

# FY24 Budget Update

*Jim Fortner, Vice President, Finance & Planning and Interim Chief Financial Officer*

*Jamie Fernandes, Executive Director, Institute Budget Planning & Administration*

A&F Town Hall  
June 16, 2023

# Agenda

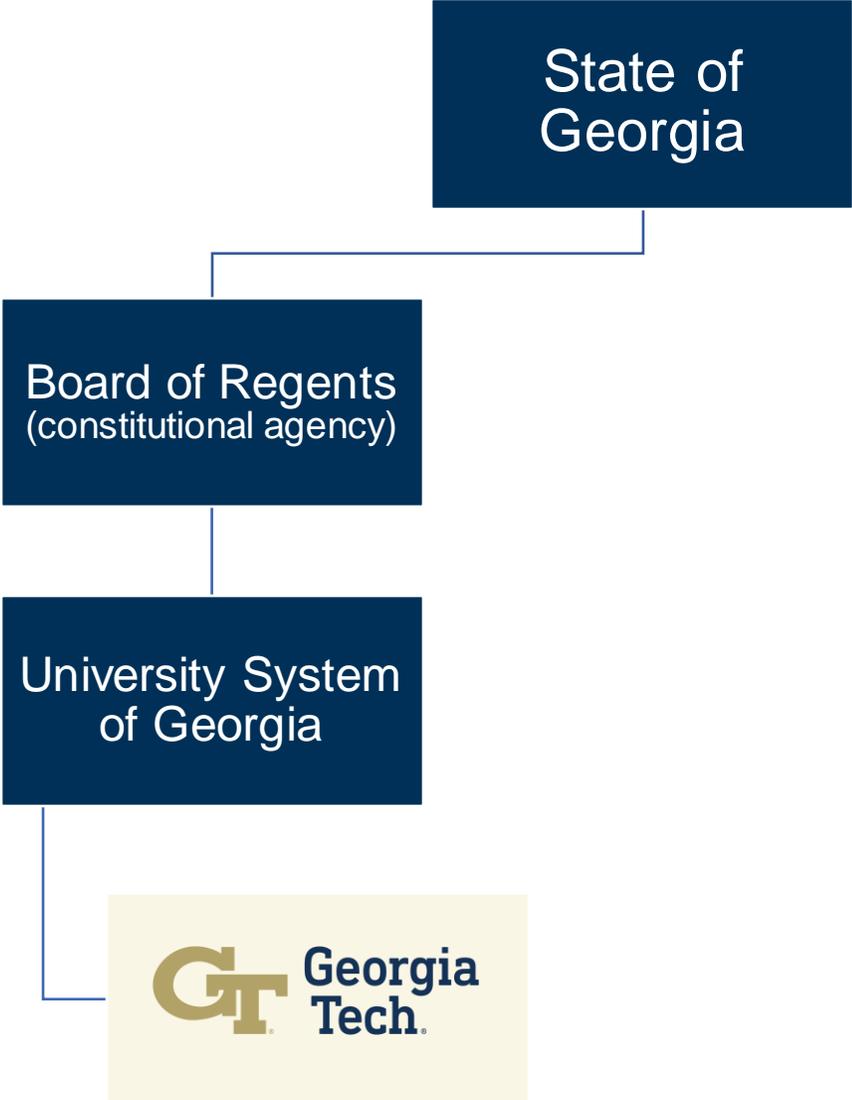
- Understanding Our Budget
- FY24 Budget Overview
- Budget Reform
  - Workday Adaptive Planning
- Q&A



