

## Description of Georgia Tech's Budget Process

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### **Overview**

The President of Georgia Tech is ultimately responsible for determining Georgia Tech's internal budget allocations, within the constraints imposed by the Board of Regents (BOR) of the University System of Georgia (USG), sponsoring organizations, and donors. Georgia Tech's internal budget process requires all campus units to develop requests for the following fiscal year (beginning July 1<sup>st</sup>) on the basis of the [Strategic Plan of Georgia Tech](#) and their own units' strategic plans. The President and other executives within the Office of the President receive input from the college deans and division heads of other units and also from student committees that make recommendations related to fees for the next year.

The following factors influence decisions about resource allocations to colleges and other units:

- Projected availability of revenue, based on the level of expected state funding, tuition and fees, sponsored funding, and other revenue;
- Budget requests from the units;
- Expected impact of requests on Georgia Tech's overall strategic plan and on individual unit plans;
- Committee recommendations.

This document focuses on the portion of Georgia Tech's budget over which the Institute leadership has full discretion, known as the General Operations ("Gen Ops"), the portion of the "Resident Instruction" (R.I.) budget funded by sources that are not earmarked. "R.I." is a term used by the state to refer to the core operations of USG institutions, including not only instruction, but also, research, facilities, and services supporting students, academics, and administrative functions. The budget processes used by the following areas are dissimilar, since the funding sources are earmarked for specific functions:

- Auxiliary enterprises – business-like functions such as housing, food service, and student health
- Sponsored operations – earmarked funding from grants and contracts
- Departmental Sales and Services – departmental earned revenue
- Affiliated non-profit organizations – including GT Foundation, GT Alumni Association, and Georgia Tech Athletic Association.

Despite the process differences, the budgets for these entities also are established under the oversight of the Office of the President.

### **Budget Development Process**

This description follows the attached summarized budget calendar (Attachment B) and flow chart (Attachment C), which illustrate how Georgia Tech's internal budget process synchronizes with the state's and the BOR's processes. Attachment A contains references to external sources.

## July through January

- Institute and Unit Strategic Planning Activities

- The key policy makers in the budget process are the Executive Leadership Team (ELT), comprised of the Georgia Tech President along with the Provost, Executive Vice President for Research, and the Executive Vice President for Administration and Finance.
- The ongoing planning effort early in the new fiscal year involves the ELT's review of The Strategic Plan of Georgia Tech and the related action plans relevant to the budget. This is to ensure that the budget is aligned to address the priorities for the year, subject to funding limitations.
- By the end of the calendar year, the President establishes unit operating and capital budget request guidelines and Institute operating budget priorities for the following year.
- All Georgia Tech units are requested to review their own strategic plans, including strategies, objectives, and action plans, accompanied by resource requirements. All unit plans must be tied to the GT Strategic Plan.
- Also, each unit is expected to review its performance and workload metrics, to be used in developing budget requests for the following year. The Office of Institutional Research and Planning (IRP) compiles and presents these performance measures to the Office of the President as part of the budget process.

- Preliminary Central Budget Analysis

Offices of the Institute Planning and Resource Management (IPRM) team perform preliminary planning activities, including revenue estimates, preparation of fee and tuition recommendations, and determination of mandatory cost increases anticipated for the following fiscal year. The IPRM office coordinating this effort is the Office of Institute Budget Planning and Administration (IBPA, or "Budget Office"). Other key units participating in budget planning are the Office of Institutional Research and Planning (IRP) and the Office of Capital Planning and Space Management.

- Official Revenue Projections

The Budget Office, in cooperation with IRP and the Office of Enrollment Management, prepares revenue projections submitted to the BOR in December per the Board's budget calendar. The most complex projection is tuition, based on enrollment projections from Enrollment Management and IRP by student status and a number of variables including tuition waivers by type of student. The other two major revenue sources projected are state allocations and indirect cost recoveries from grants and contracts. The Budget Office relies on the Office of Grants and Contracts for projections of sponsored funding. Throughout the budget process, the projections are updated as new data are available, such as student applications, sponsored awards, and state budget information.

- Financial, Facilities, and Programmatic Submissions to BOR

The Budget Office, IRP, Capital Planning and Space Management, and Financial Services work together to provide to the BOR Budget Office detailed programmatic and financial data in preparation of the President's meeting with the Chancellor, held in late February or March. Data include the following:

- Financial status of Institute
- Use of new funding in current fiscal year
- Budget priorities for request year
- Enrollment data
- Facilities project priorities.

- Tuition and Fee Recommendations

The following four efforts related to tuition and fees proceed during the November through January time period:

1. The Budget Office and IRP staff prepare recommended graduate and undergraduate tuition rates for the next year on the basis of revenue required to meet minimum spending needs and also comparisons of Georgia Tech to its peer institutions.
2. The [Mandatory Student Fee Advisory Committee](#) receives recommended fee changes from the units receiving funding through the following fees paid by all students:
  - Transportation
  - Student Activities – student organizations
  - Student Center Operations
  - Campus Recreation Center Operations
  - Technology
  - Student Health
  - Athletics.

