Budget Kickoff
Fiscal 2020
Thursday, March 14, 2019
Scheller College of Business
Meeting Outline

1. FY 19/20 Budget Update/Outlook
2. FY 20 Budget Preparation
3. oneBudget
4. Recent Budget Policy Changes
   • Year-end closing
   • FY20 telecommunications billing change
5. Other Budget Topics
6. Questions and Wrap-Up
1. Budget Overview and Update

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Where Does the Money Come From?

Revenue by Major Source
Fiscal Years 2018-19 Original Budget
($M)

Total FY19 Budget: $1.84B
## Where Does the Money Come From?

### Georgia Tech Revenue Budget Summary

**Original Budget Fiscal Year 2019 ($M)**

<table>
<thead>
<tr>
<th>Major Program Area</th>
<th>State</th>
<th>Other General</th>
<th>Subtotal - General</th>
<th>Dept Sales &amp; Svc</th>
<th>Sponsored</th>
<th>Auxiliary &amp; Stdnt Acts</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident Instruction</td>
<td>$292.7</td>
<td>$513.6</td>
<td>$806.3</td>
<td>$50.0</td>
<td>$355.5</td>
<td>$0.0</td>
<td>$1,211.8</td>
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<tr>
<td>GT Research Institute (GTRI)</td>
<td>6.1</td>
<td>140.0</td>
<td>146.1</td>
<td>10.6</td>
<td>255.6</td>
<td></td>
<td>412.3</td>
</tr>
<tr>
<td>Enterprise Innov Institute</td>
<td>19.6</td>
<td>1.4</td>
<td>21.0</td>
<td>1.5</td>
<td>8.0</td>
<td></td>
<td>30.5</td>
</tr>
<tr>
<td><strong>Total Education &amp; General</strong></td>
<td><strong>$318.4</strong></td>
<td><strong>$655.0</strong></td>
<td><strong>$973.4</strong></td>
<td><strong>$62.1</strong></td>
<td><strong>$619.1</strong></td>
<td></td>
<td><strong>$1,654.6</strong></td>
</tr>
<tr>
<td>Auxiliary &amp; Student Activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL BUDGET</strong></td>
<td><strong>$318.4</strong></td>
<td><strong>$655.0</strong></td>
<td><strong>$973.4</strong></td>
<td><strong>$62.1</strong></td>
<td><strong>$619.1</strong></td>
<td><strong>$183.1</strong></td>
<td><strong>$1,837.7</strong></td>
</tr>
</tbody>
</table>
Where Does the Money Come From?

Georgia Tech General Operating Budget Revenue
( Resident Instruction)
Fiscal Year 2019 Original Budget

- Student Tuition: 49%
- State Appropriations: 36%
- Indirect Cost Recoveries: 7%
- Other General: 8%

Total Resident Instruction/General Operations Revenue: $806.3M
R.I./Gen Ops Budget Status Update—FY19

• Revenue Status
  • Overall on target – tracking ahead by 0.3%
  • Tuition within 1.3% of budget

• Spending Status
  • All major units on target
  • Pay Funding
    • Merit increases (annualized) – $6.3M R.I.; $12.6M GT
    • Faculty promotions – $496K
    • Faculty/staff retention – $800K (ELT approval required)
    • Other targeted pay – $520K (campus min., grade increases)

• Challenges
  • One-time funding needs including faculty commitments
  • Compensating for FY18 tuition shortfall
FY20 Budget Status

Governor’s and House Ways and Means’ Committee Budgets

• Full funding of enrollment-based formula
  • GT major contributor to overall USG formula earnings
  • BOR decision on funding allocations to USG institutions
• Facilities O&M formula funding
  • CODA opening in FY20– new GT O&M funds expected
• 2% merit increase @ 75% of cost
• Health insurance and TRS funding @ 75% of cost
• Major Repair & Rehab (MRR) funding @ $50M~$5.5M for GT
• Planning funds for Tech Square Phase III *(House W&M budget only)*

**NOTE**  [Link](#) to Chancellor’s recap of Governor’s budget proposal
Fiscal 2020 Budget Process

GT FY20 Submissions:

