

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

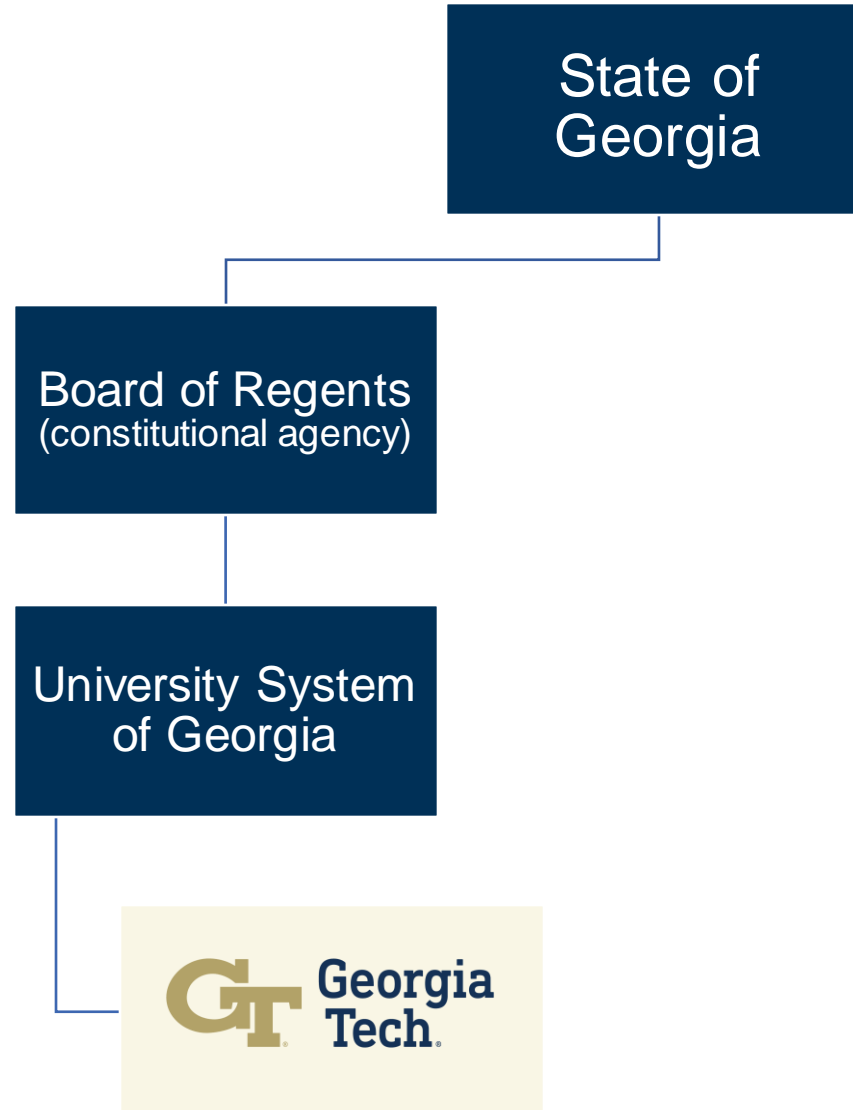
- Understanding Our Budget
- FY24 Budget Overview
- Budget Reform
 - Workday Adaptive Planning
- Q&A



