

GEORGIA INSTITUTE OF TECHNOLOGY

BUDGET-IN-BRIEF

Fiscal Year 2010

Size of budget? \$1,168.7 million in revenue

Note: *Approximately \$90 million additional from affiliate organizations – GT Foundation, GT Alumni Association, and GT Research Corporation; Grand Total of \$1.2 billion*

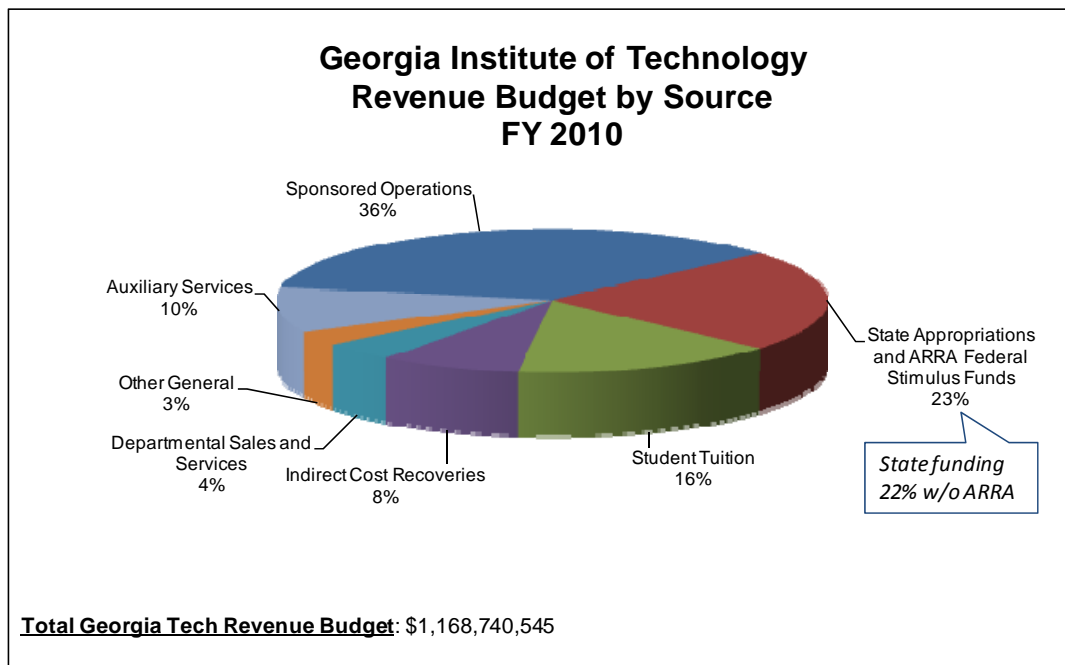
Where does the money come from? Five main revenue sources (93% of total):

Sponsored funding* (grants and contracts)	\$419M	36%
State appropriations and Federal Stimulus ARRA funds**	\$266M	23%
Tuition	\$181M	16%
Auxiliary Enterprises***	\$117M	10%
Indirect Cost Recoveries	\$97M	8%

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

**State appropriations are supplemented with \$12.3 million in federal funds from the American Reinvestment and Recovery Act. During Fiscal 2010 the state allocated an additional \$6 million, accompanied by an equivalent state funding cut.