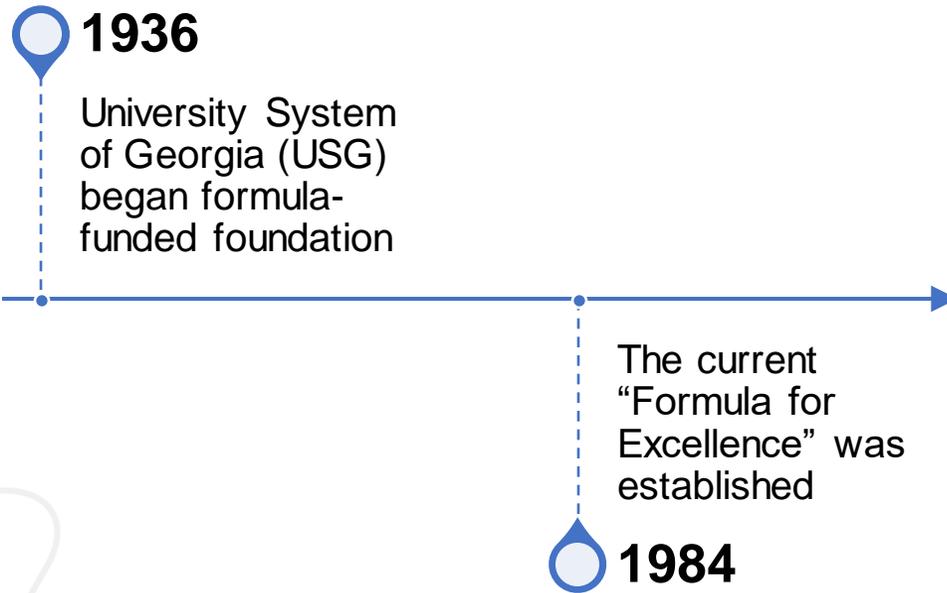


# Understanding Our Budget

# State of Georgia Organizational Chart



# University System of Georgia's Formula Funding for State Appropriations

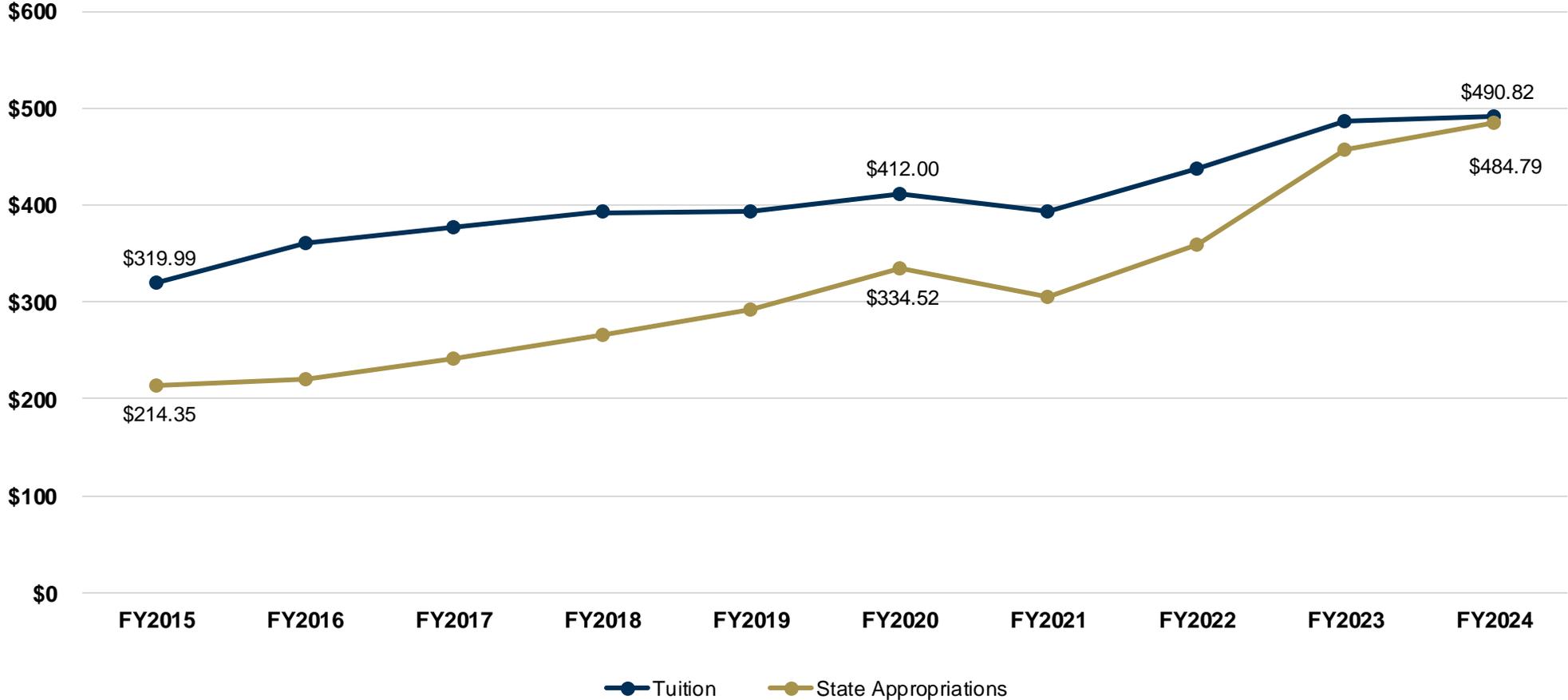


- This formula serves as agreement between the USG, the Governor, the House and the Senate.
- Enrollment Growth recognized and funded either wholly or partially in most years.
- Maintenance and Operations (M&O) based changes to Resident Instruction (RI) square footage

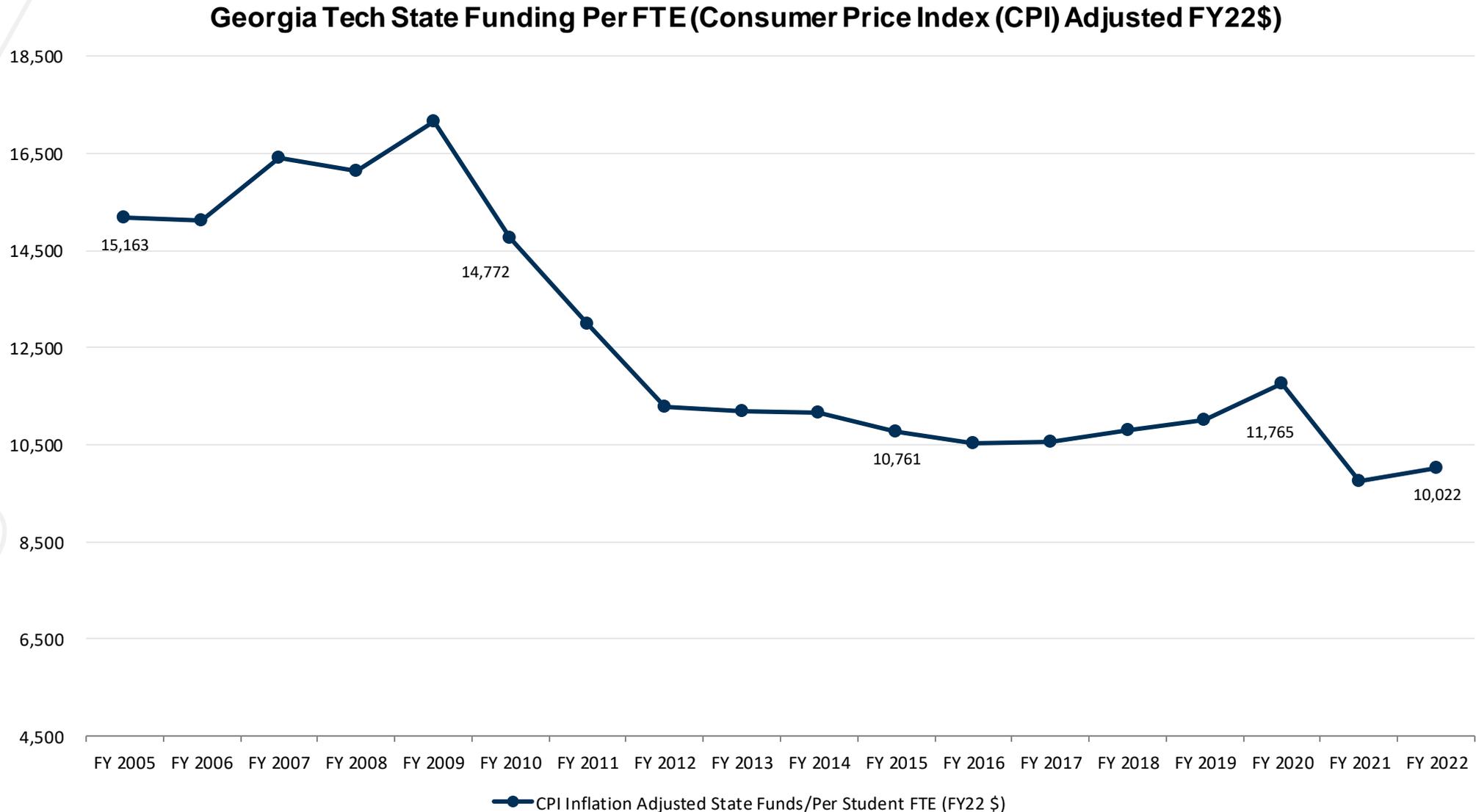
Fun Fact: Georgia Tech students created the "Formula for Excellence" in 1984.

