



MEMORANDUM

To: President’s Cabinet, Deans, Vice Provosts, and Vice Presidents
From: Jim Fortner, Vice President for Finance and Planning and Interim Chief Financial Officer
Subject: FY2025 Budget Development Process
Date: November 17, 2023
CC: College Finance Officers and Budget Contacts



I want to express my sincere thanks for thinking creatively to support growth on campus this fall. FY2024 has been a challenging budget cycle due to an unexpected \$66 million reduction at the system level and lower than anticipated state appropriations. The resiliency and innovation of Georgia Tech persists as many departments looked creatively to existing budgets and redirected resources to best support our faculty, staff, and students. With support from the state, we were able to provide our faculty and staff with \$2,000 cost of living adjustment (COLA) for FY2024 in addition to supporting our students and colleges with over \$5 million to support growth.

Although challenges persist across the University System of Georgia (USG), we are optimistic that Georgia Tech’s increase in credit hours from FY2022 to FY2023 will lead to new state appropriations in FY2025. As a result, we are soliciting new funding requests up to 3% over the FY2024 original budget at the division or college level.

The Governor’s Office will release the FY2025 budget recommendation in January; however, the Board of Regents (BOR) has submitted a request for increased funds in accordance with the funding formula related to increased student credit hours, square footage of campus facilities, and employee benefits. Additionally, and based on instructions from the Governor’s Office of Planning and Budget, all non-teaching programs, including Georgia Tech Research Institute (GTRI) and Enterprise Innovation Institute (EI2) and special funding initiatives (SFIs), requested a 3% increase for enhancement funding and 1% decrease in funding demonstrating opportunities through efficiencies.

The FY2025 BOR request includes:

- Funding for the FY2025 enrollment-based formula of \$2.3 million:
o Total credit hours generated by the institutions of the USG and included in the funding formula were 8.53 million in FY2023, which represents a decrease of



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0.85%, or 72,415 credit hours when compared to FY2022. Total credit hours at research institutions increased by 1.53% and credit production at comprehensive universities dropped 3.42%. Credit hours at state universities declined by 3.25% and increased at state colleges by 0.21%.

- The net changes in undergraduate and graduate credit hours across all the sectors generated an additional \$2.3 million in state funds through the funding formula.
- Georgia Tech generated 982,864.5 credit hours in FY2023, which represents an increase of 3.9%, or 36,498.5 credit hours when compared to FY2022. We saw increases in both Undergraduate and Graduate credit hours by 6.2% and 1.3%, respectively.
- The BOR will determine how additional revenue will be allocated to the individual institutions and balance the needs of the 26 institutions.
- \$66 million for the restoration of the formula workload adjustment from FY2024.
- \$659 thousand for maintenance and operations:
 - The total resident instruction square footage in the USG is 58.6 million square feet for FY2025, up from 58.5 million square feet in the final FY2024 formula.
 - The increase of 106,981 generates an additional \$659 thousand in state funds provided for maintenance and operations.
 - These funds are essential for plant operations such as utilities, custodial services, building maintenance, and other related operating expenditures.
- \$22.43 million for the employer portion of the health insurance costs and new retirees.
- \$7.68 million for the Teachers Retirement System employer rate change.
 - In May 2023, the Teachers Retirement System (TRS) Board of Trustees approved an increase to the employer contribution rate from 19.98% to 20.78%, effective July 1, 2024.

This is the beginning of the budget process and the request above is subject to change throughout the state budget cycle. We will not know if merit or COLA is included in the Governor’s FY2025 budget recommendation until January. The budget, along with merit or COLA (if applicable) will not be final until April 2024. The BOR’s request demonstrates support of higher education in Georgia; however, given the enrollment challenges described above at the system level, we must continue to be thoughtful, strategic, and conservative in our budget projections and planning.