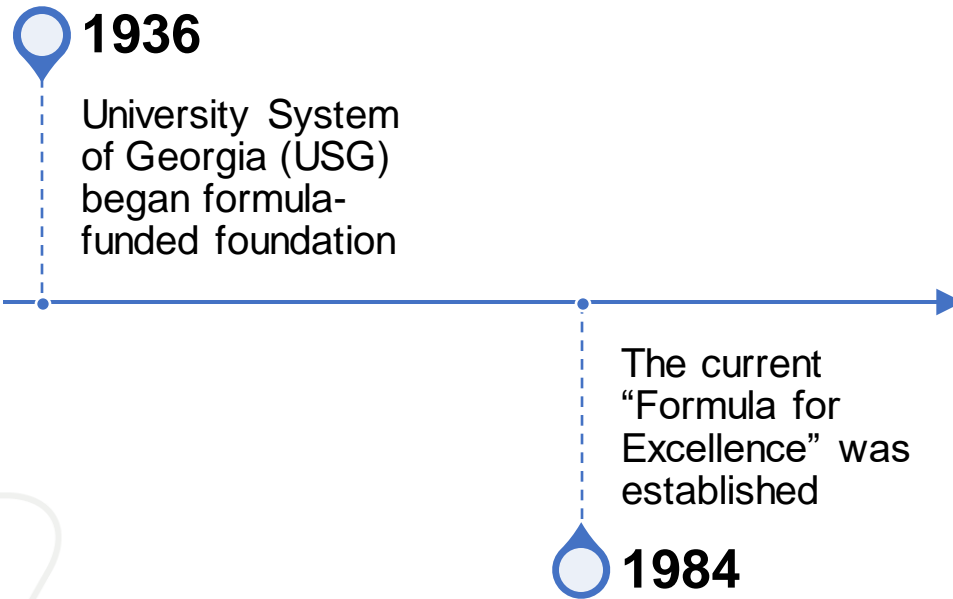


Understanding Our Budget

State of Georgia Organizational Chart



University System of Georgia's Formula Funding for State Appropriations

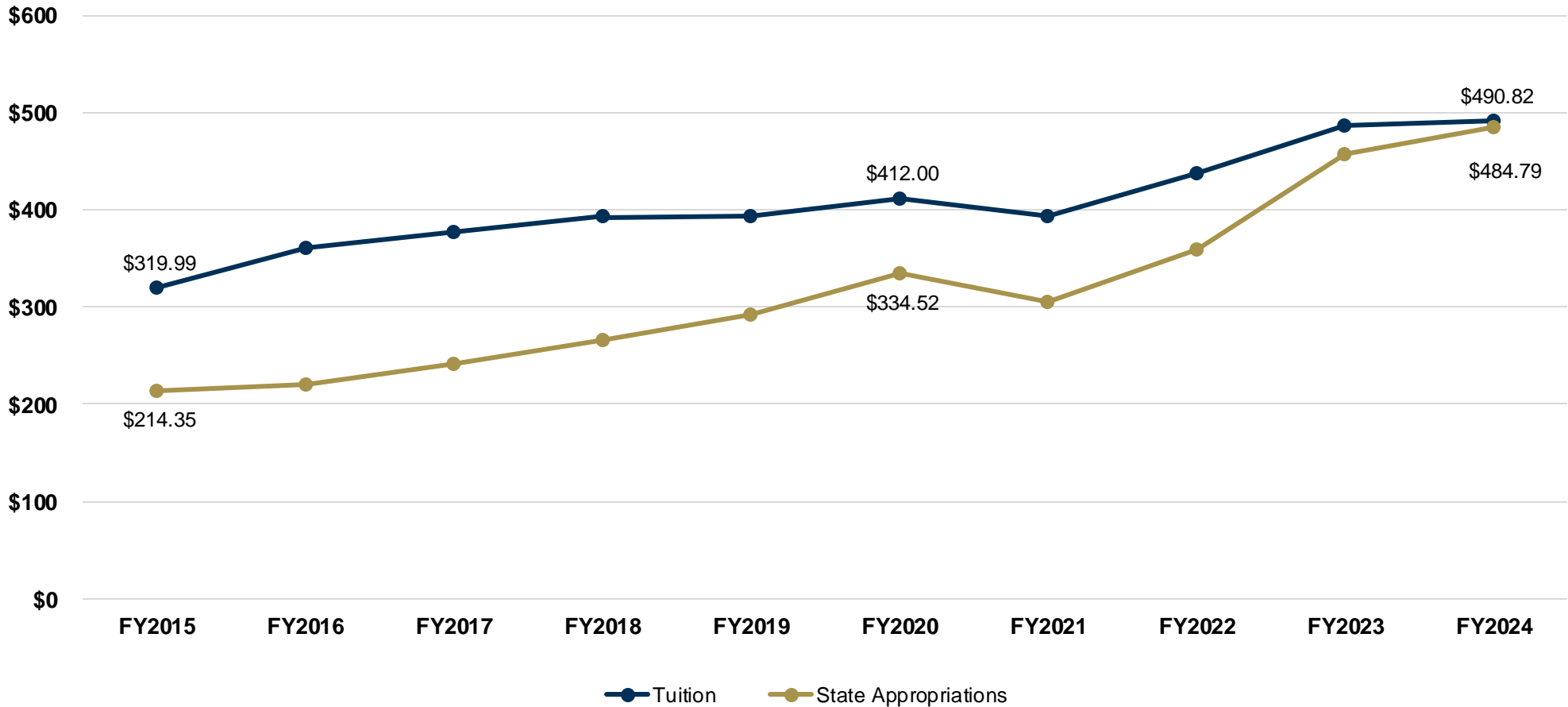


- This formula serves as agreement between the USG, the Governor, the House and the Senate.
- Enrollment Growth recognized and funded either wholly or partially in most years.
- Maintenance and Operations (M&O) based changes to Resident Instruction (RI) square footage

