

**GEORGIA INSTITUTE OF TECHNOLOGY
MANDATORY FEES REQUESTED FOR FISCAL YEAR 2013**

| | |
|---------------------------------|-----------------------------------|
| Mandatory Fee: | Athletic Association |
| Current Fee Level FY12: | \$127 Fall/Spring summer \$40 |
| Proposed Fee Level FY13: | \$132 Fall/Spring summer \$40 |
| FY2011 Revenue: | \$4,786,859 |
| Fee Review Organization: | Georgia Tech Athletic Association |

Current Uses of Revenue:

The Georgia Tech Athletic Association currently receives (for FY 2012) an athletic fee from the students that funds approximately 8.1% of the total athletic operating budget of \$58,856,000. Athletic fee funding is essential to assuring that the Athletic Association produces student athletes who succeed on and off the field of competition.

The Athletic Association currently provides free general admission to all athletic events for GT students and works closely with student government to insure access by all students to as many of these events as possible. In FY 2012, the athletic fee increased \$4 per semester. There was no increase in the athletic fee in FY 2011.

Explanation of Fiscal 2013 Fee Request:

Each fiscal year the GTAA must overcome financial challenges inherent to a program competing at the highest level of intercollegiate athletics. These challenges include the existence of several expense categories projected to grow as a result of factors outside the control of the Athletic Association. Scholarship costs rise as a result of state mandated tuition increases which are projected to grow significantly in the next several years. As a result of age and usage, Bobby Dodd Stadium incurs maintenance and upkeep expenses that range from \$300,000 to \$1 million annually. Deferring or reducing these expenses risks compromising the safety of customers attending athletic events. Finally, debt service is a fixed cost in the athletic budget that will increase annually for the next thirty years.

Competitive challenges limit the Athletic Association's ability to continue minimizing growth in areas such as personnel expenses. In order to compete successfully Georgia Tech must provide salaries consistent with those paid by peer institutions. As a result, contracted salary growth is projected to produce increasing annual salary and benefit expenses.

While many of the expenses that GTAA incurs are fixed, long term and growing, the resources that GTAA utilizes to fund these costs are variable and in some cases decreasing. Ticket revenue, following a national trend, has decreased in recent years. In even number years, when Georgia, Virginia Tech and Clemson are not on the home football schedule, ticket and premium seating revenues decrease as much as 20% versus prior year. In addition, the economic downturn has increased the volatility in revenues associated with fund raising.

Stable, growing funding sources are needed to counter the presence of volatile funding sources existing in the GTAA budget. For many of Georgia Tech's peer institutions, athletic fee revenues provide this needed stable funding. A study completed in October 2011 by the Georgia Tech Decision Support Group indicates that Georgia Tech's current athletic fee is \$31 (12%) below the market average paid by students of other ACC schools. Because Georgia Tech's enrollment is smaller than that of many ACC schools, Georgia Tech's student athletic fee revenue as a percentage of all athletic revenues is among the lowest in the conference. While Virginia's athletic fee revenue will exceed \$13 million in 2011-12 and Maryland's will top \$11 million, Georgia Tech's revenue of \$4,747,005 was higher than only the amounts received by Miami and Clemson (among the conference's nine public fee receiving institutions).

The fee increase requested for 2012-13 will help Georgia Tech move closer to the conference average and provide stable funding to support a budget projected to exceed \$57 million. Not approving this requested increase will create a \$182,000 funding shortfall during a year when the GTAA will already be facing ticket and premium seating revenue decreases resulting from the reasons outlined above. For the GTAA to confront its financial challenges and compete successfully against conference peers, athletic fee funding must increase by a measurable amount annually.

Consequences If Request Not Approved:

In the short term, not approving the fee increase requested here will create the potential for the GTAA to reduce the amount of programs and services offered. For the long term, not approving the \$5 per semester increase proposed here would increase the need for more dramatic athletic fee increases to be implemented in future years.

