FY2022 Budget Hearing: Fiscal Affairs

April 8, 2021

Agenda

- Fiscal Year 2021 Budget Update

- Fiscal Year 2022 Projections

- Accounting Updates

- OneUSG and Workday Update

- Strategic Initiatives

Fiscal Year 2021 Budget Update

Fiscal Year 2021 Budget Update

FY 2021 – 3rd Quarter	
State Funding	18,689,370
Tuition	22,000,000
Fees	4,000,000
ICR (RI)	(2,750,000)
Total	$41,939,370

Priority Uses:

- Fill existing budget gaps from original tuition projection, restore reserves, and fund prior commitments:
  - Includes:
    - Cover FY2021 tuition reduction
    - Faculty start-up
    - Support for oneUSGConnect
    - Graduate student support
    - Additional support positions for Student Life and Mental Health

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Fiscal Year 2021 Budget Update


Critical Year-End Request and Needs:

- Institute for Bioengineering and Bioscience (IBB) payoff

- Deferred maintenance

- Safety
  - GTENS Emergency Notification System
  - Emergency communication dispatch consoles
  - Body worn cameras
  - Gun shot detection and camera technology projects

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Fiscal Year 2022 Projections

Core Enrollment History and Projection for FY 2022
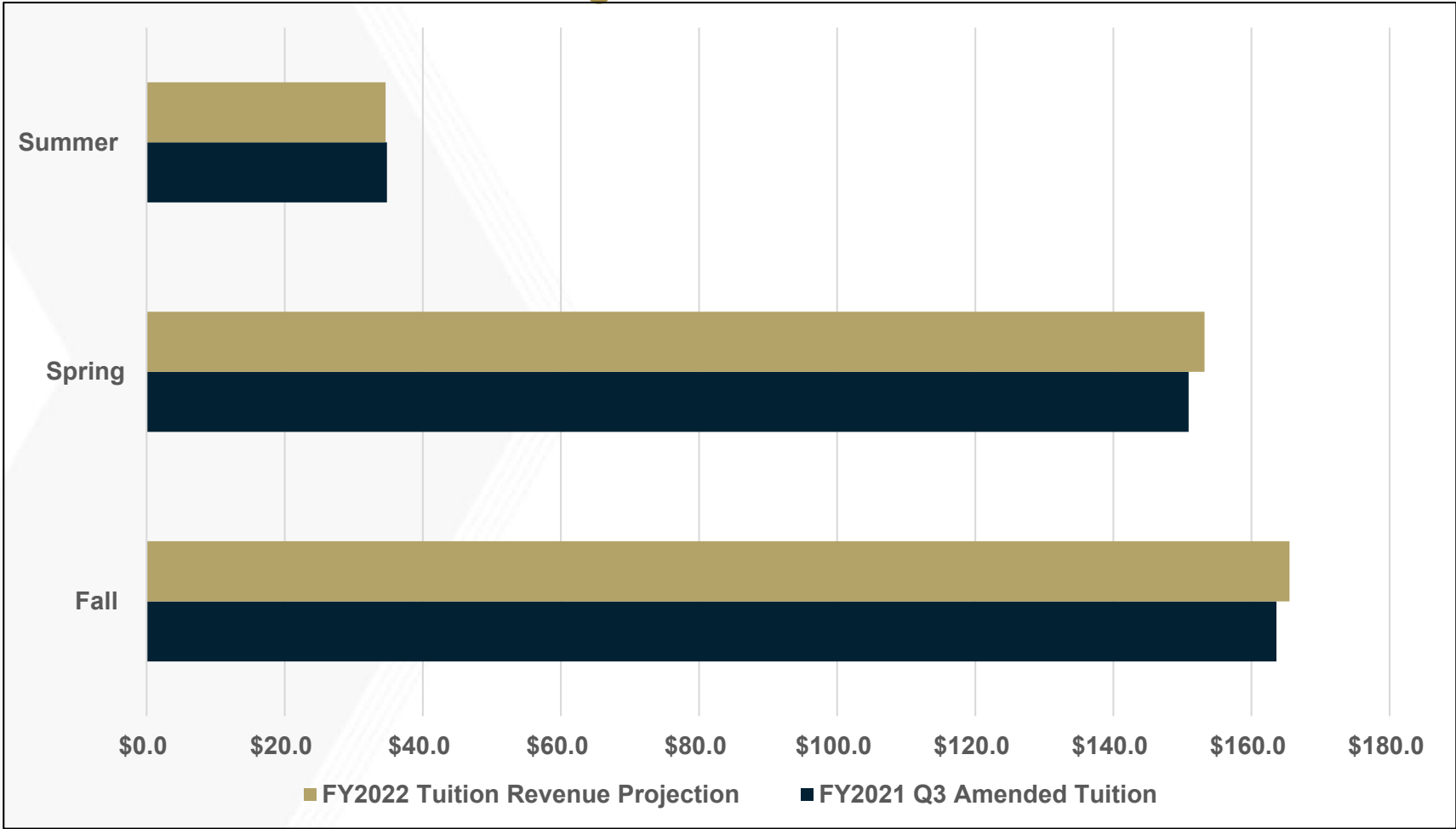Excludes Online Masters Programs
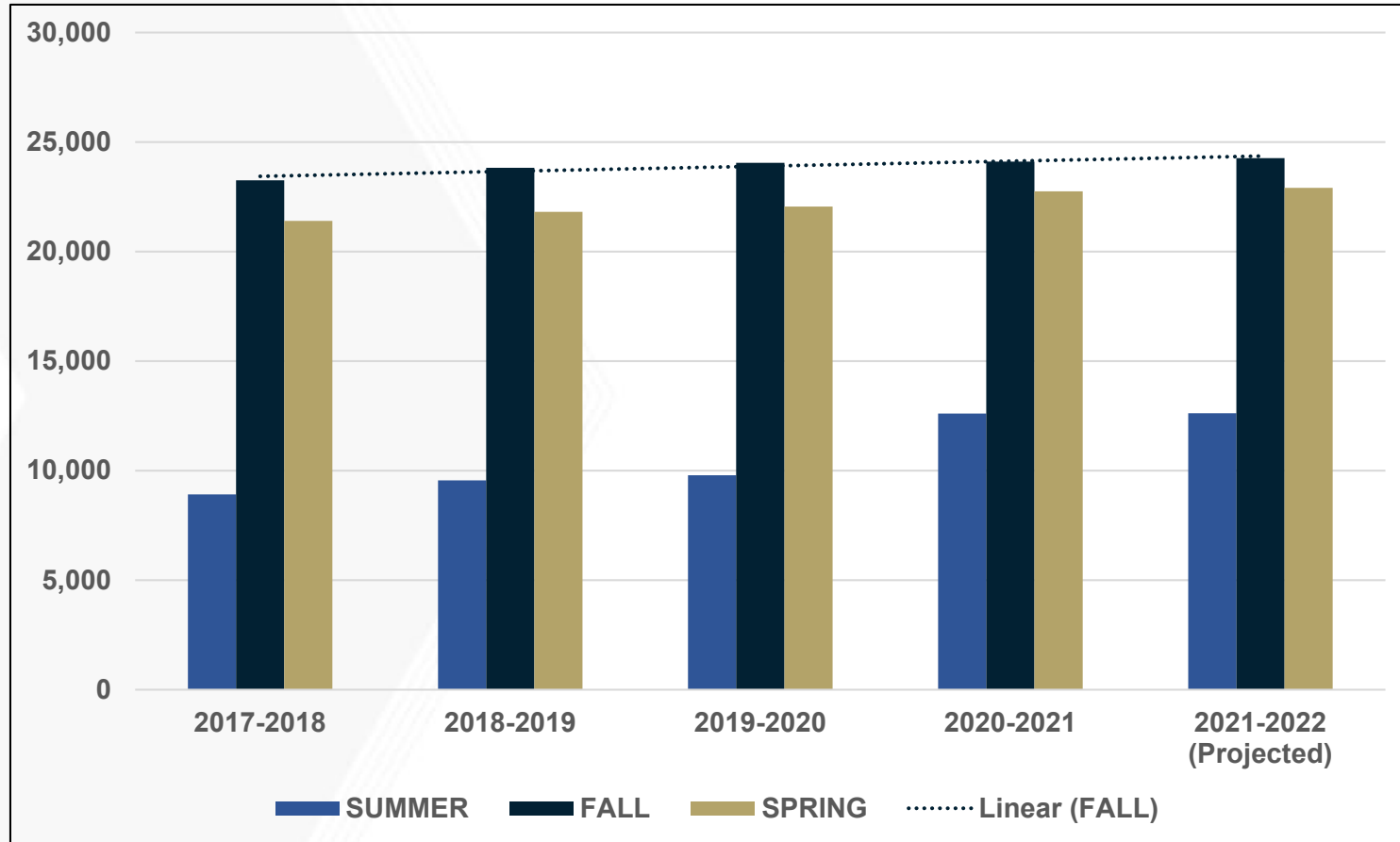
Enrollment Projections:
- 0.5% average enrollment growth for on-campus students