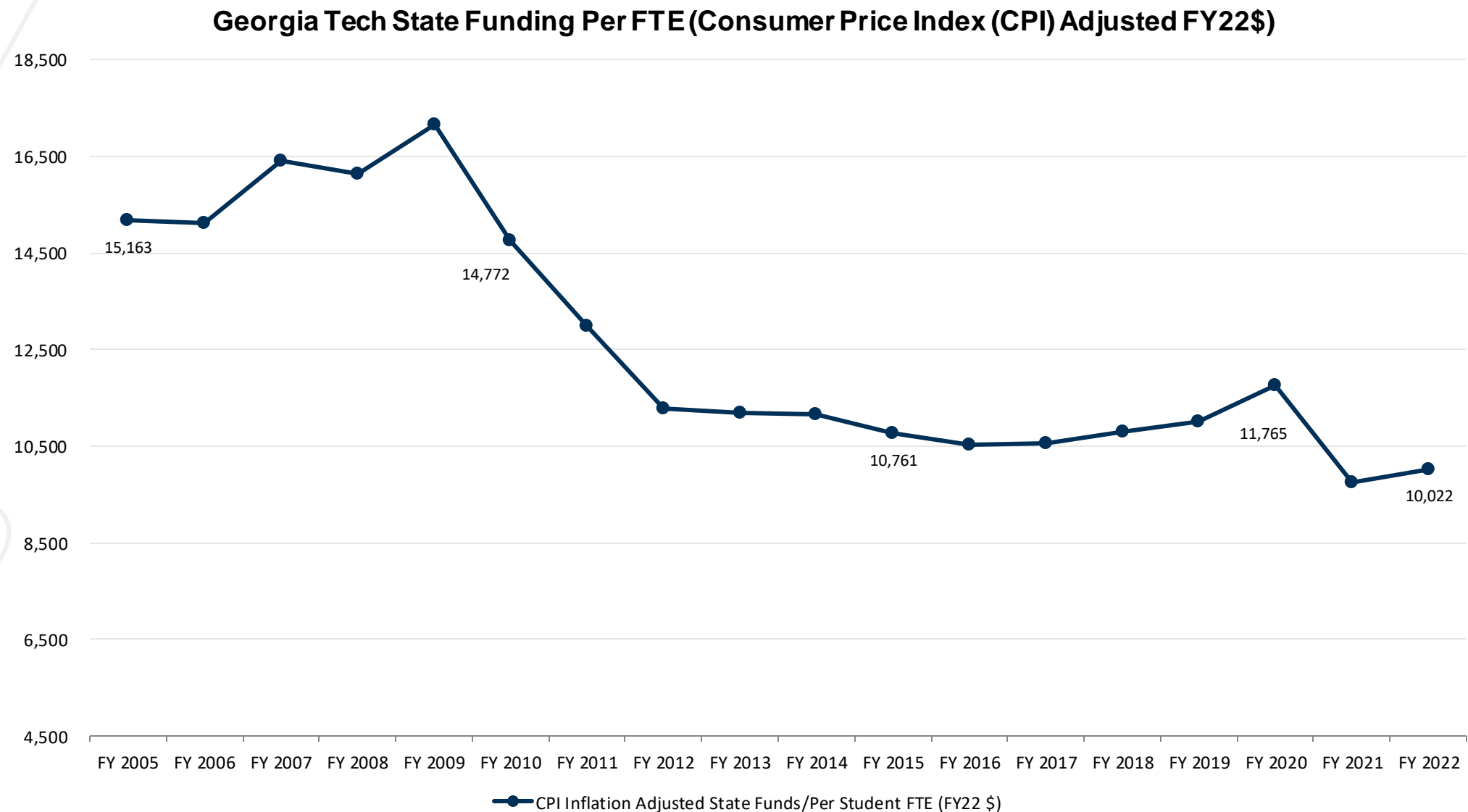
Fun Fact: Georgia Tech students created the "Formula for Excellence" in 1984.

Georgia Tech Tuition and State Appropriations

Georgia Tech Tuition and State Appropriations Comparison (\$M)