- President’s Presentation to Chancellor
- Five-Year Auxiliary Plans
- $4 Mandatory Fee Increase Request for Student Health Fee
- Graduate Tuition and Tuition Differentials
  - 17 professional masters’ programs with differentials
  - 4 increases requested by GT – Business and ECE
- Elective Fees to Be Approved by USG’s CFO:
  - Dining – 1% increase requested
  - Housing – average 2.7% increase requested
- Elective Fees Approved by President
  - Parking – no increase
  - International Student Fee – increase from $25 to $100
- Original Budget Submission
2. FY20 BUDGET PREPARATION
# Fiscal 2020 Budget Process

## Key Budget Dates

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget planning with individual ELT members</td>
<td>February–March</td>
</tr>
<tr>
<td>Budget meetings with full ELT and campus leadership</td>
<td>March 18 &amp; 25</td>
</tr>
<tr>
<td>Internal budget preparation steps:</td>
<td>Various dates</td>
</tr>
<tr>
<td>- Form 2’s and expansion forms to ELT</td>
<td></td>
</tr>
<tr>
<td>- Form 1’s from Budget Office to units</td>
<td></td>
</tr>
<tr>
<td>- Preliminary opening of oneBudget to units</td>
<td></td>
</tr>
<tr>
<td>- Merit Increases: preliminary guidelines &amp; opening up tool</td>
<td></td>
</tr>
<tr>
<td>- Official opening of oneBudget to units</td>
<td></td>
</tr>
<tr>
<td>Annual Appropriations Act approval by General Assembly</td>
<td>Early April</td>
</tr>
<tr>
<td>Hands-on budget workshops</td>
<td>Mid-April</td>
</tr>
<tr>
<td>BOR approval: formula funding, tuition/fee rates, merit policy</td>
<td>April 16th</td>
</tr>
<tr>
<td>Detailed Original Budget submissions from units</td>
<td>April 26th</td>
</tr>
<tr>
<td>GT submission of Original Budget</td>
<td>May 3rd</td>
</tr>
<tr>
<td>Final BOR budget approval</td>
<td>May 14th</td>
</tr>
</tbody>
</table>
Fiscal 2020 Budget Process

Links to Instructions and Forms

- Budget Instructions
- Calendar
- Forms:
  - Program Expansion
  - Form 1 – Base Budget Computation
  - Form 2 – Summary of New Request Items
Redirection Strategy for Fiscal 2020

• **Why:**
  • Continued revenue challenges—state, tuition, fee limitations
  • Continued Institute requirements—[budget instructions](#)

• **How:**
  • Redirection form eliminated
  • Individual ELT members’ handling with their direct report units—no required reduction “up front”
  • Focus on [CAR](#) priorities to achieve investments in:
    • Core functions of teaching, research, and service;
    • Expansion of support services to students; and
    • More productive & effective admin. & support services

• **Presentations:** Deans’/Division Heads’ Presentations to ELT
  • How new current year funds are being utilized
  • Prioritized new initiatives for FY20
  • Redirection efforts by unit planned in FY20
Merit Pay (pending final approval of merit program)

Preliminary FY20 Merit Pay Guidance – Based on:

FY18 BOR Guidelines and GT Guidelines

• July 1\textsuperscript{st} effective date for increases (faculty and hourly raise effective dates to be announced)

• Merit-based increases from 0\% to 4\%, averaging 2\% by division

• Basis for increases – calendar 2018 performance appraisals

• Advanced executive approval for increases exceeding 4\%

• No across-the-board increases

• Funding sources bear cost of increases
Methodologies: FY19 & FY 20 RI/Gen Ops Merit Allocations

• FY19 merit increases (one-time funding only in FY19)
  • Allocations for each position that received mid-year funding
  • Funding allocated to department where position originally budgeted in FY19 Original Budget

• FY20 merit pool
  • FY20 merit pool will be calculated on the basis of FY19 Original Budget (OB)
  • All General Operations funding for non-group positions (including vacant)
  • Allocation to be final – no additional merit funding
The FY20 original budget will be done in one budget using the current PeopleSoft chart of accounts.

