

GEORGIA INSTITUTE OF TECHNOLOGY BUDGET-IN-BRIEF Fiscal Year 2008

Size of budget? \$1,050.3 million in revenue

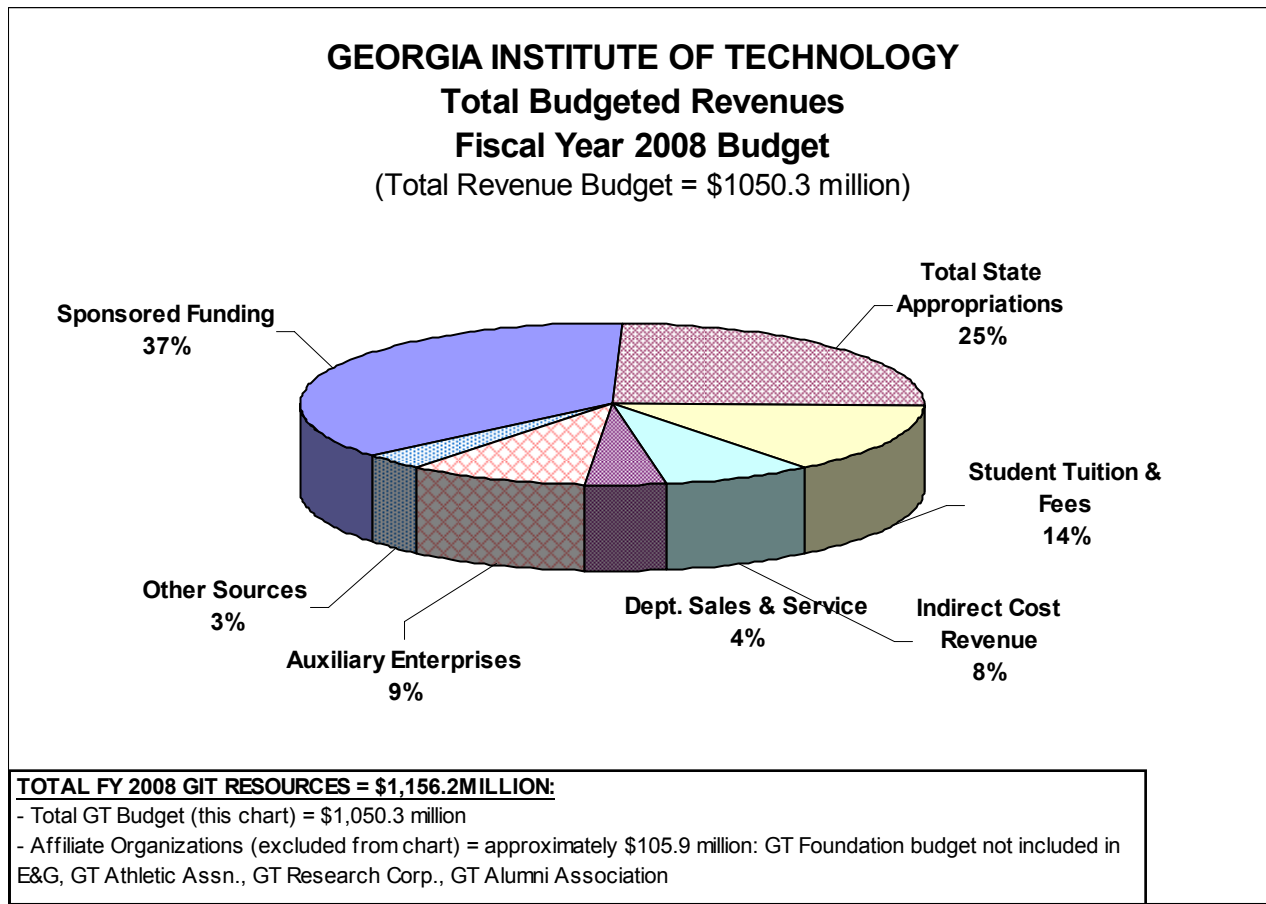
Note: *Approximately \$105.9 million additional from affiliate organizations – GT Foundation, GT Athletic Association, GT Alumni Association, and GT Research Corporation; Grand Total of \$1.1 billion*

Where does the money come from? Five main revenue sources (93% of total):

Sponsored funding* (grants and contracts)	\$384M	37%
State allocations	\$259M	25%
Tuition and fees	\$150M	14%
Indirect Cost Revenue	\$81M	8%
Auxiliary Enterprises**	\$98M	9%

