

**Georgia Institute of Technology
Fiscal 2018 Operating Budget Recap**

Report Overview

This document summarizes Georgia Tech’s Fiscal 2018 operating budget. The figures in this document are based on the original budget as of July 1, 2017, which was the budget submitted and approved by the Board of Regents (BOR) of the University System of Georgia (USG). Excluded from this report are major capital projects and budgets of affiliate organizations such as the GT Foundation, GT Research Corporation, and GT Athletic Association.

Based on Generally Accepted Accounting Principles (GAAP), the Georgia Annual Appropriations Act, Georgia State Law, and BOR guidelines, Georgia Tech must separate 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 core activities are budgeted in “Resident Instruction,” which includes not only instruction, but also, research, facilities, academic support, and student support functions. The six colleges and the interdisciplinary research institutes are budgeted in Resident Instruction. In addition to “R.I.,” there are separate funds for the following areas:

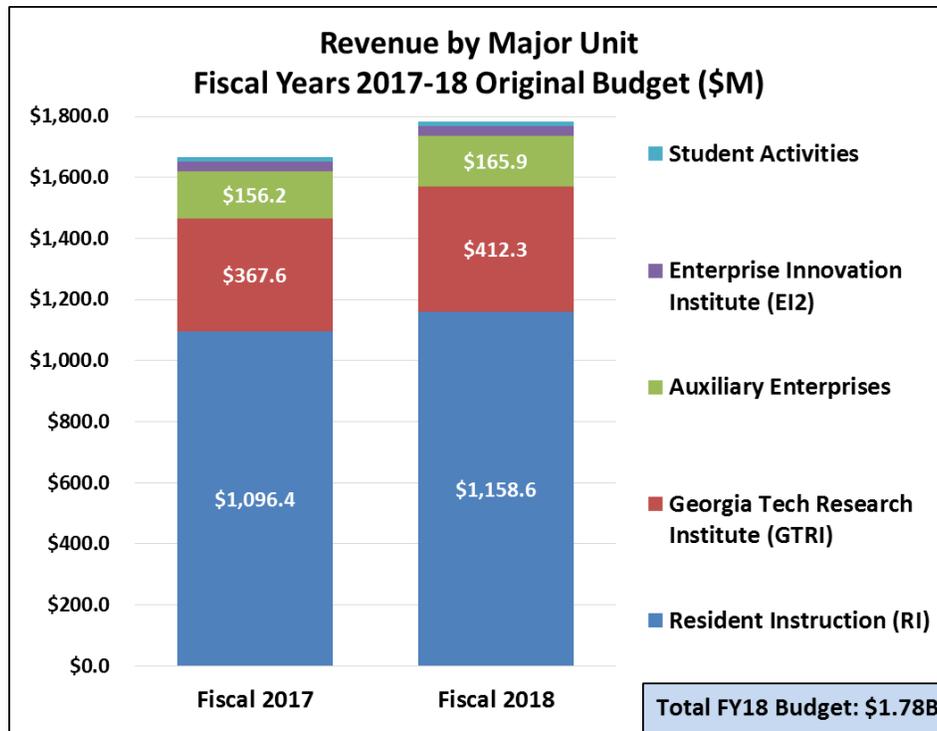
- Student activities –revenue from student fees
- Auxiliary services – funded by fees and other earmarked revenue from businesslike operations
- Georgia Tech Research Institute and Enterprise Innovation Institute (GTRI and EI2) – each with earmarked state funding and external sources. GTRI is Georgia Tech’s applied research arm, and EI2 its public service and economic development organization.

See *Appendix A* for expanded definitions of Georgia Tech’s major fund groups.

