

FISCAL 2018 BUDGET UPDATE

BASED ON APPROVED BUDGET

INSTITUTE BUDGET PLANNING AND
ADMINISTRATION

JULY 1, 2017

CREATING THE NEXT®

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/>)
- 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

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

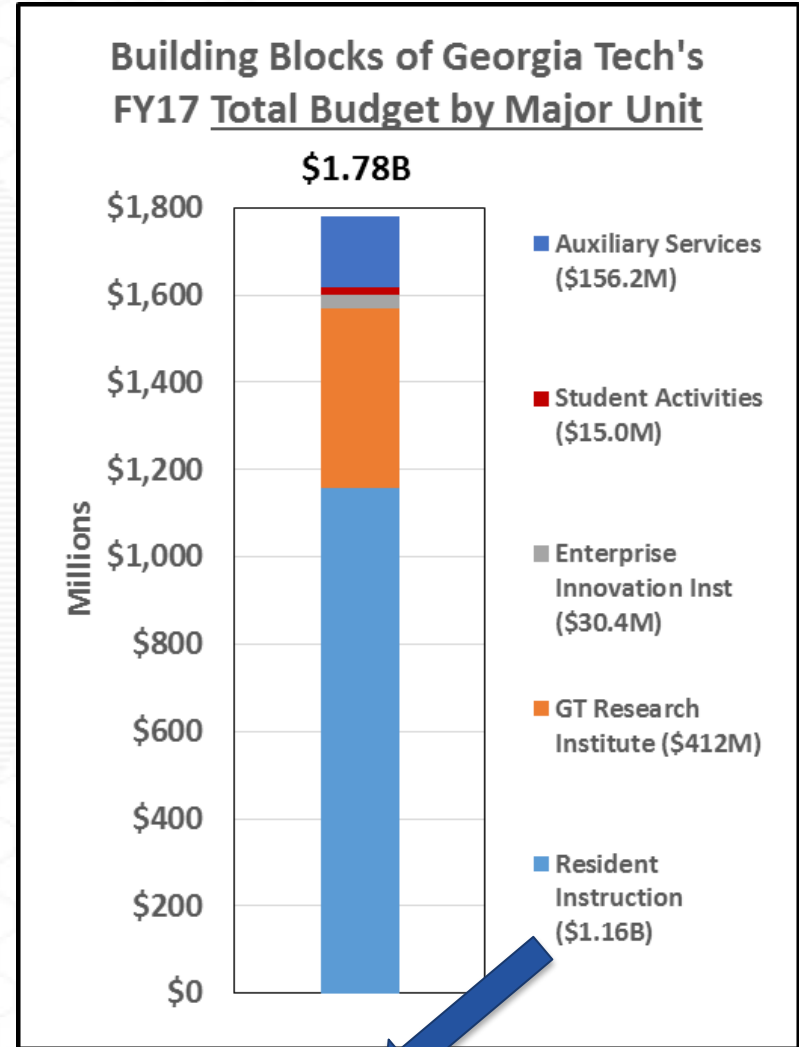
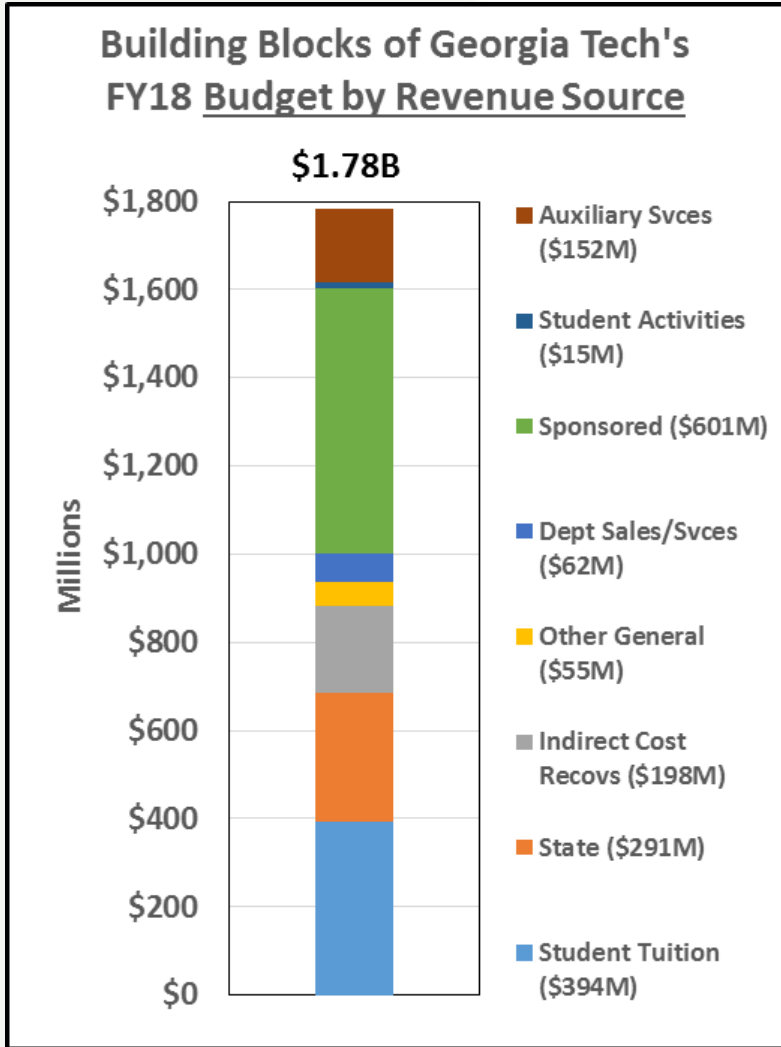
- Focus of project: high performance computing
 - New opportunities for interdisciplinary research, commercialization, sustainability, collaboration with startups and established industry leaders
 - GTRI anchor tenant to occupy about half of office space
 - Home for GT data center
- Current progress – 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>

