

**GEORGIA INSTITUTE OF TECHNOLOGY
MANDATORY FEES REQUESTED FOR FISCAL YEAR 2014**

Mandatory Fee:	Athletic Association
Current Fee Level FY13:	\$127 Fall/Spring summer \$40
Proposed Fee Level FY14:	\$133 Fall/Spring summer \$40
FY2012 Revenue:	\$4,937,616
Fee Review Organization:	Georgia Tech Athletic Association

Current Uses of Revenue:

The Georgia Tech Athletic Association currently receives (for FY 2013) an athletic fee from the students that funds approximately 8.44% of the total athletic operating budget of \$58,233,000. Athletic fee funding is essential to assuring that the Athletic Association produces student athletes who succeed on and off the field of competition.

The Athletic Association currently provides free general admission to all athletic events for GT students and works closely with student government to insure access by all students to as many of these events as possible. There was no athletic fee increase in FY 2013. In FY 2012, the athletic fee increased \$4 per semester. There was no increase in the athletic fee in FY 2011.

Explanation of Fiscal 2014 Fee Request:

Each fiscal year the GTAA must overcome financial challenges inherent to a program competing at the highest level of intercollegiate athletics. These challenges include the existence of several expense categories projected to grow as a result of factors outside the control of the Athletic Association. Scholarship costs rise as a result of state mandated tuition increases which are projected to grow significantly in the next several years. As a result of age and usage, Bobby Dodd Stadium incurs maintenance and upkeep expenses that range from \$300,000 to \$1 million annually. Deferring or reducing these expenses risks compromising the safety of customers attending athletic events. Finally, debt service is a fixed cost in the athletic budget that will increase annually for the next thirty years.

Competitive challenges limit the Athletic Association's ability to continue minimizing growth in areas such as personnel expenses. In order to compete successfully Georgia Tech must provide salaries consistent with those paid by peer institutions. As a result, contracted salary growth is projected to produce increasing annual salary and benefit expenses.

While many of the expenses that GTAA incurs are fixed, long term and growing, the resources that GTAA utilizes to fund these costs are variable and in some cases decreasing. Ticket revenue, following a national trend, has decreased in recent years. In even number years, when Georgia, Virginia Tech and Clemson are not on the home football schedule, ticket and premium seating revenues decrease as much as 20% versus prior year. In addition, the economic downturn has increased the volatility in revenues associated with fund raising.

Stable, growing funding sources are needed to counter the presence of volatile funding sources existing in the GTAA budget. For many of Georgia Tech's peer institutions, athletic fee revenues provide this needed stable funding. A study completed in October 2011 by the Georgia Tech Decision Support Group indicates that Georgia Tech's athletic fee is \$31 (12%) below the market average paid by students of other ACC schools. Because Georgia Tech's enrollment is smaller than that of many ACC schools, Georgia Tech's student athletic fee revenue as a percentage of all athletic revenues is among the lowest in the conference. While Virginia's athletic fee revenue exceeded \$13 million in 2011-12 and Maryland's topped \$11 million, Georgia Tech's revenue of \$4,747,005 was higher than only the amounts received by Miami and Clemson (among the conference's nine public fee receiving institutions).

The fee increase requested for 2013-14 will help Georgia Tech move closer to the conference average and provide stable funding to support a budget projected to exceed \$63 million. Not approving this requested increase will create a \$221,000 funding shortfall during a year when the GTAA will already be facing ticket and premium seating revenue challenges resulting from the reasons outlined above. For the GTAA to confront its financial challenges and compete successfully against conference peers, athletic fee funding must increase by a measurable amount annually.

