

GEORGIA INSTITUTE OF TECHNOLOGY BUDGET-IN-BRIEF Fiscal Year 2015

Size of operating budget? \$1.5 billion

NOTE: The “operating budget” is for ongoing operations and excludes major capital (construction and renovation) items.

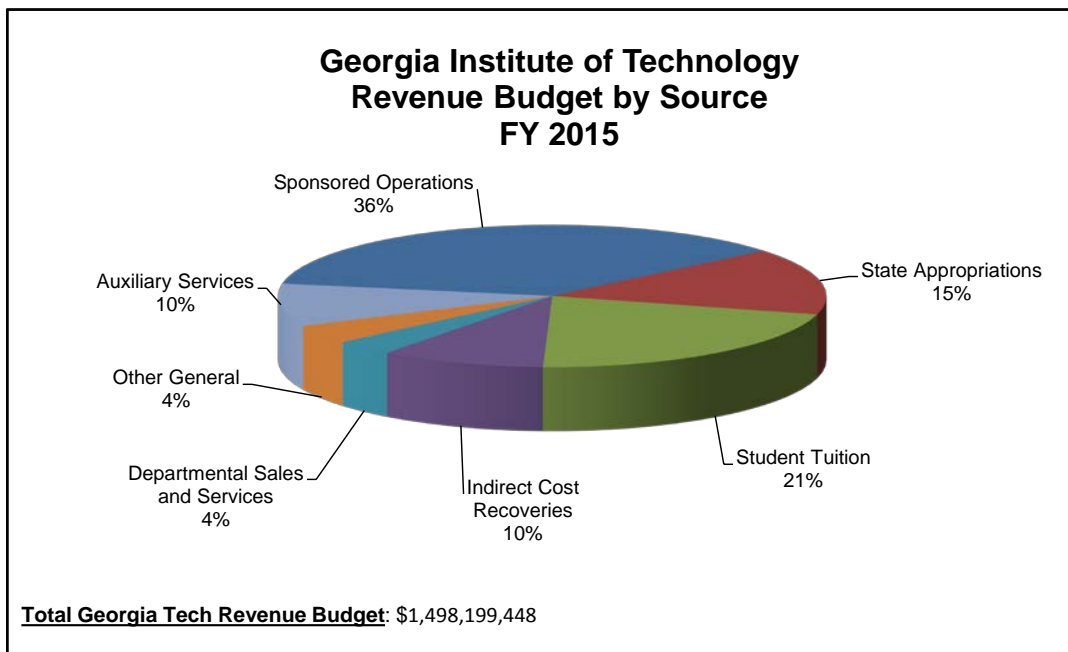
Where does the money come from? Five main revenue sources (92% of total):

1. Sponsored funding ^(a) (grants and contracts)	\$543M	36%
2. Tuition ^(b)	\$320M	21%
3. State appropriations	\$227M	15%
4. Auxiliary Services ^(c)	\$145M	10%
5. Indirect Cost Recoveries	\$146M	10%

(a) “Sponsored” includes an estimated \$102.5 million from GT Foundation for scholarships & other purposes.

(b) Tuition components: \$284.4M “general tuition” + \$28.1M tuition paid by sponsors + \$7.5M tuition generated by distance education classes