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Budget Reform Updates

We concluded our second year of Budget Reform on June 30. While we're only to the halfway point of our planned journey, I am encouraged by the accomplishments to date. Some highlights include:

- Established a permanent Budget Governance Structure including the creation of the Budget Advisory Committee ([link](#)).
- Successfully allocated \$3.5 million growth allocations to the colleges for FY2024 via the Net New Revenue model.
- Fully funded colleges at 30% of Indirect Cost Recovery earnings. This action represents an investment of \$6.6 million of earned ICR revenue to the colleges in FY2023 and FY2024 plus an additional \$2.1 million annual increase reflecting growth in FY2023.
- Workday Adaptive Planning go-live with Institute Overview Dashboards, Reports, and the Institute Revenue Sheet. These tools are used to evaluate organizational performance, enhance data driven decision making, and provide an Institute current revenue view.
- Created access/security roles in Workday Adaptive Planning for 230 finance professionals across campus.
- Held five instructor-led "Introduction to Workday Adaptive Planning" and "Dashboards 101" training sessions with 119 attendees. Job aids and recorded training sessions are posted on the Workday Adaptive Planning website ([link](#)).
- Collaborated with the Provost's office and Office of Information Technology to develop the New Expense Request Form (NERF) in Fusion. NERF replaces the old Form 2 process and will capitalize upon robust workflow capabilities in Fusion to save time, reduce spreadsheet use and distribution, and increase transparency.
- Updated the Budget Reform website with information about Governance, New Budget Model, FAQs, and Workday Adaptive Planning ([link](#)).
- Instituted a new carry forward management policy and reporting process. The new process resulted in reduced campus carry forward requests at the end of FY2023 and enhanced reporting capabilities to the Governor, General Assembly, and USG ([link](#)).
- Increased campus engagement and transparency. 55 engagements in 2023 including town halls, governance meetings, individual meetings with deans and their teams, and other engagement opportunities to share updates on the budget reform and budget development processes.

I am grateful to each of you for your engagement in this effort. Information gathered to date is being used to build our new budget model - something that is still a work in progress. As we move into year three of our five-year Budget Reform roadmap, we will continue to engage the



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community and provide updates on the new budget model and budget development process changes. Please visit the Budget Reform website ([link](#)) for more information.

FY2025 Budget Cycle: Process Updates and Instructions

Beginning with the FY2025 Budget Development cycle we will use the New Expense Request Form (NERF) in Fusion for all new funding requests. The submission of your new expense requests will now be done via an online form instead of various excel files and emails. This new process leverages workflow capabilities in Fusion to save time, reduce spreadsheet use and distribution, and increase transparency.

The system is built to allow designated employees to enter requests then leverages committees to prioritize and approve requests to the next level. Requests will be coded as personal services or non-personal services as fringe will now be calculated within the form. All NERF users will be able to see the prioritized requests from across the institute to enhance transparency of the budget development process.

Due to the funding constraints previously outlined at the system level, divisions should limit their one-time and permanent FY2025 requests to 3% of their FY2024 original budget. Calculations of this limit can be found on the Budget Development website ([link](#)).

I understand that the new 3% cap may create issues for larger requests such as institute funded equity, new leases, etc. In recognition of these larger strategic investments, we are asking divisions to work with your executive leader for an exception to this 3% rule. All exceptions must have executive approval in writing. Please share all approved exceptions with [Jamie Fernandes](#) in the budget office.

FY2025 Budget Cycle: Key Dates

Below is a list of key dates for the FY2025 budget development process:

- November 27: FY25 Budget Development Cycle launches for Resident Instruction via the NERF in the Fusion system (former Form 2 process).
- November 27: NERF training begins. Users responsible for populating the NERF will receive calendar holds for training.
- December: Training for NERF committees begins. Training is tailored to those that are prioritizing and approving new budget requests.



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- Early January 2024: Governor releases Amended FY2024 and FY2025 budget recommendations.
- January 31: All NERF approvals and prioritizations are due.
- Late February/early March: Preliminary FY2025 Form 1 (allocation sheets) distributed to campus units.
- March/April: Completion of Annual Appropriations Act by General Assembly.
- April: BOR approval of formula allocations, tuition and fee rates, and merit or COLA policy (if applicable).
- Mid-Late April: Detailed original budget submissions due in oneBudget.
- May 3: The Georgia Tech FY2025 Original Budget due to the USG.



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