Consequences If Request Not Approved:

In the short term, not approving the fee increase requested here will create the potential for the GTAA to reduce the amount of programs and services offered. For the long term, not approving the \$6 per semester increase proposed here would increase the need for more dramatic athletic fee increases to be implemented in future years. If the requested increase is not approved for FY 14, this would mark the third time in the previous four years that the GTAA received no increase in the athletic student fee. This would cause a funding shortfall that the GTAA would have to take action to correct. The most likely course of action would be to increase the football reserve seat price. Increasing the price from \$7 to \$10 per game could generate \$126,000 in additional revenue for the GTAA (if the entire inventory was sold out). Another measure that would have to be considered is reducing the number of courtside seats available to students at Men's Basketball games. The value of those seats is approximately \$200,000 per year (\$1,000 x 200 seats). **The GTAA strongly prefers not making either of these changes and would only consider it if the recent pattern of zero increases in student fees continues.**

Mandatory Fee Request Form
Fiscal Year 2014

Institution Name: Georgia Institute of Technology

Section I

Name of Fee: Athletic Association
 Type of Fee: Athletic PPV Fee?
 New fee or existing fee? Existing
 Fund Code: 13095 Account Code(s): 407100-407104&407108

Current Fee Amount	Incremental Increase Request	Requested Fee Amount	Requested % Increase
\$ 127	\$ 6	\$ 133	5%
Current Budgeted Revenue	Projected Fee Instances	Projected Incremental Revenue Increase at Requested Level	Total Projected Revenue at Requested Level
\$ 4,937,619	43,407	\$ 220,782	\$ 5,158,401

What is the purpose/use of this fee? (You should be as detailed as possible. Attach additional documentation as necessary)

Please see accompanying Word document titled "FY 2014 MSFAC Narrative Athletics"

How will the incremental revenue be used? (You should be as detailed as possible. Attach additional documentation as necessary)

Please see accompanying Word document titled "FY 2014 MSFAC Narrative Athletics"

Section II

Financial Data: Please complete the Financial Data Sheets and the Detail of Revenue Sheets for this Fee. The financial data must be completed even if no fee increase is being requested.

As of June 30, 2012	Total Revenues	Total Expenditures	% of Revenue Expended
	\$ 60,254,065.00	\$ 60,120,588.00	100%

Provide explanation if % of revenue expended is less than 80%

Available Fund Balance Information as of June 30, 2012

\$ 4,779,875.00	Fund Balance per General Ledger
\$ -	Encumbered funds as of June 30, 2012
\$ -	Reserved for Renewals and Replacements as of June 30, 2012
\$ 4,779,875.00	Available Fund Balance as of June 30, 2012

Provide explanations for planned uses of available Fund Balance:

Following plan approved by Finance Committee of GTAA Board of Directors, under direction of GIT Executive Vice President for Finance, the GTAA has established \$5 million as the optimal Fund Balance total. These dollars will be held in reserve unless they are needed to address short term cash flow needs that may result in the event the GTAA incurs year end net losses.

Mandatory Fee Request Form
Fiscal Year 2014

Institution Name: Georgia Institute of Technology

Section III

Questions and Answers:

(1) Is this fee required for all students regardless of the number of credit hours taken, method of delivery (i.e. distance learning), etc. ? If no, please explain. Yes

(2) What positions, if any, are being funded through this fee? Please list the positions.
 No positions in the GTAA are specifically funded by student fee dollars.

(3) Is this fee being used to cover employee travel? If yes, please explain. No

(4) Are significant changes to the fee amount anticipated within the next three (3) years?
 If yes, please list. Yes

GTAA's long term financial planning forecasts that for each of the next three years annual fee increases of 5% are required to assure that the Athletic Association maintains its current level of programming.

(5) Does this fee support any type of debt service? If yes, please explain in detail. No
 Fee revenue supports programs and services expenses as well as expenses that most directly benefit current student athletes. This includes expenses in the area of scholarship, team travel and uniforms and equipment.

(6) Other than the student fee committee, what percentage of the student body was made aware of the fee? How was the student body at large informed and/or engaged in the process (i.e. town hall meetings, online surveys, etc). Please explain and/or attach appropriate documentation. Were these actions taken before or after the student committee vote?

SGA Undergraduate and Graduate Presidents attend quarterly GTAA Board of Trustee meetings. SGA President and Vice President for Finance attend quarterly GTAA Finance Committee meetings.

(7) Please list all reports/documents that were provided to the student fee committee prior to the committee vote (i.e. detailed budget reports, prior year revenue, expenditures and reserves, presentations, etc.)?

Along with submitting required narrative and reports, last year the GTAA made a power point presentation to the Student Fee Committee. We anticipate making a similar presentation this year and presenting a copy of this report to the committee.