The Committee recommends the fee levels for the next year to the President, who in turn recommends mandatory fees to the BOR. See the separate [policy](#) describing this fee process, which is coordinated by the Budget Office.

3. Units administering other fees submit recommend changes to those fees or new fees for the following year to the Budget Office for preliminary review. Except for the mandatory fees and selected other fees paid by major categories of students, such as housing and dining, the President has the authority to approve elective fees, reported to the BOR for posting on their [website](#). These elective fees include parking permits, lab fees, and application fees.
4. Academic units with professional masters programs may propose to the Budget Office new or revised differentials to supplement the funding for those programs, consistent with the [policies and procedures prescribed by the BOR](#) and [Georgia Tech requirements](#). Following review by appropriate central offices, the President recommends any justifiable changes to the BOR, which must approve any new or modified tuition differentials.

**NOTE:** Mandatory fees and tuition rates are posted on the [Georgia Tech Bursar's website](#).

- BOR Budget Request to Governor

Based on input from USG institutions, the BOR submits a budget request to the Governor in the fall, including the following items:

- Formula funding based on the enrollment-based formula, which considers enrollment by group (discipline) and student level (lower level, upper level, and graduate)
- Plant operations and maintenance funding based on facility square footage
- Major and minor capital project recommendations
- Major Repair and Renovation funding for upkeep and renewal of existing facilities
- Cost increases for health insurance and other fringe benefits
- Earmarked funding items.

The Governor considers this request along with requests from other state agencies and institutions, as he/she prepares the January proposal to the General Assembly.

### **January through March**

- Governor's Budget Proposal; General Assembly Budget Review and Approval

- The Governor submits his/her budget proposal to the General Assembly in early January. This document contains recommendations on funding of the items listed in the BOR Budget request list above. The Governor's budget documents are shown on the Governor's [Office of Planning and Budget \(OPB\) website](#).
- Based on the Governor's recommendations, the General Assembly creates an Appropriations Bill, which serves as the basis for its budget review. Following approval by the House, the bill is then considered by the Senate and finally, by the House/Senate Conference Committee, which works out any differences between the two bills.
- After ratification of the bill by both houses, the bill goes to the Governor, who may issue line item vetoes on the bill, to be overridden or sustained by the Legislature. The legislative budget process, which is described on the [OPB website](#), generally is completed by the end of March, pending vetoes.

- BOR Budget Review of Institutions' Budget, Tuition, and Fee Proposals

In February or March the Chancellor holds a budget meeting with USG research institution to review budget and tuition proposals. At Georgia Tech's meeting the President and other executives present proposals to the Chancellor and other key BOR staff. The meeting focuses on strategic plans, as well as budget needs. Following review of all institutions' budgets, the Chancellor and staff prepare recommendations to the full BOR for funding allocations and tuition and fee levels.

- Central Georgia Tech Internal Budget Activities

In February or March the GT Budget Office prepares and distributes to units their preliminary allocation figures for the upcoming year and also [detailed budget instructions](#), including salary administration guidelines established by the President. Throughout the January through May time period the Budget Office updates the revenue and institutional spending estimates on the basis of preliminary information from the BOR and General Assembly, and a review of the current year's financial status.

- Unit Budget Request Activities

College deans and other division heads prepare budget requests for the following fiscal year based on guidelines issued by the Budget Office. Requests must be linked to the Institute and unit strategic plans and must reference performance metrics to justify the requests. The requests could involve reallocation of existing resources or budget reduction plans, depending on the Institute's expected budget status and the guidelines provided by the President. The performance data are presented to the Office of the President for review during the process. The Office of the President executives review the Institute budget situation, with input from the Budget Office, and conduct strategic planning meetings with the deans and all other major division heads.

- Preliminary Resource Allocation Decisions

The Office of the President determines preliminary allocations and/or budget reductions or reallocations on the basis of expected resource level projections as of the end of March. The executives base their decisions on priorities as they relate to the Georgia Tech Strategic Plan and previous and projected performance data such as student enrollment.

## **April and May**

- BOR Approvals

The Board of Regents is scheduled to approve the following at its April meeting, to be confirmed at its May meeting:

- Tuition rates, including tuition differentials for professional masters programs;
- Mandatory fee rates - fees paid by all students for student activities, Campus Recreation Center, Student Center, Student Health, Transportation, and Athletics;
- Other fee rates – fees paid by substantial student categories, including housing dining;
- Budget allocations to Georgia Tech based on: (a) funding appropriated to the USG by the State Legislature and (b) the BOR allocation strategy, to include enrollment-based formula funding, merit pay funding, and funding to cover increases in fringe benefit costs.

The BOR approvals are then transmitted to institutions via allocation reports and tuition and fee schedules, posted on a website accessible to individual institutions.

- Georgia Tech Budget Allocation Activities

Following receipt of BOR approvals, the Office of the President approves budget allocations on the basis of final revenue estimates by the Budget Office. Some of the decisions await the fall semester enrollment and tuition revenue results, available in late September or October. Executives within the Office of the President transmit budget approvals to their respective division heads, along with spending guidelines.

