

Georgia Institute of Technology Fiscal 2011 Budget Summary

Executive Summary

This document summarizes Georgia Tech’s Fiscal 2011 budget. The budget figures in this document are based on the “amended original,” as of July 1, 2010. Georgia Tech’s original budget was reduced \$3.06 million prior to July 1 when the University System of Georgia used stimulus funds planned for FY11 to close FY10. Due to these special circumstances, this document will use the amended original budget figures. Also, note that the “Approved Budget” column represents the budget at the time of the FY11 original budget was submittal to the Board of Regents, not the final year end budget. The last section of the report contains a glossary of key terms applicable to budget and finance at Georgia Tech.

Revenues

Georgia Tech’s Fiscal 2011 revenue budget totals \$1.2 billion, presented below **by major unit**:

Georgia Tech Revenue by Major Unit				
Fiscal 2010 and 2011 Original Budget (in millions of dollars)				
	Fiscal 2010		Fiscal 2011	
Resident Instruction (RI)	\$860.8	74%	\$903.2	74%
Georgia Tech Research Institute (GTRI)	155.9	13%	155.0	13%
Enterprise Innovation Institute (EII)	24.8	2%	21.1	2%
Student Activities	10.6	1%	10.9	1%
Auxiliary Enterprises	116.7	10%	125.2	10%
Total Revenue Budget	\$1,168.8	100%	\$1,215.4	100%

The major programs are as follows:

- **Resident Instruction** is a designation established by the State of Georgia and includes all of Georgia Tech’s colleges, student support services, facilities, and all administrative functions.
- **Georgia Tech Research Institute** is the applied research and development arm of Georgia Tech (<http://www.gtri.gatech.edu/>).
- **Enterprise Innovation Institute** is Georgia Tech’s economic development operation that “helps enterprises improve their competitiveness through the application of science, technology and innovation.” (<http://www.innovate.gatech.edu/>)

- **Student Activities** functions are funded through the Student Activities Fee and Campus Recreation Center (CRC) fees paid by faculty and staff. The \$10.9 million covers operation of the CRC and the Student Center, along with student organizations.
- **Auxiliary Enterprises** are Georgia Tech’s business-like operations that cover operating costs through student and other fees. Included are food service, housing, parking and transportation, health services, the Buzz Card, retail operations, and telecommunications.

The major **source of revenue** for Georgia Tech is sponsored funding from grants and contracts, followed by state appropriations and tuition, as summarized on the next page. Departmental Sales and Services (DSS) represents revenue generated by departments for services provided to the public, corporations, and other Georgia Tech departments. DSS includes revenue from non-credit, professional (continuing) education courses.

Georgia Tech Revenue by Source				
Fiscal 2010 and 2011 Original Budget (in millions of dollars)				
	Fiscal 2010		Fiscal 2011	
Sponsored Operations	\$419.3	36%	\$444.3	37%
State Appropriations	254.3	22%	231.0	19%
Federal Stimulus - ARRA	12.3	1%	0.0	0%
Student Tuition	181.2	16%	217.4	18%
Indirect Cost Recoveries - Grants & Contracts	97.3	8%	102.8	8%
Departmental Sales and Services	50.2	4%	52.7	4%
Other Revenue	37.5	3%	42.0	3%
Total Educational and General Revenue	\$1,052.1	90%	\$1,090.2	90%
Auxiliary Services	\$116.7	10%	\$125.2	10%
Total Georgia Tech Revenue	\$1,168.8	100%	\$1,215.4	100%

NOTE: GTRI and EII are “B Units” in the state appropriations act and therefore receive earmarked state funding for their operations. Due to the budget process prescribed for “B Units” by the Georgia Office of Planning and Budget (OPB), their original budgets are based on non-state funding levels from the prior fiscal year. This is significant for GTRI, whose indirect cost recoveries and sponsored funding are under-stated by \$69.8 million in Georgia Tech’s Original Budget. This will be adjusted by budget amendment during the fiscal year per OPB rules.