**Mandatory Fee
Fiscal Year 2014**

**Financial Data
Athletics**

Institution: Georgia Institute of Technology

	A	B	C	D	E	F
					= (F - D)	
			FY 2013	FY 2014	Revenue	FY 2014
			Current	Projected	Generated by	Proposed
	FY 2011	FY 2012	Budget	Budget	Rate	Budget
	Actual	Actual		w/o Fee Increase	Increase	w/ Fee Increase
Revenue						
Fee Revenue	4,786,859	4,937,616	4,912,000	4,937,619	220,782	5,158,401
<i>Planned Reserve Amount to be Used (NEW)</i>						
Non-Fee Revenue (list Individually)						
Student Football Reserve Seating Revenue	248,688	308,749	294,000	294,000	-	294,000
All other revenue	49,492,349	55,007,700	53,027,000	58,645,599	-	58,645,599
Total Revenue	\$ 54,527,896	\$ 60,254,065	\$ 58,233,000	\$ 63,877,218	\$ 220,782	\$ 64,098,000
Net Revenue	\$ 54,527,896	\$ 60,254,065	\$ 58,233,000	\$ 63,877,218	\$ 220,782	\$ 64,098,000
Expenditures						
Personal Services (Including Fringes)	20,304,969	21,753,259	20,986,000	21,509,000		21,509,000
Travel	5,132,995	5,752,192	4,833,000	5,000,000		5,000,000
Supplies and Materials	5,106,434	6,977,393	5,372,950	6,180,000		6,180,000
Repairs and Maintenance	160,893	263,839	250,000	255,000		255,000
Telecommunications	191,446	187,161	177,000	177,000		177,000
Contracted Services	3,390,305	4,513,967	4,389,000	4,380,000		4,380,000
Lease Payments (Debt Service)	8,518,485	6,483,292	8,512,000	12,217,000		12,217,000
Software	256,910	358,866	325,050	325,000		325,000
Equipment Non-capitalized	566,945	780,507	599,000	611,000		611,000
Equipment Capitalized						
Scholarships	7,285,605	8,625,616	8,758,000	9,172,000		9,172,000
Auxiliary Services Administration						
Plant Allocation	2,167,615	2,399,193	2,000,000	2,250,000		2,250,000
Other Expenses, <i>please list if significant.</i>						
Utilities	1,354,691	1,035,427	1,300,000	1,099,000		1,099,000
Sales Tax	801,452	989,876	731,000	923,000		923,000
Total Expenditures	\$ 55,238,745	\$ 60,120,588	\$ 58,233,000	\$ 64,098,000	\$ -	\$ 64,098,000
Surplus (Deficit)	\$ (710,849)	\$ 133,477	\$ -	\$ (220,782)	\$ 220,782	\$ -
Cumulative Fund Balance						
% of Revenue Expended	1.013036428	0.997784764	1	1.00345635	0	1

NOTES:

- (A, B) The actual data for FY 2011 and FY2012 should agree to the general ledger as included in the respective Annual Financial Reports.
- (C) FY 2013 Current Budget represents the currently approved amendment.
- (D) FY 2014 Projected Budget w/o fee increase should represent the projected budget without any consideration of a fee increase.
The budget will consist of enrollment increases.
- (E) Rate Increase will represent only the increase in revenue and expenditures related to the proposed rate increase.
- (F) FY 2014 Proposed Budget will be the sum of FY 2014 Projected Budget w/o Fee Increase plus Rate Increase.

**Mandatory Fee
Fiscal Year 2014**

Financial Data
Detail of Revenue Projection
Athletics

Institution: Georgia Institute of Technology

			A	B	C	D	E	F
						= A x C		= C x E
Fee Detail	FY 2011 Actual Rate	FY 2012 Actual Rate	FY 2013 Current Rate	FY 2013 Number of Participants	FY 2014 Number of Participants	Projected FY 2014 Revenue with Current Rate	FY 2014 Proposed Rate	Projected FY 2014 Revenue with Proposed Rate
Fall	123	127	127	19,186	19,186	2,436,622	133	2,551,738
Spring	123	127	127	17,611	17,611	2,236,597	133	2,342,263
Summer	38	40	40	6,610	6,610	264,400	40	264,400
TOTAL					<u>43,407</u>	<u>4,937,619</u>		<u>5,158,401</u>

