Georgia Tech Update
USG Budget Hearing

G. P. “Bud” Peterson, President
Rafael Bras, Provost
Chaouki Abdallah, EVP for Research
Jim Fortner, EVP for Administration and Finance (interim)

December 6, 2018
Georgia Tech at a Glance

Academic
- Scheller College of Business
- College of Computing
- College of Design
- College of Engineering
- Ivan Allen College of Liberal Arts
- College of Sciences
- Georgia Tech Professional Education

Additional Research
Georgia Tech Research Institute (GTRI)
Market-focused translational research

Economic Development
Enterprise Innovation Institute (EI²)
ATDC; VentureLab; strategic partners

32,720 students
16,046 undergraduate
16,674 graduate
(8,895 are online)

#8 best public university
U.S. News and World Report

$840M research expenditures

$3.09B annual economic impact

97% First-year retention

60% Undergrads from Georgia

117 Countries represented in student body

40% (first-year class)
### Students: 2008 vs. 2018

<table>
<thead>
<tr>
<th></th>
<th>Undergraduate Applications</th>
<th>Graduate Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Applications</strong></td>
<td>10,150</td>
<td>35,600</td>
</tr>
<tr>
<td><strong>Percent Admits</strong></td>
<td>61%</td>
<td>23%</td>
</tr>
<tr>
<td><strong>Total Enrollment</strong></td>
<td>13,000</td>
<td>16,000</td>
</tr>
</tbody>
</table>
Access and Affordability

Focus on merit and need-based scholarship resources:

- G. Wayne Clough
  Georgia Tech Promise
- REACH Program
- APS Scholars Program
- Georgia Tech Scholars introduced Fall 2017
- Initiative 2020
  - Clark Scholars ($15M)
  - On target towards $150M
### Faculty: 2008 vs. 2018

<table>
<thead>
<tr>
<th>Category</th>
<th>2008</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenured/Tenure-Track Faculty</td>
<td>954</td>
<td>1056</td>
</tr>
<tr>
<td>Number of Research Awards</td>
<td>2,591</td>
<td>3,871</td>
</tr>
<tr>
<td>Total Research Awards in Dollars</td>
<td>&gt;$445M</td>
<td>&gt;$854M</td>
</tr>
<tr>
<td>New Industry Sponsored Awards</td>
<td>$70M</td>
<td>$111M</td>
</tr>
</tbody>
</table>

**Collaboration:** 1,000 of our active research projects list co-PIs; 500 of our active research projects are with other universities and research institutes.
Continuing Efforts to Rebuild Public Trust: Organizational Changes

- Elevated and centralized the role of an ethics officer on campus
- Chief audit executive now reports to president
- Expanded role for position of VP for Ethics, Compliance and Legal Affairs
- Separated duties for operations to ensure that no VP will control the entire procurement process
- GTRI operations and support functions of Ethics and Compliance, Finance, Operations & Information Services, Human Resources, and Research Security functionally integrated through dual reporting relationships

National Executive Searches Underway:
- Executive VP for Administration and Finance
- Vice President for Ethics, Compliance and Legal Affairs
- Vice President for Institute Communications
- Vice President and Director, GTRI
Continuing Efforts to Rebuild Public Trust: The Campus Community

- Ethical Culture Indicator with the University of North Georgia’s BB&T Center for Ethical Leadership
  - Surveyed all faculty and staff and Institute-employed graduate students in September
  - 51.9% response rate
  - Educational, training and awareness-building programs on campus in spring semester
- Active participation in USG Ethics Awareness Week
- Ongoing education and engagement
Comprehensive Administrative Review Update

• CAR Action Planning began Sept. 2018
  Initial plan expected to be complete March 2019

• Working Group met 18 times to date to further analyze data and engage functional leaders in developing collaborative solutions

• Data indicates 4 Institute functions need further exploration:
  • Talent and People Management
  • Procurement and Expense Management
  • Information Technology
  • Communications, Marketing and Events

• Engaging staff and faculty through Collaborative Solutions Workshops and faculty engagement sessions
Comprehensive Administrative Review Update

• Initial ideas under further cost/benefit analysis and Decision group consideration:
  • Transformation of HR structure and processes, aligned with OneUSG, resulting in shared services for transactional processing, greater standardization and consistency of specialized activities, and increased contribution to strategic workforce planning.
  