Total Institute Revenues

Georgia Tech’s Fiscal 2018 revenue operating budget, excluding affiliate organizations and major capital projects, totals \$1.78 billion, summarized below and on the next page **by major unit**:

Table 1				
Georgia Tech Revenue by Major Unit				
Fiscal 2017 and 2018 Original Budget (\$M)				
Revenue Source	Fiscal 2017		Fiscal 2018	
Resident Instruction (RI)	\$1,096.4	66%	\$1,158.6	65%
GT Research Institute (GTRI)	367.6	22%	412.3	23%
Auxiliary Enterprises	156.2	9%	165.9	9%
Enterprise Innov. Institute (EI2)	30.2	2%	30.4	2%
Student Activities	14.6	1%	15.0	1%
Total Revenue Budget	\$1,665.0	100%	\$1,782.2	100%



The major **source of revenue** for Georgia Tech is sponsored funding from grants and contracts (34%), followed by tuition, and state appropriations, as summarized in *Table 2* and the accompanying chart. The Departmental Sales and Services (DSS) category represents revenue generated by departments for services provided to the public, corporations, and other Georgia Tech departments. DSS includes revenue from non-credit, professional education courses.

	Fiscal 2017		Fiscal 2018	
Sponsored Operations	\$573.3	34%	\$601.3	34%
Student Tuition	377.2	23%	393.8	22%
State Appropriations	267.4	16%	291.3	16%
Overhead Recoveries - Grants & Contracts	175.4	11%	197.9	11%
Other Revenues	53.4	3%	54.9	3%
Departmental Sales and Services	47.4	3%	62.1	4%
Student Activities	14.6	1%	15.0	1%
Auxiliary Services	156.2	9%	165.9	9%
Total Georgia Tech Revenue	\$1,665.0	100%	\$1,782.2	100%