Mandatory Fee
Fiscal Year 2013 For FY2014 Fees

Financial Data
Athletics Services
Interim Financial Analysis

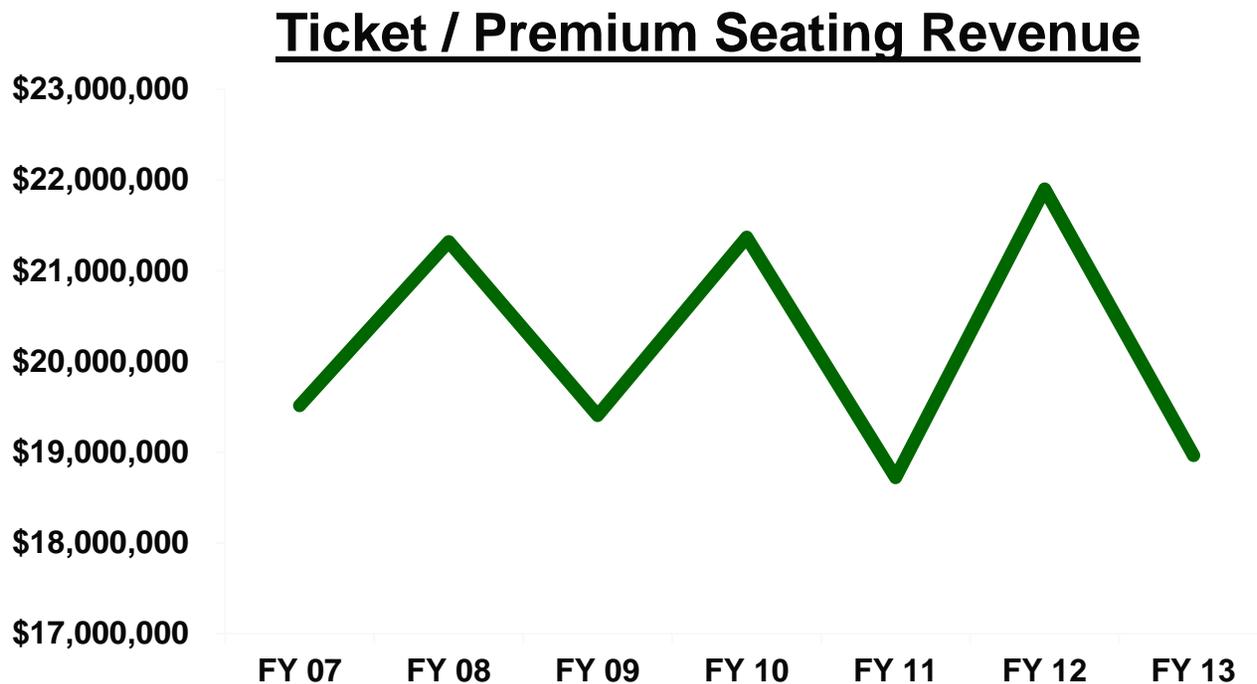
Institution: Georgia Institute of Technology