- Fall and Spring estimated to grow 0.7% over 2020-2021 Academic Year

- In-state students expected to increase 0.7%

Budget Priorities

- Institute-Wide:
  - Equity pool
  - Promotion and tenure
  - Development campaign

- Amplify Impact:
  - Faculty start-up and retention funds

- Cultivate Well-Being:
  - Academic, first-year, and transition center advisors
  - Increase annual graduate teaching assistant stipends

- Lead by Example:
  - AdminX
  - Budget model reform

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HEERF Update

1st Round – $10.4 million Total Aid

- $5.2 million for student aid
  - $1 million Relief Grant Program through the Office of Student Life
  - $4.2 million graduate and undergraduate students based on FAFSA and demonstrated exceptional financial need

- $5.2 million restore Spring 2020 semester student fee refunds per the chart below:

Fee Refunded	Amount	1st Round of CARES Funding	Remaining
Housing	$ 12,394,114	$ 1,262,439	$ 11,131,675
Dining	2,316,640	2,316,640	
Campus Recreation	391,171	391,171	
Student Activity	306,075	306,075	
Student Center	244,860	244,860	
Transporation	335,152	335,152	
Parking	205,076	205,076	
Living Learning Communities	132,625	132,625	
	$ 16,325,713	$ 5,194,038	$ 11,131,675

2nd Round – $16.5 million Total Aid (estimated)

- $5.2 million for student aid
  - Student must be enrolled in Spring Semester 2021
  - Priority was given to undergraduate and graduate Pell grant recipients
- $8.9 million restore remaining Housing student fee refunds from Spring 2020
- $2.3 million other auxiliary and student activity revenue

3rd Round – $28 million Total Aid (estimated)
(award and proposed plan pending)

- Additional student aid for undergraduate and graduate students
- Restore lost revenue to areas impacted by Covid-19 including Auxiliary Services

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FY2020 - Budget Reference Issue Resolution

CAUSE

- Flat Rate Fringe (FRF) expense allocation incorrectly configured to exclude budget ref (BR)

- FRF expense allocation zeroed out original ledger transaction and posted allocated expense transaction with no BR

- Quarterly and Year-End reports designed to use BR as a parameter

- FRF allocation transactions with no BR were not picked up by quarterly and year-end reports

- Custom validations exist to ensure revenue and expense ledger transactions include BR

- Delivered Workday allocation functionality bypasses custom validations

IDENTIFICATION

- Q1 N/A
- Q2 FRF-related variance immaterial overall
- Q3 Variance - Greater materiality, offset by timing differences and other known increases (merit)
- Q4: GT Preparation of FY20 BCR revealed the issue

SOLUTION

- Ledger corrected with post-closing entry

- Allocations adjusted and corrected

- Quarterly and Year-End reports corrected

- Monthly monitoring of ledger postings by Controller's Office
  - Run "Find Journal Lines – CR" report
  - Filter on Budget Ref = BLANK

FY2022 - GASB 87 Implementation – Leases

ISSUE

- Current financial statements do not reflect an asset and debt obligation for Operating Leases

- Readers of financial statements could make incorrect assumptions about cash solvency of entity

IMPACT

- July 1, 2021 Implementation (FY2022)

- Leases meeting GASB 87 requirements
  - Lessee recognizes (1) Lease Liability and (2) Intangible Right-to-Use Asset
  - Lessor recognizes (1) Lease Receivable and (2) Deferred Inflow of Resources

CHANGE

- Financial Statements will now report a single model for lease accounting

- Terminology of "Capital" Leases and "Operating" Leases goes away

- All leases meeting criteria will be Financial Leases

OPTIONS FOR IMPLEMENTATION

(1) Use Workday lease accounting functionality

(2) Use current process Capital Lease process for all GASB 87 Leases

- Team reviewing options

OneUSG Connect and Workday Updates

OneUSG Connect (12 months post go-live)

