

# GEORGIA INSTITUTE OF TECHNOLOGY BUDGET-IN-BRIEF Fiscal Year 2009

**Size of budget?** \$1,142.9 million in revenue

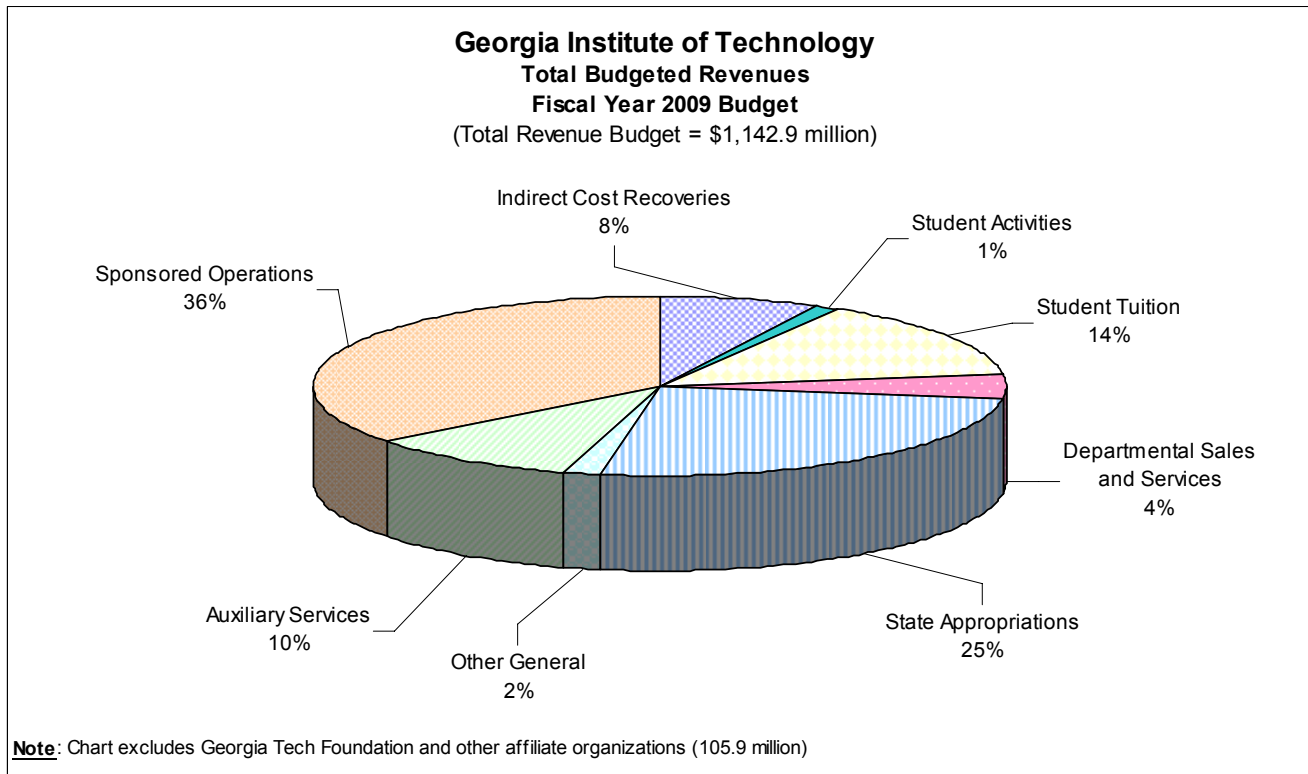
**Note:** Approximately \$106 million additional from affiliate organizations – GT Foundation, GT Athletic Association, GT Alumni Association, and GT Research Corporation; Grand Total of \$1.2 billion

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

Sponsored funding* (grants and contracts)	\$406M	36%
State appropriations	\$289M	25%
Tuition	\$165M	14%
Auxiliary Enterprises**	\$114M	10%
Indirect Cost Recoveries	\$87M	8%

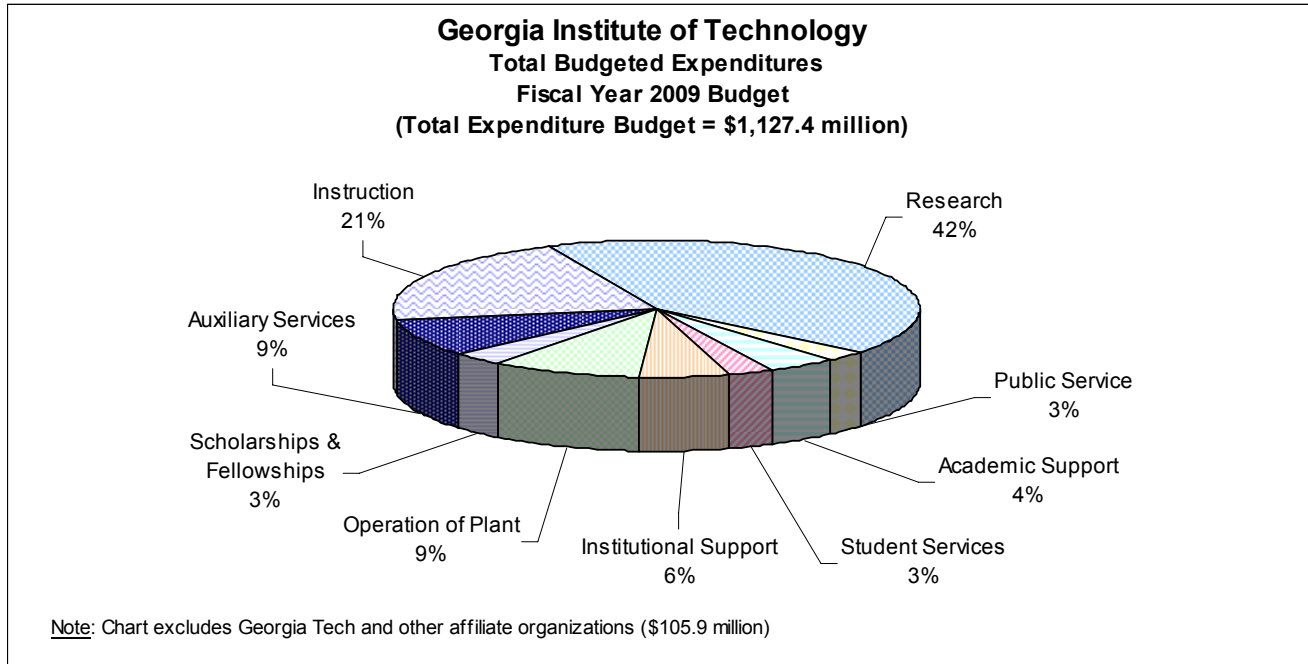
\*"Sponsored" includes over \$60 million from GT Foundation for scholarships & other purposes.

