



**Georgia
Tech**

CREATING THE NEXT

FY21 Budget Reduction Exercise

Wednesday, July 15, 2020

Jamie Fernandes, Exec. Dir.-Institute Budget Planning &
Administration

Agenda

- Welcome and Summary of Meeting Objectives
- Review of Relevant Guiding Principles
- Review the Timeline
- FY21 Budget for Georgia Tech
- Review Budget Reduction Templates
- Voluntary Separation Incentive Program and Examples
- Next Steps
- Questions & Answers

Guiding Principles

All budget decisions will be guided by the following:

1. Prioritize student academic progression and quality of instruction.
2. Protect sponsored research that is self-funding and contributes to supporting our infrastructure and reputation.
3. Protect revenue-generating programs and create new ones.
4. Ask how crucial every activity is for our core mission today and tomorrow.
5. Protect as much employment as possible while acknowledging that some personnel will inevitably be affected. Any necessary personnel actions will be taken with fairness, compassion, and respect.
6. Focus on administrative processes that can be streamlined, digitized, and made more effective and efficient.
7. Be transparent about all decisions that we make and communicate widely and often.

Overview of Budget Timeline

Actions by Date

May 2

Chancellor Wrigley outlined the directive for all state agencies to prepare and submit preliminary budget plans with a 14% reduction.



May 8

Georgia Tech shared the guiding principles that will shape our plans and actions.

May 15

Georgia Tech submitted our preliminary FY21 budget.

May 26

Units discuss budget circumstance and areas of focus.

Week of
June 15
and 22

General Assembly met to approve
FY21 budget.

June 26

USG approved our state budget
allocation.

July 1

Georgia Board of Regents approved
FY21 budget.

Starting
July 1

Budgeting and GTHR teams partner
with Unit Leadership as they develop
their budget and workforce plans.



July 1 -
Aug 15

Election period for Voluntary Separation Incentive Program (VSIP).

Week of
July 14

Guidance on FY21 budget cuts provided to Unit Leadership and Budget Contacts.

July 31

State Budget Reduction and Additional 2.5% Proposed Budget Reduction plans are due to your Budget Analyst.

Aug 31

Voluntary Separation Incentive Program decisions issued.

FY21 Approved State Budget

- General Assembly approved 10% reduction to state appropriations without furloughs for state employees
- USG further adjusted budgets for all 26 institutes to account for enrollment earnings
 - Georgia Tech netted 8.7% budget reduction to state funding – a reduction of \$29,073,905
- Georgia Tech's initial furlough plan accounted for \$16,780,000 in one-time savings for FY21
- Without the furlough savings, the approved budget is very similar to the original proposal

FY21 Georgia Tech Budget Comparison

Original Budget Submission

14% Reduction to State Appropriations	\$46,832,153
Program Cuts	\$24,980,351
Furloughs	\$16,780,000
Reductions in Workforce	\$5,071,802

Approved Budget (no furloughs)

10% Reduction to State Appropriations	\$33,451,538
Enrollment Earnings	+\$4,377,633
Net Reduction (8.7%)	\$29,073,905
Program Cuts	\$24,980,351
Reductions in Workforce	\$5,071,802

Note: Without the furlough savings, the difference between the original and approved budget reduction is less than \$1 million.

FY21 Budget Implementation

- To meet the new budget reduction to state appropriations, budget reductions equal to the amounts originally proposed in the FY21 budget will still need to be implemented beginning in July
- AND Unit Leadership will need to plan for an additional 2.5% reduction

Anticipated
reduction in fall
tuition and fees



Additional cuts to general operating budget

- Reductions of approximately 2.5% or \$15 million
- Future impact of spring tuition and additional state tax shortfalls are being assessed
- Residual impacts anticipated FY 2022 forward

2 Budget Exercises - 1 Template

State Budget Reduction Plan (as submitted to the Board of Regents)

- Included in the original plan submitted to the BOR in May to manage reduction to state appropriations
- Budgets will be reduced by this amount
- Total amount of reduction must match the amount on the template; however, departments may change the action items (subject to ELT approval)
- May use a combination of one-time and permanent actions; however, all actions must be permanent in FY22

Additional 2.5% Proposed Budget Reduction Plan

- Additional proposed amount to manage tuition reduction
- Subject to ELT prioritization and approval
- Subject to change based on Fall and Spring enrollment
- Budgets may be reduced by this amount
- May use a combination of one-time and permanent actions; however, all actions must be permanent in FY22