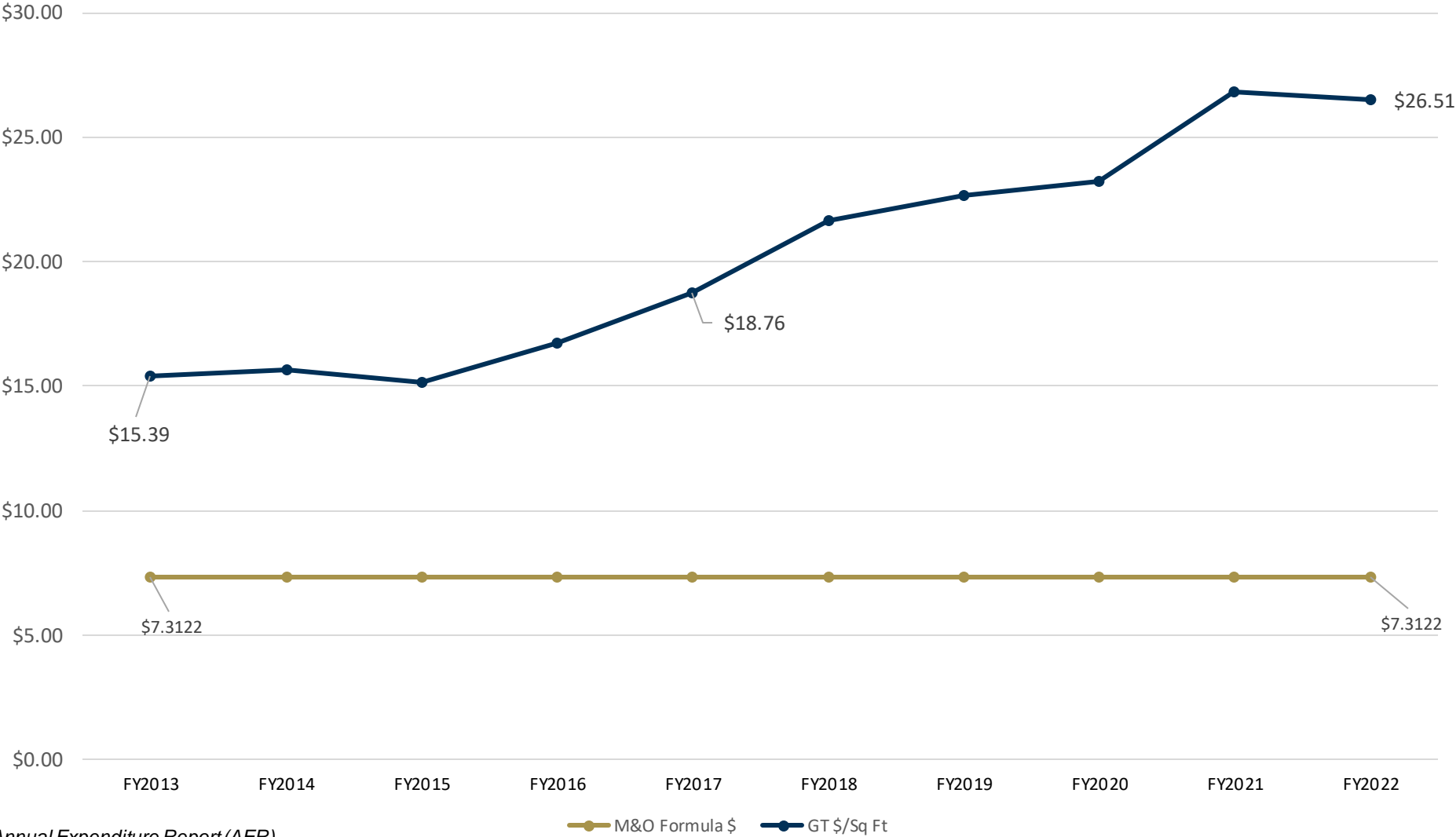
Georgia Tech State Funding Per FTE



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

Maintenance and Operations

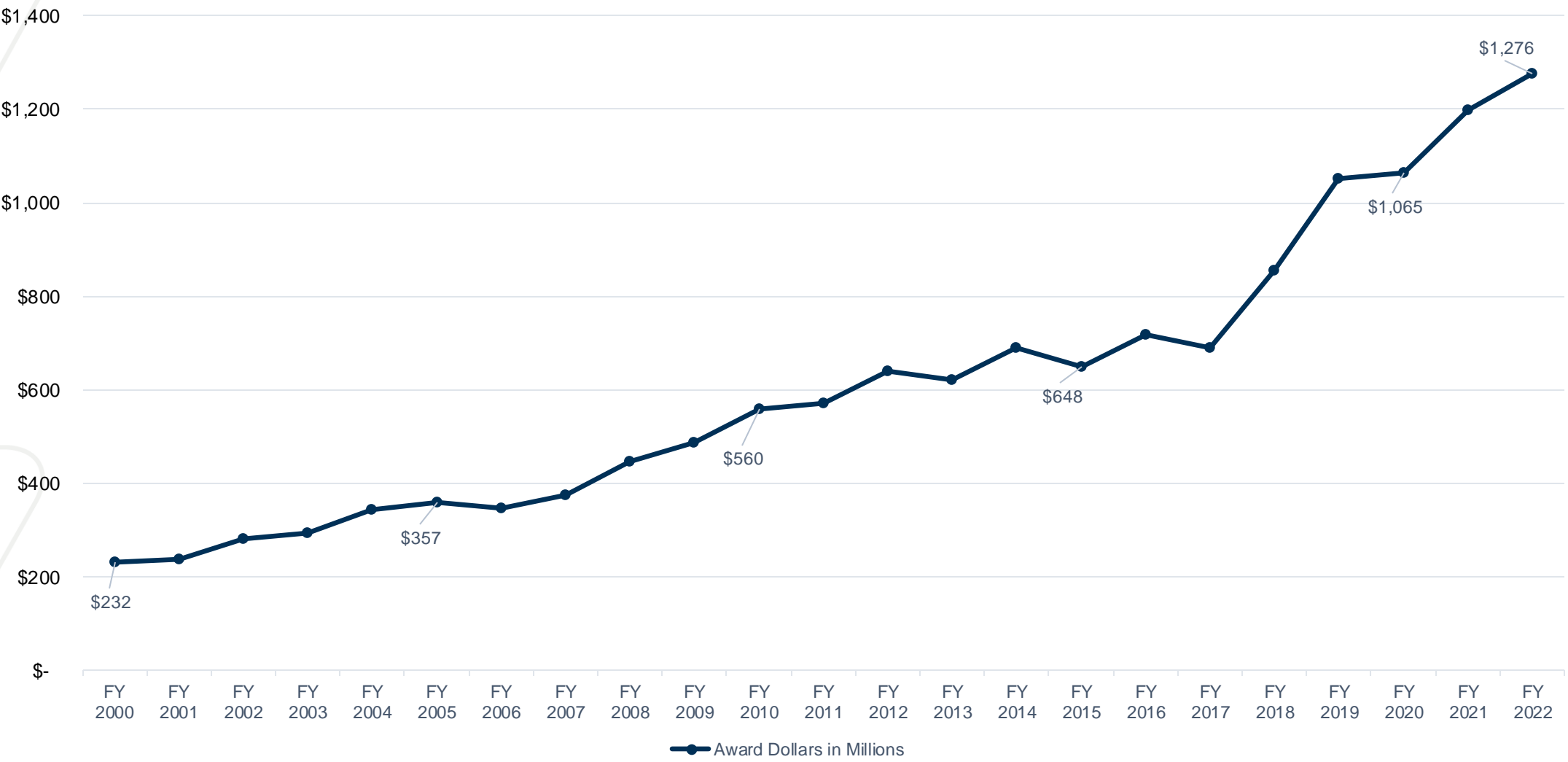
Georgia Tech M&O Expenditures Per Square Foot