	A	B	C	D	E	F	G
			FY 2013 MSFAC	FY2013 Current	(D-C)	FY 2013 Five Months	
	FY 2011 Actual	FY 2012 Actual	Approved Budget	Budget or Projeciton	Variance Current-Approved	FY 2013 Actual	Explanation of Significant Variances
Revenue							
Fee Revenue	4,786,859	4,937,616	4,892,463	5,014,000	121,537	4,622,122	Estimated impact of actual enrollment exceeding budgeted amount
Non-Fee Revenue (list individually)							
Student Football Reserve Seating Revenue	248,688	308,749	294,000	294,000	0	298,802	
All Other Revenue	49,492,349	55,007,700	52,011,000	52,657,000	646,000	16,574,808	ACC Conference allocation projected to exceed budget
Total Revenue	54,527,896	60,254,065	57,197,463	57,965,000	767,537	21,495,732	
Net Revenue	54,527,896	60,254,065	57,197,463	57,965,000	767,537	21,495,732	
Expenditures							
Personal Services (Including Fringes)	20,304,969	21,753,259	20,698,000	21,379,000	681,000	6,721,449	Unbudgeted bonuses; potential for staff turnover
Travel	5,132,995	5,752,192	4,697,000	5,292,000	595,000	1,379,358	Projected impact of appearance in ACC Football Championship Game
Supplies and Materials	5,106,434	6,977,393	6,078,000	5,651,000	-427,000	4,035,694	Savings versus budget projected
Repairs and Maintenance	160,893	263,839	257,000	380,000	123,000	400,000	Practice field storage facility construction cost exceeded budget
Telecommunications	191,446	187,161	177,000	177,000	0	21,004	
Contracted Services	3,390,305	4,513,967	3,650,000	3,700,000	50,000	1,108,077	
Lease Payments (Debt Services)	8,518,485	6,483,292	8,531,000	8,512,000	-19,000	4,233,976	
Software	256,910	358,866	283,000	283,000	0	221,912	
Equipment Not Capitalized	566,945	780,507	596,000	659,000	63,000	428,840	
Scholarships	7,285,605	8,625,616	8,901,000	8,935,000	34,000	0	
Auxiliary Services Administration						0	
plant Allocation	2,167,615	2,399,193	1,877,000	2,250,000	373,000	1,053,636	Dodd Stadium annual maintenance costs exceed budget
Other Expenses							
Utilities	1,354,691	1,035,427	1,824,000	1,500,000	-324,000	1,720	Utility expenses associated with new facilities projected to be lower than budgeted
Sales Taxes	801,452	989,876	843,000	659,000	-184,000		Shortfall in ticket revenue creates lower sales tax expense than budgeted
Total Expenditures	55,238,745	60,120,588	58,412,000	59,377,000	965,000	19,605,666	
Surplus (Deficit)	-710,849	133,477	-1,214,537	-1,412,000	-197,463	1,890,066	
Cumulative Fund Balance							

