

**GEORGIA INSTITUTE OF TECHNOLOGY
MANDATORY FEES REQUESTED FOR FISCAL YEAR 2012**

Mandatory Fee: Athletic Association

Current Fee Level FY11: \$123 per semester (summer \$38)

Proposed Fee Level FY12: \$129 per semester (summer \$40)

FY2010 Revenue: \$4,643,368

Fee Review Organization: Georgia Tech Athletic Association

Current Uses of Revenue:

The Georgia Tech Athletic Association currently receives (for FY 2011) an athletic fee from the students that comprises approximately 8.4% of the total amended athletic operating budget of \$54,735,000. The Athletic fee contributes to the operating costs of maintaining a quality Division IA athletic program. To maintain a championship level of competitiveness, the expenses of the Athletic Association are forecasted to increase an additional 5.0% in FY 2012 primarily due to the rising cost of travel, utilities, contracted personnel and other related expenses. Georgia Tech is committed to producing a top Division I athletic program that all students and alumni of Georgia Tech can enjoy.

The Athletic Association currently provides free general admission to all athletic events for GT students as well as works closely with student government to insure access by all students to as many of these events as possible. There was no increase in the athletic fee in FY 2011.

Explanation of Fiscal 2012 Fee Request:

For FY 2010, the GTAA maximized its efforts to positively impact the budget variables within its control. The Association capitalized on all available avenues for revenue growth, in the form of successfully renegotiated sponsorship agreements and implementation of unique ticket marketing initiatives which produced some sales growth. On the expense side, \$3.8 million in operating and personnel (through the elimination of additional full time positions) expenses were cut from the existing budget. One time developments, such as the implementation of furloughs and higher than budgeted football revenue, aided the Athletic Association's efforts to produce positive year-end net income. An additional positive development was the selling in 2009 football season (FY10) of 6,087 reserved football student section seats. The \$36 per seat charge generated \$219,132 in new revenue for the Athletic Association and \$248,688 for the 2010 football season (FY11).

The GTAA achieved a bottom line profit of \$138,660 in FY 10. Currently we are forecasting a deficit for FY11. Because the GTAA has already maximized its ability to increase revenues and reduce expenses, without impacting on field performance, the GTAA's ability to continue achieving positive year end net income is challenged by unavoidable revenue and expense realities. On the revenue side, football ticket sales dropped in FY 11, when Georgia, Clemson and Virginia Tech were not on the home schedule. Due to inflationary and contractual realities, many expenses (such as those associated with contracted

personnel, utilities and travel) cannot be lowered and instead will grow significantly each year. Since the GTAA's requested 5.69% student fee increase was not approved for FY 11, it is highly possible that these factors will cause the Athletic Association to experience a year end net loss in FY 11.

The \$129 athletic student fee that the GTAA has requested for FY 2012 is 5% higher than the current fee. The \$4,817,555 in revenue generated by this fee would fund 8.2% of the GTAA's projected FY 2012 expenses, which is a lower percentage than funded by the athletic fee in FY 2010. The budget proposed by the GTAA builds in only inflationary expense growth in the areas where costs can be managed. The revenue budget factors in aggressive FY 12 ticket sales projections.

Consequences if Request Not Approved:

Due in part to the freeze in student fee funding in FY 11, the GTAA projects incurring a year end net loss at the end of the current fiscal year. If the 5% requested increase for FY 12 is not approved, the GTAA will likely incur an additional net loss next year. Without this increase, the financial losses experienced by the GTAA would erode the Association's financial resources, making necessary budget adjustments that could have a significant negative impact on the overall performance of the Athletic Association.

Included in these budget adjustments would be:

- Additional elimination of positions. The previous position reductions that occurred prior to FY10 had significant negative impact on the overall operations of the department. Additional reductions will severely compromise the department's ability to function efficiently.
- Reduction in team operating, travel and recruiting budgets. This measure was avoided during the budget reductions that occurred prior to FY 10. Implementing this measure will have a direct impact on each team's ability to compete successfully.

Mandatory Fee Request Form
Fiscal Year 2012

Institution Name: Georgia Institute of Technology

Section I

Name of Fee: Athletic Association
 Type of Fee: Athletic PPV Fee? No
 New fee or existing fee? Existing
 Fund Code: 13095 Account Code(s): 407100-407104 & 407108

Current Fee Amount	Incremental Increase Request	Requested Fee Amount	Requested % Increase
\$ 123	\$ 6	\$ 129	5%
Current Budgeted Revenue	Projected Fee Instances (COLUMN C, DOR page)	Projected Incremental Revenue Increase at Requested Level (COLUMN G, FD page)	Total Projected Revenue at Requested Level (COLUMN F, DOR Page)
\$ 4,592,551	41,952	\$ 225,004	\$ 4,817,555

What is the purpose/use of this fee? (Attach additional documentation as necessary)
 Please see accompanying Word document titled, "FY 2012 MSFAC Narrative Athletics"

How will the incremental revenue be used? (Attach additional documentation as necessary)
 Please see accompanying Word document titled, "FY 2012 MSFAC Narrative Athletics"

Section II

Financial Data: Please complete the Financial Data Sheets and the Detail of Revenue Sheets for this Fee. The financial data must be completed even if no fee increase is being requested.

As of June 30, 2010	Total Revenues	Total Expenditures	% of Revenue Expended
	4,643,368	4,643,368	100%

Provide explanation if % of revenue expended is less than 80%

Available Fund Balance Information as of June 30, 2010

4,875,430	Fund Balance per General Ledger
\$ -	Encumbered funds as of June 30, 2010
\$ -	Reserved for Renewals and Replacements as of June 30, 2010
4,875,430	Available Fund Balance as of June 30, 2010

Provide explanations for planned uses of available Fund Balance:

Following plan approved by Finance Committee of GTAA Board of Directors, under direction of GIT Vice President for Finance, the GTAA has established \$5 million as the optimal Fund Balance total. These dollars will be held in reserve unless they are needed to address short term cash flow needs that may result in the event the GTAA incurs year end net losses.