Note: Expenditure data from the Annual Expenditure Report (AER)

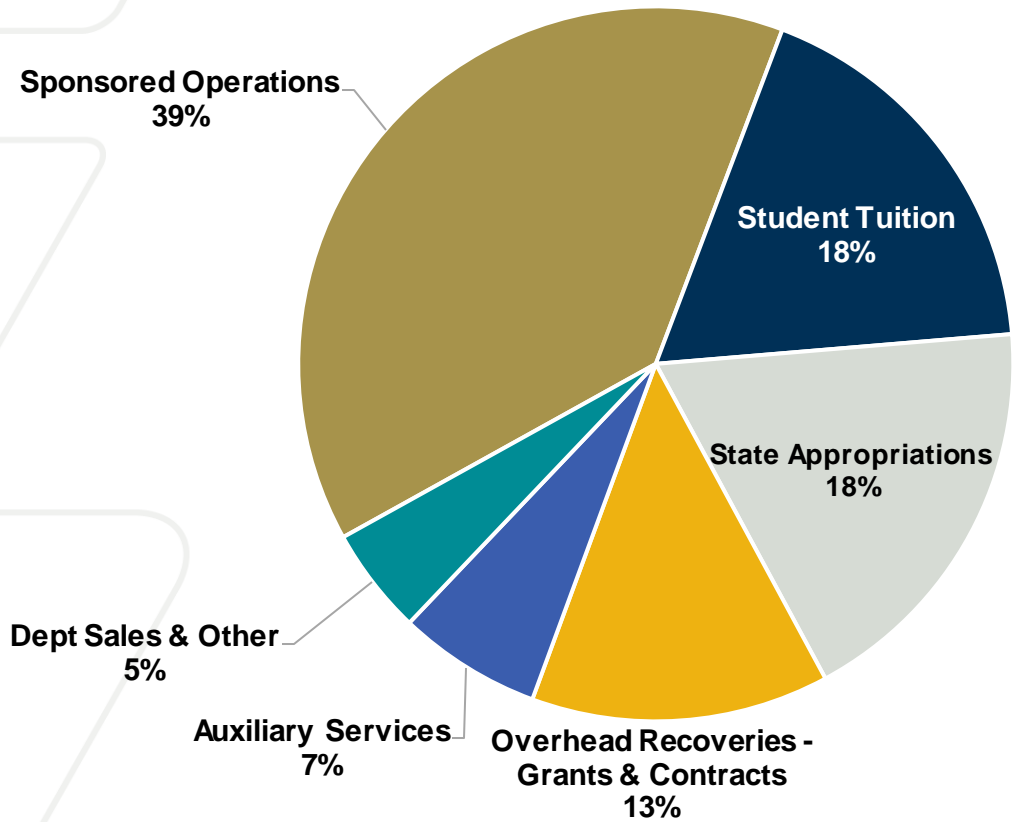
Georgia Tech Research Award Dollars

Georgia Tech Research Award Dollars (\$M)