  • Reducing organizational layers while optimizing spans of control through regrading/reclassifying/modification of vacated and filled leadership roles.
  
  • Process improvements to foster greater efficiency through collaboration, consolidation of related functions in selected areas, reduction of technology expenditures, and policy revisions/clarification.
Momentum Year Initiatives

• GT1000 first-year seminar curriculum redesign
  • Intentional academic planning, and leadership and collaboration skills
• Undergraduate Advising Task Force
• Curricular Enhancement in Gateway STEM courses
  • Introductory Physics research on student success
  • Math first-year course revamp: free, online interactive textbook, online homework platform, increased sections
• Living Learning Communities
  • Multi-year expansion for space renovations, staff, curriculum
  • By 2020-2021, target to enroll 60% of on-campus first-year students in Living Learning Community (1,650)
• Corequisite Learning Support Redesign
• Summer Session Initiatives
Complete College Georgia

- Historically high first-year retention of 97% and 6-year graduation rate of 87%

- Working on:
  - Reducing time-to-degree completion
  - Supporting students navigating undergraduate curriculum
  - Ensuring all undergrads have equitable, accessible and developmental advising
  - Expanding opportunities to explore majors, interactions with faculty, and career planning through high-impact educational practices (i.e. Living Learning Communities)

- Student Success and Support
  - $728K total cost projected – 7 positions
    - $445K Undergraduate Academic Advising
    - $208K Predictive Academic Analytics
    - $75K Living Learning Communities Curriculum
Commission on Creating the Next in Education

The Georgia Tech Commitment to Lifetime Education

The Initiatives –
• Whole Person Education
• New Products and Services
• Advising for a New Era
• AI and Personalization
• Distributed Worldwide Presence

The Culture – Becoming Deliberately Innovative

Read the report: gatech.edu/ed-innovation
Enhanced Learning Strategies
Affordability and Accessibility of Degrees-at-Scale (OMS Programs)

Growth of Degrees-at-Scale

**OMS CS:** 10,000 students since 2014 and 1,000 graduates.

**OMS Analytics:** 1,200 students since 2017.

Nearly 8,900 enrolled in OMS CS and OMS Analytics in Fall 2018

**Analytics:** 372% increase in fall enrollment from one year ago

**Computer Science** – 31% increase in fall enrollment from one year ago, 500% increase in enrollment since 2014

New this Year: **Cybersecurity**

**OMS Students from Georgia**
939 of the 8,900 OMS CS and OMS Analytics students in Fall 2018 are from Georgia.
Enrollment Management: Long-Term Plans for Undergraduate Enrollment

- Enrolled largest first-year class in Tech’s history with 3,146 new students starting in the summer and fall (10% increase over last fall).
- By increasing first-year enrollment 4% each year through Fall 2021, the size of our freshman class will top out at 3,500.
- Offset first-year increases with fewer transfer admissions to control growth at the undergraduate level to no more than 2% annually.
- Enrolled a record number of undergraduate Georgia residents (9,700)
- With the controlled growth in the undergraduate population and moderate to aggressive growth in online master’s students, we expect to meet or exceed the Vinson Institute’s projected enrollment (35,000) in 2021.
FY20 Research Priorities

• Implement structural changes to support better services to researchers, launching the Grant Hatchery and scaling up support for big projects.

• Update and create data access and systems to assist researchers and external audiences in learning about and managing research and commercialization opportunities.

• Streamline and increase research communication.

• Align priorities with the on-going CAR process.

• Launching a research strategic plan.
New Research Initiatives

• Health/Bio
  • NSF ERC- Cell Based Manufacturing
    • $20M to consortium led by Georgia Tech
    • Partnering with UGA, Augusta University, TCSG, others
  • Research for adults with mild cognitive impairment ($23.7M with $6-7M coming to Tech)
  • Developing ways to treat Alzheimer’s
  • NSF-Simons Foundation Southeast Center for Mathematics in Biology ($10M)

• Materials
  • Energy Frontier Research Center Renewal ($18.6M)
New Research Initiatives

