Budgeting Basics: “The Colors of Money”

GT Staff Council
“Inform Tech”

Updated January 20, 2017
Outline

I. Basics of GT’s Budget and Accounting Structure
II. Building Blocks of Georgia Tech’s Operating Budget
III. Allowable Uses for Funding Sources
IV. A Quick Budget Outlook
I. Terminology and Budget Structure
What is GT’s basic budgeting and accounting structure?

- **Two Principal GT Budgets:**
  - Operating Budget – ongoing operations including:
    - Colleges – instruction and research
    - Interdisciplinary Research Institutes
    - Student support services
    - Facilities and leases
    - Administrative support
  - Capital Budget – one-time major capital investments including:
    - Engineered Biosystems Building
    - Price Gilbert Library and Crosland Tower Renovation
    - West Campus Dining
What is GT’s basic budgeting and accounting structure?

- Budgeting/Accounting by Major Fund Area:
  - Resident Instruction - core operations of GT - research, instruction, administration, facilities, student services
  - State Earmarks: GT Research Institute; Enterprise Innovation Institute
  - Student Activities - earmarked student fees
  - Auxiliary Enterprises - businesslike operations funded through fees
    - Examples: parking, transportation, housing, dining, student health, retail
What is GT’s basic budgeting and accounting structure?

• General Operations – general revenue from any of the sources below:
  o State
  o Tuition
  o Indirect cost recoveries
  o Student fees and other general revenue

• Projects – lowest level of GT accounting & budgeting

• Program/Function – major service areas budgeted
  o Required by U.S. Dept of Education
  o Examples: instruction, research, public service, support areas
  o Each project assigned a program/function

• Account Number – specified expenditure type
II. Building Blocks of Georgia Tech’s Operating Budget
Operating Budget
Building Blocks – “Resident Instruction”

Building Blocks of Georgia Tech's FY17 Resident Instruction Budget

- Sponsored ($320M)
- Dept Sales/Svces ($38M)
- Fees/Other General ($49M)
- Indirect Cost Recov's ($50M)
- State ($220M)
- Student Tuition ($360M)

$1.10B

Building Blocks of Georgia Tech's FY17 R.I. "Gen Ops" Budget

- Fees/Other General ($49M)
- Indirect Cost Recov's ($50M)
- State ($220M)
- Student Tuition ($360M)

$724.9M
Where does the money come from?

- Sponsored: 34%
- Tuition: 23%
- State: 16%
- Auxiliary*: 9%
- Overhead Recoveries: 11%
- Earned/Other: 7%

Total: 100%

* Auxiliary programs are operated like businesses – e.g. parking, transportation, student health, retail, housing, food service

**Total Georgia Tech Revenue Budget**: $1,664,958,323
What are the state versus tuition revenue trends?

Georgia Institute of Technology
Tuition and State Funding Comparison
FY 2005 - FY 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Tuition</th>
<th>State Allocations</th>
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<tbody>
<tr>
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<td>2017</td>
<td>$377.24</td>
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</table>

Note: State funding Resident Instruction/General Operations only
Where does the money go?

Georgia Institute of Technology
Expenditure Budget by Function
FY 2017

- Research: 46%
- Instruction: 19%
- Public Service: 3%
- Scholarships & Fellowships: 8%
- Academic Support: 4%
- Student Services: 2%
- Operation of Plant: 10%
- Institutional Support: 5%

Total Georgia Tech Expenditure Budget: $1,640,718,783
III. Allowable Uses for Funding Sources
Special Spending Requirements

• Allowable cost matrix – Controller’s Office website
  o Tool created to assist accounting and finance staff with making decisions related to Institute expenses
  o Provides a vehicle to determine if certain expenses are allowable on certain fund types.
  o Provides list of all Institute fund groups and a list of expense types

• Technology Fees – Budget Office Website

• GT Foundation – based on intention of donors

• Sponsored funding – grants and contracts (next page)
What can be charged to grants and contracts?

Note: See Policy Library – “Allowable Expenses”

- Necessary, reasonable, and allocable
- Conform to any limitations or exclusions of award
- Consistency:
  - With policies and procedures that apply uniformly to grants and other requirements of grantee
  - Either direct or indirect cost, not both
  - Consistent with GAAP
  - Not also counted as matching/cost sharing
- Adequately documented
IV. Budget Outlook
What have been GT's recent budget challenges?

• Administrative support in colleges
• Facility expansion for enrollment increases and research requirements
• Funding faculty and staff pay adjustments:
  o Market challenges - faculty and staff
  o Merit increases
  o Increasing the grades for classified staff
• Continued quality of student services with growing enrollment
• Faculty start-up & matching commitments
• Deferred maintenance of aging facilities
Fiscal 2017 budget status?

Modest Revenue Growth:

- **State formula funding:**
  - Strong formula earnings for GT for Fiscal 2017 based on Fiscal 2015 enrollment
  - No state funding for health insurance/retirement increases

- **State share of merit raise costs:**
  - Minimal FY15 & FY16 state funding toward total costs
  - FY17 state funding share = 70% for average 3% merit raises; balance from GT sources

- **Tuition and fees:**
  - No tuition increases and only one mandatory fee increase
  - Modest enrollment increases
  - No further shift resident to non-resident (currently @ 60% resident and 40% non-resident)

- **ICR/F&A revenue in Resident Instruction** beginning to rebound after two year decline

Recap of FY17 Approved Budget: [FY17 Approvals by Board of Regents](#)
Fiscal 2017 budget status?

**Key Resource Allocations:**

- Redirection of over $4M to high priority items
- Over $20M for pay and fringe increases
  - $4.1M fringe increases not covered by BOR
  - Merit pay cost of nearly $13M
  - Funding for FLSA changes
- Non-TTK teaching support of $1.4M
- Support staff for faculty and students of $1.0M
- Faculty retention and strategic hire funding of $600K
- New TTK faculty funding $1.3M
- Lease increases to cover HPC and other lease increases
Spending factors in 2018 and future years?

**Spending Factors:**
- Employee merit pay
- Faculty growth to accompany enrollment:
  - Salaries and administrative support
  - Faculty startup
- Administrative and student support systems
- HPC and other leases
- Research administrative support
- Research equipment refreshment
- IT refreshment and expansion
Need additional information??

http://www.budgets.gatech.edu/

http://www.budgets.gatech.edu/Summaries

Questions??