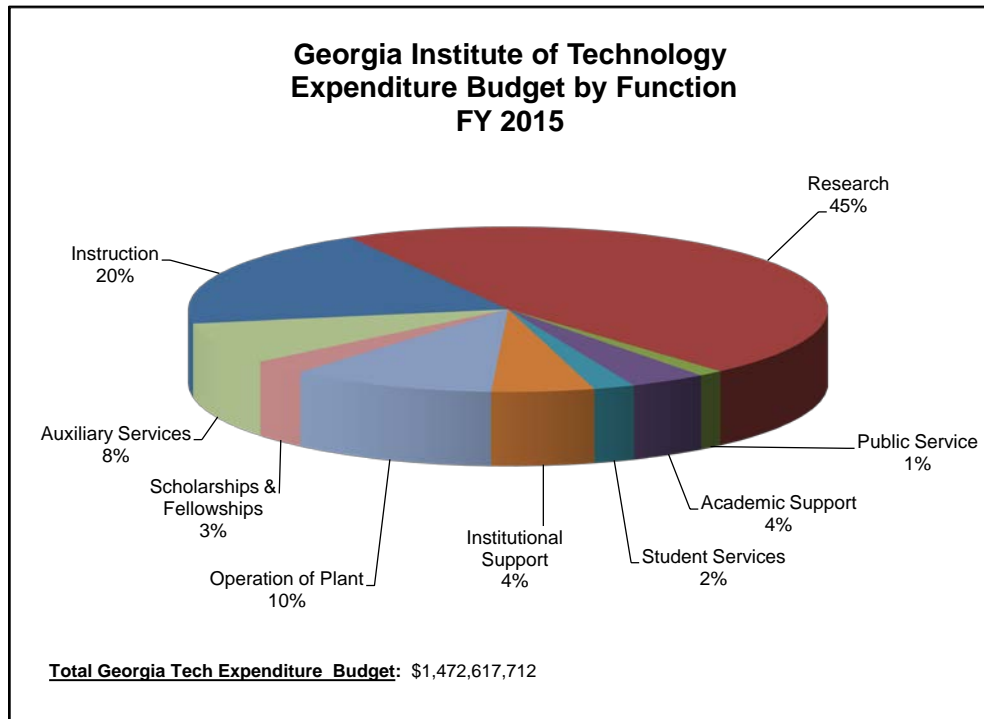
(c) “Auxiliary Services” represent business-like operations and includes: housing, transportation, parking, dining, student health, bookstore, post office, retail, and telecommunications.



NOTE: Chart excludes affiliate organizations such as GT Foundation, GT Athletic Association, Alumni Association, and GT Research Corporation, but includes funding paid by organizations to Georgia Tech such as sponsored funding for scholarships and faculty chairs.

Where does the money go? Three main uses by program category (85% of total):

• Research	\$688M	47%
• Instruction	\$287M	20%
• Operation and Maintenance of Plant (including utilities & leases)	\$153M	10%
• Auxiliary Services	\$120M	8%



NOTE: The revenue budget exceeds the expenditure budget because the business-like operations, Auxiliary Services, are required to develop capital reserves for facility renovations and equipment replacement.

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, considered by type of student – graduate, undergraduate, course of study. *This formula is currently undergoing change to a performance-based system, which will consider such success measures as student retention and graduation rates.* State funding is approved by the Legislature in the Annual Appropriations Act and is intended to cover a portion of state institutions’ instructional costs for Georgia residents, with the balance coming from tuition and other sources. The Legislature approves funding for the entire University System of Georgia (USG), and the USG governing board, the Board of Regents, then allocates funding to individual institutions. Through Fiscal 2015 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**

After the Legislature approves funding for the system via the Annual Appropriations Act, usually in late March or early April, the Board of Regents (BOR) determines the allocations to USG schools. The BOR generally approves allocations at its April meeting. Besides the formula funding, the Legislature earmarks funds for specific programs, such as funding for the Georgia Tech Research Institute (GTRI) and the Enterprise Innovation Institute (EI²).

As part of the formula funding, the Legislature may approve money for pay raises and increases in fringe benefit costs such as employee health insurance and retirement. The pay raises usually apply to both faculty and staff and often are effective at some date following the beginning of the fiscal year, July 1st. The General Assembly approved funding for merit raises in Fiscal 2015 for the first time in six years, with the raises effective July 1, 2014.

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 fees based on recommendations from the President of Georgia Tech and presidents of other institutions. At Georgia Tech, the President receives recommendations from the Mandatory Student Fee Advisory Committee and other organizations 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.

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 revenues 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 also, research, public service, facilities, and support functions. In addition to “RI,” there are separate funds for the following areas funded by fees – student activities and auxiliary services – and also the two units with earmarked state funding – GTRI and EI². The table below summarizes these major functions, which are all budgeted in separate funds.

