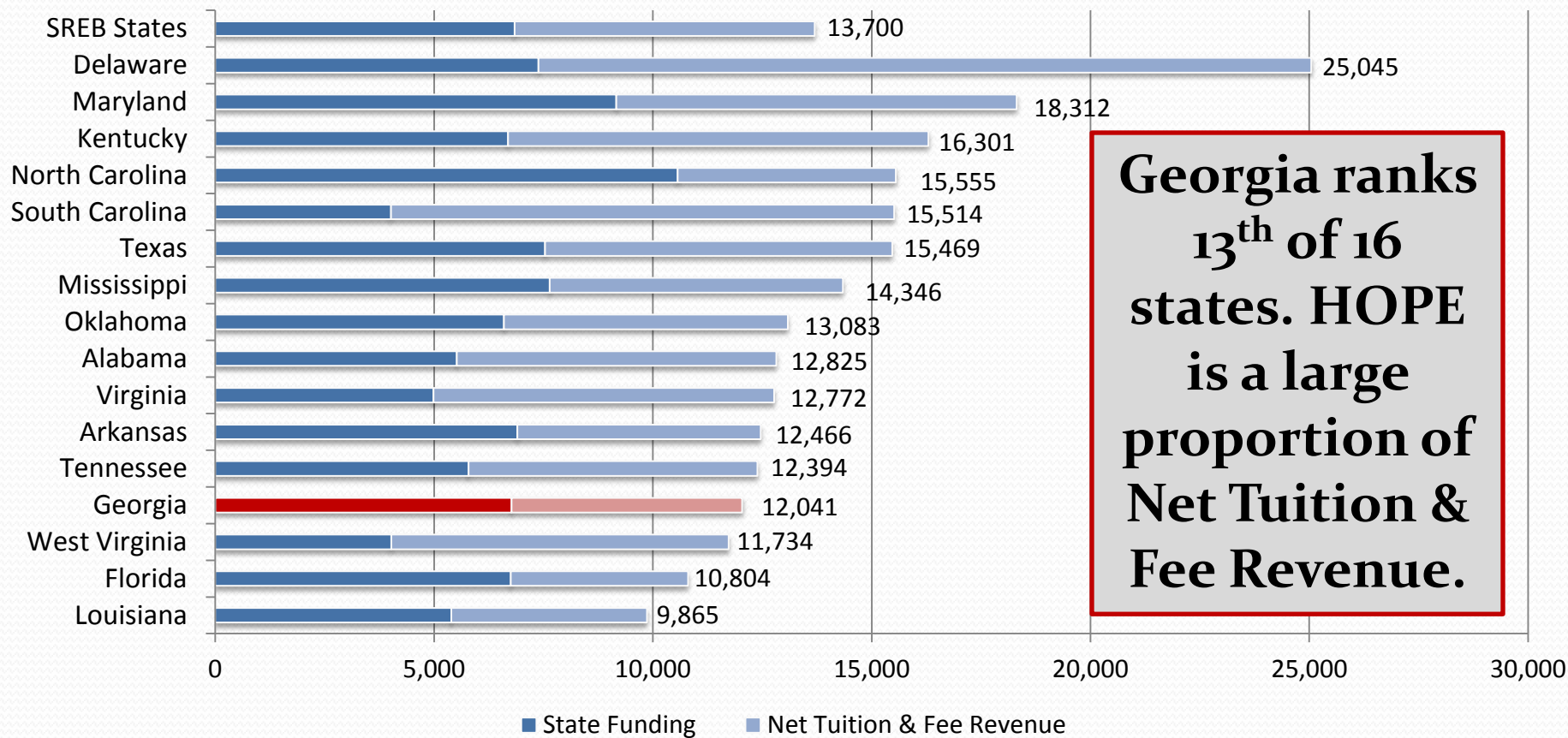
State Funding per USG Full-Time Equivalent Student



Source: University System of Georgia, 2011.