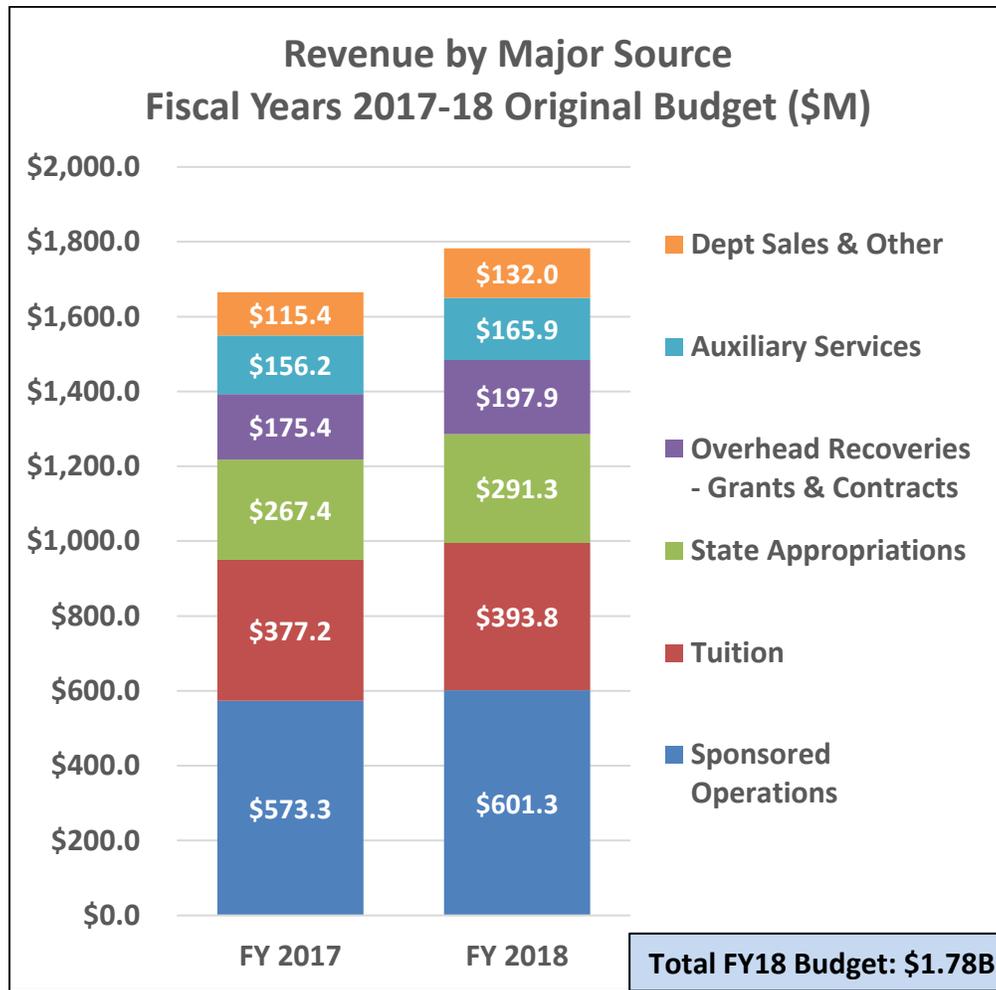


Table 3 below combines Tables 1 and 2, with major units in rows and funding sources in columns. The next section of this document focuses on the “Resident Instruction/General” total of \$770.9 million.

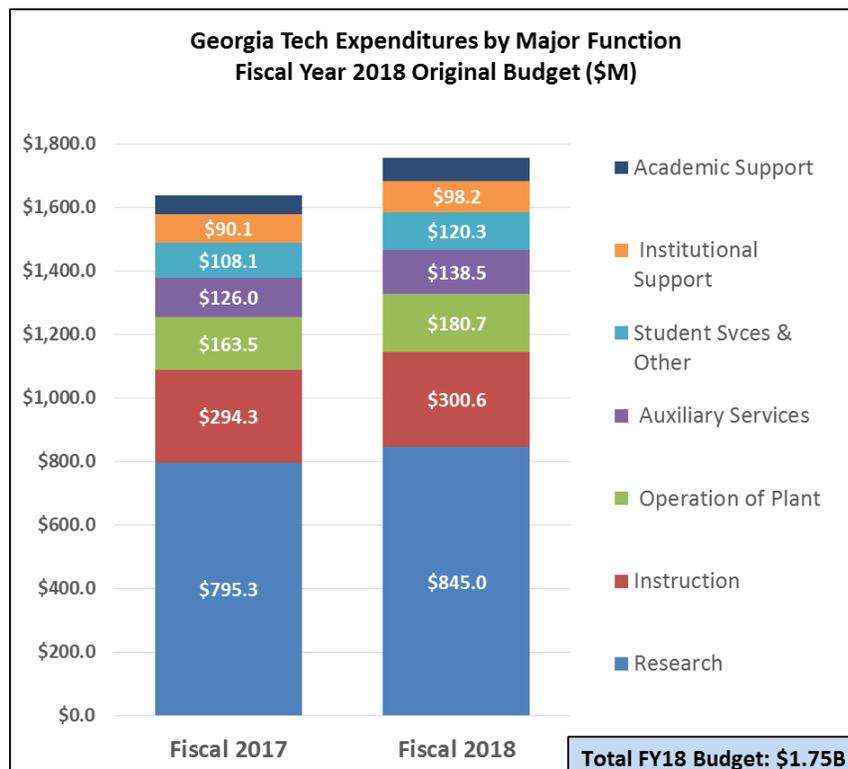
Major Program Area	State	Other General	Subtotal - General	Dept Sales & Svc	Sponsored	Auxiliary & Stdnt Acts	Total
Resident Instruction	\$265.7	\$505.1	\$770.9	\$50.0	\$337.7		\$1,158.6
GT Research Institute (GTRI)	6.1	140.0	146.1	10.6	255.6		412.3
Enterprise Innov Institute	19.5	1.4	20.9	1.5	8.0		30.4
Total Educ & Genl	\$291.3	\$646.6	\$937.9	\$62.1	\$601.3		\$1,601.3
Auxiliary & Student Activities						180.9	180.9
TOTAL BUDGET	\$291.3	\$646.6	\$937.9	\$62.1	\$601.3	\$180.9	\$1,782.2

NOTE: See Table 6 for a breakdown of the Resident Instruction/General total of \$770.9 million. Appendix B contains more detail of Institute revenue and expenditures.

