



M E M O R A N D U M

TO: Deans, Vice Presidents, Vice Provosts and Major Unit Heads
FROM: G. P. "Bud" Peterson, President 
Cc: Steve Swant, Rafael Bras, Steve Cross
Date: February 22, 2017
SUBJECT: Institutional Budget Process for Fiscal Year 2018

Governor Nathan Deal proposed his Fiscal Year 2018 budget to the General Assembly last month. The proposal includes the following items important to Georgia Tech and the University System of Georgia (USG):

- A. Based on system-wide enrollment growth in Fiscal Year 2016, an increase in formula funding for the entire system of \$66.7 million, compared to \$37.6 million for Fiscal 2017;
- B. Approximately \$43 million for the entire system "performance incentives or salary adjustments necessary for employee recruitment and retention initiatives";
- C. Major Repair and Rehabilitation (MRR) funding of \$50 million for the USG to help with facility preventive and deferred maintenance; and
- D. Bond funding of \$47 million for the Price Gilbert Library and Crosland Tower complex renovation.

Georgia Tech's share of the formula funding will be based on the Board of Regents' (BOR) system-wide priorities and Georgia Tech's total Fiscal Year 2016 enrollment and student mix by discipline and level. The maximum funding that could be allocated is likely to be less than 1½% of the discretionary portion of our budget (excluding sponsored and other earmarked funding).

The Governor's proposal is very close to the Board of Regents' request, and we are grateful to the Governor for his strong support of higher education. A recurring emphasis in Georgia and across the country in higher education is student affordability. We will continue to advance our many efforts to address this priority, including minimizing mandatory fee increases, continuing to expand our scholarship and fellowship opportunities, and maximizing the use of our existing resources, including our continued re-direction efforts described in this letter.

We anticipate continued concerns regarding tuition increases and expectations that we do more within our existing budget. In light of the continuing budget challenges, we are continuing the "Priority-Based Budgeting Process," which involves the internal re-direction of resources. For Fiscal Year 2017, we redirected approximately \$5.0 million to address high priority program areas. We again are asking deans and other division heads to focus their upcoming budget presentations on both new and expanded initiatives, along with possible funding shifts within their respective units.

During the March 9th and 13th budget planning meetings, please present your plans and budgets for next year **and include how these align with the Georgia Tech Strategic Plan**. Each presentation should address the following:

- A. An evaluation of your unit's progress during the previous and current fiscal years in any new spending initiatives, either funded in prior fiscal years through new dollars allocated to the unit or a reallocation of internal resources;
- B. What steps you would take to absorb the 1% and 3% budget redirections and how these actions would impact your division;
- C. Identification and justification of your unit's strategic initiatives for the next year;
- D. Explanation of how each of your initiatives will continue the Institute's positive momentum by supporting and advancing the *Georgia Tech Strategic Plan* as we move the Institute toward our goal to "define the technological research university of the 21st century."

The budget calendar and proposal forms and instructions are posted on the Office of Institute Budget Planning and Administration ("Budget Office") website. The institutional budget development process is already underway, as outlined in the attachment to this memo. Our budget schedule is extremely tight, since we will have just a few weeks to submit our Original Budget after the BOR's April 18th meeting when we anticipate the Board will approve the merit pay guidelines, allocations, and tuition and fee levels. We will do our best to provide allocation guidance by late April, but this will depend on our projected financial status after the Board's approvals.

Thank you for your support and efforts as we work to continue Georgia Tech's tradition of excellence.

ATTACHMENT
Recap of Institute Budget Process for Fiscal 2018

Executive Summary

Incremental funding available to Georgia Tech has not been sufficient to cover the research, instructional, public service, student services, facilities, and technological priorities over the past few years, and this is expected to continue into Fiscal 2018. Georgia Tech's *Priority-Based Budgeting Process* is intended to address future resource challenges by ensuring that the current base budget funding is being targeted to the highest priorities, consistent with the Institute's [Strategic Plan](#). These continuing resource challenges are the following:

- State resource restrictions – With the continuation of the enrollment-based USG state funding formula, Georgia Tech is impacted by other system schools' enrollment declines. Any state funding increase for Fiscal 2018 is expected to be modest.
- Restrictions on future tuition and fee increases – For Fiscal 2017, the Board of Regents (BOR) froze tuition and imposed severe limits on fee increases. Restrictions on tuition and fee increases are expected to continue in Fiscal 2018.
- Extensive demands compared to limited resource growth potential – The funding demands for new faculty, faculty support, student services, and institutional “must pay” items such as legal compliance and facilities operations and maintenance, far exceed the current level of Georgia Tech's resources. Besides these priorities, the following areas continue to be essential for Georgia Tech: retention of top faculty and staff, employee/student health and wellbeing, and improved student progression – retention and graduation.

The Fiscal 2018 budget process is intended to:

- Link program planning and resource allocation, with a focus on the [Georgia Tech Strategic Plan](#)
- Target incremental resources *and redirected funding from current budgets* to support new and expanded program priorities intended to advance the Strategic Plan.

Listing of Fiscal 2018 Forms

- “[Program Reduction Proposals](#)” at 1% and 3% levels
- In-depth justification of any new program initiatives or significant expansion of current programs via the “[Program Expansion Form](#)”
- Base budget Computation Form initiated by Budget Office – “[Form 1](#)”
- Summary of new request items via “[Form 2](#)”

Outline of Fiscal 2018 Budget Calendar

- Preliminary submission to respective Executive Leadership Team (ELT)
Executive – President, Executive VP, or Provost: > *Late Jan./early Feb.*
 - Program Increase Proposals
 - Program Reduction Proposals @ 1% & 3% levels
- Planning meetings with respective ELT member on submissions > *Mid-February*
- Division presentations to Executive Leadership Team > *Early to mid-March*
- Submission and ELT review – final program increase & reduction proposals > *Mid-March*
- BOR approval of tuition, fees, allocations, & merit raise guidelines > *Mid-April*
- ELT preliminary allocation decisions > *Late April*
- Campus unit detailed Original Budget submissions > *Late April*
- GT submission of Original Budget to BOR > *Early May*
- ELT determination of additional budget allocations > *June – October*

[Detailed Budget Calendar Link for Campus Units](#)

Merit Increases for FY 2018

The President will issue Georgia Tech's merit guidelines as soon as the BOR issues its instructions, which may not be until the April BOR meeting. The Institute is not able to announce an average increase percentage or any other guidelines prior to receipt of the BOR policy statement. Prior to the official guidelines, the Budget Office will provide in early March worksheets to permit managers to consider preliminary merit raise decisions. Like Fiscal 2017, there will be compliance requirements associated with Georgia Tech's merit increases, including completion of performance evaluations. For reference, the President's letter on pay adjustments for the *current year* is found [here](#).

NOTE: *The average increase stated in this letter not be relevant for Fiscal 2018, since the funding recommended for the USG by the Governor is substantially less that the current year amount.*