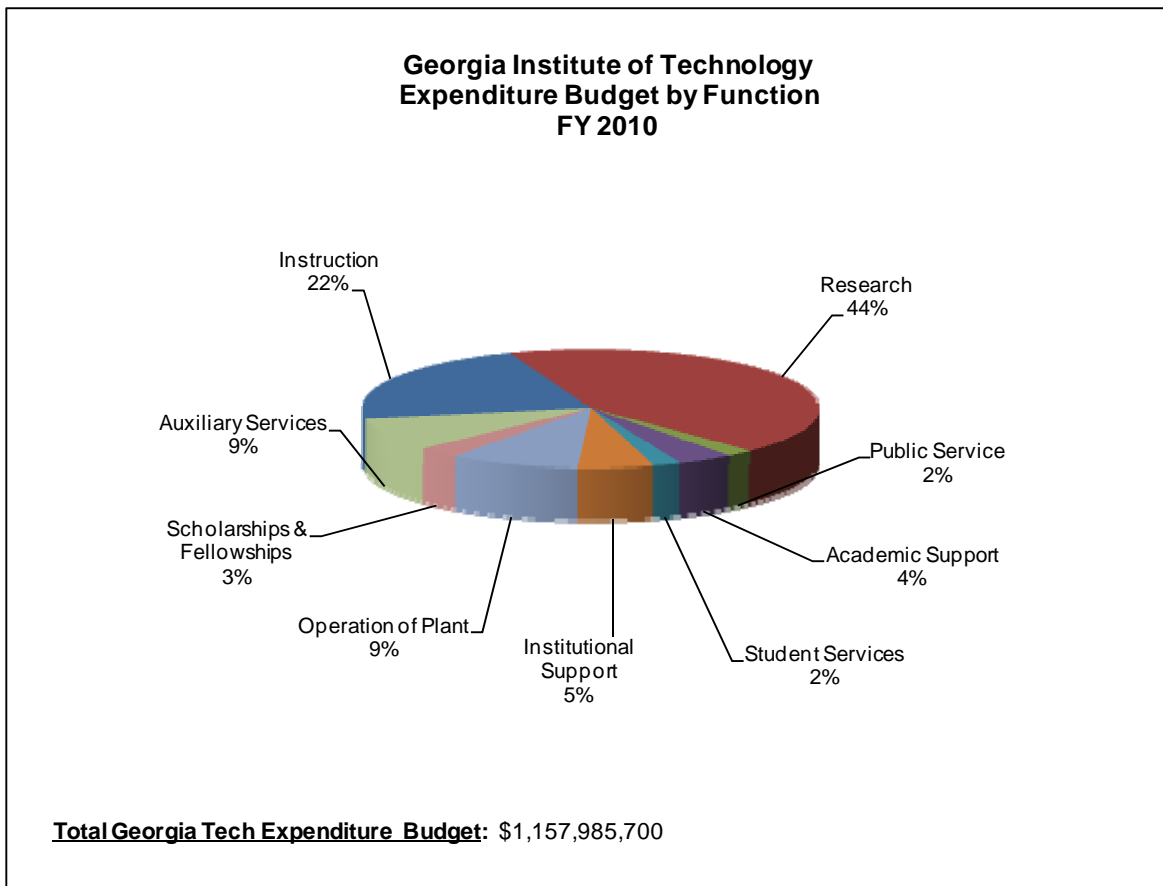
***Auxiliary Enterprises includes: housing, transportation, parking, dining, student health and telecom.



NOTES: Chart excludes affiliate organizations such as GT Foundation, GT Athletic Association, and GT Research Corporation. State appropriations declined from 25% of the GT budget in FY09 to 22% in FY10. Student tuition increased from 14% to 16% of the budget.

Where does the money go? Three main uses by program category (84% of total):

Research	\$504M	44%
Instruction	\$255M	22%
Operation and Maintenance of Plant (including utilities & leases)	\$106M	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 1st. Since Fiscal 2005, employee raises have been 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 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.

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.

Georgia Tech Fiscal 2010 Revenue By Major Function (in millions of dollars)	
Resident Instruction	\$860.8
Georgia Tech Research Institute (GTRI)	155.9
Enterprise Innovation Institute (EII)	24.8
Student Activities	<u>10.6</u>
Subtotal Educational & General	\$1,052.1
Auxiliary Enterprises	<u>116.6</u>
Total Georgia Tech	\$1,168.7

What are Georgia Tech's tuition and fees?