Section III

Questions and Answers:

(1) Is this fee required for all students regardless of the number of credit hours taken?
 If no, please explain.
 No. Per Georgia Tech fee policy this fee is required of all students taking four (4) or more credit hours.

(2) What positions, if any, are being funded through this fee? Please list the positions.
 No positions in the GTAA are specifically funded by student fee dollars.

(3) Is this fee being used to cover employee travel?
 If yes, please explain.
 Athletic fee revenue is budgeted to cover 8.4% of GTAA expenses in FY 11. Based on this percentage, Athletic Fee revenue will fund \$375,969 of the GTAA's \$4,480,000 in GTAA's travel-related expenses in FY 11.

(4) Are significant changes to the fee amount anticipated within the next three (3) years?
 If yes, please list.
 GTAA's long term financial planning forecasts that for each of the next three years annual athletic fee increases of 5% are required to assure that the Athletic Association maintains its current level of programming.

Mandatory Fee

Fiscal Year 2012

Financial Data

Detail of Revenue Projection

Athletic

(Insert Fee Name)

Institution: Georgia Tech Athletic Association

			A	B	C	D = A x C	E	F = C x E
Fee Detail	FY 2009 Actual Rate	FY 2010 Actual Rate	FY 2011 Current Rate	FY 2011 Number of Participants	FY 2012 Number of Participants	Projected FY 2012 Revenue with Current Rate	FY 2012 Proposed Rate	Projected Revenue with Proposed Rate
Summer School	\$38	\$38	\$38	6,677	6,677	\$253,726	\$40	\$267,080
						0		0
Fall	118	123	123	18,414	18,414	2,264,922	129	2,375,406
Spring	118	123	123	16,861	16,861	2,073,903	129	2,175,069
TOTAL				41,952	41,952	4,592,551		4,817,555

NOTES:

- (1) Under different Auxiliary Units there may be several fee types. If your institution has various fees under any one unit list out each fee individually with the applicable description.
- (2) If you have a different fee level for different types of participants, please list each category separate (i.e. if you charge a lesser fee for students in less than full time credit hour categories).

Mandatory Fee

Fiscal Year 2012

Financial Data

Athletics

Institution: Georgia Institute of Technology

				D	G	F
					= (F - D)	
			FY 2011	FY 2012	Revenue	FY 2012
			Current	Projected	Generated by	Proposed
	FY 2009	FY 2010	Budget	Budget	Rate	Budget
	Actual	Actual	Budget	w/o Fee Increase	Increase	w/ Fee Increase
Revenue						
Fee Revenue	\$4,288,113	\$4,643,368	\$4,592,551	\$4,592,551	\$225,004	\$4,817,555
Non-Fee Revenue <i>(list Individually)</i>						
Student Football Reserve Seating Revenue		218,700	187,200	187,200		187,200
All other revenue	51,135,120	50,545,612	49,954,859	53,493,245		53,493,245
Total Revenue	\$ 55,423,233	\$ 55,407,680	\$ 54,734,610	\$ 58,272,996	\$ 225,004	\$ 58,498,000
Net Revenue	\$ 55,423,233	\$ 55,407,680	\$ 54,734,610	\$ 58,272,996	\$ 225,004	\$ 58,498,000
Expenditures						
Personal Services (Including Fringes)	19,364,341	19,067,293	19,099,395	20,533,000		20,533,000
Travel	4,879,085	5,315,304	4,480,850	4,786,000		4,786,000
Supplies and Materials	6,238,310	6,000,157	5,224,449	5,806,000		5,806,000
Repairs and Maintenance	319,226	444,512	180,000	750,000		750,000
Telecommunications	245,145	186,641	238,400	238,400		238,400
Contracted Services	4,885,088	3,346,689	3,468,425	3,836,000		3,836,000
Lease Payments (Debt Service)	7,965,548	8,285,805	9,188,764	9,044,000		9,044,000
Software	79,639	53,643	76,600	76,600		76,600
Equipment Non-capitalized	541,142	649,426	603,219	621,000		621,000
Equipment Capitalized						0
Scholarships	7,539,302	7,669,750	8,035,797	8,380,000		8,380,000
Auxiliary Services Administration						0
Plant Allocation	1,581,752	1,698,307	1,742,233	1,794,000		1,794,000
Other Expenses, <i>please list if significant.</i>						0
Utilities	1,393,068	1,500,493	1,507,079	1,552,000		1,552,000
Sales Tax	855,273	1,051,000	889,399	1,081,000		1,081,000
Total Expenditures	\$ 55,886,919	\$ 55,269,020	\$ 54,734,610	\$ 58,498,000	\$ -	\$ 58,498,000
Surplus (Deficit)	\$ (463,686)	\$ 138,660	\$ -	\$ (225,004)	\$ 225,004	\$ -
Cumulative Fund Balance						
% of Revenue Expended	1.008366275	0.997497459	1	1.003861205	0	1

NOTES:

- (C, E) The actual data for FY 2009 and FY2010 should agree to the general ledger as included in the respective Annual Financial Reports.
- (G) FY 2011 Current Budget represents the currently approved amendment.
- (I) FY 2012 Projected Budget w/o fee increase should represent the projected budget without any consideration of a fee increase.
The budget will consist of enrollment increases.
- (K) Rate Increase will represent only the increase in revenue and expenditures related to the proposed rate increase.
- (L) FY 2012 Proposed Budget will be the sum of FY 2011 Projected Budget w/o Fee Increase plus Rate Increase.