FISCAL 2018 BUDGET UPDATE

BASED ON APPROVED BUDGET

INSTITUTE BUDGET PLANNING AND ADMINISTRATION

JULY 1, 2017
Outline

1. Capital Budget – funding sources & current projects
2. Fiscal 2018 Operating Budget for Ongoing Operations
   - Overview – sources and uses
   - Board of Regents approvals
   - Items funded in Original Budget
3. Continuing budget issues
Principal Categories of Capital Projects:

• Plant Fund Projects – General
  • Repairs & renovations outside of operating budgets
  • Examples: steam line replacements, street and walkway improvements, ADA building upgrades

• Plant Fund Projects – Auxiliaries (e.g. housing, parking, dining, student health)

• Major Capital Projects
  • New construction & major renovations
Funding Sources: General Plant Fund Projects

• President’s Discretionary Endowment – Lettie Pate Evans and others
• Major Repair and Renovation Funding (“MRR” – state funding)
• Gifts through Georgia Tech Foundation
• Departmental Funds
• Indirect Cost Recoveries and other General Operations Funding
Funding Sources: Major Capital Projects

- **State Bonds:**
  - Debt repayment through general state revenues
  - Projects first approved by Board of Regents and then proposed to Governor
  - Final approval by General Assembly
- **Gifts through GT Foundation**
- **Recoveries from sponsored projects**
- **Capital Leases for major projects** – GT affiliated Non-Profit Corp. – GT Facilities Inc. ([http://gtfi.gatech.edu/](http://gtfi.gatech.edu/))
- **Earmarked student fees**
Library Next – $88.4M total budget - $79.3M from State bonds and $9.1M from Institute funds

• **Focus of project:** “Creating Library services and spaces to match the changing research, teaching, and learning needs of Georgia Tech”

• First major phase of construction in late July on **Crosland Tower**:
  • Complete building renovation, removal of the connecting bridge, and site work surrounding the building
  • Scheduled completion at end of 2018

• Next phase **Price-Gilbert** renovation:
  • When Crosland Tower will reopen and function as the main GT Library
  • Entire project scheduled to be completed and fully operational in early 2020

• More information: [renewal.library.gatech.edu](renewal.library.gatech.edu)
**Campus Safety Facility** – $12.5M total budget from Institute funds

- **Focus of project**: bring Police Department together – currently in 5 buildings
- Construction on new 30,000 square-foot building on 10th St. for the Georgia Tech Police Department; work to begin in early July

**Coda** – GT to lease space in this 750,000 square-foot building in Tech Square; to be completed in 2019

- **Focus of project**: high performance computing
  - New opportunities for interdisciplinary research, commercialization, sustainability, collaboration with startups and established industry leaders
  - GTRI anchor tenant to occupy about half of office space
  - Home for GT data center
- Current progress – preparing foundation and underground parking
- More information at: c.gatech.edu/coda

See **Facilities Management website** for updates on ongoing construction projects: http://www.news.gatech.edu/2017/06/12/breaking-ground-building
“Resident Instruction” – core activities of GT including colleges & excluding other units listed in chart
“Resident Instruction” – core activities of GT including colleges, student support services, administration, facilities O&M
FISCAL 2018 OPERATING BUDGET
WHERE THE “R.I.” MONEY GOES

Georgia Institute of Technology
Resident Instruction Expenditures by Program
FY 2018

- Research: 38%
- Instruction: 26%
- Scholarships & Fellowships: 4%
- Operation of Plant: 14%
- Institutional Support: 9%
- Student Services: 2%
- Public Service: 1%
- Academic Support: 6%

Total Resident Instruction Budget: $1,158,577,873
BOR Approvals on April 18th – Tuition and Fees

• Undergraduate Tuition – 2% increase (residents & non-residents)
• Graduate Tuition – 2 ½% increase (residents & non-residents)
• Mandatory Fees
  • Increase only in Student Health Fee by $5 ~ $160 to $165
  • $100 decrease in Special Institutional Fee (SIF) – grad students only ~ $444 to $344
• Selected Elective Fees
  • Housing – 3.2% increase; family housing 2%
  • Dining – 3% increase
  • Parking – 0% increase for major categories
New State Funding Approved by BOR

- Modest state funding increase – 9% of state base & 2.5% of non-sponsored budget, \textit{including} raises & fringe benefit cost increases
  - New formula funding to address GT’s enrollment increases
  - State’s 75% share of merit increases – @ 2% average, or 1 ½% of total general operations funded payroll
  - State’s 75% share of health insurance and retirement increase
- $47M bonds for phase one of Price Gilbert/Crosland Tower Library Renewal Project
- $50M bonds approved for Major Repair and Rehabilitation (MRR); GT share approximately $5M
NOTE: “Redirection funding” represents an average 1% reduction in unit budgets for reallocation by the President’s Office.
FISCAL 2018 BUDGET UPDATE
MAJOR FUNDING REQUIREMENTS

- Employee pay and fringe benefits – 1/3 of new funding
  - Merit pay
  - Faculty retention and promotion/tenure
  - Staff retention and market adjustments
  - Fringe benefit increases – health insurance and retirement
- Pre-commitments and earmarked revenue for academic units – 13% of new funding
- Academic and research requirements – 21% of new funding
  - Strategic/targeted tenure track hires
  - Faculty start-up for equipment, matching funds for grants, grad student support, renovations
  - Teaching support & staff academic support to address enrollment increases
  - Graduate student support
  - Library Next and Library subscription cost increases
  - Research: equipment refreshment and data protection
- I.T. – cybersecurity, new financial system, fixed cost increases – 16% of new funding
- Facilities O&M: increased costs of lease obligations – 16% of new funding
CONTINUING BUDGET ISSUES

- Restrictions on tuition and fees
  - Continued emphasis on “affordability” and severe rate limitation on increases
  - No further shifts in undergraduate mix – 60% resident/40% non-resident
  - Pressure on auxiliary operations to manage within existing resources
- State funding limitations due to enrollment challenges at other institutions
- Continuation of external mandates not accompanied by funding
  - **Examples**: cybersecurity, research data protection, campus accessibility, grants management, other accountability requirements
- Continued modest enrollment increases
  - Pressure to maintain or improve student-faculty ratio
  - Staff support for faculty
- Facility challenges to keep up with enrollment and research capabilities
- Faculty support and start-up required to recruit and retain top quality faculty
- Market challenges for maintaining top quality staff
Further Information

http://www.budgets.gatech.edu/