# Georgia Tech Tuition and State Appropriations

Georgia Tech Tuition and State Appropriations Comparison (\$M)



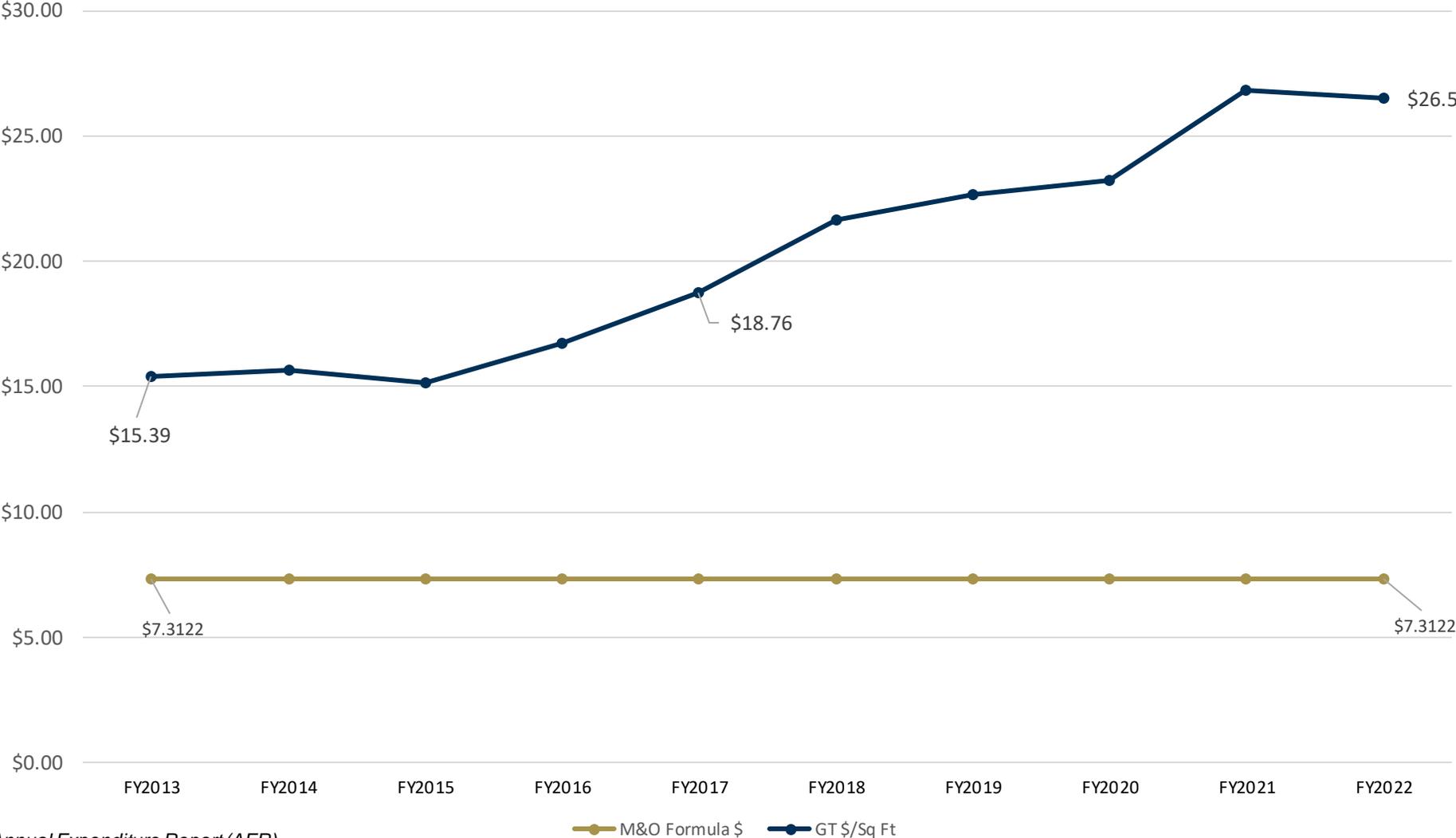
# Georgia Tech State Funding Per FTE



*Note: FTE calculation based on 12-month formula used in IPEDS reporting (Fall only used in data sheets)*