Georgia Tech's tuition and mandatory fee levels for Fiscal 2010 are shown below (for entering students):

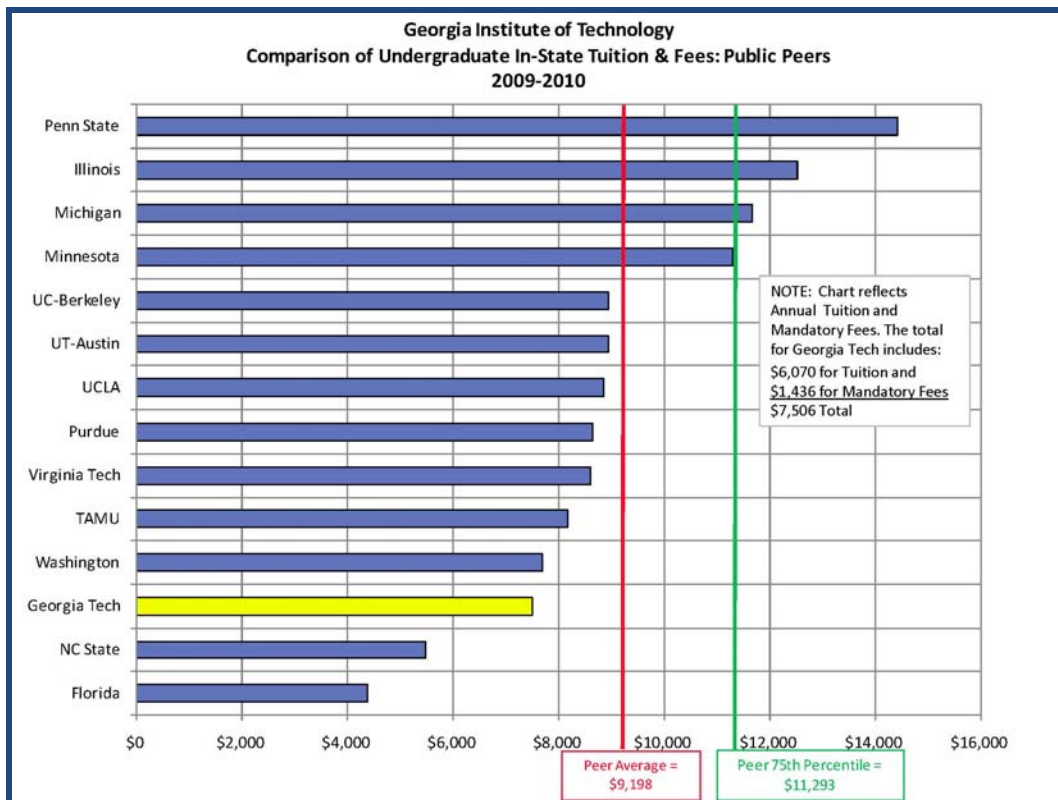
<u>Tuition & Fees/Semester</u>	Undergraduate		Graduate	
	Residents (in-state)	Non-Residents	Residents (in-state)	Non-Residents
Tuition	\$3,035	\$12,140	\$3,442	\$12,478
Mandatory Fees (spring 2010)	\$818	\$818	\$818	\$818

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. This program has been discontinued beginning with students entering in the fall of 2010.

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 spring 2010 total \$818 for all students. This includes a \$200 "institutional fee" approved by the Board of Regents to assist schools in absorbing budget reductions.

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 2009.

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 \$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 2010 the state percentage has dropped further to 21% of the total budget. The state has allocated federal Stimulus funding (American Recovery and Reinvestment Act) to replace some of the lost state funds, bringing the total state and ARRA to 22%. Due to continued state revenue shortfalls, Georgia Tech has experienced during Fiscal 2009 and 2010 to date a 19% reduction in state funding, over \$55 million. Additional Fiscal 2011 reductions are yet to be determined. See budget updates on the Budget Office web site: <http://www.budgets.gatech.edu/Welcome/LocBudInfo.html>.