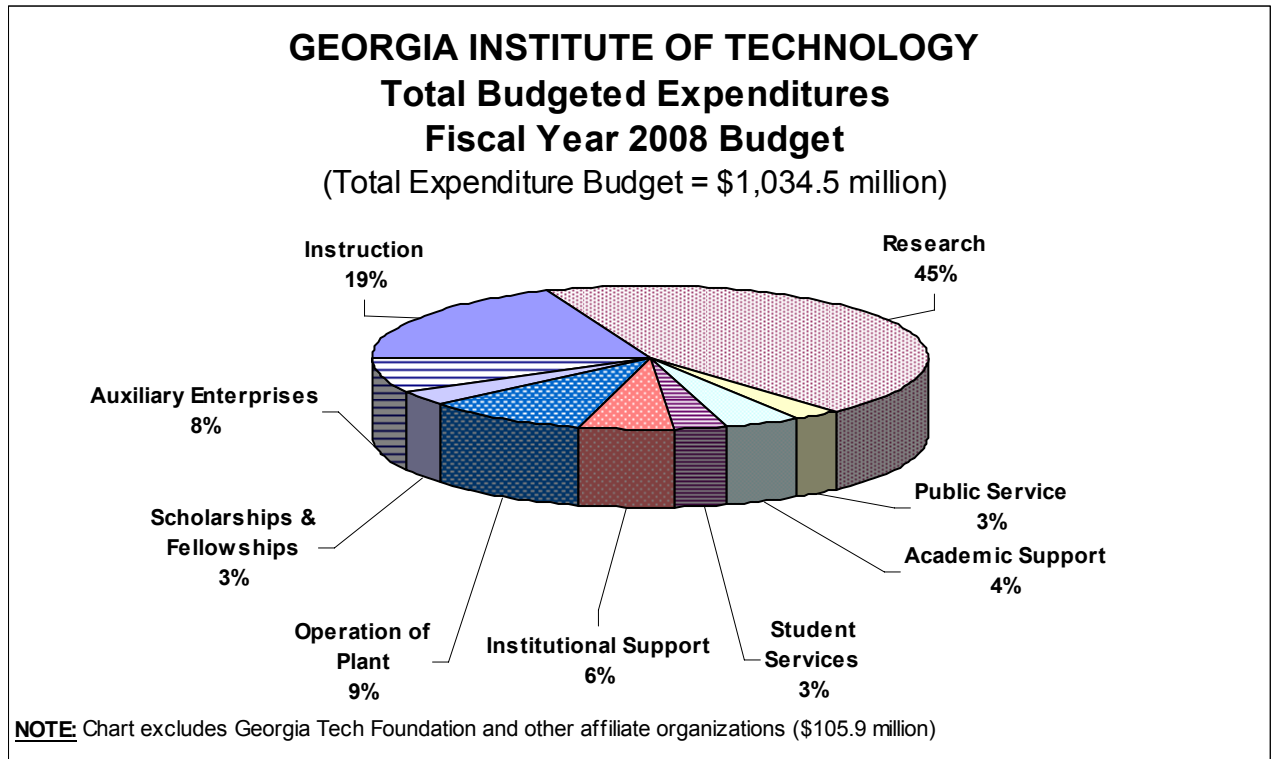
***Sponsored” includes over \$60 million from GT Foundation for scholarships & other purposes.*

***Auxiliary Enterprises includes: housing, transportation, parking, dining, student health*



Where does the money go? Three main uses by program category (81% of total):

Research	\$462M	45%
Instruction	\$194M	19%
Auxiliary Enterprises	\$84M	8%
Operation of Plant	\$96M	9%



How is Georgia Tech’s funding determined each year?

State Allocations: Most state funding for higher education is established via a funding formula driven principally by student enrollment, by type of student. State funding is approved by the Legislature in the Annual Appropriations Act and is intended to cover a portion of state institutions’ instructional costs, with the balance coming from tuition and other sources. Funding is approved for the entire University System of Georgia (USG) and is then allocated to institutions by the USG governing board, the Board of Regents. The funding formula works as follows:

- Number of faculty required by enrollment mix (undergraduate and graduate students)
- Multiplied times: an assumed salary rate for faculty
- Plus instructional support and operating expenses
- Plus fringe benefits, other support costs, and facilities costs based on square footage
- Plus miscellaneous other costs, including a technology factor
- Equals the total funding formula requirement
- Minus student tuition and fees and other adjustments
- Equals state funding requirement to be provided by Legislature

The Legislature must approve the formula funding each year. After the Legislature approves the Annual Appropriations Act, usually in March, the Board of Regents (BOR) determines the allocations to USG schools, usually at its April meeting. In large part the allocations are based on the formula funds generated by the respective institutions. In some cases funds are earmarked by the Legislature for specific programs, such as funding for the Georgia Tech Research Institute (GTRI) and the Enterprise Innovation Institute (EII). These are referred to by the state as “B Units.”