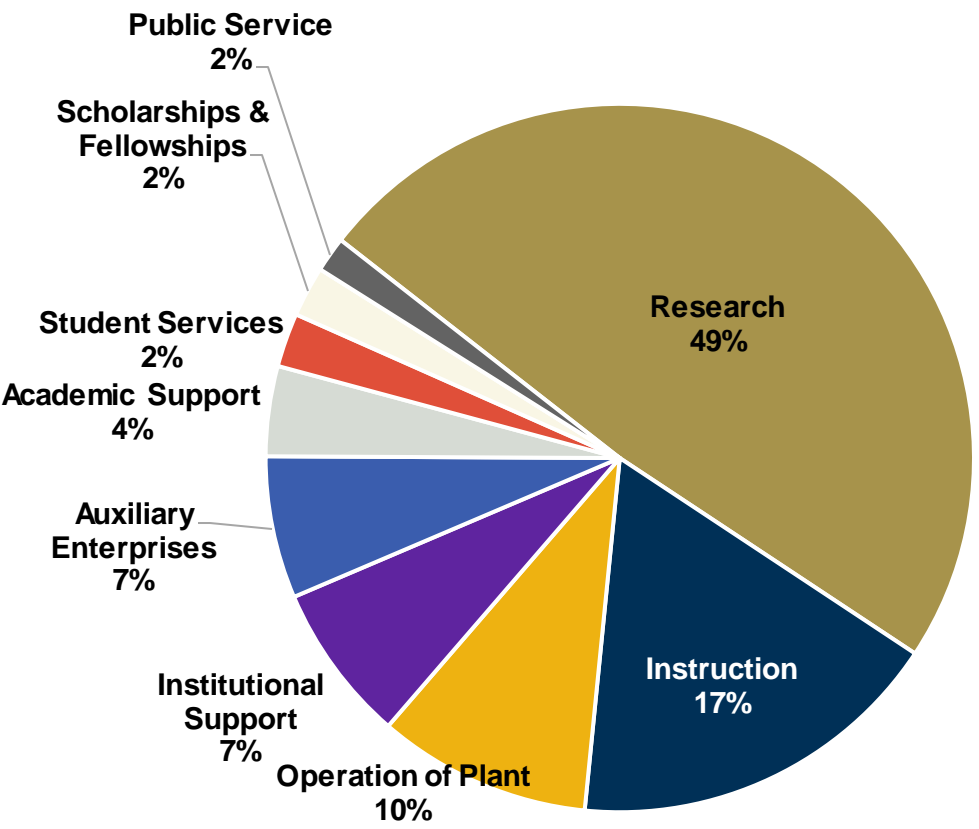
Operating Budget | Follow the Money

Revenue by Major Fund Category
FY24 Original Budget



Total FY24 Revenue: \$2.74B

Expenditures by Major
FY24 Original Budget



Total FY24 Budget: \$2.74B

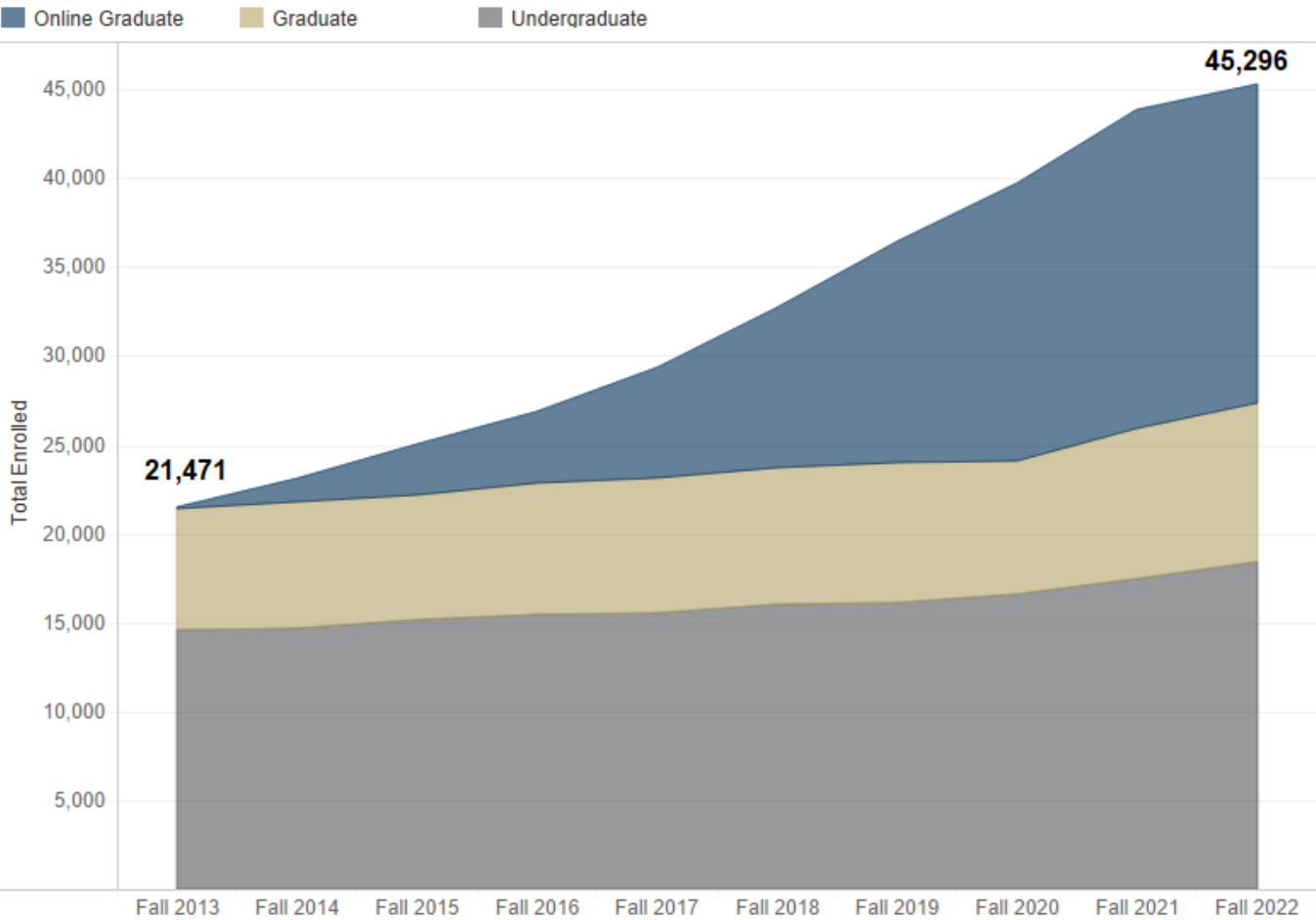
Note: These figures include GTRI, EI2, Auxiliary and Student Services, Department Sales and Services.