State Budget Reduction Plan

Template Pre-Populated
with items sent to BOR

Calculated Proposed Budget FY2021 (from Form 1)	FY 2021 \$ 10,000,000
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State Budget Reduction Plan (as submitted to the Board of Regents)									
Reduction Description (as submitted)				Reduction Plan (\$) *		Detail of Actions Taken <i>(to be filled out by Division and returned to IBPA)</i>			
Dept	Description	Notes	Permanent (P)/One-Time (OT)	FY21 Budget Reduction Plan (enter as neg)	FY22 Budget Reduction Plan (enter as neg)	FY21 Actions (enter as neg)	FY22 Actions (enter as neg)	Position Title	Position Number
	Personal Services	Staff Vacant Positions		(\$ 89,353)	-				
	Personal Services	Staff Vacant Positions		(\$ 45,000)	-				
	Personal Services	Staff Vacant Positions		(\$ 85,000)	-				
	Travel	State Funded Travel		(\$ 554,274)	-				
Subtotal - Permanent:				(\$ 773,627)	\$ 0	\$ 0	\$ 0		
Subtotal - One-Time:				\$ 0	\$ 0	\$ 0	\$ 0		
Total Reduction Per Fiscal Year:				(\$ 773,627)	\$ 0	\$ 0	\$ 0		
Total Reduction:				(\$ 773,627)		\$ 0			

Note: * See "Plan submitted to BOR" for further details of plan

State Budget Reduction Plan Permanent Budget Actions

Unit fills in department and position information. Changes amount for FY21 action items, adds new action item, and balances to original amount

Calculated Proposed Budget FY2021 (from Form 1)	FY 2021 \$ 10,000,000
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State Budget Reduction Plan (as submitted to the Board of Regents)									
Reduction Description (as submitted)				Reduction Plan (\$) *		Detail of Actions Taken <i>(to be filled out by Division and returned to IBPA)</i>			
Dept	Description	Notes	Permanent (P)/One-Time (OT)	FY21 Budget Reduction Plan (enter as neg)	FY22 Budget Reduction Plan (enter as neg)	FY21 Actions (enter as neg)	FY22 Actions (enter as neg)	Position Title	Position Number
999	Personal Services	Staff Vacant Positions		(\$ 89,353)	-	(\$ 89,353)		Example Title	9999999
999	Personal Services	Staff Vacant Positions		(\$ 45,000)	-	(\$ 45,000)		Example Title	9999998
999	Personal Services	Staff Vacant Positions		(\$ 85,000)		(\$ 70,000)		Example Title	9999997
999;998;9997	Travel	State Funded Travel		(\$ 554,274)	-	(\$ 354,274)			
999	Equipment	Reduce on-going equipment purchases				(\$ 215,000)			
Subtotal - Permanent:				(\$ 773,627)	\$ 0	(\$ 773,627)	\$ 0		
Subtotal - One-Time:				\$ 0	\$ 0	\$ 0	\$ 0		
Total Reduction Per Fiscal Year:				(\$ 773,627)	\$ 0	(\$ 773,627)	\$ 0		
Total Reduction:				(\$ 773,627)		(\$ 773,627)			

Note: * See "Plan submitted to BOR" for further details of plan

State Budget Reduction Plan One-Time Budget Actions

Unit fills in department and position information. Uses one-time actions in FY21 with permanent reductions in FY22.

Calculated Proposed Budget FY2021 (from Form 1)	FY 2021 \$ 10,000,000
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State Budget Reduction Plan (as submitted to the Board of Regents)									
Reduction Description (as submitted)				Reduction Plan (\$) *		Detail of Actions Taken <i>(to be filled out by Division and returned to IBPA)</i>			
Dept	Description	Notes	Permanent (P)/One-Time (OT)	FY21 Budget Reduction Plan (enter as neg)	FY22 Budget Reduction Plan (enter as neg)	FY21 Actions (enter as neg)	FY22 Actions (enter as neg)	Position Title	Position Number
999	Personal Services	Staff Vacant Positions	P	(\$ 89,353)	-	(\$ 89,353)		Example Title	9999999
999	Personal Services	Staff Vacant Positions	P	(\$ 45,000)	-	(\$ 45,000)		Example Title	9999998
999	Personal Services	Staff Vacant Positions	P	(\$ 85,000)	-	(\$ 85,000)		Example Title	9999997
999;998;997	Travel	State Funded Travel	P	(\$ 554,274)	-	(\$ 354,274)			
999	Equipment	Reduce on-going equipment purchases	P				(\$ 110,000)		
999	Personal Services	Employee resignation; position vacant as of 10/1; position budget is \$90,000	P				(\$ 90,000)	Example Title	9999996
Subtotal - Permanent:				(\$ 773,627)	\$ 0	(\$ 573,627)	(\$ 200,000)		
999	Personal Services	Employee resignation; position vacant as of 10/1; position budget is \$90,000	OT			(\$ 67,500)		Example Title	9999996
999	Equipment	Reduce on-going equipment purchases	OT			(\$ 132,500)			
Subtotal - One-Time:				\$ 0	\$ 0	(\$ 200,000)	\$ 0		
Total Reduction Per Fiscal Year:				(\$ 773,627)	\$ 0	(\$ 773,627)	(\$ 200,000)		
Total Reduction:				(\$ 773,627)		(\$ 773,627)			