- Detailed Budget Preparation

Upon receipt of their allocations, campus units prepare detailed “Original Budgets,” consistent with the instructions issued by the Budget Office. Units enter their own budgets, which are then reviewed and approved by the Budget Office to ensure consistency with allocation instructions. The submissions include line items for all employee salaries and major account/object code categories – personal services, travel, equipment, and other operating expenses. The application used for this preparation is [oneBudget](#). Campus units use this same application to enter budget amendments during the year. The oneBudget application contains a detailed, unique database linked to other Georgia Tech systems – General Ledger, HR/payroll, and the Salary Planning and Distribution System.

## **May and June**

- Final Budget Activities

The Budget Office reviews individual unit budget submissions and incorporates these into the Institute's official, consolidated [Original Budget](#), submitted to the BOR for final approval at its May meeting. These budgets include details by position and by major spending category. The detailed budgets “roll up” to the departments, and the departments roll up to the divisions, which are colleges or administrative units whose heads report directly to an executive in the Office of the President.

- Establishing and Executing Approved Original Budget

The Budget Office works with campus units to establish final budgets for implementation in the new fiscal year. Final budgets are posted to the General Ledger, which remains in “synch” with the budget system throughout the fiscal year. The Budget Office prepares a monthly, detailed budget review and an executive summary that is intended to show executives in the Office of the President the current budget status and to identify any problem or opportunity areas. Subject to executive approval and [GT policy](#), campus units have the ability to carry over funding from one fiscal year to the next but also are responsible for any over-spending.

**References:**

State of Georgia Appropriations Bills: <http://opb.georgia.gov/appropriations-bills>

Governor's Budget Reports: <http://opb.georgia.gov/governors-budget-reports>

Georgia Tech Planning, Budgeting, and Financial Accounting References:

- Financial Reports: <http://www.fin-services.gatech.edu/financial-reports>
- Office of Institute Budget Planning and Administration: <http://www.budgets.gatech.edu/>
- Office of Institute Research and Planning (including Fact Book and data links):  
<http://www.irp.gatech.edu/>
- Annual Report: <http://www.president.gatech.edu/publications-presentations/publications>
- GT Strategic Plan: <http://www.strategicvision.gatech.edu/>
- Financial and Budget Policies: <http://policies.gatech.edu/business-finance>

University System of Georgia General References:

- University System of Georgia: <https://www.usg.edu/>
- USG Policy Manual: <https://www.usg.edu/policymanual/>
- USG Business Procedures Manual: [https://www.usg.edu/business\\_procedures\\_manual/](https://www.usg.edu/business_procedures_manual/)
- USG Budget Office: [http://www.usg.edu/fiscal\\_affairs/functions/budgeting](http://www.usg.edu/fiscal_affairs/functions/budgeting)

USG Policies and Procedures for Budgets:

- Budget Process: <https://www.usg.edu/policymanual/section7/C447>
- Operating Budgets: [http://www.usg.edu/policymanual/section7/C447/#p7.2.3\\_operating\\_budgets](http://www.usg.edu/policymanual/section7/C447/#p7.2.3_operating_budgets)
- Budget Amendments:  
[http://www.usg.edu/policymanual/section7/C447/#p7.2.4\\_budget\\_amendments](http://www.usg.edu/policymanual/section7/C447/#p7.2.4_budget_amendments)

## Summarized Georgia Tech Budget Calendar

### Planning Phase:

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|------------------------------|---|
| • <b>November – December</b> | • Presentation of GT priorities to Board of Regents (BOR)   |
| • <b>December – January</b>  | • Revenue estimates to BOR<br>• Tuition and fee recommendations to BOR<br>• President's budget hearing with Chancellor  |
| • <b>February – March</b>    | • Budget instructions and forms issued to campus; including "change proposals" required for FY17 (incl. reduction plans)<br>• Colleges & other unit budget submissions to respective Executive Leadership Team (ELT) members<br>• Division head budget and planning meetings with individual ELT executives |
| • <b>Mid-March</b>           | • Planning/budget meetings between division heads and executives  |
| • <b>End of March</b>        | • Legislature's approval of Appropriations Act (state budget)<br>• Division budget priorities finalized   |

### Final Planning and Preparation Phase:

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|------------------------------|---|
| • <b>Mid-April</b>           | • BOR approvals:<br>• Tuition<br>• Mandatory fees<br>• Formula allocations  |
| • <b>Mid- to Late April</b>  | • Final executive staff decisions on internal GT priorities – new funding and possible funding redirection<br>• Allocations to units: new allocations and/or reductions<br>• Preparation by units of detailed Original Budget |
| • <b>Early May</b>           | • Submission of detailed, line item original budget to BOR (formal approval at May BOR meeting)   |
| • <b>July 1<sup>st</sup></b> | • Budget execution for new FY begins  |

[Detailed Fiscal 2019 Budget Calendar Link](#)