Total Institute Expenditures

Georgia Tech’s expenditures are presented by the **functional categories** defined by the U.S. Department of Education’s Integrated Postsecondary Education Data System (IPEDS), shown in *Table 4* and the accompanying chart. Total budgeted revenues for Georgia Tech exceed expenditures because Auxiliary Services must reserve surpluses for its future capital requirements, covered solely by revenues generated by these enterprises.

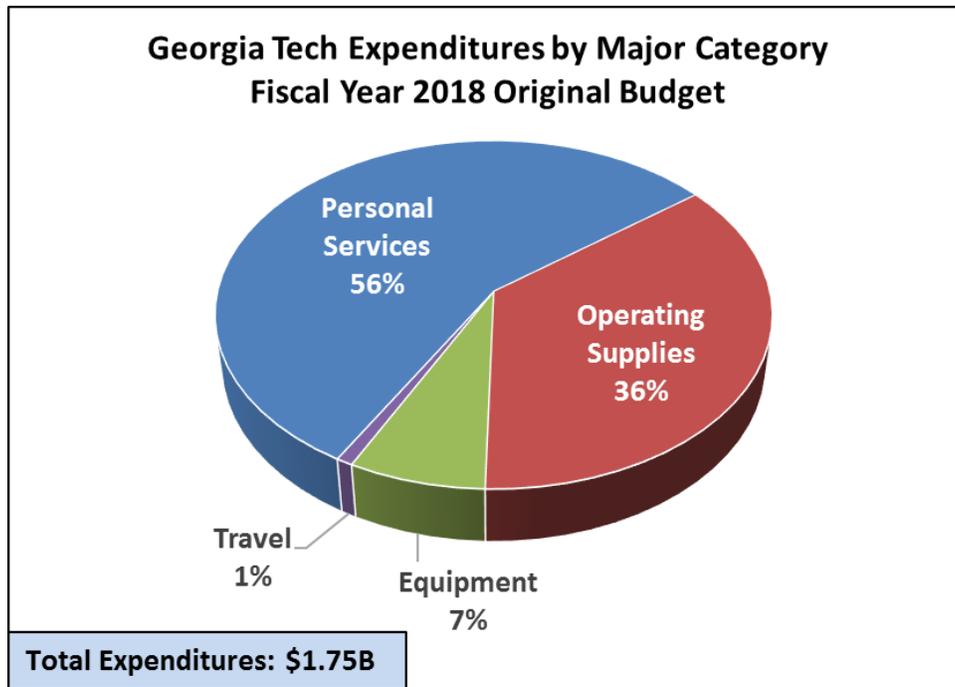
Academic Areas:	Fiscal 2017		Fiscal 2018	
Research	\$795.8	49%	\$845.0	48%
Instruction	294.8	18%	300.6	17%
Public Service	29.7	2%	36.5	2%
Academic Support	61.0	4%	71.4	4%
Scholarships & Fellowships	43.2	3%	47.7	3%
Subtotal - Academic Areas	\$1,224.4	75%	\$1,301.2	74%
Student and Campus Support Areas:				
Student Services	\$35.8	2%	\$36.1	2%
Institutional Support	90.1	5%	98.2	6%
Operation of Plant	164.0	10%	180.7	10%
Auxiliary Services	126.5	8%	138.5	8%
Subtotal - Support Areas	\$416.3	25%	\$453.5	26%
Total Expenditures	\$1,640.7	100%	\$1,754.7	100%



The expenditure budget is also broken down by **object of expenditure category** shown in *Table 5* and the accompanying chart:

Table 5				
Georgia Tech Expenditures by Major Expenditure Category				
Fiscal 2017 and 2018 Original Budget (\$M)				
	Fiscal 2017		Fiscal 2018	
Personal Services	\$913.7	56%	\$986.1	56%
Operating Supplies	594.4	36%	630.1	36%
Equipment	116.3	7%	123.6	7%
Travel	16.3	1%	15.0	1%
Total Expenditures	\$1,640.7	100%	\$1,754.8	100%