Public Four-Year Colleges and Universities: Appropriations and Tuition/Fees Revenue per FTE Student, 2009-2010

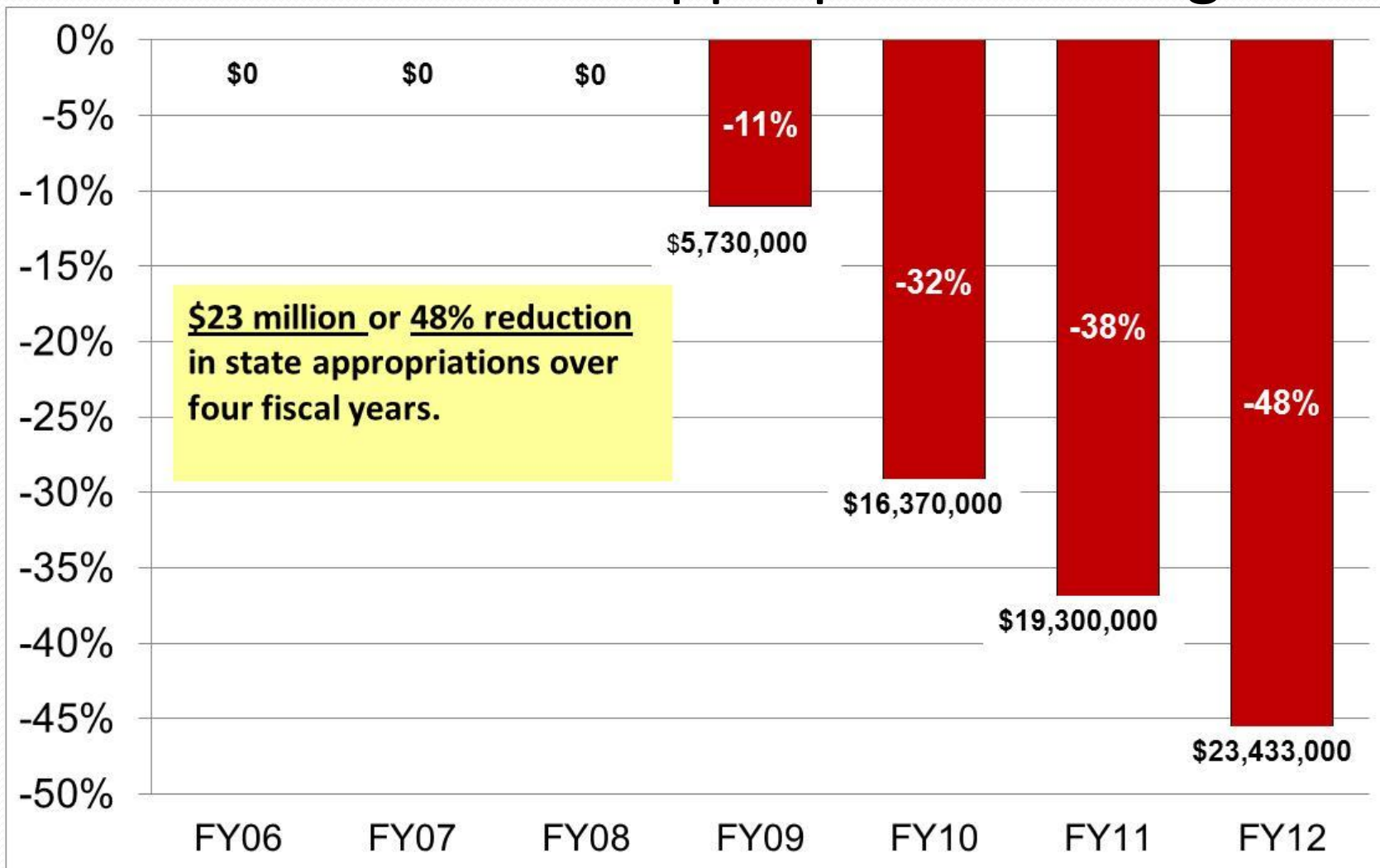


Georgia ranks 13th of 16 states. HOPE is a large proportion of Net Tuition & Fee Revenue.

Source: SREB, 2010.



VSU Cumulative State Appropriation Budget Cuts



Source: Financial Services and SRA, 2011. Includes loss of stimulus funds that were for FY10 and FY11.

Effect of 48% Reduction=\$23M ... or the equivalent of...

- Two times more than the operating budget of all divisions on campus.
- Nearly two-thirds of the salaries for faculty.
- More than half of current tuition revenue from all VSU students for one year.



