Budgeting at the University of Georgia

Where Does the Money Come From?

Students (tuition & fees) → State of Georgia → University System of Georgia (USG) → UGA → Sponsored, Private, & others

FY 2023 State Budget (by Policy Area)
As Percent of Total State Fund Budget - $27 Billion

<table>
<thead>
<tr>
<th>Policy Area</th>
<th>As Percent of Total State Fund Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
<td>7%</td>
</tr>
<tr>
<td>Health</td>
<td>24%</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
</tr>
<tr>
<td>Public Safety</td>
<td>2%</td>
</tr>
<tr>
<td>Debt</td>
<td>4%</td>
</tr>
<tr>
<td>Debt Service</td>
<td>12%</td>
</tr>
<tr>
<td>USG</td>
<td>10%</td>
</tr>
<tr>
<td>Other Education</td>
<td>7%</td>
</tr>
</tbody>
</table>

University System of Georgia - State Funds
(Total University System Funding in Billions)

UGA State Funding Trend (in millions)

Sources of Funds
- Education and General (E&G) or Resident Instruction (RI) Funds:
  - State Appropriations, Tuition and Fees
- Departmental Sales and Service (DSS) Funds:
  - Revenue directly related to a service provided to other UGA units or external clients
- Indirect Cost Recovery (IDC or F&A) Funds:
  - Funds allocated to UGA representing a percentage of direct costs charged to federal, state, and other grants and contracts for facilities & administrative expenses.
Sources of Funds

- **Restricted and Sponsored Funds:**
  - To include sponsored and non-sponsored, UGA foundation, UGA research foundation and endowments

- **Auxiliary Funds:**
  - Revenue directly related to business operations provided to students, faculty, and staff

**UGA - FY 2023 Budget Sources**

**State Appropriations:**
- $615M total:
  - $486M RI
  - $114M B-unit
  - $15M MRR

**Federal Appropriations:**
- $19M

**Internal Revenue:**
- $682M total includes:
  - Tuition, fees, IDC, DS&S

**Sponsored:**
- $339M total includes federal foundations, and private grants

**Auxiliary Operations:**
- $289M total includes Housing, Food Services, Parking, Student Health Center

**Private Funding:**
- $73M total includes endowment and current giving

**Total Budget = $2.018 Billion**

**UGA - FY 2023 "Central" Budget Sources**

<table>
<thead>
<tr>
<th>State Appropriations:</th>
<th>Internal Revenue:</th>
</tr>
</thead>
<tbody>
<tr>
<td>-$485M RI</td>
<td>Tuition and IDC provide $481M</td>
</tr>
</tbody>
</table>

Total: $ 966 M or 48% of $2.018 Billion Total Budget
Most of this is already committed to Salaries and Benefits

**UGA - Funding Source Summary**

**FY 2023**
- State: 30%
- Federal: 1%
- Internal: 37%
- Sponsored: 17%
- Auxiliary: 14%

**FY 2002**
- State: 47%
- Federal: 13%
- Internal: 18%
- Sponsored: 20%
- Auxiliary: 12%

**UGA General Fund (RI) Sources** (millions)

**State Funding Comparison**

**State Funding % of Operating Budget**
Where Does the Money Go?

- Salaries & Benefits
- Students
- Infrastructure & Operations

UGA

Schools/Colleges

VP Units
Centers/Institutes
Common Good Units

FY2023 Budgeted Expenditures

- $ 413.3 M (20.5%) – Instruction
- $ 376.5 M (18.7%) – Research
- $ 390.4 M (19.3%) – Public Service & Outreach
- $ 121.0 M ( 6.0%) – Student Services/Scholarships
- $ 161.8 M ( 8.0%) – Academic Support

72.5% to Core Missions

UGA – Budgeted Expense Summary

Questions?

Academic Affairs Budget Process

- Provost Budget Memo
  - State of the College: OIR data
  - Academic Planning: instructional innovation, student success, enrollment, research productivity, outreach, etc.
  - One-time requests
  - Base requests
- Budget Meetings
- Summary of Requests
- Decisions

Fiscal Responsibilities

- Establish Priorities
  - Strategic goals of the school/college/UGA
  - Agenda of the Dean/VP
  - Win-win proposal
- Understand your Funds:
  - Allowable uses (State vs. Restricted)
  - Timing
  - How to maximize?
- Budget:
  - Have a plan!
Ways to Maximize Revenue

- Increase credit hour funding
  - Based on course ID
  - 3-year rolling average
  - Maximum $300

<table>
<thead>
<tr>
<th>Earnings per credit hour</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>$200</td>
</tr>
<tr>
<td>Graduate/Professional</td>
<td>$200</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Earnings per summer credit hour</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>$75</td>
</tr>
<tr>
<td>Graduate/Professional</td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Earnings per tenure track credit hour</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>$45</td>
</tr>
<tr>
<td>Graduate/Professional</td>
<td>$0</td>
</tr>
</tbody>
</table>

Ways to Maximize

- Take Advantage of Graduate Tuition Return Incentive Program

Ways to Maximize Revenue

- Increase indirect cost return
  - The University expects the full recovery of facilities and administrative costs be included in all proposals submitted to prospective sponsors.

<table>
<thead>
<tr>
<th>Direct Costs</th>
<th>Pays for actual project</th>
<th>100% to UGA/PI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect Costs</td>
<td>Reimburses UGA for costs of supporting project</td>
<td>20% to Schools/Colleges</td>
</tr>
</tbody>
</table>

Ways to Maximize

- Other revenue streams?
- Operational efficiency?

Budget Models:

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

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

<table>
<thead>
<tr>
<th></th>
<th>Centralized Budgeting</th>
<th>RCM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and IDC</td>
<td>Central</td>
<td>Schools/colleges</td>
</tr>
<tr>
<td>attribution</td>
<td></td>
<td></td>
</tr>
<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 budget challenges</td>
<td>Operational authority and incentive for revenue generation</td>
</tr>
<tr>
<td>Weaknesses</td>
<td>Lack of incentives, cost hidden.</td>
<td>Competition for students; Less incentives for collaboration</td>
</tr>
</tbody>
</table>

Most universities use a hybrid model of central budgeting and incentive elements (or RCM with central tax)

Questions?

Operating Budget Exercise

- Data Provided for Academic & Support Units
  - Academic units: # Enrolled Majors
  - Academic units: # Student Credit Hours (SCH's)
  - All units: Operating Budget in $
  - All units: Cost of Full-Time Equivalent (FTE) Positions in $

- Your Task
  - **Pink Paper:** allocate $25M budget decrease
  - **Green Paper:** allocate $25M budget increase

Your Task

- **Pink Paper:** allocate $25M budget decrease
- **Green Paper:** allocate $25M budget increase

Recommendations

1. Take several minutes on your own to review data
2. Consider ways to analyze and compare units, over time & with each other
3. Confer with colleagues at your table – Set strategic values to guide decisions
4. Design allocation strategy
5. Share your table’s logic and process with all