

MEMORANDUM

To: President's Cabinet, Deans, Vice Provosts, Associate Deans, School Chairs, and Major Unit Heads
From: Kelly L. Fox, Executive Vice President for Administration & Finance
Subject: FY2022 Budget Development Process
Date: February 4, 2021

FY2021 has been a year of unprecedented challenges as we began to feel the effects of the Covid-19 pandemic on state revenues. Georgia began FY2021 with a \$29.1 million reduction to our state appropriations, additional projections for tuition loss, and extraordinary expenses related to Covid-19. With your help we made swift and strategic permanent and one-time budget reductions in FY2021 to manage these changes.

On January 14, 2021 Governor Brian Kemp released his budget recommendations for the FY2022 budget. Governor Kemp's budget proposal to the General Assembly continues the state's strong support for higher education and does not include any additional budget reductions. He proposed the following for the University System of Georgia (USG) for next year (Georgia Tech's share to be determined):

- Funding of the enrollment-based formula of \$70 million that was requested by the BOR in FY2021, which was not funded due to the Covid-19 pandemic;
- Funding of the enrollment-based formula of \$58.9 million that was requested by the BOR in FY2022;
 - 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 institutions.
- \$70 million for Major Repair and Rehabilitation (MRR) funding to support physical plant renewal and preventative/deferred maintenance activities for the USG; and,
- Adjustments to the employer portion of the Teachers Retirement System and health insurance.

This is the beginning of the budget process and the recommendations above are subject to change before the state budget is final. Currently the budget recommendation does not include funds to cover the FY2021 budget reduction, merit, or salary adjustments. While the recommendation demonstrates support of higher education in Georgia, we must continue to be thoughtful, strategic, and conservative in our budget projections and planning.

Now is the time to begin planning our FY2022 budget development at Georgia Tech. Last October we began conversations around reforming the budget process with the goal to use the budget as a tool to reward performance, innovation, and revenue generation as well as foster trust. This is a multi-year project with changes to the budget process to begin in FY2022. As a result, our budget development this cycle will look different than in years past.

Georgia Institute of Technology

Carnegie Building-0325

Atlanta, Georgia 30332-0325 U.S.A.

Phone 404.894.3361 FAX 404.894.1277

www.gatech.edu

Below are the budget instructions for the FY2022 cycle, should funding be available, that will help us build on the budget reductions and changes accomplished in FY2021:

- FY2021 One-Time Budget Concerns – As a first priority, we need to address the FY2021 budget concerns including reduced or depleted reserves, coverage for continued extraordinary expenses, funds to cover one-time FY2021 budget reductions, and additional Faculty Startup/Cost Sharing. Estimate: \$20.7 million
- Comprehensive Administrative Review (CAR) – The CAR exercise redirected funds to student support initiatives, as approved by the BOR. Due to the FY2021 budget reductions some reinvestments were delayed. Estimate: \$3 million
- Strategic Planning Funds – All remaining funds will be provided to the Executive Leadership Team (ELT) to provide targeted funding based on the Institute Strategic Plan. Each ELT member will engage their units accordingly. A template is available on the Institute Budget Planning and Administration office [website](#) to assist with the prioritization and discussion within each unit.

As a result of these changes, we will not host budget hearings this year. We will continue to engage the community and provide updates on the budget reform and budget development process as we continue through the FY2022 budget development cycle and the rest of 2021.

Below is a list of key dates for the FY2022 budget development process:

- February - Budget planning with individual Executive Leadership Team members (internal unit discussions)
- Early March - ELT to be presented with revenue projections and performance measures
- Late March – ELT to complete internal unit recommendations for strategic funding
- Late March/early April - Completion of Annual Appropriations Act by General Assembly
- April 13th - BOR approval of formula allocations and tuition and fee rates
- April 15 – Deadline for departments to submit carryforward funding requests
 - Note: Carryforward requests should be limited to expenses to be incurred during FY2022. Unspent FY2021 general operational funding will be redirected to the central fund and used for other strategic needs as determined by the ELT.
- May 3rd – The Georgia Tech FY2022 Original Budget is due to the USG
- May 11th - Final BOR budget approval
- May 15th - Carryforward approvals provided to requestors
- May 31st - Last day departments may revise carryforward request amount
- July 1st – Beginning of FY2022

I look forward to continued engagement on the FY2022 budget development process and budget reform project. Thank you for your continued support as we work to create a budget model that reflects and aligns our values to the Institute Strategic Plan.

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