FY24 Budget Update

Jim Fortner, Vice President, Finance & Planning and Interim Chief Financial Officer
Jamie Fernandes, Executive Director, Institute Budget Planning & Administration

A&F Town Hall
June 16, 2023
Agenda

- Understanding Our Budget
- FY24 Budget Overview
- Budget Reform
  - Workday Adaptive Planning
- Q&A
Understanding Our Budget
University System of Georgia’s Formula Funding for State Appropriations

- This formula serves as agreement between the USG, the Governor, the House and the Senate.
- Enrollment Growth recognized and funded either wholly or partially in most years.
- Maintenance and Operations (M&O) based changes to Resident Instruction (RI) square footage

Fun Fact: Georgia Tech students created the "Formula for Excellence" in 1984.
Georgia Tech Tuition and State Appropriations

Georgia Tech Tuition and State Appropriations Comparison ($M)

- **Tuition**
  - FY2015: $319.99
  - FY2016: $319.99
  - FY2017: $334.52
  - FY2018: $412.00
  - FY2019: $334.52
  - FY2020: $412.00
  - FY2021: $484.79
  - FY2022: $490.82
  - FY2023: $490.82
  - FY2024: $490.82

- **State Appropriations**
  - FY2015: $214.35
  - FY2016: $214.35
  - FY2017: $214.35
  - FY2018: $214.35
  - FY2019: $214.35
  - FY2020: $214.35
  - FY2021: $214.35
  - FY2022: $214.35
  - FY2023: $214.35
  - FY2024: $214.35

*Note: The chart shows the comparison of tuition and state appropriations from FY2015 to FY2024.*
Georgia Tech State Funding Per FTE

Note: FTE calculation based on 12-month formula used in IPEDS reporting (Fall only used in data sheets)
Maintenance and Operations

Georgia Tech M&O Expenditures Per Square Foot

Note: Expenditure data from the Annual Expenditure Report (AER)
Georgia Tech Research Award Dollars

Georgia Tech Research Award Dollars ($M)

Award Dollars in Millions

$232
$357
$560
$648
$1,065
$1,276

Operating Budget | Follow the Money

Revenue by Major Fund Category
FY24 Original Budget

- Sponsored Operations: 39%
- Student Tuition: 18%
- State Appropriations: 18%
- Overhead Recoveries - Grants & Contracts: 13%
- Dept Sales & Other: 5%
- Auxiliary Services: 7%

Total FY24 Revenue: $2.74B

Expenditures by Major
FY24 Original Budget

- Research: 49%
- Instruction: 17%
- Operation of Plant: 10%
- Institutional Support: 7%
- Scholarships & Fellowships: 2%
- Academic Support: 4%
- Student Services: 2%
- Public Service: 2%
- Auxiliary Enterprises: 7%

Total FY24 Budget: $2.74B

Note: These figures include GTRI, EI2, Auxiliary and Student Services, Department Sales and Services.
FY24 Budget
Overall Enrollment:
- Online Graduate
- Graduate
- Undergraduate