*All reductions are permanent;
they are not one-time reductions.*

Five Guarantees

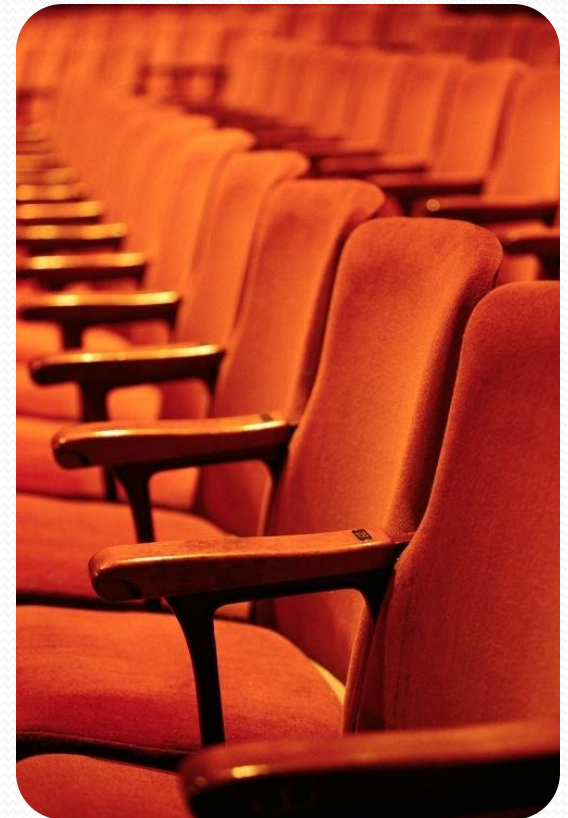
VSU's priorities will continue to be reflected in the five guarantees. Reengineering and the current budget plan allowed for the following guarantees for 2010-11. We hope to adjust the 2011-12 budget to maintain these guarantees.

- 1. Employment: Current employees will maintain employment.** *Due to budget reductions, there may be a need for units to be reorganized to increase efficiency. This may result in the reassignment of employees from one administrative area to another, or to accept different responsibilities within the current administrative area.*
 - Unless required by the system office, there will be:
 - No termination of existing staff whose performance warrants continuation
 - No furloughs
 - No reduction of working hours
 - No reduction of benefits



Five Guarantees (cont.)

- 2. Safety: Life safety offices and programs will be maintained or enhanced.** *We are adding police officers with enrollment growth and expanding the number of providers and hours for the health center (i.e., increased summer hours, new physician).*
- 3. Academic Quality: A full schedule leading to graduation in four years will be provided to every student.**



Five Guarantees (cont.)

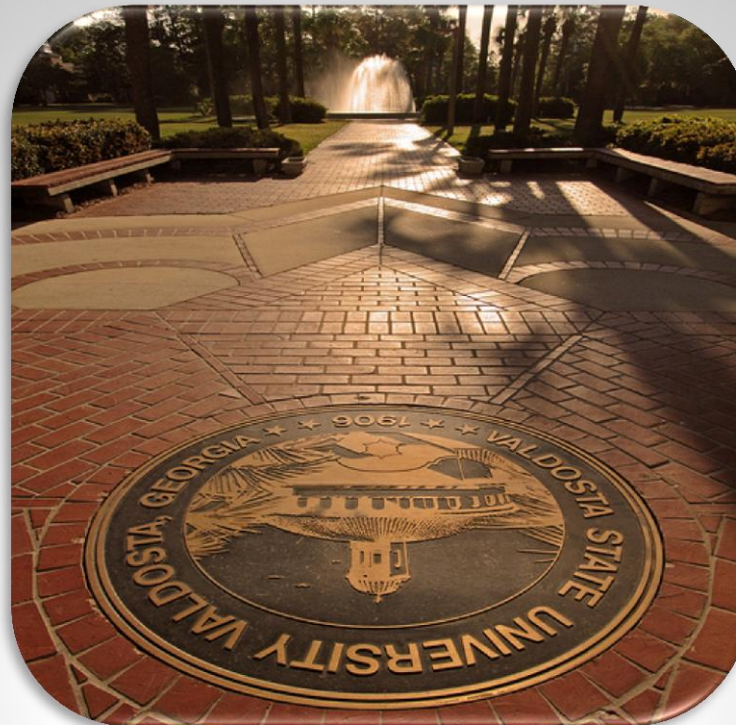
- 4. Participatory Management: Budget reductions will be made using traditional budget processes characterized by fairness and openness.** *All campus constituents will be represented at meetings and all are invited to attend and make comments.*

