Financial Council – Budget Update

Quarterly Meeting

February 14, 2019 (3/30/2019 Update)

Updated for General Assembly Action on Budget 3/30/2019

Jim Kirk
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Resident Instruction Budget Update FY19

- **Big Picture of Budget**
  - $1.84B budget
  - $1.2B Resident Instruction/$806M General Operations

- **Revenue Status:**
  - Overall on target – tracking ahead by 0.4%
  - Tuition within 1% of budget
  - Indirect cost recoveries ahead by nearly 10%

- **Spending Status:**
  - All major units on target
  - **Pay Funding:**
    - Merit increases (annualized) – $6.3M (total GT cost $12.6M)
    - Faculty promotions – $496K
    - Faculty/staff retention – $800K (ELT approval required for allocs)
    - Other targeted pay – $520K (campus minimum, grade incs)

- **Challenges:**
  - One-time funding including faculty commitments
  - Compensating for FY18 tuition shortfall
Review of FY19 Merit Pay Process

• Critique of process: – contact HR and Budget Office
• Total Annual Cost: $12.6M total; $6.3M RI/Gen Ops
• Distribution of Raises – Institute-Wide:

<table>
<thead>
<tr>
<th>Salary Increase Range</th>
<th>Number in Range</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>679</td>
<td>11.7%</td>
</tr>
<tr>
<td>0.01% - 1.00%</td>
<td>348</td>
<td>6.0%</td>
</tr>
<tr>
<td>1.01% - 2.00%</td>
<td>2,253</td>
<td>38.7%</td>
</tr>
<tr>
<td>2.01% - 3.00%</td>
<td>1,856</td>
<td>31.9%</td>
</tr>
<tr>
<td>3.01% - 4.00%</td>
<td>686</td>
<td>11.8%</td>
</tr>
<tr>
<td>4.01% - 5.00%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5,822</td>
<td>100.0%</td>
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FY20 Budget Process

Final Approved State Appropriations Bill:

• Full funding of enrollment-based formula
  • GT major contributor to overall USG formula earnings
• Full funding – facilities O&M formula based on square footage added
  • CODA opening in FY20 to provide GT new O&M funds
• Health insurance and TRS funding @ 75%
• Major Repair and Rehabilitation (MRR)
• Funding of planning funds for Tech Square III

NOTE: [Link] to Chancellor’s recap of Governor’s budget proposal
Fiscal 2020 Budget Process

GT FY20 Submissions:

• **Presentation to Chancellor**
  • President’s presentation to Chancellor
  • GT official submission to BOR

• Five-Year Auxiliary Plans

• Mandatory Fees – only Student Health Fee increase of $4 per semester requested for psychiatric services

• Graduate Tuition and Tuition Differentials
  • 17 professional masters’ programs have differentials
  • Programs retain revenue
  • 4 increases requested by GT – Business and ECE

• Elective Fees to Be Approved by BOR:
  • Dining – 1% increase requested
  • Housing – average 2.7% increase requested
  • Program Fees – masters’ programs – no increases requested

• Elective Fees Approved by President
  • Parking – no increase
  • International Student Fee – increase from $25 to $100
## Fiscal 2020 Budget Process

### Key Dates:

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget planning with individual Executive Leadership Team members</td>
<td>February – March</td>
</tr>
<tr>
<td>Budget planning meetings with full ELT and campus leadership</td>
<td>last 2 weeks of March</td>
</tr>
<tr>
<td>Completion of Annual Appropriations Act by General Assembly</td>
<td>late March/early April</td>
</tr>
<tr>
<td>BOR approval of: formula allocations, tuition/fee rates, merit pay policy</td>
<td>April 16th</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>

**NOTE**: Budget Kickoff being planned for early March plus hands-on workshops
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 svces.

**Contents:** Deans’ & other 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
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