Mandatory Fee Request Form

Fiscal Year 2012 For FY2013

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 |
|--------------------------|------------------------------|---|--|
| (Fall/Spring) \$ 127 | \$ 5 | \$ 132 | 4% |
| (Summer) \$ 40 | \$ - | \$ 40 | 0% |
| Current Budgeted Revenue | Projected Fee Instances | Projected Incremental Revenue Increase at Requested Level | Total Projected Revenue at Requested Level |
| \$ 4,747,000 | 43,383 | \$ 181,445 | \$ 5,073,908 |

What is the purpose/use of this fee? (Attach additional documentation as necessary)

Please see accompanying Word document titled, "FY 2013 MSFAC Narrative Athletics"

How will the incremental revenue be used? (Attach additional documentation as necessary)

Please see accompanying Word document titled, "FY 2013 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, 2011 | Total Revenues | Total Expenditures | % of Revenue Expended |
|---------------------|----------------|--------------------|-----------------------|
| | 54,527,896 | 55,238,745 | 101% |

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

Available Fund Balance Information as of June 30, 2011

| | |
|-----------------|--|
| \$ 4,870,434.00 | Fund Balance per General Ledger |
| \$ - | Encumbered funds as of June 30, 2011 |
| \$ - | Reserved for Renewals and Replacements as of June 30, 2011 |
| \$ 4,870,434.00 | Available Fund Balance as of June 30, 2011 |

Provide explanations for planned uses of available Fund Balance:

Following plan approved by Finance Committee of GTAA Board of Directors, under direction of GIT Executive 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? , method of delivery (i.e. distance learning), etc. ? If no, please explain. | Yes |
| Fee is required of all full time fall semester, spring semester and summer school students. | |
| (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. | No |
| (4) Are significant changes to the fee amount anticipated within the next three (3) years? If yes, please list. | Yes |
| GTAA's long term financial planning forecasts that for each of the next three years annual fee increases of 5% are required to assure that the Athletic Association maintains its current level of programming. | |
| (5) Does this fee support any type of debt service? If yes, please explain in detail. | No |
| Fee revenue supports programs and services expenses as well as expenses that most directly benefit current student athletes. This includes expenses in the area of scholarship, team travel and uniforms and equipment. | |
| (6) Other than the student fee committee, what percentage of the student body was made aware of the fee? How was the student body at large informed and/or engaged in the process (i.e. town hall meetings, online surveys, etc). Please explain and/or attach appropriate documentation. Were these actions taken before or after the student committee vote? | |
| SGA Undergraduate and Graduate Presidents attend quarterly GTAA Board of Trustee meetings. In November of 2011, GTAA Director of Athletics and Associate Athletic Director- CFO met with SGA Undergraduate President and Vice President and SGA Graduate President and Vice President to discuss funding challenges facing GTAA and ways the athletic fee could be increases to address these challenges. | |

Mandatory Fee
Fiscal Year 2012 For FY2013 Fees

Financial Data
Detail of Revenue Projection
Athletics

Institution: Georgia Tech Athletic Association

| Fee Detail | A | | B | | C | | D | | E | | F | |
|---------------|---------------------|---------------------|----------------------|--------------------------------|--------------------------------|---|-----------------------|--------------------------------------|---|--|---|--|
| | FY 2010 Actual Rate | FY 2011 Actual Rate | FY 2012 Current Rate | FY 2012 Number of Participants | FY 2013 Number of Participants | Projected FY 2013 Revenue with Current Rate | FY 2013 Proposed Rate | Projected Revenue with Proposed Rate | | | | |
| Fall | 123 | 123 | 127 | 18,720 | 18,921 | 2,402,967 | 132 | 2,497,572 | | | | |
| Spring | 123 | 123 | 127 | 17,184 | 17,368 | 2,205,736 | 132 | 2,292,576 | | | | |
| Summer School | \$38 | \$38 | \$40 | 7,140 | 7,094 | \$283,760 | \$40 | \$283,760 | | | | |
| TOTAL | | | | | 43,383 | 4,892,463 | | 5,073,908 | | | | |