- 5. Continuous Improvement: We will continue to allocate resources that advance our primary objectives of recruitment, retention, support for scholarship, and fiscal responsibility.**





Reengineering VSU: 2008 to Present



Campus-Wide Effort

- Nearly 15 open meetings with all constituent groups, divisions, colleges, and students were held to discuss the prospect for reengineering for a new fiscal reality.
- The plan received support from all constituent groups.



Reengineering Plan Components

- Enrollment Growth
 - Increase in the student to faculty ratio and strategic addition of lecture halls to accommodate 1,500 additional students, without increasing costs proportional to enrollment growth.
- Efficiencies
 - Seizing opportunities to be more efficient with existing personnel and resources.





Reengineering Strategies

An increase in the student to faculty ratio to 22 to 1 (from 21 to 1) to accommodate 1,500 additional students was absorbed by 47 lecture sections. The financial impact was \$18.8 million in FY11.

A portion of the new student dollars was invested in activities to attract, retain, and support student success. Approximately \$3.2 million is annually dedicated to 16 funding pools (i.e., graduate assistantships, reassign time, instructional renovation, etc.) for these efforts.

This investment creates enrollment growth where each new student adds additional dollars throughout VSU. In 2009-10 and 2010-11, 1,408 additional students generated \$12.5 million dollars.