March 19, 2020: Georgia Tech went live! (Cohort 6)

- Covid-19 lockdown began about two weeks earlier – this was likely the first 100% remote go-live of any ERP solution in higher education!
- Largest and most complex of the USG implementations (even without Covid)
  - First campus to fully deploy MSS, Careers (staff), Commitment Accounting EDR, Direct Hire,
  - 20,000+ paychecks per month processed
  - Integration required with three "critical" extended systems (Workday, GTRI, Identity Management System)
  - Integration and enhancement of different instances of the same complex support technology (ServiceNow)

- Campus users were highly involved and provided feedback
  - Over 16,000 training courses taken by Georgia Tech staff in the first six months
  - Appreciation of common solutions, but vocal concerns regarding perceived lack of flexibility and less personal service

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OneUSG Connect (12 months post go-live)

What's next?

- Request for more detailed information for upcoming changes related to releases to minimize user and downstream system impacts

- Executive commitment made to improve user experience (Administrative Excellence) – may result in additional ITS development needs

- Critical changes are needed to address compliance, user experience, and process efficiency

  - Effort Reporting
  - Commitment Accounting (7 critical impact; 12 awaiting USG)
  - Attachment capability for Salary Change Add feature
  - Direct Hire/Careers enhancements

Workday Financials (21 months post go-live)

- Excellent feedback from auditors after first financial statement review (FY20)
- Second year-end close (FY21) streamlined; leveraging lessons learned from FY20 close
- Bi-annual system upgrades resulting in increased usability and process improvement for critical campus users/functions (including COVID response)

- System needs and areas of focus:
  - Campus Reporting Improvements
  - Coordination with OneUSG Connect on common data fields (e.g. depts, locations)
  - Determining how/when/if to implement budget planning component of Workday (Adaptive)

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Strategic Initiatives

Budget Process Reform

Georgia Tech is a leading research university

- Enrollment of 39K+ undergraduates and graduate students and 8K faculty and staff
- Students represent 50 states and 149 countries
- Annual budget of over $2.1 billion
- Awarded $1 billion annually in research awards
- Campuses in Atlanta, France, China, and online

Developing leaders who advance technology and improve the human condition

and requires a budget model that...

- Reflects and executes Georgia Tech's mission and priorities
- Is understandable, easy to manage, logical and transparent
- Promotes and rewards performance, success, and innovation
- Fosters trust and responsibility around decision making
- Provides predictable funding to support Georgia Tech's ability to be strategic in planning

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Diagnostic – Phase I
March – June 2021

Diagnostic serves as the foundation for the balance of the project, including current resource management, funds flows, understanding of direct vs. indirect costs, assessment of current allocations relative to benchmarks, and an inventory of incentives.

Key Activities

Project Planning and Launch
- *Start with the end in mind*
- Prioritize *leadership alignment* – earlier is better
- Establish a governance structure *for the long haul*

Current State Assessment
- Document *current resource management* to understand *capabilities and gaps*
- *Analyze sentiment* for existing processes

Peer Benchmarking Analysis
- Conduct assessment using a benchmark tool to **analyze efficiency** and **effectiveness**
- Analyze both **direct** and **indirect costs**
- Identify **incentives aligning with strategic plan**

Engagement Summary
- High-level overview of the project **work performed** and **key observations**
- Assess need for **high-priority remediation issues** or **quick win opportunities**

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Solution Design – Phase II
July – December 2021

Solution Design serves as the path-defining portion of the project, including the design of the future state, model socialization with key stakeholders, and defining the governance and implementation plan for the project.

Key Activities

Future State Design
- *Design the target future state* based on phase 1
- *Validate scenarios, allocation capabilities, and underlying metrics for allocations* (e.g. financial, student, EEs, square footage, etc.)

Model Socialization
- Socialize the outcomes from the Current State Assessment and future-state model design for a **unified understanding**
- Create organizational *Change Management Plan*

Project Governance Structure
- Develop and maintain a project governance structure to *oversee all implementation activity* and help ensure effective executive sponsorship, stakeholder engagement, and model buy-in

Implementation Roadmap
- Further *identify policy, people resource, procedure, and technology enhancements* that will be required to move the budget model into production

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Implementation – Phase III
January – June 2022

Implementation serves as the budget model building, testing, and transferring portion of the project to ensure a successful long-term transition into the new selected model.