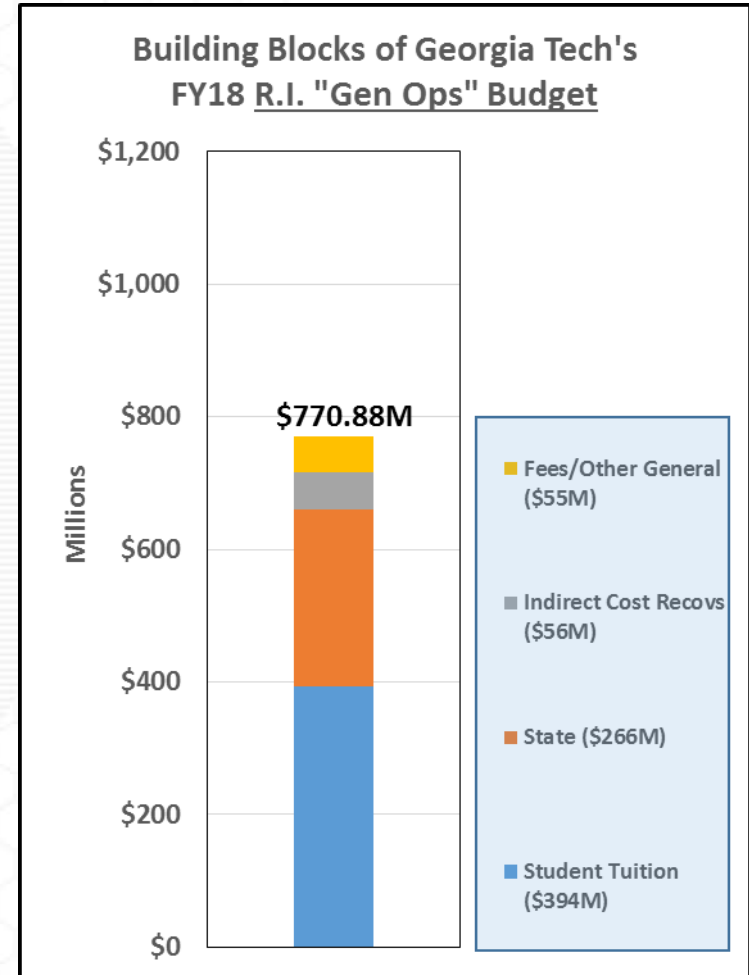
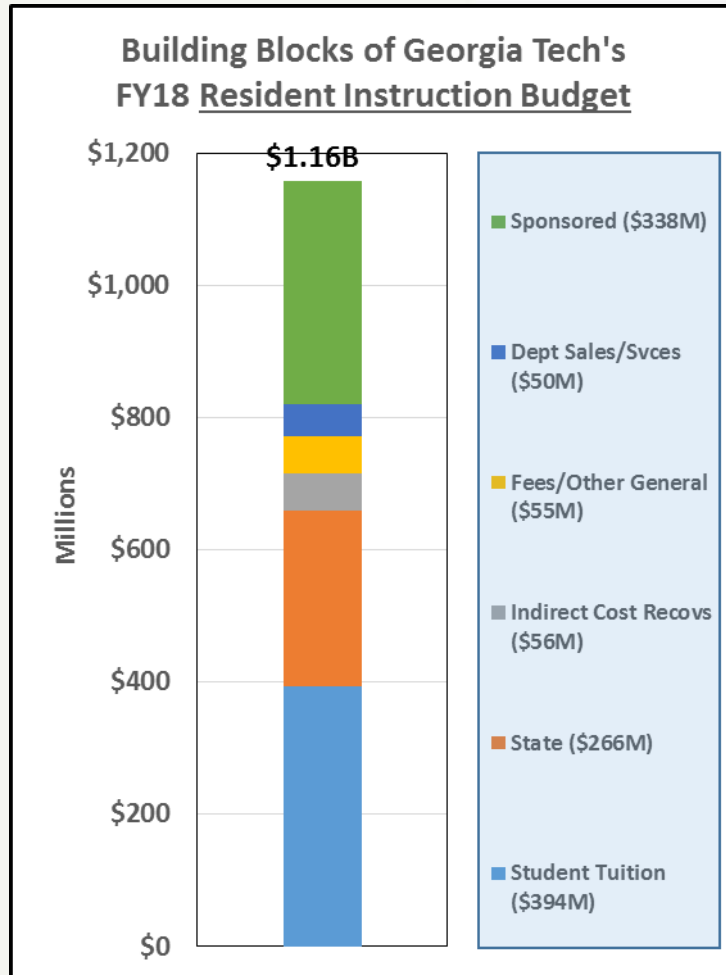
FISCAL 2018 OPERATING BUDGET