Expenditures

Georgia Tech’s expenditures are presented by the **functional categories** defined by the U.S. Department of Education in the Integrated Postsecondary Education Data System (IPEDS):

Georgia Tech Expenditures by Function				
Fiscal 2010 and 2011 Original Budget (in millions of dollars)				
	Fiscal 2010		Fiscal 2011	
Academic Areas:				
Instruction	\$255.2	22%	\$266.4	22%
Research	503.9	44%	512.7	43%
Public Service	22.2	2%	17.7	1%
Academic Support	45.4	4%	47.5	4%
Scholarships & Fellowships	35.0	3%	45.0	4%
Subtotal - Academic Areas	\$861.7	74%	\$889.3	74%
Student and Campus Support Areas:				
Student Services	\$22.7	2%	\$23.4	2%
Institutional Support	61.5	5%	60.0	5%
Operation of Plant	106.1	9%	117.6	10%
Auxiliary Services	106.0	9%	109.0	9%
Subtotal - Support Areas	\$296.3	26%	\$310.0	26%
Total Expenditures	\$1,158.0	100%	\$1,199.3	100%

Total budgeted revenues for Georgia Tech exceed expenditures because Auxiliary Services budgets a planned surplus, which may be carried forward into future fiscal years, to be used to cover its future capital requirements.

The expenditure budget is broken down by **object of expenditure category** as follows:

Georgia Tech Expenditures by Major Object				
Fiscal 2010 and 2011 Original Budget (in millions of dollars)				
	Fiscal 2010		Fiscal 2011	
Personal Services	\$697.0	60%	\$658.2	55%
Operating Supplies	400.1	35%	474.8	40%
Equipment*	48.2	4%	45.2	4%
Travel*	12.7	1%	21.1	2%
Total Expenditures	\$1,158.0	100%	\$1,199.3	100%

* substantial portion from sponsored funding

Additional Information on Budget Reductions

Beginning in Fiscal Year 2009, the State began experiencing extreme reductions in revenue collections due to dire economic conditions. Statewide, budgets were cut heavily to offset deficits. Over the past two fiscal years, permanent reductions to Georgia Tech's budget have totaled \$67.2 million, a 23.8% loss from the Fiscal 2009 base budget.

Federal Stimulus funding (American Recovery and Reinvestment Act – ARRA) was made available to help offset cuts through FY11. For every dollar of federal funding, a dollar of state funding was reduced. The State used all available Stimulus funds during FY10, thus removing the remaining \$3.0 million in Stimulus funds in Georgia Tech’s Fiscal 2011 budget. In addition, the Governor announced a 4% reduction in monthly allocations to state entities, resulting in a \$9.0 million additional budget shortfall. The Legislature will act on the Amended budget when it returns in January 2011. The Governor’s budget instructions for the Fiscal 2011 Amended budget are for agencies to submit plans for 4%, 6%, and 8% possible budget cuts and to submit a Fiscal 2010 plan that adds on a 10% reduction scenario.

Recap of Georgia Tech Permanent State Funding Reductions Fiscal Years 2009 through 2011					
Program Areas	Fiscal 2009 Base Budget	Permanent State Budget Reductions			
		FY09 & FY10 Orig Budget	FY10 Mid-Year	Cumulative Cuts FY09-10	Cuts/ FY09 Base
Resident Instruction	\$263.36	(\$31.02)	(\$27.70)	(\$58.72)	-22.3%
Georgia Tech Research Institute	\$8.05	(\$0.86)	(\$0.59)	(\$1.45)	-18.0%
Enterprise Innovation Institute ⁽¹⁾	\$10.39	(\$1.21)	(\$0.87)	(\$2.08)	-20.0%
Total FY09 and FY10	\$281.81	(\$33.09)	(\$29.15)	(\$62.24)	-22.1%
				(2)	
Additional FY11 Original Budget Cuts				(\$4.96)	
Total FY09 through FY11 Original Budget⁽³⁾				(\$67.20)	-23.8%
NOTES:					
1 - Excludes Seed Capital funding of \$7.5M and the accompanying cuts					
2 - Additional one-time reductions imposed during FY10; temporary offsetting Federal Stimulus (ARRA) funding of \$36.8M provided in FY10 to cover reductions					
3 - <u>Excludes</u> : \$3.0M of Stimulus funding cut from FY11 Original Budget + additional FY11 proposed cuts of \$9.2M (4%) in July 2010 (cash reduction pending official action by Legislature on Amended FY11 Budget)					