# Maintenance and Operations

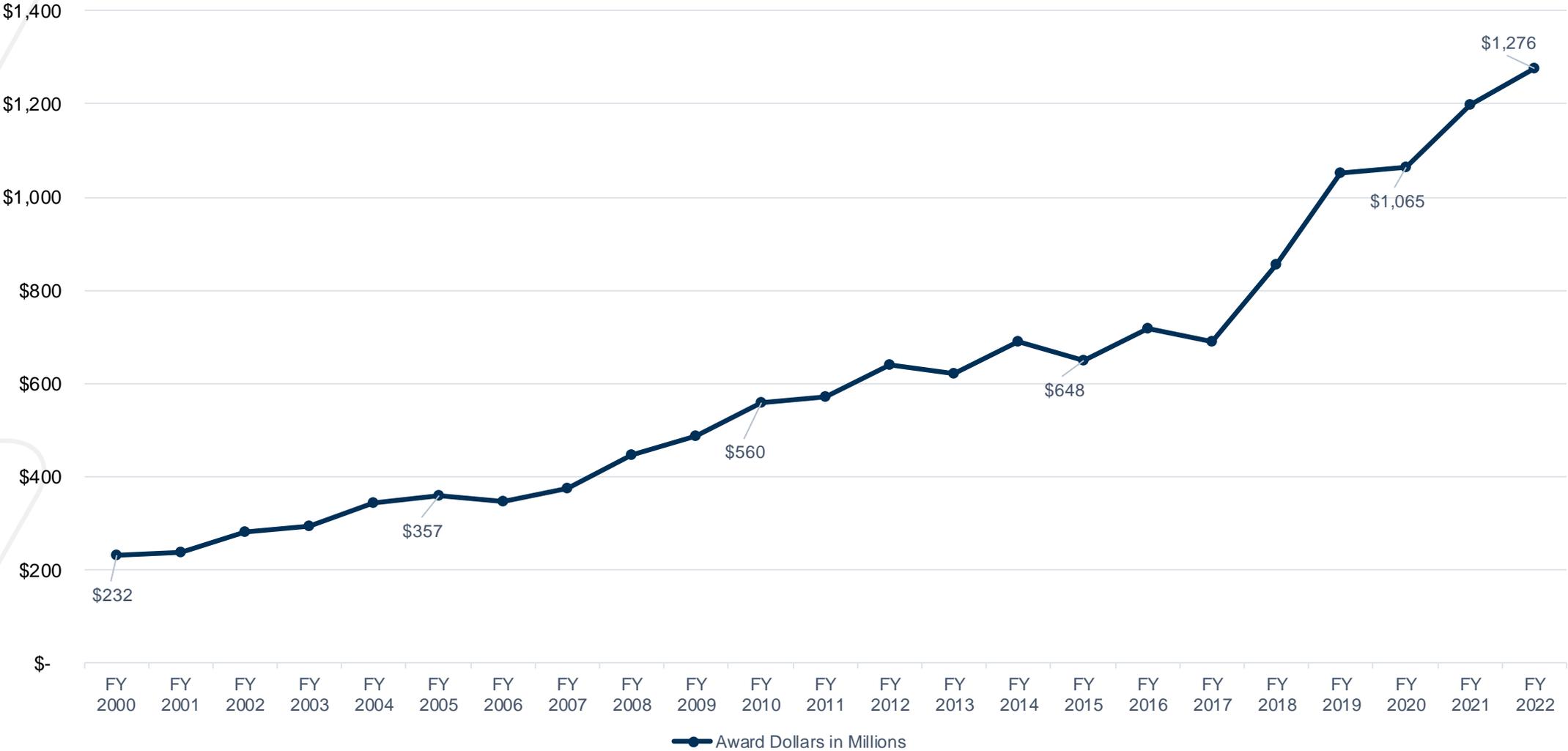
## Georgia Tech M&O Expenditures Per Square Foot



Note: Expenditure data from the Annual Expenditure Report (AER)