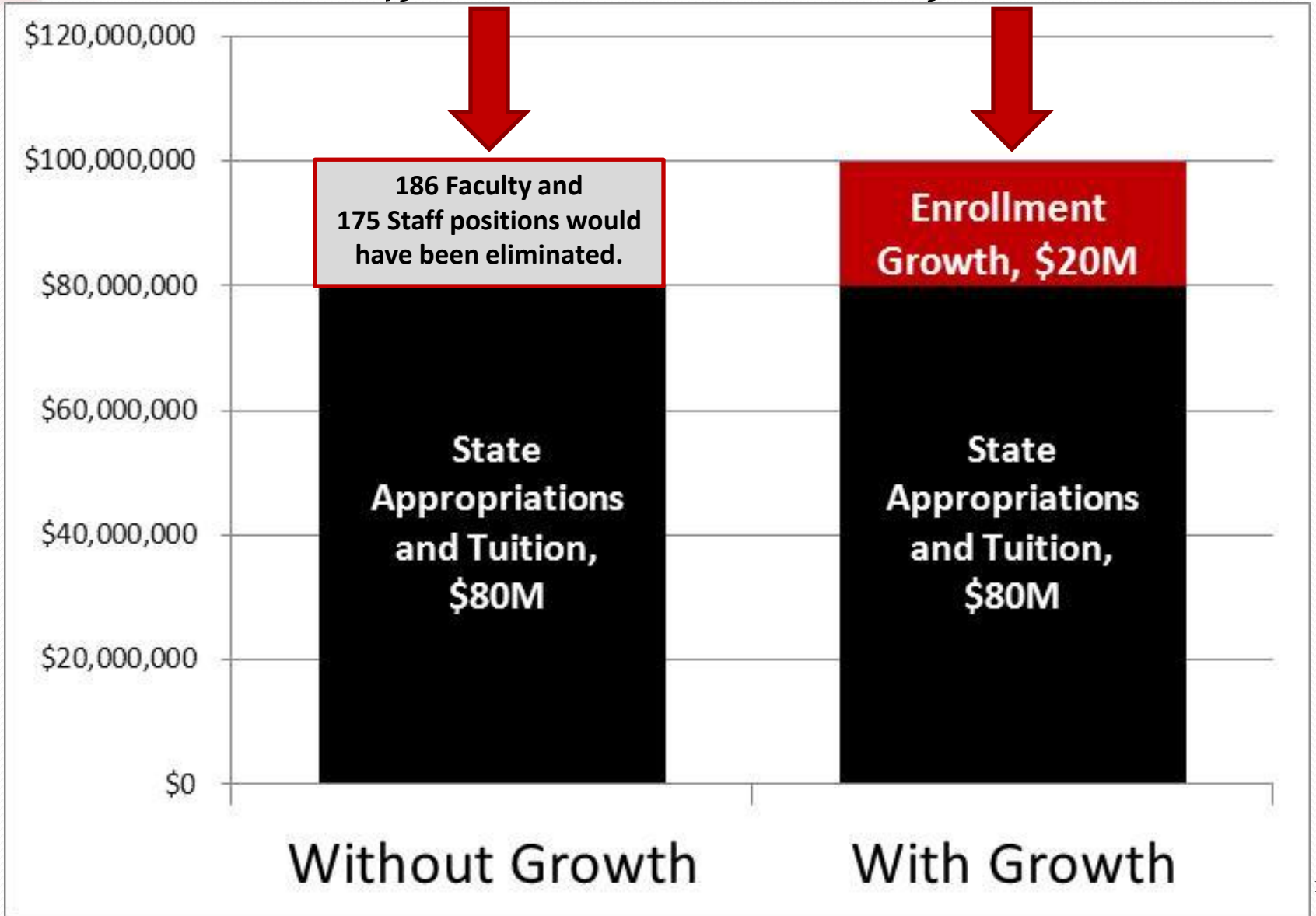


Without the 1,500+ student enrollment increase from Fall 2008 to Fall 2010, VSU would need to identify an additional \$20 million dollars in reductions.

