Budgeting at the University of Georgia

New Leader Program
September 26, 2023
Goals for Today:

- Budget Development Process and Sources of Funding
- Fiduciary Responsibilities for Leaders
- Other Leadership Responsibilities
FY 2024 State Budget (by Policy Area)
As Percent of Total State Fund Budget - $32.4 Billion
University System of Georgia - State Funds
(Total University System Funding in Billions)
# UGA - FY 2024 Budget Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Includes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State Appropriations:</strong></td>
<td>$631M</td>
<td>Resident Instruction, B-Unit and MRR</td>
</tr>
<tr>
<td><strong>Federal Appropriations:</strong></td>
<td>$19M</td>
<td></td>
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<tr>
<td><strong>Internal Revenue:</strong></td>
<td>$730M</td>
<td>Tuition, fees, IDC and Sales/Service</td>
</tr>
<tr>
<td><strong>Sponsored:</strong></td>
<td>$372M</td>
<td>Federal, foundations, and private grants</td>
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<tr>
<td><strong>Auxiliary Operations:</strong></td>
<td>$308M</td>
<td>Housing, Dining, Parking and Student Health Center</td>
</tr>
<tr>
<td><strong>Private Funding:</strong></td>
<td>$83M</td>
<td>endowment and current giving</td>
</tr>
</tbody>
</table>
UGA - FY 2024 “Central” Budget Sources

State Appropriations: $497M

Internal Revenue: Tuition and IDC: $509M

Total: $1B or 47% of $2.143 Billion Total Budget

Most of this is already committed to Salaries and Benefits
UGA – FY 2024 Funding Sources

- State, 30%
- Federal, 1%
- Internal, 34%
- Sponsored, 17%
- Auxiliary, 14%
- Private, 4%

Federal, 1%

Internal, 34%

Sponsored, 17%

Auxiliary, 14%

State, 30%

Private, 4%
State Funding Comparison

State Funding % of Operating Budget

- UGA
- Georgia Tech
- SEC Avg (excl UGA)
- Tennessee
- Florida
- Arkansas
- LSU
- Texas A&M
- Auburn
- Alabama
- South Carolina
- Missouri
- Mississippi State
- Kentucky
UGA – FY 2024 Budgeted Expense

- Instruction: 20%
- Research: 18%
- Services: 20%
- Plant & Capital: 11%
- Auxiliary: 12%
- Inst. Support: 5%
- Academic Support: 8%
- Student Support: 6%
- Research: 18%
FY2023 Budgeted Expenditures

$ 433.4 M (20.3%) – Instruction
$ 385.7 M (18.1%) – Research
$ 421.5 M (19.8%) – Public Service & Outreach
$ 123.5 M ( 6.0%) – Student Services/Scholarships
$ 166.4 M ( 8.0%) – Academic Support

72% to Core Missions
Fiduciary Focus Areas

- **Sustainability**
  - of resources – from tuition, the endowment, gifts, etc.

- **Financial Flexibility**
  - to support growth, innovation, and unforeseen issues

- **Intergenerational Equity**
  - between current and future students

- **Financial Equilibrium**
  - Balanced budgets, preserving physical assets, protecting the endowment’s purchasing power and developing and nourishing human assets

Source: Financial Responsibilities of Governing Boards, by William S. Reed
Leadership Responsibility

• Protecting public trust and perception

• Establish priorities

• Understand your funding sources, budget model, and ways to maximize

• Other responsibilities:
  – Human capital
  – Salary administration & Effort reporting
  – Space, Safety and Security
  – Equipment
Budget Models:
Centralized Budgeting

- Students (tuition & fees)
- State
- University
- Schools/Colleges
- Centers/Institutes
- Service & Common Good Units
- Sponsored, Private, & others
Budget Models:

Responsibility Center Management (RCM)

- State Support
- Centrally held endowments, gifts
- Centers/Institutes Service & Common Good Units
- University
- General Fund Supplement
- Students (tuition & fees)
- Revenue Centers (Schools/Colleges)
- Sponsored, Private, & others
## Centralized Budgeting vs. RCM

<table>
<thead>
<tr>
<th></th>
<th>Centralized Budgeting</th>
<th>RCM</th>
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<tbody>
<tr>
<td>Tuition and IDC</td>
<td>Central</td>
<td>Schools/colleges</td>
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<tr>
<td>attribution</td>
<td></td>
<td></td>
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<tr>
<td>State Support</td>
<td>Central</td>
<td>Central</td>
</tr>
<tr>
<td>Endowments and Gifts</td>
<td>Distributed</td>
<td>Distributed</td>
</tr>
<tr>
<td>Strengths</td>
<td>Efficient when faced with</td>
<td>Operational authority and</td>
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<tr>
<td></td>
<td>budget challenges</td>
<td>incentive for revenue</td>
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<tr>
<td></td>
<td></td>
<td>generation</td>
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<tr>
<td>Weaknesses</td>
<td>Lack of incentives, cost</td>
<td>Competition for students,</td>
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<tr>
<td></td>
<td>hidden.</td>
<td>Less incentives for</td>
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<tr>
<td></td>
<td></td>
<td>collaboration</td>
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Most universities use a hybrid model of central budgeting and incentive elements (or RCM with central tax)
Requests for Funding

- Know the strategic goals of your college/school/UGA
- Always know what agendas a Dean/Provost has
  - His or her agenda is more likely to be funded than yours
  - Don’t ignore the timeline for his or her agenda
- Win-Win proposals
  - If it generates or saves funds, it can be a winner
Questions?