\*\*Auxiliary Enterprises includes: housing, transportation, parking, dining, student health and telecom.



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

Research	\$479M	42%
Instruction	\$238M	21%
Operation and Maintenance of Plant (including utilities & leases)	\$104M	9%
Auxiliary Enterprises	\$98M	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 or early April, the Board of Regents (BOR) determines the allocations to USG schools, generally 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 1<sup>st</sup>. Since Fiscal 2005, employee raises have been funded as of January 1<sup>st</sup>.

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 presidents of 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 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.

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## What is Georgia Tech’s budgeting 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.

<b>Georgia Tech Fiscal 2008 Revenue By Major Function (in millions of dollars)</b>	
Resident Instruction	\$846.2
Georgia Tech Research Institute (GTRI)	142.0
Enterprise Innovation Institute (EII)	30.7
Student Activities	10.3
<b>Subtotal Educational &amp; General</b>	<b>\$1,029.2</b>
Auxiliary Enterprises	113.7
<b>Total Georgia Tech</b>	<b>\$1,142.9</b>

## What are Georgia Tech's tuition and fees?

Georgia Tech's tuition and mandatory fee levels for Fiscal 2009 are shown below:

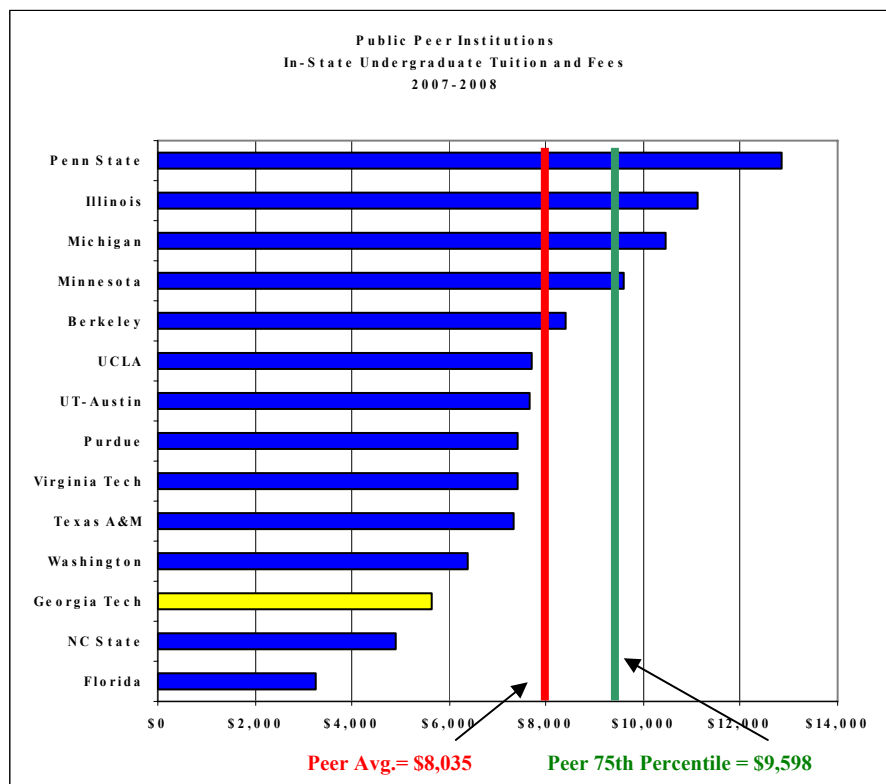
<b>Tuition &amp; Fees/Semester</b>	<b>Guaranteed FY09 Undergraduate</b>		<b>Graduate</b>	
	<b>Residents (in-state)</b>	<b>Non-Residents</b>	<b>Residents (in-state)</b>	<b>Non-Residents</b>
Tuition	\$2,428	\$11,999	\$2,835	\$11,871
Mandatory Fees	\$592	\$592	\$592	\$592

**Note:** Each undergraduate entry class since fall of 2006 has a separate tuition rate due to the "Fixed for Four" program. See Bursar's Office website for rates by class.

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 2009 total \$592 for all students.

Despite recent increases, Georgia Tech's level of tuition and fees remains lower than many of its peer institutions, especially for resident students. The following chart shows 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>).



**Note:** FY 2008/2009 Peer Tuition and Fee data available October 2008.

## What have been the State budget cuts and funding trends?

From Fiscal 2002 through 2005 Georgia Tech has absorbed state funding reductions of approximately \$47 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 below. For Fiscal 2006 through 2009 the state percentage has dropped further to 25% of the total budget. Due to state revenue shortfalls, substantial additional reductions are anticipated for Fiscal 2009 (not announced as of this data).