Changes due to the Workday Conversion that will affect the FY20 budget:

• Future of ‘580, ‘680, ‘880
  • There will not be an “undesignated” project in Workday Grants
  • What GT will have:
    • Request advanced award through OSP; Grants and Contracts is working closely with OSP on this
    • Move to GTF/GTRC funds
    • Working on a solution for those that don’t meet the criteria above
FY20 Budget Prep and Workday Conversion

• New Account Level Budgeting to Align with USG

• Expenditures will be budgeted in oneBudget and Workday at the same level as USG

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>641000</td>
<td>Travel - Employee</td>
</tr>
<tr>
<td>651000</td>
<td>Travel - NonEmployee</td>
</tr>
<tr>
<td>698000</td>
<td>Travel- Allocations</td>
</tr>
<tr>
<td>702000</td>
<td>Purchases for Resale</td>
</tr>
<tr>
<td>703000</td>
<td>Cost of Goods Sold</td>
</tr>
<tr>
<td>704000</td>
<td>Cash Over/Short</td>
</tr>
<tr>
<td>712000</td>
<td>Motor Vehicle Exp</td>
</tr>
<tr>
<td>714000</td>
<td>Supplies and Materials</td>
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<tr>
<td>715000</td>
<td>Repairs And Maintenance</td>
</tr>
<tr>
<td>717000</td>
<td>Utilities</td>
</tr>
<tr>
<td>719000</td>
<td>Rents- Non-Real Estate</td>
</tr>
<tr>
<td>720000</td>
<td>Insurance And Bonding</td>
</tr>
<tr>
<td>721000</td>
<td>Claims And Indemnities</td>
</tr>
</tbody>
</table>
3. oneBudget

https://onebudget.budgets.gatech.edu/Home

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4. RECAP OF UPCOMING BUDGET POLICY CHANGES

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Upcoming Revisions to Budget Office Policies

- Budget Preparation and Amendments
- Mandatory Student Fees
  - Update for BOR policy changes
  - Separation of Student Activities Fee into 3 separate fees
- Elective Fees – Update for BOR Policy Changes
  - President approval of most elective fees
  - Fees now requiring GT approval
    - All students in a grade level – BOR approval
    - Specific degree program – BOR approval
    - Dining and housing – USG CFO approval

Budget Office Website Fee Links:
- Mandatory Fees
- Elective Fee Review and Approval Process
- FY 2019 Approved Elective Fees
5. OTHER BUDGET TOPICS

- FY19 Year-End Closing
- FY20 Telecommunications Billing Change
Year-End Closing

- Required alignment of Personal Services (PS) and Non-Personal Services (NPS) budgets with anticipated expenditures

- Within NPS, budgets for Travel, Operating/Supplies and Equipment aligned closely with projected year-end actuals; one category cannot cover a deficit in another

- Units required to provide explanations of variances of 10% or more between June 30th budget and actuals for any category, as required for GT to provide to BOR

  **NOTE** Per BOR policy* budgets and actuals must be aligned at year-end; if not, likely audit exception.

- Units required to adjust Departmental Sales & Services (DSS) budgets to reflect the actual revenue received, plus any remaining revenue expected prior to year-end close on June 30, 2019. **NOTE:** See the Controller’s Office policy on DSS funds.

- Planned Carry-Forwards – Requests for any expected carry forwards due by April 15th based on the best information available at the time

- Expected Deficits – If deficit anticipated that cannot be corrected by year-end, division head should inform his/her ELT executive AND assigned budget analyst; see Budget Office policy on carry forwards and deficits

* **BOR Requirement** Business Procedures Manual Section 8.6.3 Appropriation Amendments “Ultimate expenditure authority within the financial system resides at the appropriation level; i.e., expenditure appropriation authority cannot be exceeded. At a minimum, appropriations exist for personal services and operating expenses.”
FY 20 Telecommunications

For Resident Instruction/General Operations Departments/Projects:

- Telecommunications to be treated as a utility
- March 2019 charge-outs to determine July 2020 budget reduction
- Reductions permanent – to serve as initial base telecommunications budget in Telecommunications-RI department
  - Departments to incur no other reductions involving telecommunications
- Beginning in FY20, departments’ general operations budgets no longer be charged for telecommunications expenses in accounts 771000, 773000, 773100, 773200 and 773400; expenses to be covered by Institute
- Financial responsibility for equipment expenses lies with the department

For Non-Gen Ops Departments/Projects

- Beginning in FY20 will be billed using the “headcount billing model”
- Sponsored projects no longer charged telecommunications expenses

Link: Frequently Asked Questions
6. Questions??

http://www.budgets.gatech.edu/