** Substantial portion of equipment and travel expenditures from sponsored funding*



General Operating Budget Summary

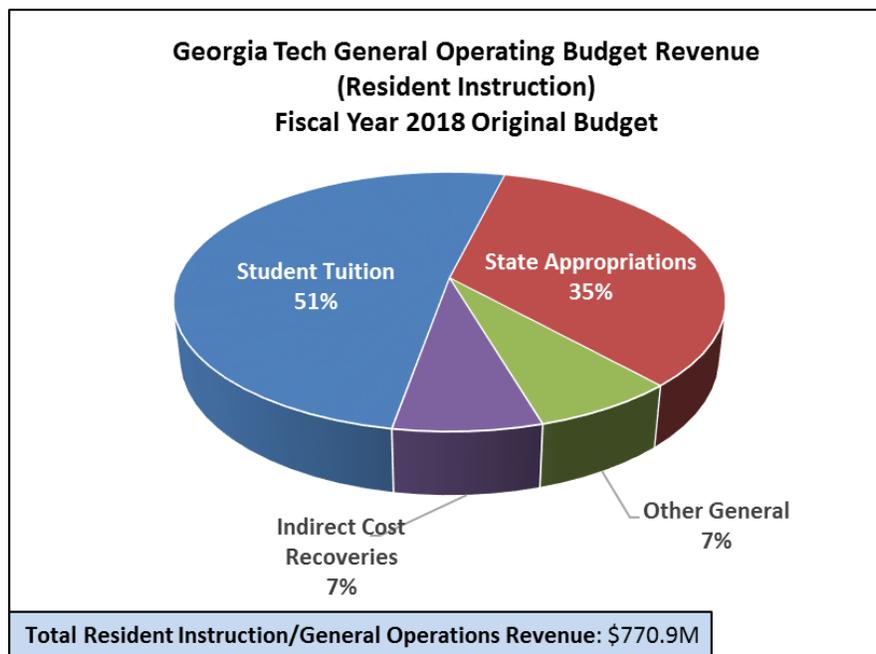
General Operating Revenue

As explained on the first page, the state-designated term “Resident Instruction” applies to Georgia Tech’s core operations excluding GTRI, EI2, Auxiliary Enterprises, and Student Activities. *The General Operating Budget is comprised of the portion of Resident Instruction not funded through sponsored and departmental sales (earned) funding.* The General Operating budget includes all colleges, interdisciplinary research organizations, facilities operations and maintenance, student support, and administrative support functions. The President has extensive discretion in allocating these funds, subject to state limitations, and this portion \$771M portion of the budget is the major focus of internal Institute budget planning.

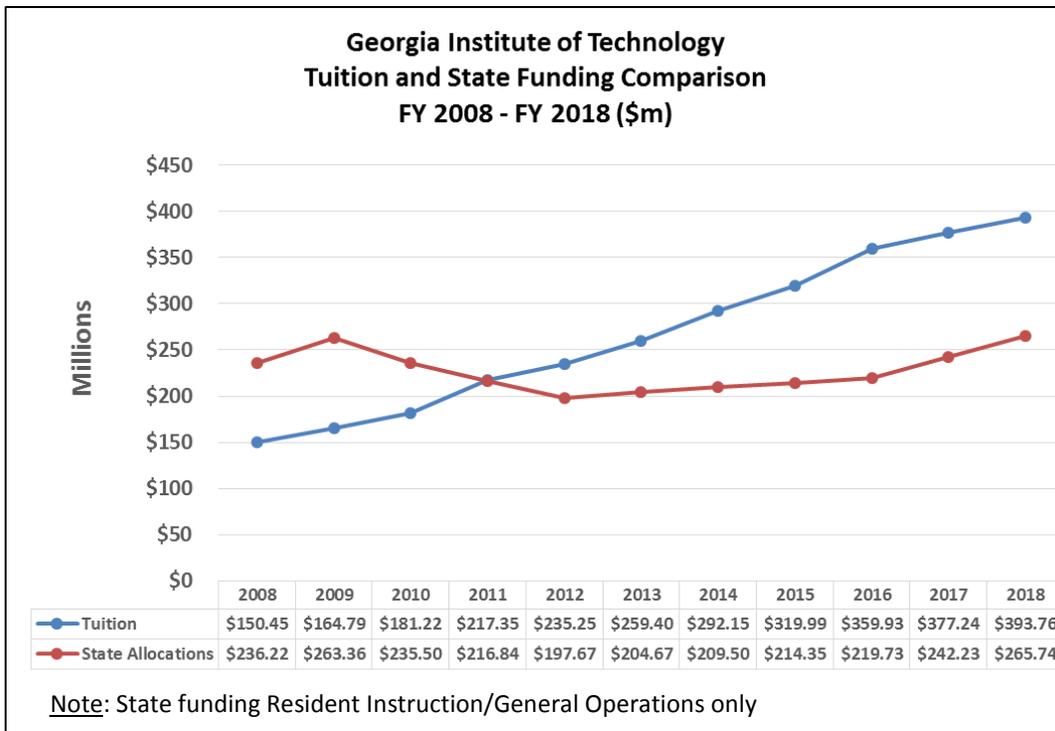
The General Operating Budget revenues and expenditures are summarized below in *Tables 6 and 7* and the accompanying charts. As shown, 85% of this portion of Georgia Tech’s budget is funded by student tuition and state appropriations.