• Education
  • Atlanta Global Studies Center, NRC and Foreign Language and Area Studies partnering with Georgia State University, DOE ($2.25M)
  • GTRI hired 600 students as interns, co-ops and graduate students in 2018

• Computing/Cyber
  • Four federal awards $3M - $25M in past two years, $1.5M IntelCorp gift
  • High performance computing initiatives ($3.7M)
  • US Army Aviation and Missile Research, Development & Engineering Center renewed University Affiliated Research Center contract with GTRI, up to $2.35B over 10 years
OneUSG Update
Enterprise Transformation Timeline

**Financial**
- Plan
- Architect
- Configure & Prototype
- Test
- Deploy
- July 2019 Go Live

**HCM**
- Plan
- Design
- Test & Train
- Configure & Develop
- Deploy
- Dec 2019 Deploy
- Jan 2020 USG Payroll

**LITE**
- Student Reporting
- Live!
- Financials Reporting
- July 2019 Go Live
- HR Reporting
- Jan 2020 Go Live

(Reporting Tool)
OneUSG Update
HCM Transformation Timeline

December 2018
Plan

• Determine recommended timeline, scope, and resource plan
• Present to USG in January for approval

March 2019
Design

• Confirm business processes
• Submit change requests
• Determine RICE
• Design RICE items

April 2019
Configure & Develop

• Build RICE
• Configure PeopleSoft
• Develop training materials

June 2019
Test & Train

• Conduct testing
• System Integration
• Parallel User Acceptance
• Execute training

November 2019
Deploy

• Execute training
• Go/No Go
• Deploy

December 2019
Support

• Functional Support
• Integration Support

Note: Phase dates are approximate and will be finalized as part of the Planning phase
OneUSG HCM Project Priorities

Go Live Critical:

1.a. Successful parallel payroll processing (2 biweekly and 2 monthly)

1.b. Critical salary distribution functionality fully mapped into future state
   Includes Commitment Accounting, Labor Distribution and redistribution, Effort Reporting

1.c. Successful conversions for Position, Payroll, and Financial data

2. Complete end to end processing and integration development
   Includes Financial system interface, Identity Management, data transfer to GT’s Enterprise Data Warehouse, Pre-hire and hire of all employee types

3. Standardized and streamlined processes
   • Time reporting and leave accruals
   • Position Management, including group positions

Critical Success Factors

• Sufficient time for Georgia Tech to test the system
• Availability of ITS resources to assist with system conversion
Prior Commitments ($13.95M)

- IT Base Requirements – fixed maintenance/software contracts ($1.25M)
- Library Publishers’ Online Subscription Price Increases – to avoid reduction in current services ($530K)
- Compliance Commitments – Federal, State, Foreign Government Requirements in Legal, Financial, Other Business Areas ($250K)
- Faculty Promotion ($600K)
- Facilities Operational Requirements and Leases ($4.75M)
- Facilities Infrastructure/Deferred Maintenance and Operating Costs Increases ($1.0M)
- Quality Enhancement Plan (QEP) ($1.0M)
- Information Technology – Cloud Hosting and Applications and Major Research Instrumentation (MRI) ($2M and $1M respectively)
- Tech’s Share of Fringe Benefit Increases – Health Insurance & TRS ($1.57M)
New Funds Priorities ($11.65M)

• Faculty and Staff Salary Equity and Retention ($4.97M)
• Complete College Georgia ($728K)
  • Investments in Undergraduate Academic Advising ($445K)
  • Predictive Academic Analytics ($208K)
  • Living Learning Communities Curriculum Development ($75K)
• Faculty and Faculty Support ($5.95M), 30 positions
  • 12 New Faculty Positions ($3.0M)
  • 10 Non-tenure Track Instructors, Lecturers ($1.0M)
  • Faculty Start-Up and Matching Funds ($1.2M)
  • 8 Faculty Support Positions ($750K)
Update on Georgia Tech Indebtedness: Ratings and Outlook

• **GT Facilities, Inc. Credit Ratings** *(March 2018)*
  - Moody’s: Aa3, Positive Outlook (no change)
  - S&P: AA-, Stable Outlook (no change)

• **GT Foundation Credit Ratings** *(December 2017)*
  - Moody’s: Aa1, Stable Outlook (no change)
  - S&P: AA+, Stable Outlook (no change)