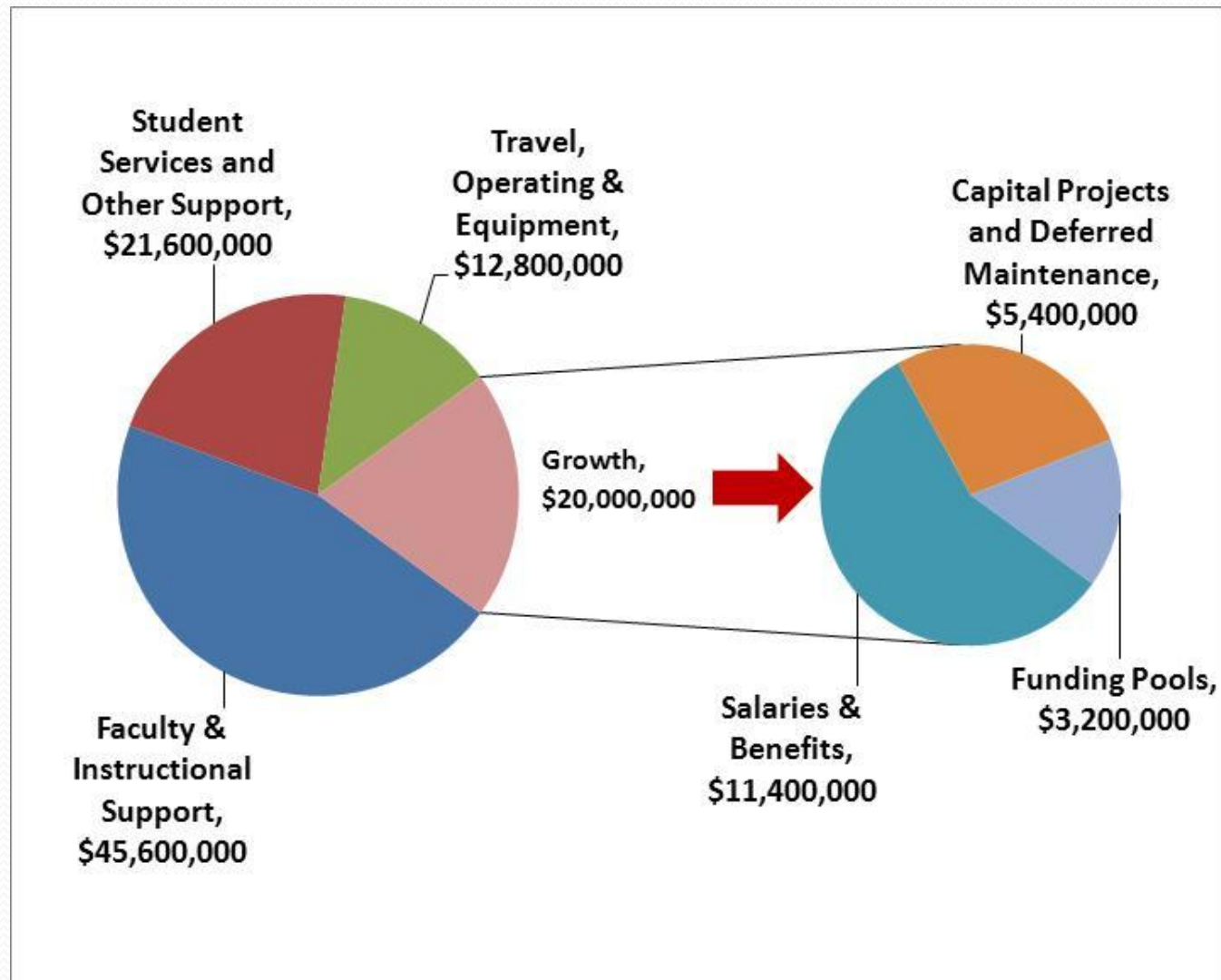


11,490 Students

12,898 Students

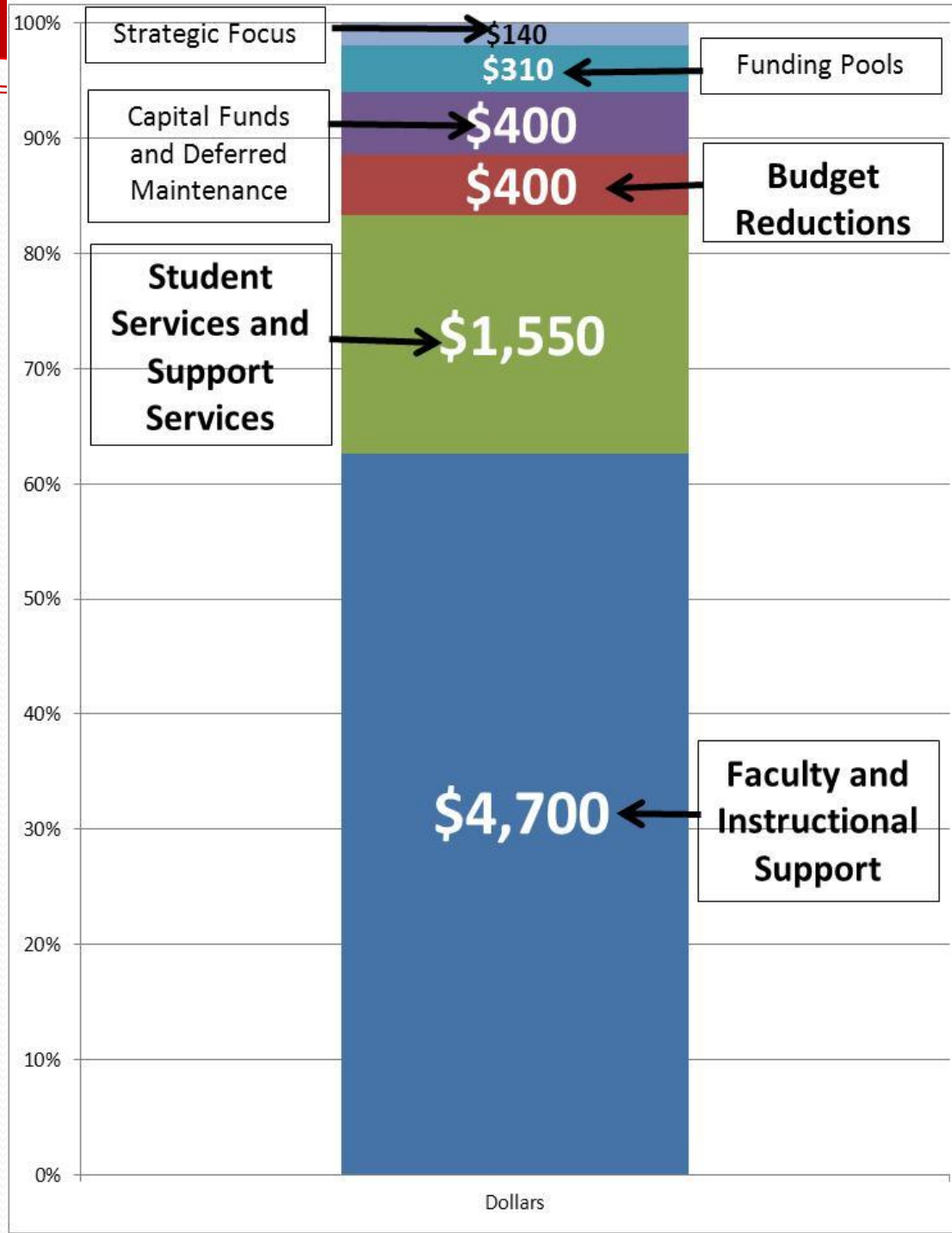


Adjustment of the student to faculty ratio created \$20M through enrollment growth to support positions, capital projects, maintenance, and funding pools.





Tuition and State Appropriations from One Student = \$7,500



Fees Revenue

- VSU has the highest fees in USG. We have the second highest debt per student ratio (Georgia Tech is first).
- The additional 1,500 students generated approximately \$2.8M in student fees.
- Each student pays \$855 per term to nine fees, further enhancing VSU.
- Fees from every 1,000 students enables:
 - Service on Saturdays for a year at the Student Health Center.
 - Replacement of 125 computers in computer labs for one year.
 - Funding for the addition of women's soccer for one year.
 - Extended hours in the Student Union and the Campus Recreation Center.
 - Addition of 50 student positions in the Student Union and the Campus Recreation Center.





Efficiencies

- Professionalization of the Physical Plant staff resulting in greater independence, less supervision, and a minimum salary of \$9.00 per hour in conjunction with the consolidation of two custodial departments under one management structure. **Savings = \$300,000**
- Consolidation of inventory management operations. **Savings = \$100,000**
- Development of a plan for third party billing in the Student Health Center. **Potential Savings = \$1,000,000**
- Conversion from an in-house auto shop to a state contract for repairs. **Savings = \$100,000**
- Reduction and/or consolidation of services (i.e., lawn mowing, mail delivery, and Key Shop/Card Access, etc.). **Savings = \$100,000**
- Decision by Faculty Senate to limit the number of course withdrawals. **Savings = \$400,000 for every 1,000 unnecessary withdrawals**
- Addition of 47 lecture sections to accommodate seats for 1,500 additional students. **Savings = \$18,000,000**



Common Questions



Q: Why all the construction?