In addition to formula funding, the Legislature approves funding for pay raises and increases in fringe benefit costs such as employee health insurance and retirement. The pay raises usually apply to faculty and staff alike and often are effective at some date following the beginning of the fiscal year, which is July 1st. For Fiscal 2005, 2006, 2007 and 2008, raises for all employees were funded as of January 1st.

Tuition and Fees: Following the General Assembly’s approval of the state budget, the BOR determines the level of increase for Georgia Tech’s and other institutions’ tuition rates. At the same time, the BOR sets the levels of institutions’ mandatory and elective fees. The President of Georgia Tech and other institutions provide recommendations to the BOR on the fee levels. At Georgia Tech the President receives recommendations from the Mandatory Student Fee Advisory Committee, the Institute Budget and Planning Committee, and other bodies with student representation.

Revenue Sources Generated by Georgia Tech: The balance of Georgia Tech’s budget is generated from its own sources, including indirect cost (“overhead”) revenue from grants and contracts. Various laws and regulations govern these revenue sources.

NOTE: See <http://www.budnet.gatech.edu/Welcome/GenBudInfo.html> for more details about Georgia Tech’s budget process.

What is Georgia Tech’s budget and accounting structure?

Based on Generally Accepted Accounting Principles, the State Appropriations Act, and BOR guidelines, Georgia Tech budgets its resources on a fund accounting basis. This dictates that certain revenue be segregated into separate funds for accountability purposes. Most of Georgia Tech’s activities are budgeted in “Resident Instruction,” which includes not only instruction, but research, public service, facilities, and support functions. In addition to “RI,” there are separate funds for student activities, funded by student fees, auxiliary enterprises, also funded by fees, and units with earmarked state funding – GTRI and EII. All functions with the exception of auxiliary enterprises are referred to as “Educational and General.” The table below summarizes these major functions, each included in a separate fund.

Georgia Tech Fiscal 2008 Revenue By Major Function (in millions of dollars)	
Resident Instruction	\$781.7
Georgia Tech Research Institute (GTRI)	130.8
Enterprise Innovation Institute (EII)	28.0
Student Activities	10.1
Subtotal Educational & General	\$950.6
Auxiliary Enterprises	99.8
Total Georgia Tech	\$1,050.3

What are Georgia Tech's tuition and fees?

Georgia Tech's tuition and **mandatory fee** levels for Fiscal 2008 are shown below:

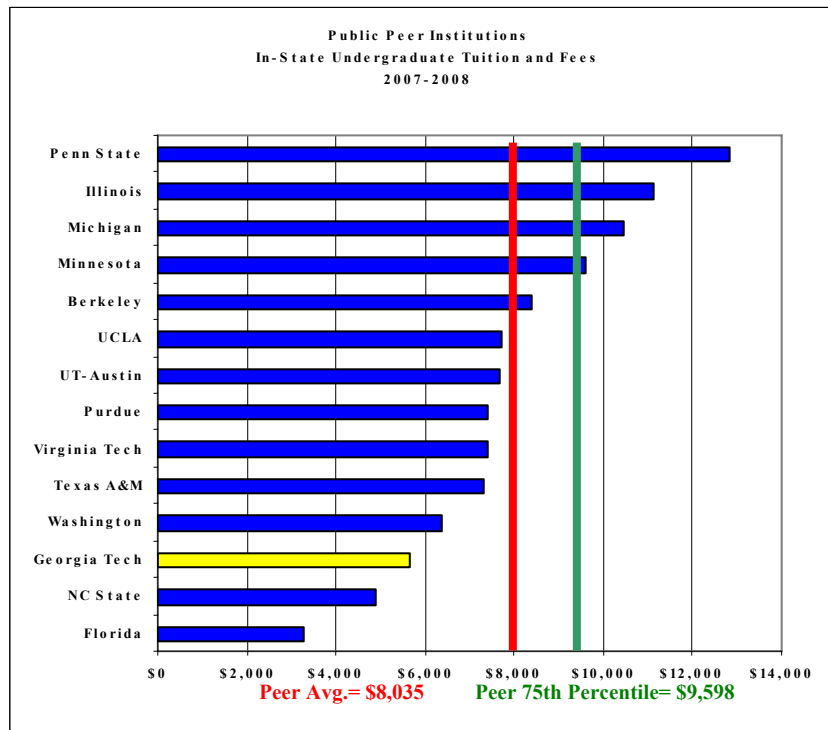
<u>Tuition & Fees/Semester</u>	Guaranteed FY08		Continuing Students	
	Residents (in-state)	Non-Residents	Residents (in-state)	Non-Residents
Undergraduates – Tuition	\$2,248	\$11,110	\$2,044	\$10,101
Graduates – Tuition	Undergrads only		\$2,649	\$11,094
Mandatory Fees	\$573	\$573	\$573	\$573