Table 6 Georgia Institute of Technology General Operating Budget (Resident Instruction) Fiscal 2018 Revenue Summary (\$M)		
	FY18 Original Budget (\$M)	% Distribution
Student Tuition	\$393.8	51%
State Appropriations	265.7	34%
Other General	54.9	7%
Indirect Cost Recoveries	56.5	7%
Total General Operating Budget Revenue	\$770.9	100%

** The revenue category "Student Tuition" includes tuition paid by grand and contract sponsors (\$29.0M) and distance education tuition (\$8.5M). "General tuition" excluding these categories = \$356.3M, or 49% of general operating budget.*



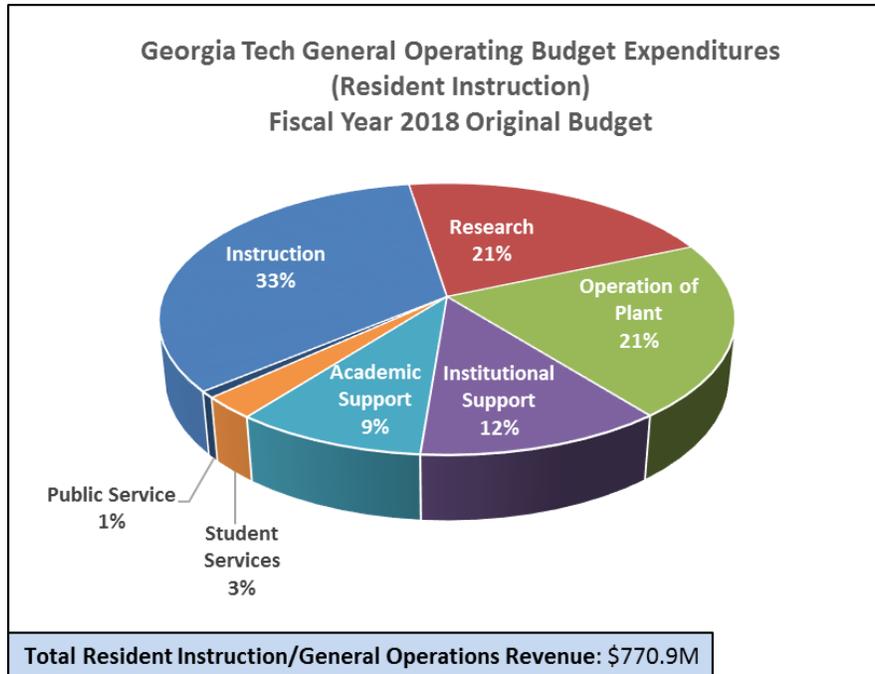
The portion of the General Operating budget funded by tuition in comparison to state funding has shifted greatly over the past ten years. The following chart shows that state funding exceeded tuition until Fiscal 2011, when the lines met for the first time, following three years of state budget reductions. With additional state formula funding, merit pay, and fringe benefit increases, the Fiscal 2018 funding level matched the state funding total in Fiscal 2009. With the increase in enrollment, the state funding per student has declined by over 5% since Fiscal 2008, with online masters programs excluded from the enrollment figures.