Georgia Tech Fiscal 2015 Revenue By Major Unit (in millions of dollars)		
Resident Instruction (colleges, facilities O&M, support functions)	\$1,001.9	67%
Georgia Tech Research Institute (GTRI)	319.6	21%
Enterprise Innovation Institute (EII)	17.7	1%
Student Activities (funded by Student Activity Fees)	13.5	1%
Auxiliary Enterprises (funded by fees for service)	145.4	10%
Total Georgia Tech	\$1,498.2	100%

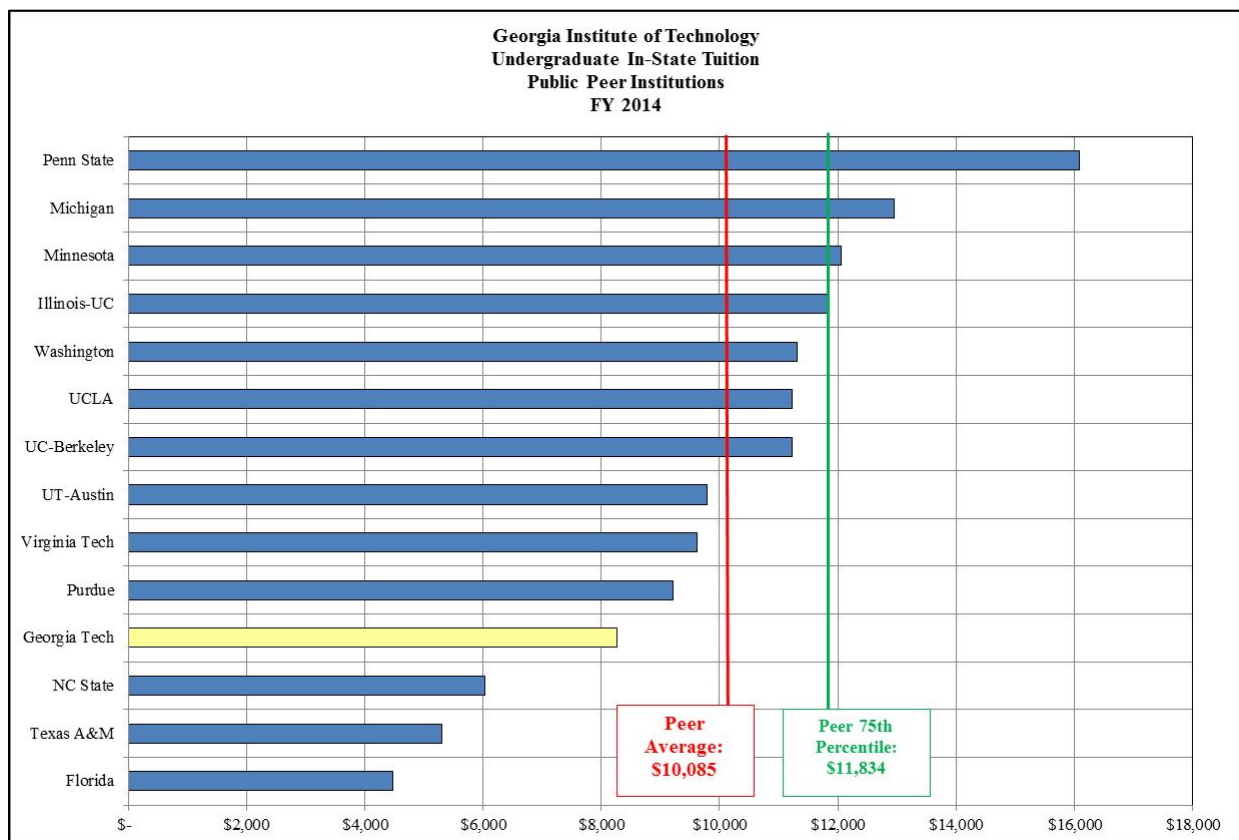
What are Georgia Tech’s tuition and fees?

Georgia Tech’s tuition and mandatory fee levels per semester for Fiscal 2015 are shown below:

Full Time Tuition & Fees/Semester	Undergraduate		Graduate	
	Residents (in-state)	Non-Residents	Residents (in-state)	Non-Residents
Tuition	\$4,501	\$14,153	\$6,172	\$13,800
Mandatory Fees (Fall 2014)	\$1,196	\$1,196	\$1,196	\$1,196

The mandatory fees that are earmarked and paid by all students are: transportation, student health, athletics, student activities, technology, and student athletic facility (for Campus Recreation Center debt service). In addition, all students pay a \$544 “institutional fee” approved by the Board of Regents to assist schools in absorbing budget reductions.

Despite recent increases, Georgia Tech’s tuition for undergraduate residents remains lower than many of its peer institutions. The following chart shows that Georgia Tech’s *annual* tuition for undergraduate resident students was well below the weighted average of its peer schools in Fiscal 2014.



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>).