FY24 Budget

Enrollment By The Numbers

Overall Enrollment



University System of Georgia

Net Change to FY24 Operating Budget – Teaching Program

Budget Item	Governor's Recommendation	House Version As Passed	Senate Version As Passed	Conference Committee - Final
Cost of Living Adjustments (\$2,000)	\$82,655,144	\$82,654,405	\$82,654,405	\$82,654,405
Enrollment (Net of \$2.78M Correction)	7,576,201	7,568,313	7,568,313	7,568,313
Maintenance and Operations	2,313,043	2,313,040	2,313,040	2,313,040
Adjustment to agency premiums for DOAS	13,303,671	13,303,671	13,303,671	13,303,671
Health Insurance and Retiree Health & Life Benefits	17,106,681	17,106,681	0	17,106,681
Reduce funds and utilize Carry Forward funds where necessary			(87,000,000)	(66,000,000)
Net Change to FY2024 Operating Budget	\$122,954,740	\$122,946,110	\$18,839,429	\$56,946,110

Georgia Tech Resident Instruction | State Appropriations

Net Change to FY24 Operating Budget:

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

**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:

Sources	Amount
Resident Instruction State Appropriations*	\$21,348,845
State Funds Reduction	(10,081,529)
Tuition (Enrollment Growth)	7,900,569
Tuition (Rate Increase)	-
GSTRP	-
Indirect Cost Recoveries	3,000,000
Total	★ \$22,167,885

**Includes allocable amounts only; excludes pass-throughs such as health insurance.*

FY24 Allocations

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.

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



FY24 and the Net New Budget Model

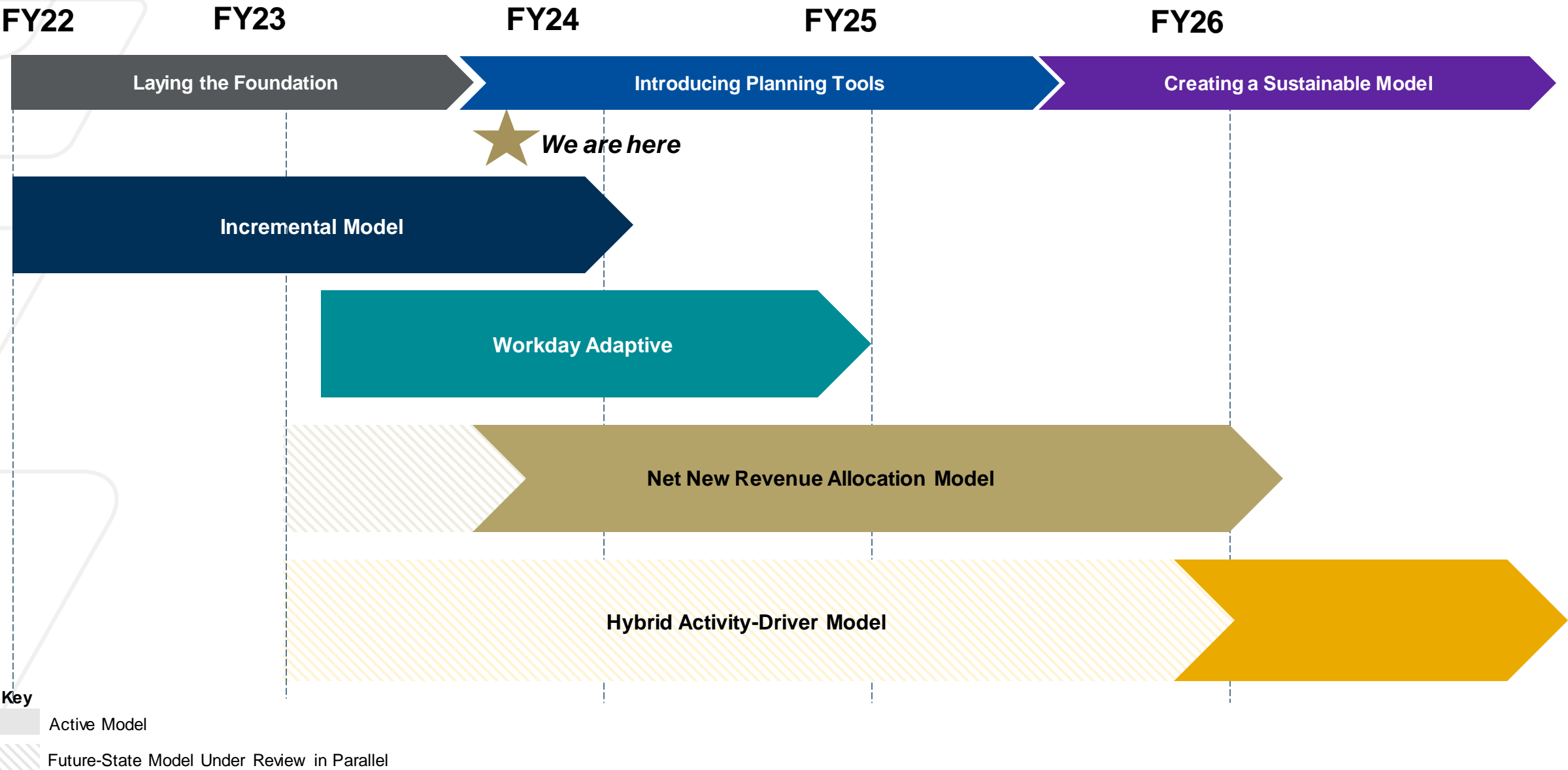
- This year's mandatory items include the advanced allocation of **\$3.5 million to the colleges in recognition of growth per the Institute Strategic Plan.**
- The \$3.5 million was allocated via the Net New Revenue model which uses growth in year-over-year credit hours to calculate funding for the areas 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 | Timeline