GTAA Presentation to Student Fee Advisory Committee

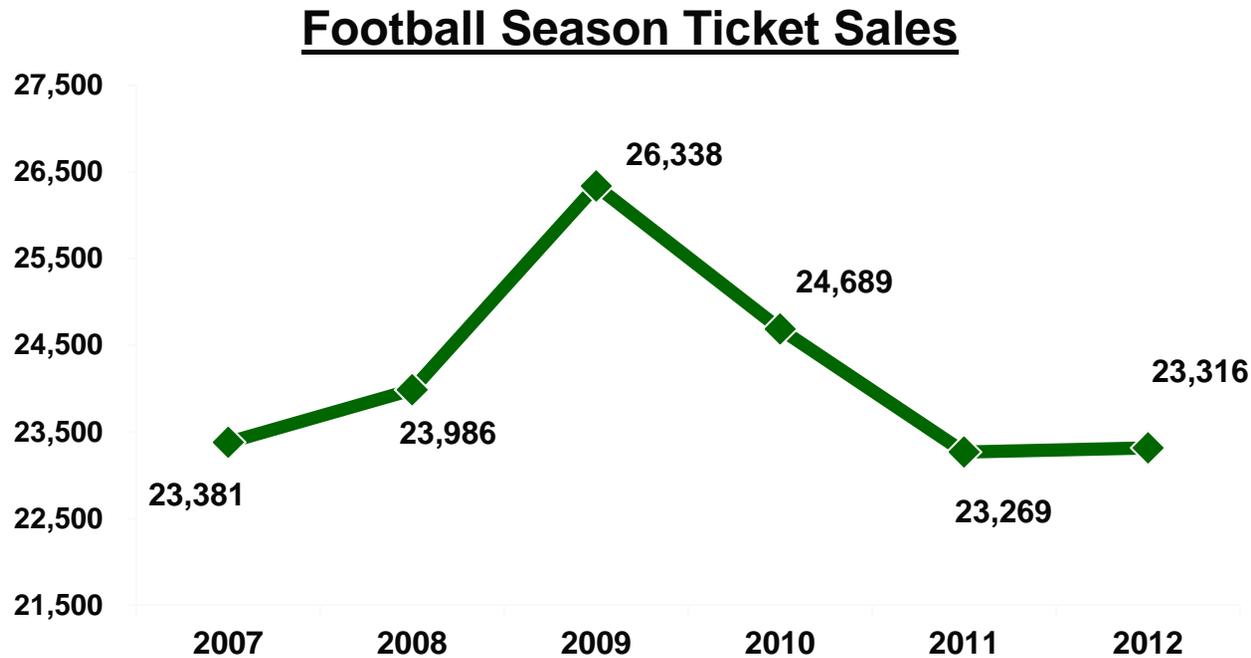


GTAA FINANCIAL CHALLENGE #1: Variable nature of revenues



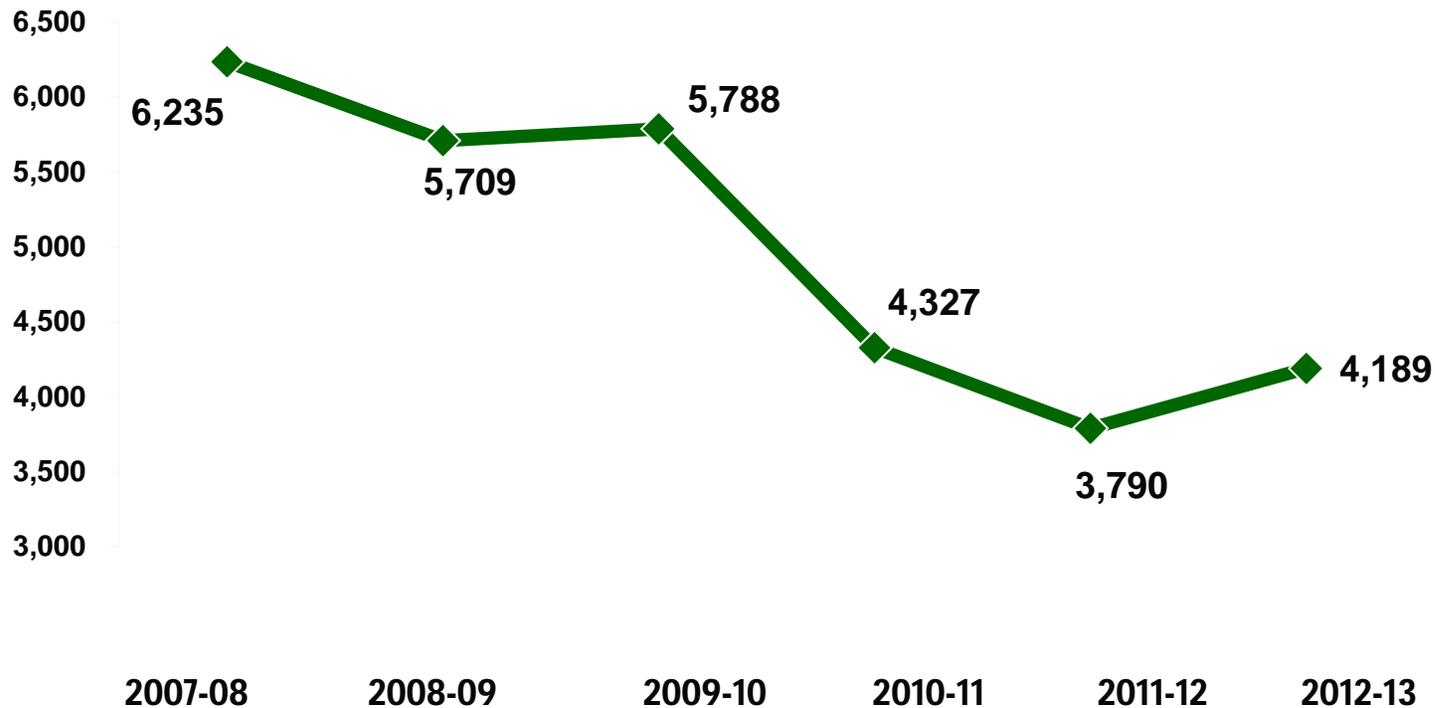
- **Ticketed events generate 35% of total funding received by GTAA**
- **This revenue varies greatly year to year**

GTAA FINANCIAL CHALLENGE #2: Decline in demand of major revenue sources



- **In addition to variability, event related revenue is also subject to demand**

