




MEMORANDUM

TO: Deans, Vice Presidents, and Major Unit Heads
FROM: G. P. "Bud" Peterson, President 
DATE: February 23, 2016
SUBJECT: Institutional Budget Process for Fiscal Year 2017

Governor Nathan Deal proposed his Fiscal Year 2017 budget to the General Assembly last month and included the following important items affecting Georgia Tech and the University System of Georgia (USG):

- A. Based on system-wide enrollment growth in Fiscal Year 2015, an increase in formula funding for the entire system of \$37.6 million, compared to \$7.6 million for Fiscal 2016;
- B. Nearly \$60 million for merit raises, proposed at an average of 3% for all employees;
- C. Major Repair and Rehabilitation (MRR) funding to help with preventive and deferred maintenance.

While these three items are positive on their own, there are also some specific issues that would likely result in a challenging Fiscal 2017 budget: (1) the proposal does not include funding to cover the state's share of retirement and health insurance cost increases, which Georgia Tech will need to cover from Institute sources; (2) the Institute likely will need to identify resources to support a portion of the 3% merit pool not fully funded by the state; and, (3) the Chancellor recently announced that there will be no tuition increases for USG institutions for the 2016-2017 academic year.

In light of these developments, the earlier announced budget re-direction exercise has become much more relevant. As a result, your forthcoming budget presentations should carefully cover your strategies for possible execution of an Institute-wide redirection program.

During the March 7th and 14th meetings, please present your plans and budgets for next year **and how these align with the Georgia Tech Strategic Plan**. Each presentation should address the following:

1. 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;
2. What steps you would take to absorb the 1% and 3% budget reductions and how these actions would impact your division;
3. Identification and justification of your unit's strategic initiatives for the next year;

4. Explanation of how each of these initiatives will continue the Institute's positive momentum by supporting and advancing the *Georgia Tech Strategic Plan* as we move the Institute forward 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's website. The institutional budget development process is already underway, as outlined on the attachment to this memo. The change in the Board of Regents meeting schedules has altered the prior sequence and time of budget allocations and submittals for budget approval. We expect that there will be a tight timeframe for the BOR process which may result in our allocation decisions being deferred until either July or October. However, we will attempt to provide allocation guidance in early May, or at least by July 1st.

In closing, let me remind you that we have been in tight budget situations before and have managed our way through them while continuing to make progress (a.k.a. in 2009 when we had 6 days of mandatory furlough) and I am confident we will do so again this time.

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

- c. S. Swant
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ATTACHMENT
Institute Budget Process

This year, each unit was asked to conduct a planful review of their expenditures and requests as they relate to the Georgia Tech Strategic Plan and their units' respective plans. Each division head must identify for his or her Executive the following:

- Program Reduction Proposals at the 1% level and 3% level
- More in-depth justification of any new program initiatives or expansion via the "New Program or Program Expansion" form, to be funded through new resources or funding within their existing budgets through reallocations.

NOTE: Depending on the divisional leadership budget strategy for FY 2017, some units may be required to identify reductions in excess of the 1% and 3% levels.

Our best current assessment of the BOR meetings and budget related actions is reflected in the following overview of our necessary internal process:

- **January and February:** Executive vice president review of plans and budgets for Fiscal Year 2017 with their division heads, based on the "Program Reduction Proposals" and "New Program or Program Expansion" forms submitted
- **1st Two Weeks of March:**
 - . Final submissions of budget priorities following discussion with executive vice presidents
 - . Budget meetings with the ELT and deans/other division heads, scheduled for March 7th and 14th
- **Late March:** General Assembly approval of Fiscal 2017 State Appropriations Act
- **Mid-April:** BOR approval of mandatory fee rates, funding allocations, and merit raise guidelines
- **2nd Week in April:** Issuance of final budget preparation instructions and merit raise guidelines
- **Late April:** Preliminary budget allocation decisions by Executive Office of the President
- **April 25:** Unit submissions of detailed budgets
- **May 4:** GT budget submission to BOR

Merit Increases for FY 2017

If we receive merit raise instructions from the Board of Regents prior to mid-April, the Budget Office will issue specific instructions. Until that release of information by the BOR we are not able to announce an average increase percentage or any restrictions on that percentage by the BOR. Our guidance at this time is that should we expect to follow a similar process as last year. See [this link](#) for the current year's salary adjustment plans guidelines. It is extremely important that managers utilize performance evaluations as a basis for recommended salary increases.