Note: * See "Plan submitted to BOR" for further details of plan

Additional 2.5% Proposed Budget Reduction Plan

Permanent Budget Actions

Additional FY21 2.5% Proposed Reduction **(\$ 250,000)**

Additional 2.5% Proposed Budget Reduction Plan							
Detail Actions Taken (to be filled out by Division and returned to IBPA)							
Dept	Description	Notes	Permanent (P)/One-Time (OT)	FY21 Budget Reduction Proposal (enter as neg)	FY22 Budget Reduction Proposal (enter as neg)	Position Title	Position Number
999	Personal Services	Eliminate vacant position	P	(\$ 45,000)		Position Title	9999995
999	Operating Expense	Eliminate contract services	P	(\$ 100,000)			
999	Revenue	Reduce state budget due to increased department revenue	P	(\$ 105,000)			
Subtotal - Permanent:				(\$ 250,000)	\$ 0		
Subtotal - One-Time:				\$ 0	\$ 0		
Total Reduction:				(\$ 250,000)	\$ 0		
Target Amount to Balance (must be \$0 or less):				\$ 0	(\$ 250,000)		

FY2021 Budget After State and Proposed Budget Cuts **FY 2021**
\$ 8,976,373

Additional 2.5% Proposed Budget Reduction Plan One-Time Budget Actions

Additional FY21 2.5% Proposed Reduction **(\$ 250,000)**

Additional 2.5% Proposed Budget Reduction Plan							
Detail Actions Taken (to be filled out by Division and returned to IBPA)							
Dept	Description	Notes	Permanent (P)/One-Time (OT)	FY21 Budget Reduction Proposal (enter as neg)	FY22 Budget Reduction Proposal (enter as neg)	Position Title	Position Number
999	Operating Expense	Eliminate contract services	P	(\$ 100,000)			
999	Revenue	Reduce state budget due to increased department revenue	P	(\$ 105,000)			
999	Personal Services	Eliminate vacant position	P		(\$ 45,000)	Position Title	9999994
Subtotal - Permanent:				(\$ 205,000)	(\$ 45,000)		
999	Personal Services	Eliminate vacant position; Resignation effective 10/1; Full budget \$45,000	OT	(\$ 33,750)		Position Title	9999994
999	Travel	Reduce travel in FY21	OT	(\$ 11,250)			
Subtotal - One-Time:				(\$ 45,000)	\$ 0		
Total Reduction:				(\$ 250,000)	(\$ 45,000)		
Target Amount to Balance (must be \$0 or less):				\$ 0	\$ 0		

FY 2021
FY2021 Budget After State and Proposed Budget Cuts \$ 8,976,373

Voluntary Separation Incentive Program

The purpose of the **Georgia Tech Voluntary Separation Incentive Program (VSIP)** is to offer a one-time, limited, separation incentive for eligible employees, in order to:

- Reduce the potential number of reductions-in-force or layoffs;
- Reduce the Institute's salary and benefit obligations in anticipation of reduced state funding;
- Reallocate resources to departments and programs in response to changing needs or strategic objectives; and
- Achieve other cost savings or efficiencies.

Under VSIP, Georgia Tech is offering to pay a lump sum amount to employees who are eligible to retire in exchange for an employee's agreement to retire by December 31, 2020 resulting in net savings for the Institute.

VSIP and Budget in FY21

- GT must demonstrate program savings to the BOR inclusive of the incentive payment and vacation payout
- Position budget will cover the 4 month incentive payout
- Remaining position budget to be transferred via amendment to the Budget Office
- Budget Savings:
 - 2 months of salary savings if an employee's last day at work is on or before October 31
 - 1 month of salary savings if an employee's last day at work is on or before November 30
 - No savings in FY21 if an employee's last day at work is after November 30
- If the position is funded with sponsored funds (up to 50%), and the agreement does not allow for payouts, the institute will cover the sponsored portion of the incentive pay.