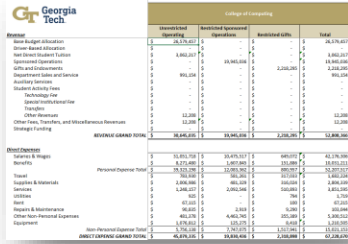
Budget Reform

Net New Revenue Model	Workday Adaptive Planning Implementation	Hybrid Activity Model
FY23-FY25	FY23-FY24	FY24-FY26
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.
<ul style="list-style-type: none"> • College Finance Officers • School Chairs and Budget Managers • Budget Office 	<ul style="list-style-type: none"> • Executive Leadership Team (ELT) • Provost's Office • Finance & Planning – Central Offices • College/Unit Pls • College/Unit Finance Officers 	<ul style="list-style-type: none"> • 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



	Revenue	Operating Expenses	Non-Operating Expenses	Capital Expenses	Debt Service	Total
Operating Expenses	25,725,000	25,725,000				25,725,000
Non-Operating Expenses			1,000,000			1,000,000
Capital Expenses				1,000,000		1,000,000
Debt Service					1,000,000	1,000,000
Total	25,725,000	25,725,000	1,000,000	1,000,000	1,000,000	28,725,000

TESTING NEW PROCESSES



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

IMPLEMENTED NET NEW REVENUE

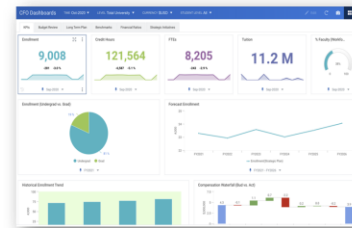
Developed and ran the **Net New Revenue Model** to fund growth in the colleges in FY24



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

REINVISIONED INDIRECT COST RECOVERY

Fully funded ICR working group recommendation of **30% ICR returned to the colleges**

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

AND ENHANCED WEBSITES

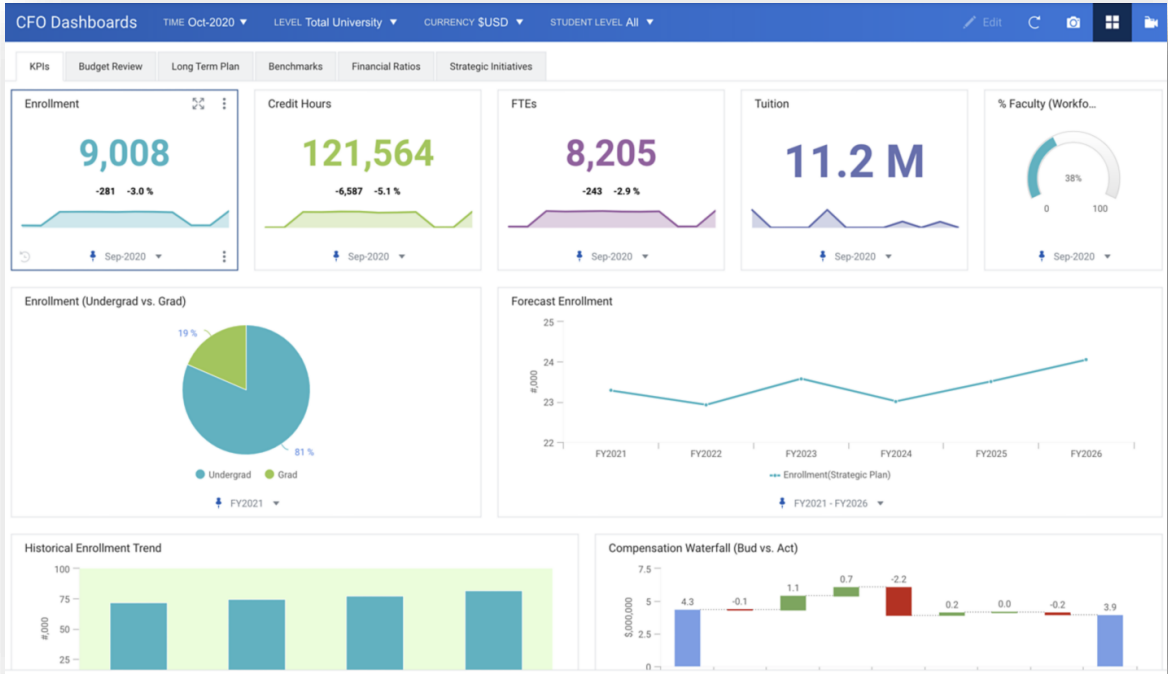


Created new website with enhanced information and features

Budget Reform | Workday Adaptive Planning

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:

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



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?