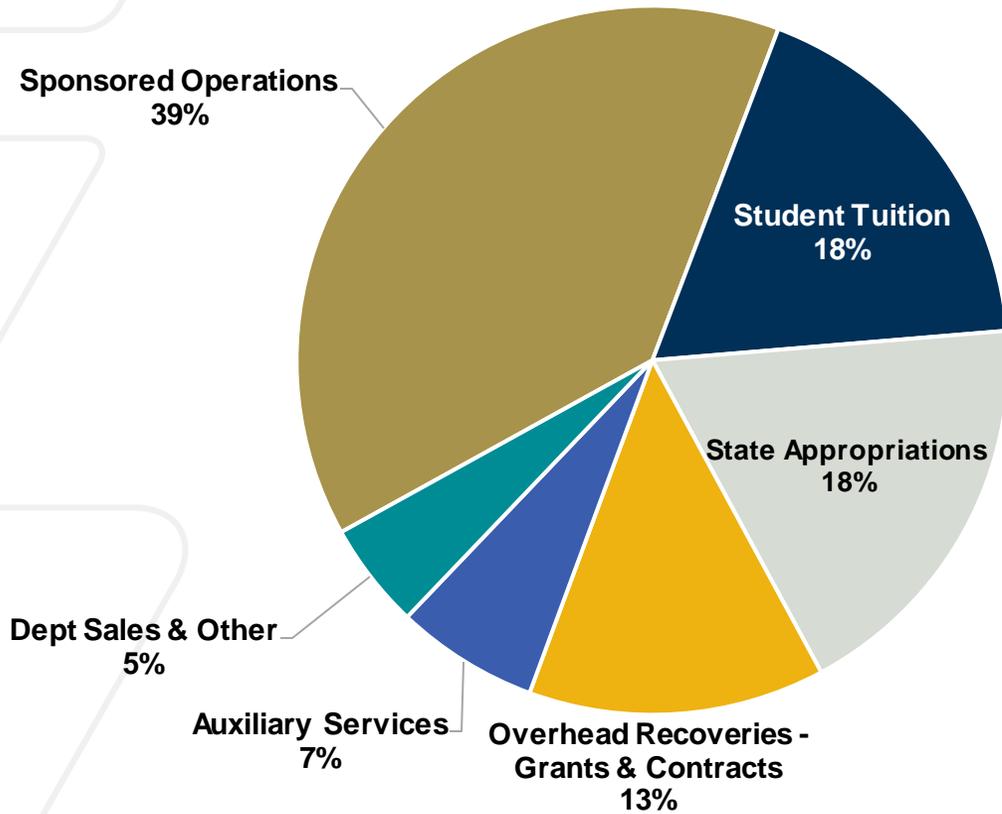
# Georgia Tech Research Award Dollars

Georgia Tech Research Award Dollars (\$M)



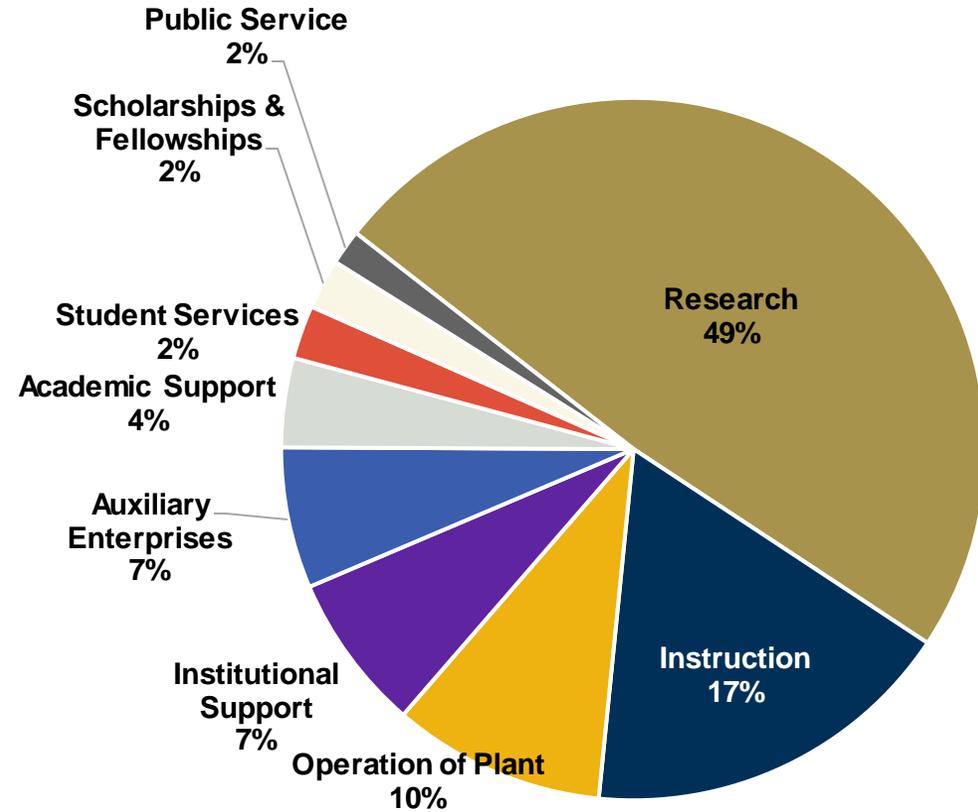
# Operating Budget | Follow the Money

## Revenue by Major Fund Category FY24 Original Budget



Total FY24 Revenue: \$2.74B

## Expenditures by Major Function FY24 Original Budget



Total FY24 Budget: \$2.74B

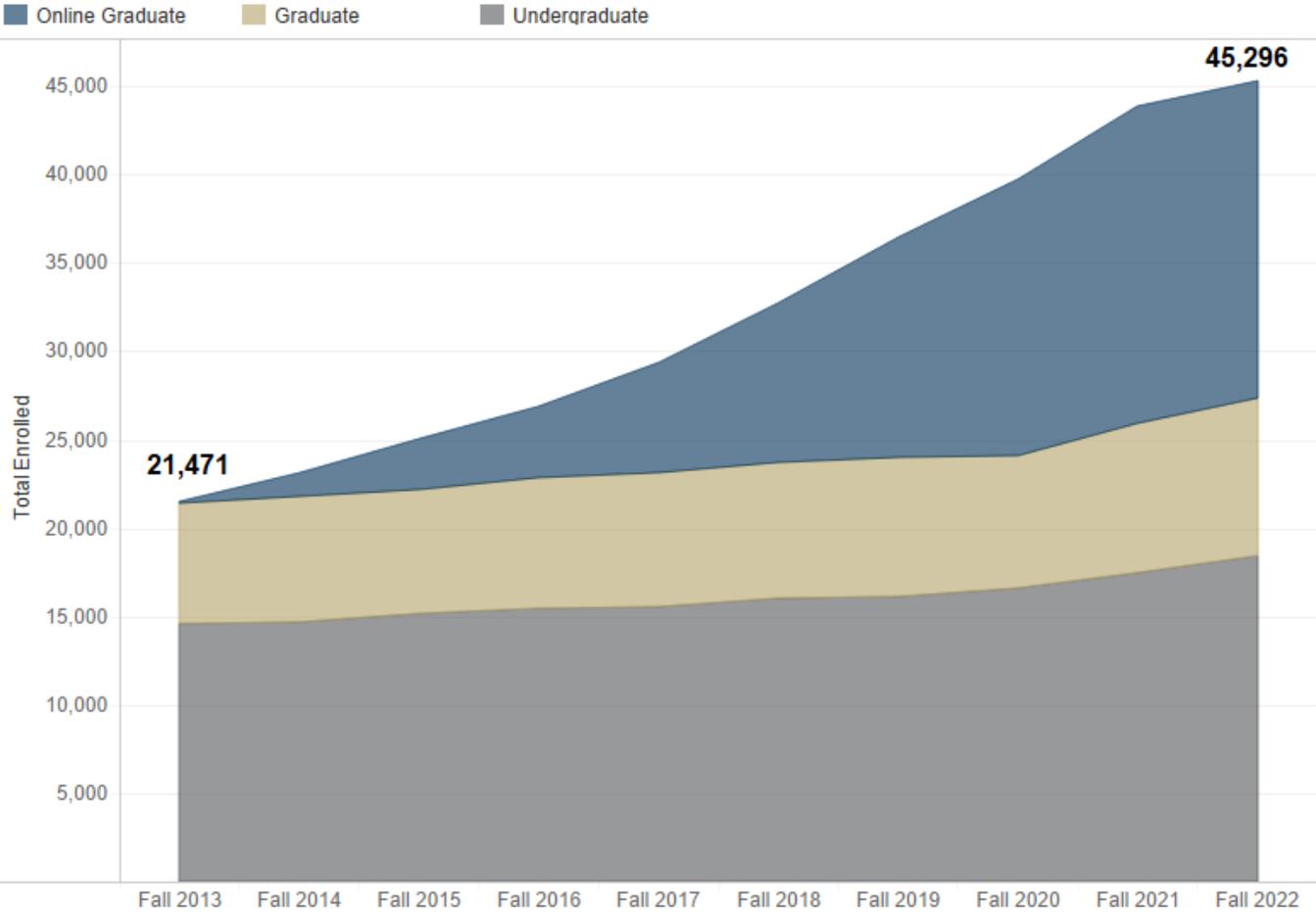
Note: These figures include GTRI, EI2, Auxiliary and Student Services, Department Sales and Services.