Departments are encouraged to replace positions at a lower cost in order to generate savings as the program was modeled on an overall savings target of 25%. Any position requesting a backfill must be approved by the ELT and critical hire process.

VSIP and Budget in FY22

- In the FY22 Original Budget all position budgets related to VSIP will be removed from department budgets and held centrally. This amount may be included in the FY22 permanent savings.
- The Budget Office will hold the FY22 position budgets, similar to how new positions in the original budget are funded.
- The Budget Office will transfer funds equal to the general operations portion of the replacement employee's anticipated pay once hired as one-time funds in FY22 to the department.
- The Budget Office will provide the full salary amount for replacement salaries in FY23.

Departments are encouraged to replace positions at a lower cost in order to generate savings as the program was modeled on an overall savings target of 25%. Any position requesting a backfill must be approved by the ELT and critical hire process.

VSIP Example – One-Time in FY21; No Backfill

Additional FY21 2.5% Proposed Reduction

\$ 120,000

Additional 2.5% Proposed Budget Reduction Plan

Detail Actions Taken (to be filled out by Division and returned to IBPA)

Dept	Description	Notes	Permanent (P)/One-Time (OT)	FY21 Budget Reduction Proposal (enter as neg)	FY22 Budget Reduction Proposal (enter as neg)	Position Title	Position Number
999	Personal Services	Savings from VSIP; No position back-fill	P		(\$ 120,000)	Position Title	9999999
999	Travel	Reduce travel and operating budget	OT	(\$ 100,000)			
999	Personal Services	Savings from VSIP; Sept 30 retirement date; No position back-fill	OT	(\$ 20,000)		Position Title	9999999
Subtotal - One-Time:				(\$ 120,000)	\$ 0		
Total Reduction:				(\$ 120,000)	\$ 0		
Target Amount to Balance (must be \$0 or less):				\$ 0	\$ 0		

VSIP Example– One-Time in FY21; Reclassify at Lower Salary

Additional FY21 2.5% Proposed Reduction \$ 120,000

Additional 2.5% Proposed Budget Reduction Plan

Detail Actions Taken (to be filled out by Division and returned to IBPA)

Dept	Description	Notes	Permanent (P)/One-Time (OT)	FY21 Budget Reduction Proposal (enter as neg)	FY22 Budget Reduction Proposal (enter as neg)	Position Title	Position Number
999	Personal Services	Savings from VSIP; Reclassify position	P		(\$ 60,000)	Position Title	9999999
999	Travel	Reduce travel and operating budget	P		(\$ 60,000)		
Subtotal - Permanent:				\$ 0	(\$ 120,000)		
999	Personal Services	Savings from VSIP; Sept 30 retirement date with \$120K salary	OT	(\$ 20,000)		Position Title	9999999
999	Travel	Reduce travel and operating budget	OT	(\$ 100,000)			
Subtotal - One-Time:				(\$ 120,000)	\$ 0		
Total Reduction:				(\$ 120,000)	(\$ 120,000)		
Target Amount to Balance (must be \$0 or less):				\$ 0	\$ 0		

VSIP Example– No Savings in FY21; Backfill in FY22

Additional FY21 2.5% Proposed Reduction \$ 120,000

Additional 2.5% Proposed Budget Reduction Plan

Detail Actions Taken (to be filled out by Division and returned to IBPA)

Dept	Description	Notes	Permanent (P)/One-Time (OT)	FY21 Budget Reduction Proposal (enter as neg)	FY22 Budget Reduction Proposal (enter as neg)	Position Title	Position Number
999	Personal Services	Savings from VSIP; Position budget was \$120,000; New Hire Salary @ \$100,000	P		(\$ 20,000)	Position Title	9999999
999	Travel	Reduce travel and operating budget	P		(\$ 100,000)		
Subtotal - Permanent:				\$ 0	(\$ 120,000)		
999	Travel	Reduce travel and operating budget	OT	(\$ 120,000)			
Subtotal - One-Time:				(\$ 120,000)	\$ 0		
Total Reduction:				(\$ 120,000)	(\$ 120,000)		
Target Amount to Balance (must be \$0 or less):				\$ 0	\$ 0		

Next Steps

- The Budget Office is available to help answer questions
- State Budget Reduction and Additional 2.5% Proposed Budget Reduction plans are due to your Budget Analyst by July 31
- Templates may be updated and resubmitted if additional VSIP participants announce after July 31

Questions?