Budgeting Basics: “The Colors of Money”
“The Colors of Money”

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:
  o Operating Budget – ongoing operations including:
    • Colleges – instruction and research
    • Interdisciplinary Research Institutes
    • Student support services
    • Facilities and leases
    • Administrative support
  o 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:
  
  o Resident Instruction – core operations of GT – research, instruction, administration, facilities, student services
  
  o State Earmarks: Georgia Tech Research Institute, Enterprise Innovation Institute
  
  o Student Activities – earmarked student fees for funding of Campus Recreation Center, Student Center, and student organizations
  
  o Auxiliary Enterprises – businesslike service operations funded through fees
    
    Examples: parking, transportation, housing, dining, student health, retail

* Fund – an accounting entity with its own self-balancing set of accounts
What is GT’s basic budgeting and accounting and budgeting structure?

• General Operations – general revenue in Resident Instruction from any of the sources below:
  o State – appropriations approved by General Assembly & Board of Regents
  o Tuition – general tuition and tuition earmarked for specific programs
  o Indirect cost recoveries – “overhead” revenue from sponsored grants & contracts
  o Student fees and other general revenue

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

• Projects – lowest level of GT accounting & budgeting*

• Account Number – specified expenditure type*

*NOTE: With implementation of the Workday financial system, the account code structure will change substantially.
II. Building Blocks of Georgia Tech’s Operating Budget
"The Colors of Money"

Operating Budget
Building Blocks by Source & Major Unit

FY19 Total Budget by Source

- Fees/DSS/Other (7.5%)
- Auxiliary Services (9.1%)
- Indirect Cost Recoveries (10.9%)
- State Appropriations (17.3%)
- Student Tuition (21.4%)
- Sponsored Operations (33.7%)

FY19 Total Budget by Major Unit

- Auxiliary Svces ($152M)
- Student Activities ($14M)
- Enterprise Innovation Institute ($30.5M)
- GT Research Institute ($412M)
- Resident Instruction ($1.21B)

See “drill down” on next page
Operating Budget

Building Blocks – “Resident Instruction”

FY19 Resident Instruction Budget

- Sponsored ($356M)
- Dept Sales/Svces ($50M)
- Fees/Other General ($61M)
- Indirect Cost Recoveries ($59M)
- State ($293M)
- Student Tuition ($394M)

Total: $1.21B

FY19 Resident Instruction General Operations Budget

- Fees/Other General ($61M)
- Indirect Cost Recoveries ($59M)
- State ($293M)
- Student Tuition ($394M)

Total: $806.3M
Where does the money come from?

- **Sponsored**: 34%
- **Tuition**: 21%
- **State**: 17%
- **Auxiliary**: 9%
- **Indirect Cost Recoveries**: 11%
- **DSS/Other**: 8%

**Total**: 100%

**Total Georgia Tech Revenue Budget**: $1,837,659,932

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

** Indirect Cost Recoveries are overhead costs of doing business such as facilities and administration costs.
What are the state versus tuition revenue trends?

### Tuition and State Funding Comparison
FY 2009 - FY 2019

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<th>Year</th>
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<th>State Allocations</th>
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<td>2019</td>
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</table>

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

FY19 Expenditures by Major Function

- Public Service ($34.8M)
- Student Services ($35.3M)
- Scholarships & Fellowships ($48.5M)
- Academic Support ($72.2M)
- Institutional Support ($120.2M)
- Auxiliary Services ($139.9M)
- Operation of Plant ($171.7M)
- Instruction ($342.7M)
- Research ($844.7M)

Total FY19 Expenditure Budget: $1.81B
III. Allowable Uses for Funding Sources
Special Spending Requirements

- Allowable cost matrix – Controller’s Office website
  - Tool created to assist accounting and finance staff with making decisions related to Institute expenses
  - Provides a vehicle to determine if certain expenses are allowable on certain fund types.
  - 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:
  o With policies and procedures that apply uniformly to grants and other requirements of grantee
  o Either direct or indirect cost, not both
  o Consistent with GAAP
  o 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 – hiring and retaining faculty and staff
  o Merit increases
  o Increasing the grades for classified staff
  o Covering the “campus minimum” salary
• Continued quality of student services with growing enrollment including mental health services
• Faculty start-up & matching commitments
• Deferred maintenance on aging facilities
Resident Instruction / General Operations
Fiscal 2019 budget status?

Modest Revenue Growth:

• State formula funding:
  o Strong formula earnings for GT for Fiscal 2019 based on Fiscal 2017 enrollment
  o State funding increase for TRS; no health insurance increase

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

• Indirect Cost Recoveries in Resident Instruction beginning to rebound after two year decline

* Georgia Tech’s Tuition and Fees: [http://www.bursar.gatech.edu/content/tuition-fees](http://www.bursar.gatech.edu/content/tuition-fees)
Resident Instruction / General Operations
Fiscal 2019 budget status?

Key Fiscal 2019 Resource Allocations from Available $51.9M:

• $43.6M for mandatory requirements – includes:
  – Revenue earmarked for units, including indirect cost recoveries, summer school tuition, other selected tuition and fees
  – GT share of fringe benefit increases and mid-year merit increases
  – Library subscription increases
  – Facilities-related costs including leases & new CODA building operations

• $2.8M for previous precedents, including funding for equity and retention pay adjustments

• $5.5M in new FY 19 workload/expansion priorities, – includes:
  – New faculty and faculty support
  – Student Life programs, including mental health initiatives
  – Graduate teaching assistants and other non-tenure track teachers
Future Year Spending Factors?

- Employee merit pay
- Instructional growth to accompany enrollment:
  - Salaries for new faculty positions and non-tenure track instructional positions – instructors, lecturers, graduate teaching assistants
  - Administrative support for faculty
  - Faculty startup including equipment and matching
- Administrative and student support systems
- High Performance Computing (HPC – CODA building) and other leases to support instruction and research
- Research administrative support
- Research equipment refreshment
- Information Technology (IT) refreshment and expansion
“The Colors of Money”

Need additional information??

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

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

Questions??