Men's Basketball Season Ticket Sales

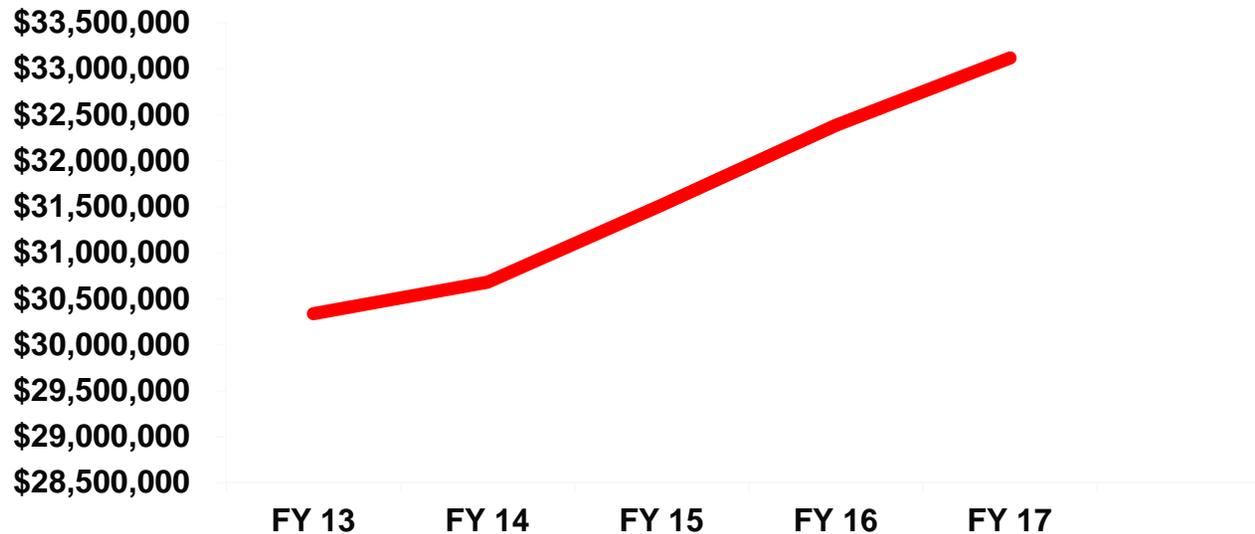


- **Men's Basketball season ticket sales declined sharply from FY 08 thru FY 12**
- **Despite move into new facility, season ticket sales only increased slightly in FY 13**

GTAA FINANCIAL CHALLENGE #3: Inflationary growth in major expense categories



Projected Future Personnel / Scholarship Expenses



- **While 35% of the GTAA's revenues are variable (and subject to declining demand)....**
- **50% of the GTAA's annual expenses are non-variable, growing and impacted by factors beyond the control of the GTAA**

SOLUTIONS to Funding Challenges



“Control the Controllables”

- **Minimize future expense growth- as indicated on the financial report submitted to the Student Fee Advisory Committee, the GTAA is working to minimize expense growth in areas where costs can be controlled.**

From Financial Report Submitted to Student Fee Advisory Committee



	<u>FY 2013</u>	<u>FY 2014</u>
Travel	\$4,833,000	\$5,000,000
Supplies	5,372,950	<u>6,180,000</u>
Repairs & Maint.	250,000	255,000
Telecomm	177,000	177,000
Contract Services	4,389,000	4,380,000
Software	325,000	325,000
Equipment	599,000	611,000
Plant Allocation	<u>2,000,000</u>	<u>2,250,000</u>
	\$17,945,950	\$19,178,000

SOLUTIONS to Funding Challenges



“Control the Controllables”

- **Solidify future revenue streams-**

Stable, growing funding sources are needed to counter the presence of volatile funding sources existing in the GTAA budget.