• **Ratings Rationale / Summary** *(Moody’s - GTFI)*
  - ‘Positive’ Outlook – Growth in balance sheet reserves, revenue
  - **Credit Strengths:**
    - Excellent strategic positioning - strong programs, students, revenues
    - Revenue growth – diversified revenue, student demand
    - Substantial total wealth - cash and investments, strong philanthropy
    - Growing State support and manageable financial leverage
# Update on Georgia Tech Indebtedness: Projects Requiring Financing - FY2019-2023

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Total Cost (000's)</th>
<th>Total Financing (000's)</th>
<th>Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Campus Center Renewal / Expansion *</td>
<td>$ 110,000</td>
<td>$ 116,750</td>
<td>2019</td>
</tr>
<tr>
<td>Sources:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auxiliary Services – Dining System</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institute Resources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Fee Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donor/Institute</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Technology Square, Phase 3 **</td>
<td>$ 200,000</td>
<td>$ 66,500</td>
<td>2021</td>
</tr>
<tr>
<td>Sources:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auxiliary Services - Retail and Parking Systems</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GO Bond funded</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donor Funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate Programs</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total, FY 2019-23** $ 183,250

* Total Financing Campus Center – includes cost of issuance and CAPI based upon currently proposed financing plan, utilizing a BOR approved conservative 5% bond interest rate.

** Total Financing Tech Square 3 - includes $500k allowance for cost of issuance. Actual costs including CAPI, premium, discount, are to be estimated based upon financing plans when developed and presented.
## Capital Liability Summary - FY2019-2023

Board of Regents - Five Year Debt Plan Capacity Model  
(in thousands)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Principal Outstanding - Beginning of Year</strong></td>
<td>$795,705</td>
<td>$881,198</td>
<td>$840,339</td>
<td>$864,066</td>
<td>$818,808</td>
</tr>
<tr>
<td><strong>Projected New Issuance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PPV and/or GHEFA</td>
<td>116,750</td>
<td>0</td>
<td>66,500</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Multi-Year Lease Contracts</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Multi-Year Energy Performance Contracts</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Scheduled Retirements</strong></td>
<td>(31,257)</td>
<td>(40,859)</td>
<td>(42,773)</td>
<td>(45,258)</td>
<td>(46,613)</td>
</tr>
<tr>
<td><strong>Total Principal Outstanding - End of Year</strong></td>
<td>$881,198</td>
<td>$840,339</td>
<td>$864,066</td>
<td>$818,808</td>
<td>$772,195</td>
</tr>
<tr>
<td><strong>Total Annual Rental Agreements</strong></td>
<td>54,157</td>
<td>56,376</td>
<td>61,490</td>
<td>63,524</td>
<td>64,854</td>
</tr>
<tr>
<td><strong>Total Annual Capital Liability Obligations (Including MYL &amp; EPC)</strong></td>
<td>59,630</td>
<td>68,750</td>
<td>74,167</td>
<td>76,512</td>
<td>77,182</td>
</tr>
<tr>
<td><strong>University Operating Revenues (Estimated)</strong></td>
<td>1,968,946</td>
<td>1,969,750</td>
<td>2,029,157</td>
<td>2,086,144</td>
<td>2,147,242</td>
</tr>
<tr>
<td><strong>Capital Liability Ratios (System Policy Limit of 5%):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Liability Payment Ratio (Including MYL &amp; EPC)</td>
<td>3.03%</td>
<td>3.49%</td>
<td>3.66%</td>
<td>3.67%</td>
<td>3.59%</td>
</tr>
<tr>
<td><strong>Capital Liability Payment Ratio</strong> (Excluding MYL &amp; EPC)</td>
<td>2.75%</td>
<td>2.86%</td>
<td>3.03%</td>
<td>3.05%</td>
<td>3.02%</td>
</tr>
</tbody>
</table>
Georgia Tech’s Principal Amortization

*Aggregate principal outstanding is representative of all BOR lease-backed debt issued through Georgia Tech affiliated organizations and TUFF, including estimates for the upcoming Campus Center project and multi-year lease obligations. The chart above does not include estimates for Tech Square III, as the project is in the preliminary planning stage.
Thank you!
Questions/Discussion