



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: Chaouki Abdallah, Rafael Bras, James Fortner, Lynn Durham
Date: February 14, 2019
SUBJECT: Institutional Budget Process for Fiscal Year 2020

The following is intended to provide guidance on the Fiscal Year 2020 (FY 20) budget process, which starts on July 1, 2019. Governor Brian Kemp's budget proposal to the General Assembly continues the state's strong support for higher education. He proposed the following for the University System of Georgia (USG) for next year (Georgia Tech's share to be determined):

- Full funding of the enrollment-based formula of \$75.0 million requested by the BOR;
NOTE: Georgia Tech continues to be a substantial contributor to the formula funding generated by the system. The Board of Regents (BOR) will determine how these funds are allocated to the individual institution.
- State funding for average 2% merit increases and for "employee recruitment and retention salary adjustments;"

NOTE: The BOR will issue guidelines later in the FY 20 cycle, which we will use as the framework for our internal guidelines. We understand the guidelines may be *similar* to those for FY 18, when there was a full year merit raise ([link to FY18 BOR merit guidelines](#)). July 1, 2019 is the expected effective date for salary adjustments.

- Funding for the 75% state share of cost increases for health insurance and the Teachers' Retirement System; and
- \$50 million for Major Repair and Rehabilitation (MRR) funding to support physical plant renewal and preventive/deferred maintenance activities for the USG.

We greatly appreciate the Governor's support in this, his first budget proposal.

As has been the case in the past, tuition and fee levels for next year will be determined by the BOR in April. The average tuition increase across the System over the last five years has been 1.8%. The [Georgia Tech budget guidelines](#) posted on the Budget Office's website lists current and future funding demands faced by Georgia Tech. We anticipate that FY 20 will require us to look internally for resources, including the application of reasonable administrative and other efficiencies to enable investments in:

- Core functions of teaching, research, and service;
- Expansion of support services to students; and
- More productive and effective administrative and support services.

In building next year's budget, I am asking all campus leaders to continue to apply the [Georgia Tech Strategic Plan](#) in your budget priorities. In addition, I would like each of you to consider the areas being addressed by the [Comprehensive Administrative Review](#) (CAR), which aims to meet the challenge of providing quality education in the most cost-effective manner possible. This effort should be both Institute-wide and internal within each division or unit.

Our focus will be, as it has been over the past few years, on targeting resources to address the Institute's highest priority areas and accordingly, on redirecting resources where advisable. This effort will be handled differently from the previous three years and will involve each Executive Leadership Team (ELT) member working with his direct report units, as described in the budget guidelines:

“When identifying funds for re-direction, unit leaders are encouraged, but not required, to consider possible efficiencies in these areas and others that would identify funding for reallocation to the teaching, research, and service mission. The recommended redirection target for Fiscal 2020 is 1% of each executive vice-president's divisions' Resident Instruction/General Operations budgets.”

The budget process is summarized below and detailed in the Institute's [FY 20 budget calendar](#):

- Budget planning with individual Executive Leadership Team members	February – March
- Budget planning meetings with full ELT and campus leadership	last 2 weeks of March
- Completion of Annual Appropriations Act by General Assembly	late March/early April
- BOR approval of: formula allocations, tuition/fee rates, merit pay policy	April 16 th
- GT submission of Original Budget	May 3 rd
- Final BOR budget approval	May 14 th

For the budget planning meetings with the full Executive Leadership Team, deans and other division heads should concentrate on the following:

- How new funds allocated to the division in FY 19 have been utilized (and/or plan to be utilized) to the benefit of instruction and research efforts and how the efforts are related to the Georgia Tech Strategic Plan;
- Prioritized program expansion and new initiatives proposed for FY 20 – new funding proposed and funding from the division's internal budget to be applied; and
- Description of redirection efforts planned for FY 20.

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