- Valdosta State University is a premier residential university, characterized by outstanding instruction, a wide range of student life opportunities, and a close connection to the community.
- 1,500 additional students requires:
 - 20 additional classrooms
 - 68 additional faculty and office spaces.
 - 1 residence hall
 - 1 lecture hall
 - 1 suite in the Student Health Center

Building facilities supports enrollment growth, which is necessary for achieving the budget reductions.

Q: Why all the construction? (cont.)

- As new facilities are required, VSU is strategically adding appropriate facilities through new building and reconfiguration of existing space.
 - Addition of Jennett Hall includes two 300+ person lecture halls.
 - Moving Psychology, Graduate School, OSPRA, Sociology, Anthropology, and Criminal Justice to main campus.
 - Addition of the Multi-Purpose Lab to the Bailey Science Center.
 - Renovation of Ashley Hall.
 - Renovation and reconfiguration of the University Center for a One-Stop Student Center.



Q: Why are there no raises in FY11 or FY12 for faculty and staff?

- All USG institutions are prohibited from giving raises by the Governor and BOR at this time.
- Our budget process and high amount of one-time expenditures allow us to quickly move monies traditionally allocated for capital improvements to salaries, when allowed.



Q: How are we able to make the Five Guarantees while other institutions are laying off?

- As positions were vacated, VSU chose not to refill selected positions, when possible. Also, additional positions were not added proportional to enrollment growth.
- This allows VSU to safeguard against a “worst” case budget reduction scenario. When permitted, this money can be easily moved to salary increases.



Q: Why are we buying equipment, funding release time, funding assistantships, adding new positions, etc.?

- Since we are not allowed to distribute raises, we are striving to make VSU's work conditions as attractive as possible.
- All expenditures are strategic and promote enrollment growth for the purpose of creating additional revenue.





Questions and Comments