Key Activities

Budget Model Build
- Prepare *templates for unit-level reports* to support planning and decision making under the new model, both centrally and across units

Gap Analysis & Gov. Structure
- *Identify gaps* between the current and target state for remediation
- Develop a governance structure for *seamless transition after "go-live"*

Budget Model Test
- Implement *a parallel monitoring and engagement process* that enables the new budget model to be "tested" during the FY23 budgeting process using the existing model

Budget Model Transition
- Provide a high-level summary and *transfer of ownership & responsibility* for the new budget model, formal go-live of the new incentive program, and the commencement of the indirect cost allocation plan

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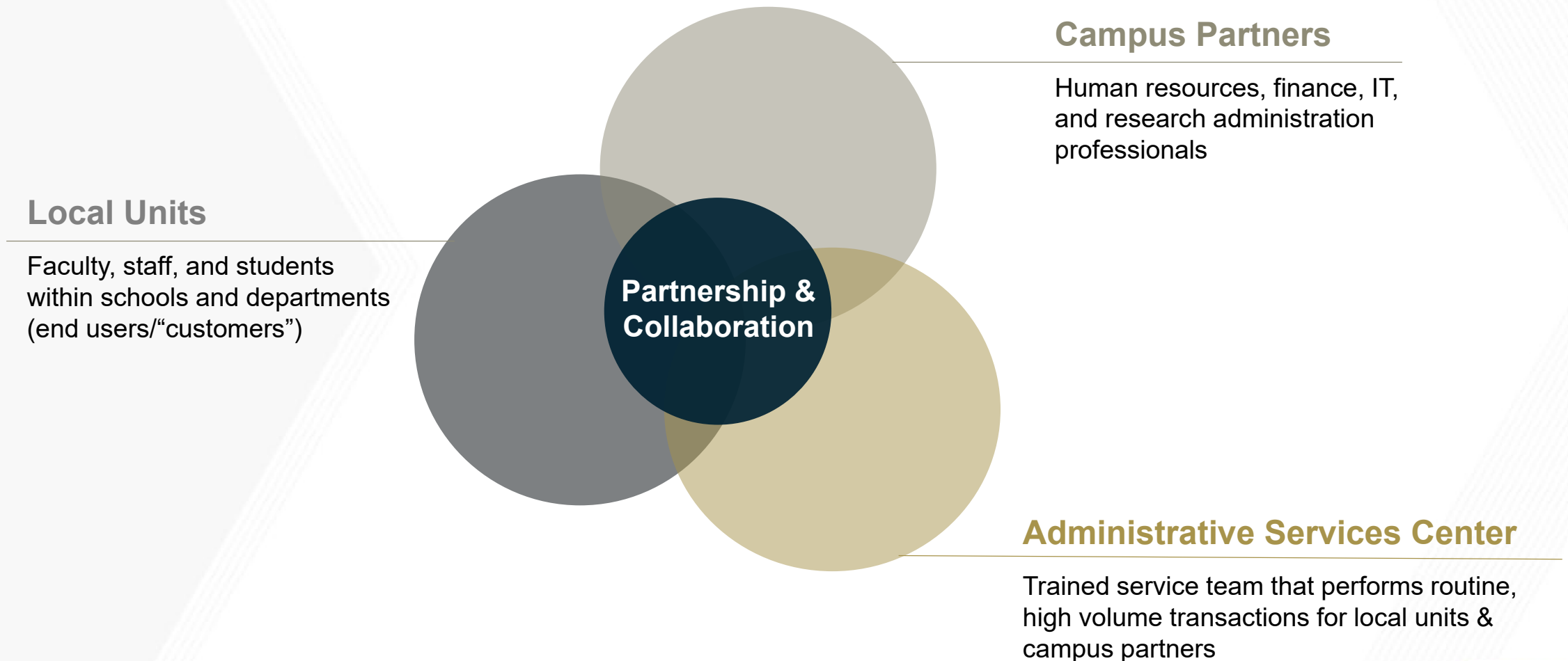
Administrative Excellence Vision & Goals

This multi-year, Institute-wide initiative focused on creating positive experiences for our faculty, staff, and student employees in completing routine administrative activities through *more effective and efficient administrative structures, processes, and systems.*

This will enable our students, faculty, and staff to maintain a focus on our core Institute mission: *to develop leaders who advance technology and improve the human condition.*

- **Efficient and Effective Processes** – Achieve administrative process improvements while maximizing the value of Georgia Tech's new financial, human resources, and service support systems

- **Continuous Assessment & Improvement** – Create a sense of community and collaborative culture that is focused on constantly evaluating the efficacy of our efforts and improving through engagement of community input and involvement

- **Enhanced Customer Service** – Improve the delivery of common, routine, and high-volume administrative services by delivering these activities through an administrative services center that is developed with the customer in mind

Administrative Excellence

We achieve administrative excellence through partnership and collaboration across the Institute.