TOTAL FUNDING SOURCES - ALL UNITS



“Resident Instruction” – core activities of GT including colleges & excluding other units listed in chart

FISCAL 2018 OPERATING BUDGET RESIDENT INSTRUCTION REVENUE

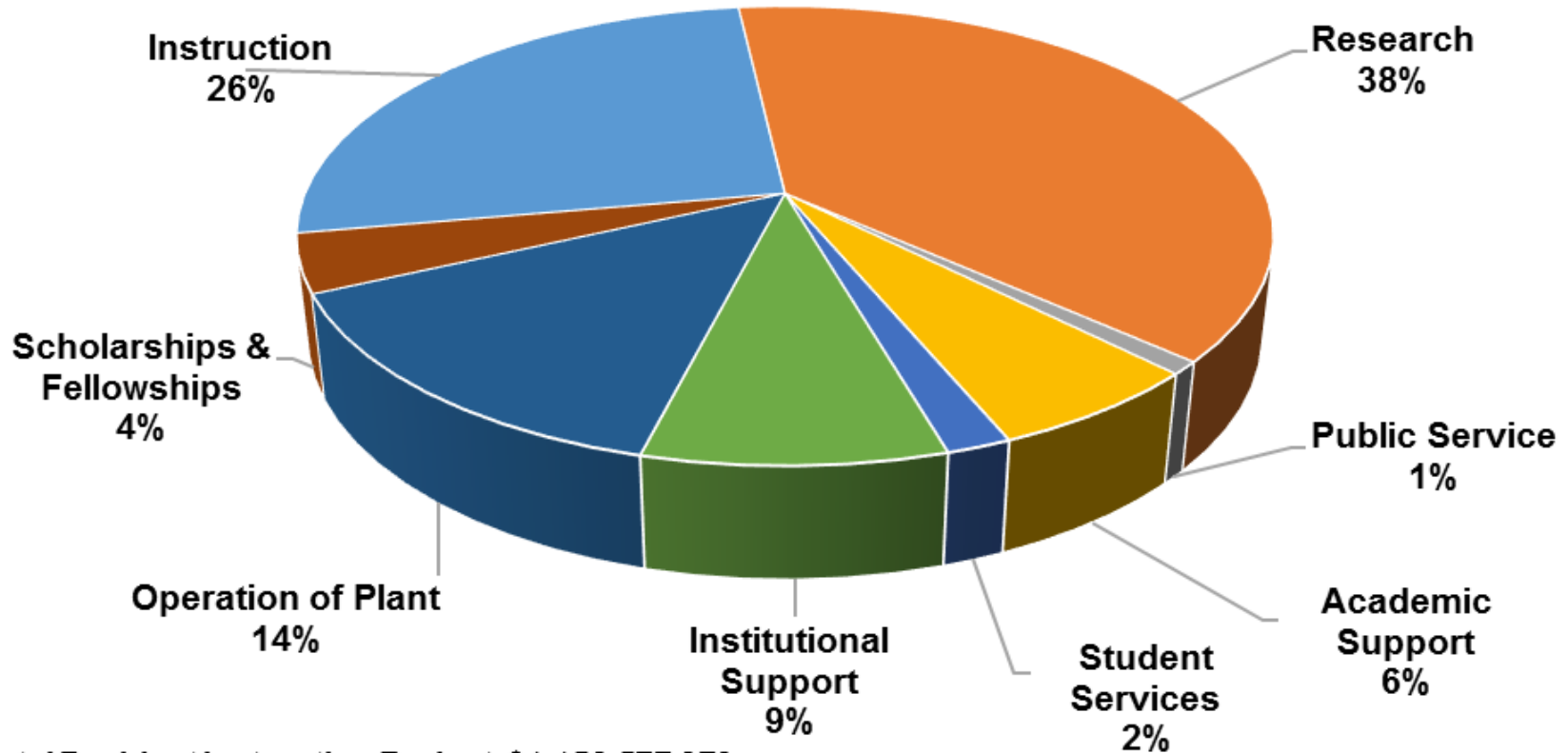


“Resident Instruction” – core activities of GT including colleges, student support services, administration, facilities O&M

FISCAL 2018 OPERATING BUDGET

WHERE THE "R.I." MONEY GOES

Georgia Institute of Technology Resident Instruction Expenditures by Program FY 2018



Total Resident Instruction Budget: \$1,158,577,873

BOR Approvals on April 18th – Tuition and Fees

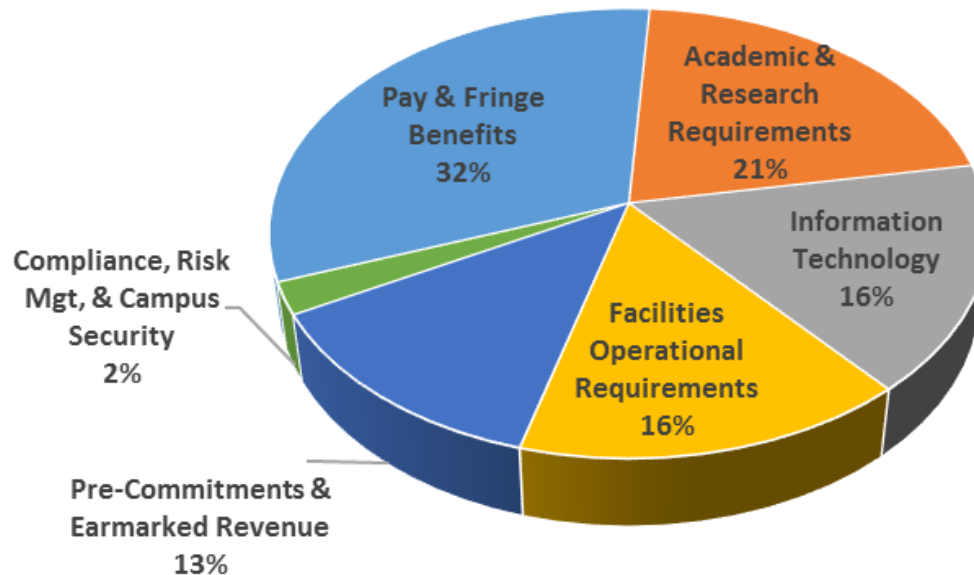
- Undergraduate Tuition – 2% increase (residents & non-residents)
- Graduate Tuition – 2 ½% increase (residents & non-residents)
- Mandatory Fees
 - Increase only in Student Health Fee by \$5 ~ \$160 to \$165
 - \$100 decrease in Special Institutional Fee (SIF) – grad students only ~ \$444 to \$344
- 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, *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

FISCAL 2018 BUDGET UPDATE NEW FUNDING REQUIREMENTS/PRIORITIES

Distribution of New Funding Allocations
Resident Instruction - Fiscal Year 2018



Net Funding Available - New Revenue (\$M)	\$40.84
Plus Redirection Funding @ Average of 1%	\$3.70
Total Funding Available for Allocation and Reallocation	\$44.54

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/>