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 For FY2013

Financial Data
Athletics

Institution: Georgia Institute of Technology

| | | | | D | G | F |
|--|----------------------|----------------------|----------------------|-----------------------|-------------------|-----------------------|
| | | | | | = (F - D) | |
| | | | | FY 2013 | Revenue | FY 2013 |
| | | | | Projected | Generated by | Proposed |
| | FY 2010 | FY 2011 | FY 2012 | Budget | Rate | Budget |
| | Actual | Actual | Current | w/o Fee Increase | Increase | w/ Fee Increase |
| | | | Budget | | | |
| Revenue | | | | | | |
| Fee Revenue | \$4,643,368 | \$4,786,859 | \$4,747,000 | \$4,892,463 | \$181,445 | \$5,073,908 |
| Non-Fee Revenue <i>(list Individually)</i> | | | | | | |
| Student Football Reserve Seating Revenue | 218,700 | 248,688 | 294,000 | 294,000 | | 294,000 |
| All other revenue | 50,545,612 | 49,492,349 | 53,815,000 | 52,011,000 | | 52,011,000 |
| Total Revenue | \$ 55,407,680 | \$ 54,527,896 | \$ 58,856,000 | \$ 57,197,463 | \$ 181,445 | \$ 57,378,908 |
| Net Revenue | \$ 55,407,680 | \$ 54,527,896 | \$ 58,856,000 | \$ 57,197,463 | \$ 181,445 | \$ 57,378,908 |
| Expenditures | | | | | | |
| Personal Services (Including Fringes) | 19,067,293 | 20,304,969 | 20,552,000 | 20,698,000 | | 20,698,000 |
| Travel | 5,315,304 | 5,132,995 | 4,802,000 | 4,697,000 | | 4,697,000 |
| Supplies and Materials | 5,802,352 | 5,106,434 | 6,426,000 | 6,078,000 | | 6,078,000 |
| Repairs and Maintenance | 444,512 | 160,893 | 250,000 | 257,000 | | 257,000 |
| Telecommunications | 202,274 | 191,446 | 172,000 | 177,000 | | 177,000 |
| Contracted Services | 3,346,689 | 3,390,305 | 4,300,000 | 3,650,000 | | 3,650,000 |
| Lease Payments (Debt Service) | 8,285,805 | 8,518,485 | 8,874,000 | 8,531,000 | | 8,531,000 |
| Software | 235,815 | 256,910 | 273,000 | 283,000 | | 283,000 |
| Equipment Non-capitalized | 649,426 | 566,945 | 580,000 | 596,000 | | 596,000 |
| Equipment Capitalized | | | | | | 0 |
| Scholarships | 7,669,750 | 7,285,605 | 8,253,000 | 8,901,000 | | 8,901,000 |
| Auxiliary Services Administration | | | | | | 0 |
| Plant Allocation | 1,698,307 | 2,167,615 | 1,827,000 | 1,877,000 | | 1,877,000 |
| Other Expenses, <i>please list if significant.</i> | | | | | | 0 |
| Utilities | 1,500,493 | 1,354,691 | 1,507,000 | 1,824,000 | | 1,824,000 |
| Sales Tax | 1,051,000 | 801,452 | 1,040,000 | 843,000 | | 843,000 |
| Total Expenditures | \$ 55,269,020 | \$ 55,238,745 | \$ 58,856,000 | \$ 58,412,000 | \$ - | \$ 58,412,000 |
| Surplus (Deficit) | \$ 138,660 | \$ (710,849) | \$ - | \$ (1,214,537) | \$ 181,445 | \$ (1,033,092) |
| Cumulative Fund Balance | | | | | | |
| % of Revenue Expended | 0.997497459 | 1.013036428 | 1 | 1.021234106 | 0 | 1.018004734 |

NOTES:

- (C, E) The actual data for FY 2010 and FY2011 should agree to the general ledger as included in the respective Annual Financial Reports.
- (G) FY 2012 Current Budget represents the currently approved amendment.
- (I) FY 2013 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 2013 Proposed Budget will be the sum of FY 2012 Projected Budget w/o Fee Increase plus Rate Increase.