Proposed Student Athletic Fee



- **Requested Increase: \$6 per semester; \$12 for the academic year. Result= total fee grows 4.7%, from \$254 to \$266**

ACC Peer Comparison: Athletic Fee Revenue as a % of Total Athletic Revenue



	<u>Athletic Fee Revenue</u>	<u>% of Total Revenues</u>
Virginia	\$11,874,202	18.6%
Maryland	9,408,122	17.2%
Virginia Tech	6,533,756	10.3%
UNC	6,859,868	9.4%
Florida State	6,919,449	9.3%
NC State	4,200,610	8.5%
Georgia Tech	4,937,616	8.2%
Clemson	1,585,556	2.8%

State of Georgia Peer Comparison: Athletic Fee Revenue as a % of Total Athletic Revenue



	<u>Athletic Financials</u>			<u>Athletic Student Fee</u>			% of Revenues Provided by Fee
	Revenues	Expenses	Net Income	Annual Fee	Fee Paying Students	Total Athletic Fee Revenue	
Georgia State	\$22,895,575	\$23,135,282	(\$239,707)	\$526	32,000	\$16,832,000	73.52%
Kennesaw State	\$11,364,249	\$10,913,206	\$451,043	\$304	25,000	\$7,600,000	66.88%
Georgia Southern	\$11,245,505	\$11,212,578	\$32,927	\$308	20,574	\$6,336,792	56.35%
Georgia Tech	\$60,254,065	\$60,120,588	\$133,477	\$254	19,439	\$4,937,616	8.19%
Univ. of Georgia	\$92,341,067	\$80,759,498	\$11,581,569	\$106	26,215	\$2,778,790	3.01%

**WHAT DO STUDENTS GET NOW FOR
THEIR ATHLETIC FEE PAYMENT?**



FREE ACCESS TO STUDENT FOOTBALL SEATS

WHAT DO STUDENTS GET NOW FOR THEIR ATHLETIC FEE PAYMENT?



**FREE ACCESS TO MEN'S & WOMEN'S BASKETBALL
GAMES IN NEW McCAMISH PAVILION**

**WHAT DO STUDENTS GET NOW FOR
THEIR ATHLETIC FEE PAYMENT?**



**FREE ACCESS TO BASEBALL GAMES, VOLLEYBALL
GAMES AND ALL OTHER ATHLETIC EVENTS**

**WHAT DO STUDENTS GET NOW FOR
THEIR ATHLETIC FEE PAYMENT?**



340 STUDENT MEMBERS



40 STUDENT MEMBERS

**ATHLETIC FEE FUNDING PROVIDES
SUPPORT TO GT STUDENTS
PARTICIPATING IN BAND & CHEERLEADING**

WHAT NEW BENEFITS DO STUDENTS GET NOW FOR THEIR ATHLETIC FEE PAYMENT?



**FREE ACCESS 200 COURTSIDE SEATS IN NEW
McCAMISH PAVILION (RETAIL VALUE=
\$200,000 ANNUALLY)**

**WHAT NEW BENEFITS WILL STUDENTS GET
SOON FOR THEIR ATHLETIC FEE PAYMENT?**



**ACCESS TO RECREATIONAL USAGE OF NEW KEN
BYERS TENNIS COMPLEX (OPENING JAN. 2013)**

**WHAT FUTURE BENEFITS WILL STUDENTS
GET FOR THEIR ATHLETIC FEE PAYMENT?**



**ATHLETICS HELPS KEEP YOU CONNECTED TO
YOUR ALMA MATER**

IMPLICATIONS OF FEE NOT BEING APPROVED



- In 2007, the Student Fee Advisory Committee approved a 75% increase in athletic fee for FY 08 (increased fee from \$128 to \$224). When this was done, the goal was established to implement inflationary increases in the fee amount annually to assure future large fee increases were not necessary
- This goal has not been met; if no increase is approved this year, it will mark the third time in the last four years that the fee has not grown.
- No fee increase will leave the GTAA with a **\$221,000 shortfall** in FY 14, during a time when other funding sources continue to be variable (and declining) in nature

ACTIONS GTAA MUST CONSIDER IF **NO FEE INCREASE IS APPROVED**



- **Elimination or reduction in number of courtside seats available to students in new McCamish Pavilion (currently 200 seats are made available to students which the GTAA could sell as season tickets to the public for up to \$1,000 per seat)**
- **Increase in price of student season reserved football tickets. Current price of \$7 per game costs \$49 for a seven game season. Increasing this to \$10 /game= \$70 / season would generate \$126,000 in additional revenue for the GTAA**