Total Enrolled:
- Fall 2013: 21,471
- Fall 2022: 45,296
<table>
<thead>
<tr>
<th>Budget Item</th>
<th>Governor's Recommendation</th>
<th>House Version As Passed</th>
<th>Senate Version As Passed</th>
<th>Conference Committee - Final</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Living Adjustments ($2,000)</td>
<td>$82,655,144</td>
<td>$82,654,405</td>
<td>$82,654,405</td>
<td>$82,654,405</td>
</tr>
<tr>
<td>Enrollment (Net of $2.78M Correction)</td>
<td>7,576,201</td>
<td>7,568,313</td>
<td>7,568,313</td>
<td>7,568,313</td>
</tr>
<tr>
<td>Maintenance and Operations</td>
<td>2,313,043</td>
<td>2,313,040</td>
<td>2,313,040</td>
<td>2,313,040</td>
</tr>
<tr>
<td>Adjustment to agency premiums for DOAS</td>
<td>13,303,671</td>
<td>13,303,671</td>
<td>13,303,671</td>
<td>13,303,671</td>
</tr>
<tr>
<td>Health Insurance and Retiree Health &amp; Life Benefits</td>
<td>17,106,681</td>
<td>17,106,681</td>
<td>0</td>
<td>17,106,681</td>
</tr>
<tr>
<td>Reduce funds and utilize Carry Forward funds where necessary</td>
<td></td>
<td>(87,000,000)</td>
<td>(66,000,000)</td>
<td></td>
</tr>
<tr>
<td>Net Change to FY2024 Operating Budget</td>
<td>$122,954,740</td>
<td>$122,946,110</td>
<td>$18,839,429</td>
<td>$56,946,110</td>
</tr>
</tbody>
</table>
Net Change to FY24 Operating Budget:

<table>
<thead>
<tr>
<th>Budget Item</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Living Adjustments ($2,000)*</td>
<td>$10,731,502</td>
</tr>
<tr>
<td>Formula Earnings</td>
<td>21,348,845</td>
</tr>
<tr>
<td>Maintenance and Operations*</td>
<td>800,464</td>
</tr>
<tr>
<td>Adjustment to agency premiums for DOAS*</td>
<td>2,267,550</td>
</tr>
<tr>
<td>Health Insurance and Retiree Health &amp; Life Benefits*</td>
<td>2,520,636</td>
</tr>
<tr>
<td>Reduce funds and utilize Carry Forward funds where necessary</td>
<td>(10,081,529)</td>
</tr>
<tr>
<td>Net Change to FY2024 Operating Budget</td>
<td>$27,587,468</td>
</tr>
</tbody>
</table>

*Pass-through items; not included in net new revenue
Resident Instruction excludes GTRI and EI2.
## FY24 Final Resident Instruction | Revenue

Below are the FY24 revenues from all sources:

<table>
<thead>
<tr>
<th>Sources</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident Instruction State Appropriations*</td>
<td>$21,348,845</td>
</tr>
<tr>
<td>State Funds Reduction</td>
<td>(10,081,529)</td>
</tr>
<tr>
<td>Tuition (Enrollment Growth)</td>
<td>7,900,569</td>
</tr>
<tr>
<td>Tuition (Rate Increase)</td>
<td>-</td>
</tr>
<tr>
<td>GSTRP</td>
<td>-</td>
</tr>
<tr>
<td>Indirect Cost Recoveries</td>
<td>3,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$22,167,885</strong></td>
</tr>
</tbody>
</table>

*Includes allocable amounts only; excludes pass-throughs such as health insurance.
We prioritized our allocations to enable us to continue to advance our instructional, research, and service missions with prioritization given to supporting our people, growth, and compliance:

- **$17.6M** People
- **$13.8M** Growth
- **$2.2M** Performance
People | Students, Faculty, and Staff

- **$13.1 million** for the $2,000 Cost-of-Living Adjustment (COLA) for full-time, benefits eligible employees. Georgia Tech will self-fund the remaining $2.3M needed.

- **$3.9 million** for faculty and staff retention and compression, strategic hires, and faculty promotion and tenure.

- **$670 thousand** to subsidize graduate student's health insurance to ensure their payments remain affordable.

For more information on COLA, visit [hr.gatech.edu/cost-living-adjustment](http://hr.gatech.edu/cost-living-adjustment).
Growth

- **$5.1 million** to support instruction, including new tenure and non-tenure track faculty lines
- **$5.6 million** to support faculty research and related indirect cost expenses
- **$1.7 million** to support previous growth in class sizes and course sections
- **$1.4 million** for Development initiatives

Performance

- **$1.4 million** for facility contract increases and Maintenance and Operations expenditures
- **$800 thousand** for memberships, background checks, and other compliance activities
This year’s mandatory items include the advanced allocation of **$3.5 million to the colleges in recognition of growth per the Institute Strategic Plan.**

The $3.5 million was allocated via the Net New Revenue model which uses growth in year-over-year credit hours to calculate funding for the areas experiencing the greatest amount of credit hour growth.