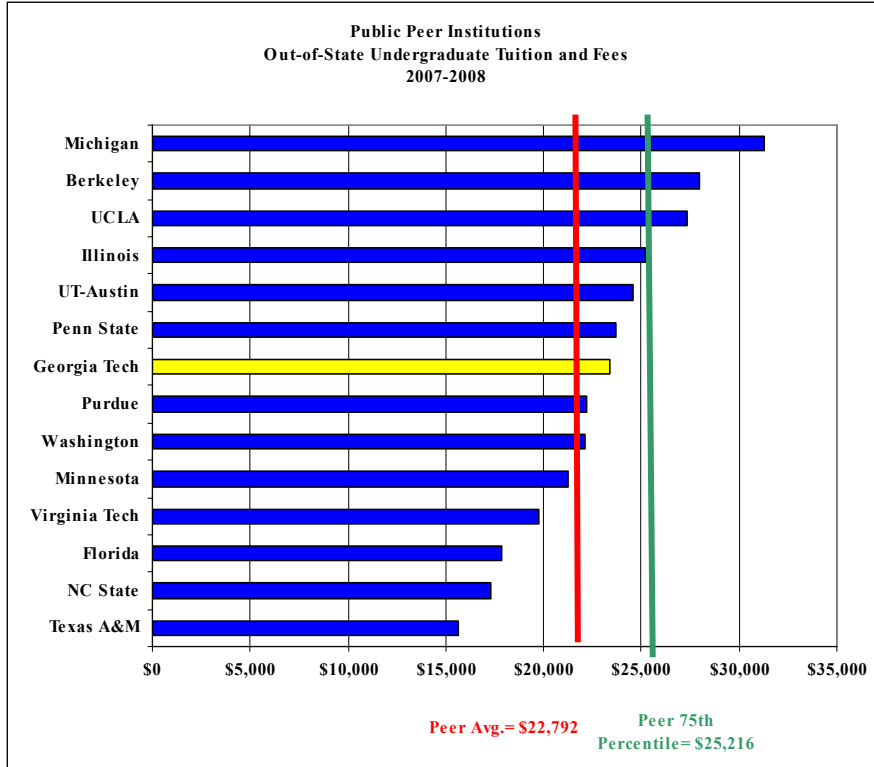
For Fiscal 2008 the BOR approved differential tuition rates for undergraduate students. The BOR increased the rates by 15% for freshmen entering in Fall 2007 and 7% for all other students. For all freshmen entering in the fall, their tuition will be frozen or guaranteed for four years.

The mandatory fees paid by all students are: transportation, student health, athletics, student activities, technology, and student athletic facility (for Campus Recreation Center debt service). The total mandatory fees for Fiscal 2008 total \$573 for all students.

Despite recent increases, Georgia Tech's level of tuition and fees remains lower than many of its peer institutions. The chart on this page and the next page show that Georgia Tech's annual tuition and fee levels for undergraduate resident and non-resident students are well below the weighted average of its peer schools in Fiscal 2008.

Many students also pay **elective fees** for such services as housing, dining, and parking based on their use of these services. These fee levels, along with tuition and mandatory fees, are displayed on the Bursar's Office web site (<http://www.bursar.gatech.edu/tuiandfee.php>)





What have been the State budget cuts and funding trends?

From Fiscal 2002 through 2005 Georgia Tech has absorbed state funding reductions of approximately \$50 million, or one-quarter of its state allocations. This has resulted in a decreased reliance on state funding and an increased reliance on student tuition and fees, as illustrated in the chart on the next page. For Fiscal 2006, 2007 and 2008, the state percentage has dropped further to 25% of the total budget.