Campus Partners

Human resources, finance, IT, and research administration professionals

Local Units

Faculty, staff, and students within schools and departments (end users/"customers")

Partnership & Collaboration

Administrative Services Center

Trained service team that performs routine, high volume transactions for local units & campus partners

What is the Administrative Services Center (ASC)?

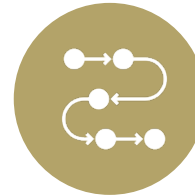The ASC is an ecosystem of people, services, and processes built to serve the Institute

Service that Excels

The ASC will provide access to high quality services and expertise, regardless of your unit's size.

Focus on Transformation

The ASC will allow your unit to focus on mission-critical services instead of getting bogged down by routine transactions.

Streamlined & Standardized Processes

With cross-trained resources and consistent procedures, the staff in the ASC is available to provide support when you need it.
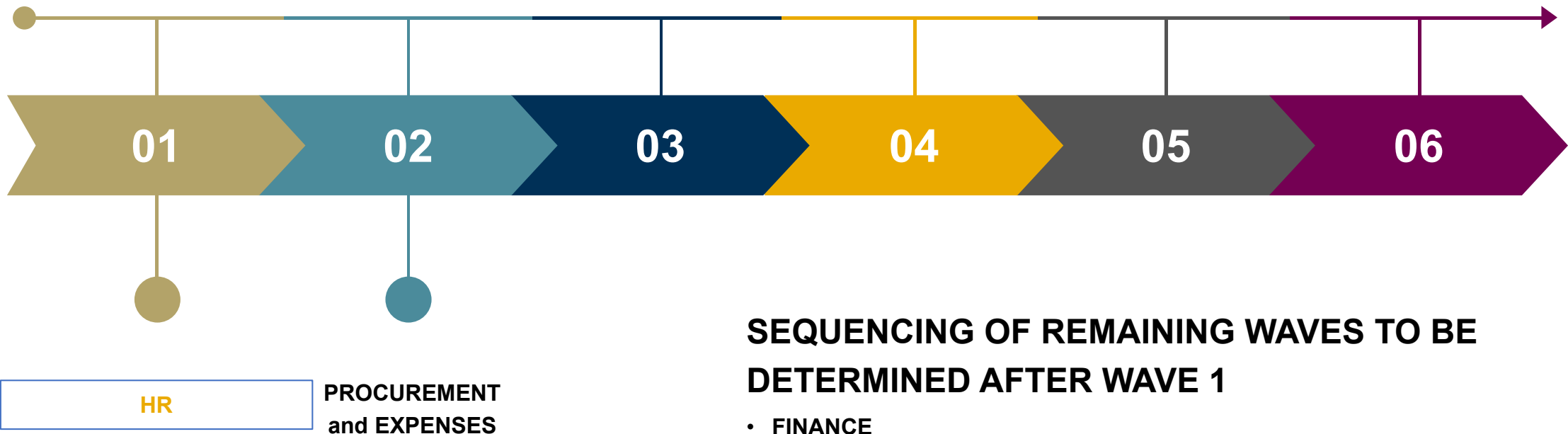
Continuous Improvement

Through the creation and deployment of the ASC, we will work to find better ways to utilize our ERP systems and become more efficient.

Phased Approach To Implementation

HR and Enterprise Service Desk tasks will be the first onboarded into the ASC in May 2022.

| 01 | 02 | 03 | 04 | 05 | 06 |

HR

PROCUREMENT
and EXPENSES

SEQUENCING OF REMAINING WAVES TO BE DETERMINED AFTER WAVE 1

- **FINANCE**
- **RESEARCH ADMINISTRATION (POST-AWARD)**
- **RESEARCH ADMINISTRATION (PRE-AWARD)**
- **DESKTOP SUPPORT**
- **CLASSROOM TECHNOLOGY & A/V SUPPORT**

Thank you!