# FY24 Budget

# Enrollment By The Numbers

## Overall Enrollment



# University System of Georgia

## Net Change to FY24 Operating Budget – Teaching Program

Budget Item	Governor's Recommendation	House Version As Passed	Senate Version As Passed	Conference Committee - Final
Cost of Living Adjustments (\$2,000)	\$82,655,144	\$82,654,405	\$82,654,405	\$82,654,405
Enrollment (Net of \$2.78M Correction)	7,576,201	7,568,313	7,568,313	7,568,313
Maintenance and Operations	2,313,043	2,313,040	2,313,040	2,313,040
Adjustment to agency premiums for DOAS	13,303,671	13,303,671	13,303,671	13,303,671
Health Insurance and Retiree Health & Life Benefits	17,106,681	17,106,681	0	17,106,681
Reduce funds and utilize Carry Forward funds where necessary			(87,000,000)	(66,000,000)
<b>Net Change to FY2024 Operating Budget</b>	<b>\$122,954,740</b>	<b>\$122,946,110</b>	<b>\$18,839,429</b>	<b>\$56,946,110</b>

# Georgia Tech Resident Instruction | State Appropriations

Net Change to FY24 Operating Budget:

Budget Item	Actual
Cost of Living Adjustments (\$2,000)*	\$10,731,502
Formula Earnings	21,348,845
Maintenance and Operations*	800,464
Adjustment to agency premiums for DOAS*	2,267,550
Health Insurance and Retiree Health & Life Benefits*	2,520,636
Reduce funds and utilize Carry Forward funds where necessary	(10,081,529)
<b>Net Change to FY2024 Operating Budget</b>	<b>\$27,587,468</b>

*\*Pass-through items; not included in net new revenue  
Resident Instruction excludes GTRI and EI2.*

# FY24 Final Resident Instruction | Revenue

Below are the FY24 revenues from all sources:

Sources	Amount
Resident Instruction State Appropriations*	\$21,348,845
State Funds Reduction	(10,081,529)
Tuition (Enrollment Growth)	7,900,569
Tuition (Rate Increase)	-
GSTRP	-
Indirect Cost Recoveries	3,000,000
<b>Total</b>	<b>★ \$22,167,885</b>

*\*Includes allocable amounts only; excludes pass-throughs such as health insurance.*

# FY24 Allocations

We prioritized our allocations to enable us to continue to advance our instructional, research, and service missions with prioritization given to supporting our people, growth, and compliance:



**\$17.6M**  
People



**\$13.8M**  
Growth



**\$2.2M**  
Performance

# People | Students, Faculty, and Staff

- **\$13.1 million** for the \$2,000 Cost-of-Living Adjustment (COLA) for full-time, benefits eligible employees. Georgia Tech will self-fund the remaining \$2.3M needed.
- **\$3.9 million** for faculty and staff retention and compression, strategic hires, and faculty promotion and tenure
- **\$670 thousand** to subsidize graduate student's health insurance to ensure their payments remain affordable



The screenshot shows the 'Human Resources' section of the Georgia Tech website. The main heading is 'Cost of Living Adjustment'. Below the heading is a large image of a building with the text 'Cost of Living Adjustments' overlaid. The page contains the following text:

Home

In July 2023, eligible Georgia Tech employees will begin receiving a \$2,000 Cost of Living Adjustment (COLA) recently approved by the Georgia General Assembly.

The majority of pay adjustments will be completed in July, but there are many unique situations, such as mid-year hires, job changes, and promotions, that will require manual pay adjustments through the end of August.

**Note:** The information below is current as of May 22. Updates are ongoing. Additional FAQs and details will be published as they become available.

For more information on COLA, visit [hr.gatech.edu/cost-living-adjustment](https://hr.gatech.edu/cost-living-adjustment).