We will continue to use this model in FY25 until the Hybrid Activity Model goes live in FY26.
Budget Reform
## Budget Reform

<table>
<thead>
<tr>
<th>Net New Revenue Model</th>
<th>Workday Adaptive Planning Implementation</th>
<th>Hybrid Activity Model</th>
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<tbody>
<tr>
<td>FY23-FY25</td>
<td>FY23-FY24</td>
<td>FY24-FY26</td>
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Utilize Net New Revenue model to allocate FY24 resources.

- Configure to support budget development and financial management in colleges and non-college units.
- Determine additional incentives to build into model to ensure an Institute-wide allocation model.

- College Finance Officers
- School Chairs and Budget Managers
- Budget Office

- Executive Leadership Team (ELT)
- Provost’s Office
- Finance & Planning – Central Offices
- College/Unit PIs
- College/Unit Finance Officers

- Deans
- College Finance Officers
- Budget Office
Budget Reform | FY23 Accomplishments

**A NEW MODEL**
Developed a **Hybrid Activity Model** capable running a variety of revenue and cost allocation scenarios.

**NEW TOOLS & TEMPLATES**
Met with stakeholders to gather functional requirements for **Workday Adaptive Planning** and **Fusion** implementations. These tools will simplify financial data analysis, automate budget processes and provide transparency.

**WORKDAY ADAPTIVE PLANNING**
A cross-functional group of 45 core and extended team members comprised of key stakeholders and subject matter experts began working on Workday Adaptive Planning Implementation.

**WITH STAKEHOLDER ENGAGEMENT THROUGHOUT**
300+
Stakeholders engaged in town halls, newsletters, project governance forums, and one-on-one meetings.

Established permanent governance structure including the **Budget Advisory Committee**
Continued engagement with college deans + finance officer to review base budget calculations, discuss base budget funding needs
Met with leaders of non-college units to gather feedback on activity drivers for future model

**TESTING NEW PROCESSES**
New budget development templates released to colleges to test bottom-up budgeting and new funding requests.

**IMPLEMENTED NET NEW REVENUE**
Developed and ran the **Net New Revenue Model** to fund growth in the colleges in FY24.

**REINVESTED INDIRECT COST RECOVERY**
Fully funded ICR working group recommendation of **30% ICR returned to the colleges**

**AND ENHANCED WEBSITES**
Created new website with enhanced information and features.
Workday Adaptive is a cloud solution for forecasting, reporting, dashboards, modeling, analysis, and collaboration. We are leveraging a phased approach for Wave 1 with activities rolling out monthly from August to November:

<table>
<thead>
<tr>
<th>Month</th>
<th>Activity/Release</th>
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<tbody>
<tr>
<td>August 2023</td>
<td>Dashboards and associated reports</td>
</tr>
<tr>
<td></td>
<td>Institute-level P&amp;L</td>
</tr>
<tr>
<td>September 2023</td>
<td>Bottom-up Budgeting</td>
</tr>
<tr>
<td></td>
<td>Personnel Planning</td>
</tr>
<tr>
<td>October 2023</td>
<td>New Expense Request Form (NERF) – via Fusion</td>
</tr>
<tr>
<td>November 2023</td>
<td>In-Year Forecasting (pilot group first; then campus)</td>
</tr>
</tbody>
</table>

Implementation underway. Workday Adaptive will be live for FY2025 Budget Development.
Budget Reform | Resources

Visit our new Budget Reform website to learn more:

- New Budget Model
- Governance
- Frequently Asked Questions
- Resources
  - Budget & Planning Resources
  - Glossary
- Workday Adaptive Planning

budgetreform.gatech.edu
Questions?