General Operating Expenditures

For the general operating budget the principal expenditure category is instruction, following by research and plant operations. The plant operations funding supports all other functions, with the research program requiring high levels of square footage and utility costs. The plant operations program also includes the Institute’s lease costs supporting largely the instruction and research functions. Nearly all of the instructional portion of the General Operating budget is held by the six colleges, while research activities are split between the colleges and the interdisciplinary research institutes.

Table 7 Georgia Institute of Technology General Operating Budget (Resident Instruction) Fiscal 2018 Expenditures Summary (\$M)		
	FY18 Original Budget (\$M)	% Distribution
Instruction	\$259.2	34%
Research	161.3	21%
Operation of Plant	161.2	21%
Institutional Support	91.8	12%
Academic Support	71.0	9%
Student Services	20.5	3%
Public Service	5.9	1%
Total General Operating Budget Expenditures	\$770.9	100%



How Georgia Tech’s Annual Funding Is Determined

Georgia Tech’s funding is heavily determined by the State of Georgia’s and the University System of Georgia’s funding processes, as outlined in this section. A more detailed explanation is found at the following [link](#).

State Allocations: Most state funding for higher education appropriated by the General Assembly to the University System of Georgia (USG) is based on a funding formula principally determined by student enrollment. The enrollment figures are categorized as follows:

- Level of students – lower level (freshmen/sophomores), upper level (juniors/seniors), and graduate
- Students’ course of study as assigned to “groups,” designed to reflect the assumed cost of educating students (class size, labs required, etc.).

Each January the Governor submits a proposed budget to the Legislature, which includes formula and other funding for the USG. The Governor may or may not recommend full funding of the formula, and the General Assembly considers his recommendations as it reviews the state budget proposal.

The General Assembly approves state funding via the Annual Appropriations Act. These funds are principally 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 USG, and the BOR then allocates funding to individual institutions. As part of the formula funding, the Legislature may approve appropriations for pay raises and increased fringe benefit costs, such as employee health insurance and retirement.

After the Legislature approves funding for the system via the Annual Appropriations Act, the Governor may veto individual line items, which are subject to override by the General Assembly. Following completion of the final

Appropriations Act, usually in late March or early April, the Board of Regents (BOR) approves the allocations to individual USG schools, generally at its April meeting. Besides 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).

Tuition and Fees: Following the General Assembly's approval of the state budget, the BOR approves tuition and fee levels for Georgia Tech and other institutions by student classification – graduate, undergraduate, resident, and non-resident. At the same time the BOR determines institutions' mandatory fee levels based on recommendations from institutions' presidents. The President receives recommendations from the [Mandatory Student Fee Advisory Committee](#), comprised of eight students and four faculty/staff.

The President generally approves the elective fees, which are paid by students on the basis of their optional utilization of services and facilities. These fees are then reported to the BOR for posting on their website. The BOR approves housing and dining fees and selected other non-mandatory fees, but the president approves most elective student fees including parking, laboratory, application, and other miscellaneous fees.

Other 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.

Georgia Tech’s Major Fund Groups

- **Resident Instruction** is a designation established by the State of Georgia that includes Georgia Tech’s colleges, interdisciplinary research centers, student support services, facilities operations and maintenance, and major 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 include the Campus Recreation Center (CRC), the Student Center (SC), and student organizations. The student organizations include the Student Government Association, campus radio station, student newspaper, and clubs. These functions are principally funded through mandatory student fees and earned revenues such as fees paid by faculty and staff for use of the CRC and space rentals by the CRC and the Student Center.
- **Auxiliary Programs** are Georgia Tech’s business-like operations that cover operating costs through student and other fees. Included are Dining, Housing, Parking, Transportation, Health Services, the Buzz Card Center, retail operations, and telecommunications. All functions except telecommunications are part of Campus Services. (<https://campusservices.gatech.edu/>)