# Growth

- **\$5.1 million** to support instruction, including new tenure and non-tenure track faculty lines
- **\$5.6 million** to support faculty research and related indirect cost expenses
- **\$1.7 million** to support previous growth in class sizes and course sections
- **\$1.4 million** for Development initiatives

# Performance

- **\$1.4 million** for facility contract increases and Maintenance and Operations expenditures
- **\$800 thousand** for memberships, background checks, and other compliance activities



# FY24 and the Net New Budget Model

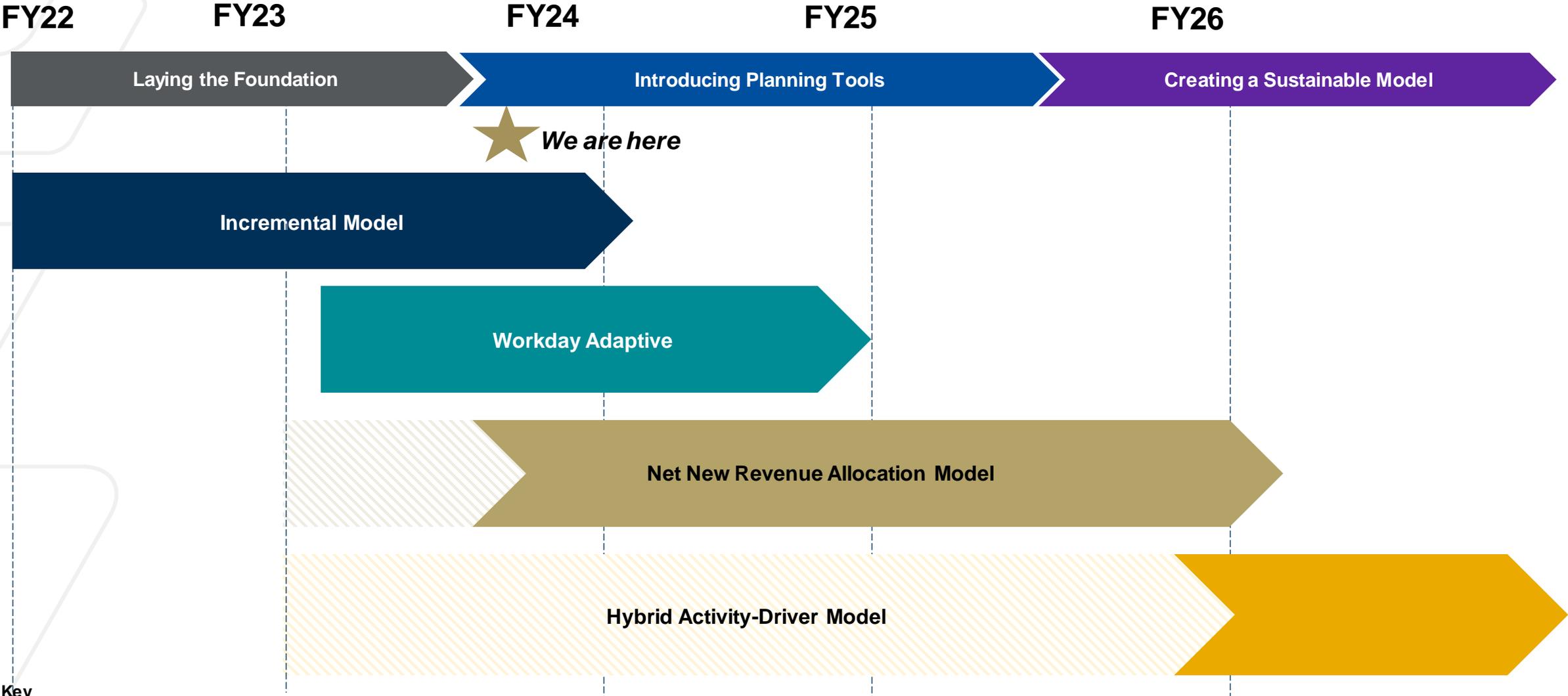
- This year's mandatory items include the advanced allocation of **\$3.5 million to the colleges in recognition of growth per the Institute Strategic Plan.**
- The \$3.5 million was allocated via the Net New Revenue model which uses growth in year-over-year credit hours to calculate funding for the areas experiencing the greatest amount of credit hour growth.
- We will continue to use this model in FY25 until the Hybrid Activity Model goes live in FY26.



An aerial photograph of the Georgia Institute of Technology campus. The central focus is a large, red-brick building with a prominent, green-tiled, conical roof topped with a golden spire. The words "TECH" are displayed in large, yellow, three-dimensional letters on the roof's edge. In the background, a dense urban skyline with various skyscrapers is visible under a blue sky with scattered white clouds. A semi-transparent dark blue banner is overlaid on the right side of the image, containing the text "Budget Reform" in white.

# Budget Reform

# Budget Reform | Timeline



- Key**
- Active Model
  - Future-State Model Under Review in Parallel

# Budget Reform

<b>Net New Revenue Model</b>	<b>Workday Adaptive Planning Implementation</b>	<b>Hybrid Activity Model</b>
FY23-FY25	FY23-FY24	FY24-FY26
Utilize Net New Revenue model to allocate FY24 resources.	Configure to support budget development and financial management in colleges and non-college units.	Determine additional incentives to build into model to ensure an Institute-wide allocation model.
<ul style="list-style-type: none"> <li>• College Finance Officers</li> <li>• School Chairs and Budget Managers</li> <li>• Budget Office</li> </ul>	<ul style="list-style-type: none"> <li>• Executive Leadership Team (ELT)</li> <li>• Provost's Office</li> <li>• Finance &amp; Planning – Central Offices</li> <li>• College/Unit PIs</li> <li>• College/Unit Finance Officers</li> </ul>	<ul style="list-style-type: none"> <li>• Deans</li> <li>• College Finance Officers</li> <li>• Budget Office</li> </ul>