Georgia Institute of Technology
FY 2018 Proposed Budget
Total Institute - Revenue

	State Appropriation	Indirect Cost Recoveries	Student Tuition	Other General	Technology Fee	Sub-Total (Gen Oper)	Dept Sales & Services	Sponsored Operations	Other (StdAct/Aux)	Total Budget
Revenue										
Resident Instruction (w/ GTPE)	265,737,873	56,485,000	393,760,000	47,975,000	6,920,000	770,877,873	50,000,000	337,700,000		1,158,577,873
Georgia Tech Research Institute	6,072,039	140,042,683				146,114,722	10,599,335	255,583,517		412,297,574
Enterprise Innovation Institute										
Advanced Tech Dev Center							352,475			352,475
Economic Dev Inst	19,510,493	1,400,000				20,910,493	1,147,525	8,000,000		30,058,018
Enterprise Innovation Institute	19,510,493	1,400,000				20,910,493	1,500,000	8,000,000		30,410,493
Student Activities									15,011,671	15,011,671
Total Education & General	291,320,405	197,927,683	393,760,000	47,975,000	6,920,000	937,903,088	62,099,335	601,283,517	15,011,671	1,616,297,611
Auxiliary Enterprises										
GT Main Campus									162,097,713	162,097,713
Telecommunications									3,400,000	3,400,000
Ferst Center										
Post Office-Auxiliary									402,614	402,614
Total Revenue	291,320,405	197,927,683	393,760,000	47,975,000	6,920,000	937,903,088	62,099,335	601,283,517	180,911,998	1,782,197,938

NOTES:

- This schedule provides a recap of Georgia Tech’s entire Original Budget, excluding affiliate organizations such as the GT Foundation, the GT Alumni Association, and the GT Athletic Association.
- The major organizational units, which are segregated on GT’s books as “funds,” are shown across the rows, and the funding sources in the columns.
- The General Operations subtotals for the fund groups reflect the discretionary funding available to the Institute.
- The earmarked funding sources – Departmental Sales and Services, Sponsored Operations (grants and contracts), and Student Activities and Auxiliary – are all earmarked for specific uses.

**Georgia Institute of Technology
FY 2018 Proposed Budget
Total Institute - Expenditure**

	State Appropriation	Indirect Cost Recoveries	Student Tuition	Other General	Technology Fee	Sub-Total (Gen Oper)	Dept Sales & Services	Sponsored Operations	Other (StdAct/Aux)	Total Budget
Expenditures										
Resident Instruction (w/ GTPE)	265,737,873	56,485,000	393,760,000	47,975,000	6,920,000	770,877,873	50,000,000	337,700,000		1,158,577,873
Georgia Tech Research Institute	6,072,039	140,042,683				146,114,722	10,599,335	255,583,517		412,297,574
Enterprise Innovation Institute										
Advanced Tech Dev Center	2,805,303					2,805,303	352,475	233,263		3,391,041
Economic Dev Inst	16,705,190	1,400,000				18,105,190	1,147,525	7,766,737		27,019,452
Enterprise Innovation Institute	19,510,493	1,400,000				20,910,493	1,500,000	8,000,000		30,410,493
Student Activities									15,011,671	15,011,671
Total Education & General	291,320,405	197,927,683	393,760,000	47,975,000	6,920,000	937,903,088	62,099,335	601,283,517	15,011,671	1,616,297,611
Auxiliary Enterprises										
GT Main Campus									134,740,585	134,740,585
Telecommunications									3,400,000	3,400,000
Ferst Center										
Post Office-Auxiliary									365,208	365,208
Total Expenditures	291,320,405	197,927,683	393,760,000	47,975,000	6,920,000	937,903,088	62,099,335	601,283,517	153,517,464	1,754,803,404

NOTE: Total budgeted revenues for Georgia Tech exceed expenditures because Auxiliary Services must reserve surpluses for its future capital requirements, covered solely by revenues generated by these enterprises.