# Budget Reform | FY23 Accomplishments

## A NEW MODEL

Developed a **Hybrid Activity Model** capable running a variety of revenue and cost allocation scenarios

Category	2022	2023	2024	2025
Direct Student Allocation	1,882,217	1,882,217	1,882,217	1,882,217
Indirect Student Allocation	1,882,217	1,882,217	1,882,217	1,882,217
Administrative Expenses	1,882,217	1,882,217	1,882,217	1,882,217
Capital Expenses	1,882,217	1,882,217	1,882,217	1,882,217
Other Expenses	1,882,217	1,882,217	1,882,217	1,882,217
<b>TOTAL</b>	<b>1,882,217</b>	<b>1,882,217</b>	<b>1,882,217</b>	<b>1,882,217</b>

## TESTING NEW PROCESSES



New budget development templates released to colleges to test **bottom-up budgeting and new funding requests**

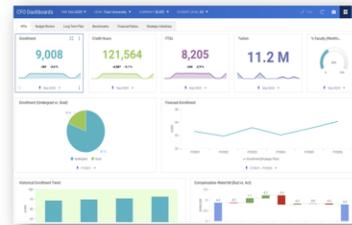
## IMPLEMENTED NET NEW REVENUE

Developed and ran the **Net New Revenue Model** to fund growth in the colleges in FY24



## NEW TOOLS & TEMPLATES

Met with stakeholders to gather functional requirements for **Workday Adaptive Planning** and **Fusion** implementations. These tools will simplify financial data analysis, automate budget processes and provide transparency



## WORKDAY ADAPTIVE PLANNING

A **cross-functional group of 45 core and extended team** members comprised of key stakeholders and subject matter experts began working on Workday Adaptive Planning Implementation

## REINVISIONED INDIRECT COST RECOVERY

Fully funded ICR working group recommendation of **30% ICR returned to the colleges**

## WITH STAKEHOLDER ENGAGEMENT THROUGHOUT



**300+**

**Stakeholders engaged** in town halls, newsletters, project governance forums, and one-on-one meetings.

Established permanent governance structure including the **Budget Advisory Committee**

**Continued engagement with college deans + finance officer** to review base budget calculations, discuss base budget funding needs

Met with **leaders of non-college units** to gather feedback on activity drivers for future model

## AND ENHANCED WEBSITES

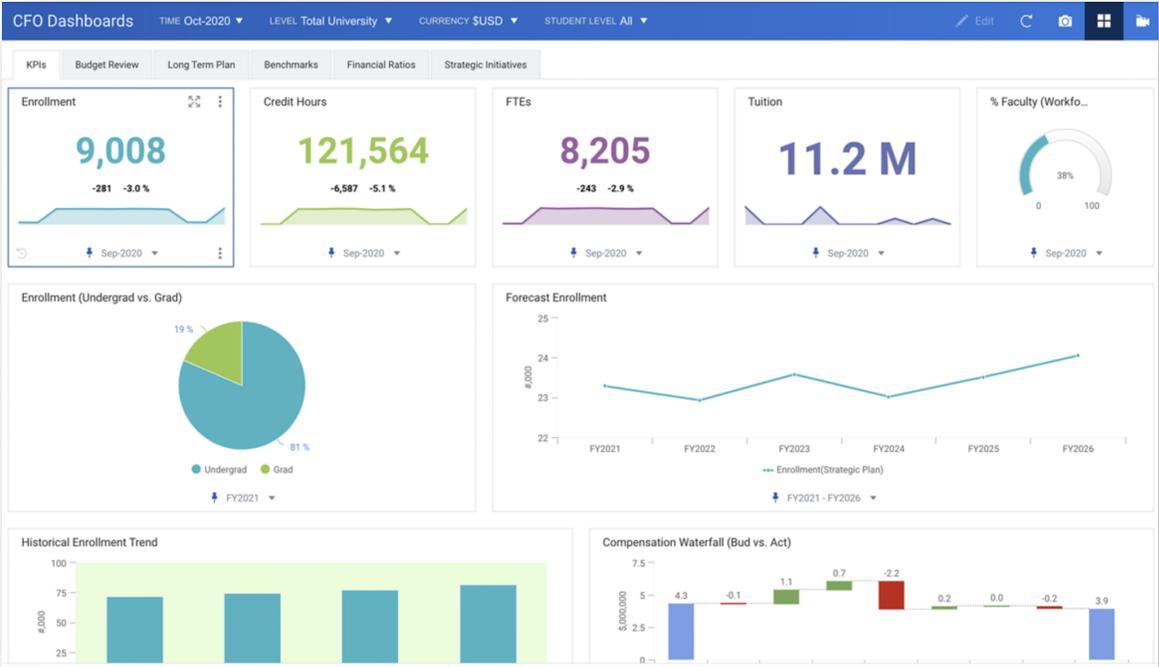


**Created new website** with enhanced information and features

# Budget Reform | Workday Adaptive Planning

Workday Adaptive is a cloud solution for forecasting, reporting, dashboards, modeling, analysis, and collaboration. We are leveraging a phased approach for Wave 1 with activities rolling out monthly from August to November:

Month	Activity/Release
August 2023	Dashboards and associated reports
	Institute-level P&L
September 2023	Bottom-up Budgeting
	Personnel Planning
October 2023	New Expense Request Form (NERF) – via Fusion
November 2023	In-Year Forecasting (pilot group first; then campus)



Implementation underway. Workday Adaptive will be live for FY2025 Budget Development.

# Budget Reform | Resources

Visit our new Budget Reform website to learn more:

- New Budget Model
- Governance
- Frequently Asked Questions
- Resources
  - Budget & Planning Resources
  - Glossary
- Workday Adaptive Planning



[budgetreform.gatech.edu](https://budgetreform.gatech.edu)



Questions?