

Budget 101: “The Colors of Money”

FY25

Updated September 2024

Outline

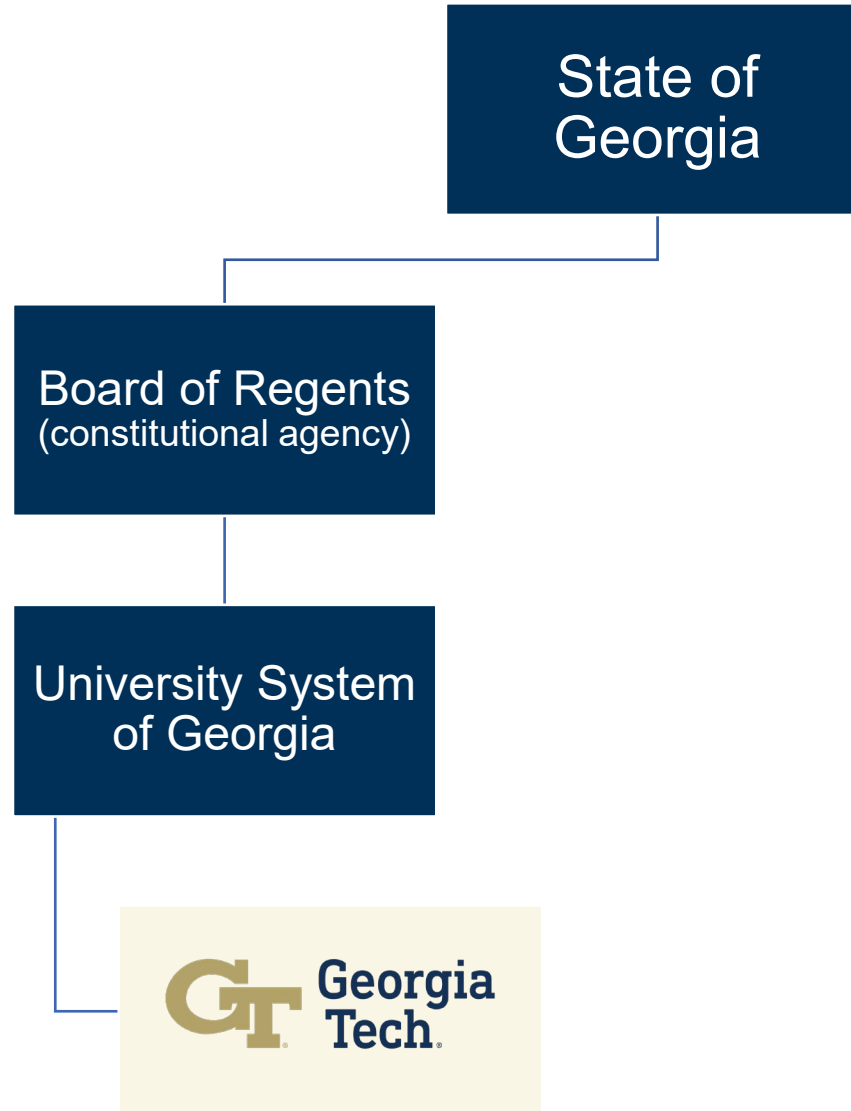
- Budget Structure and Terminology
- Building Blocks of Georgia Tech's Operating Budget
- Allowable Uses for Funding Sources





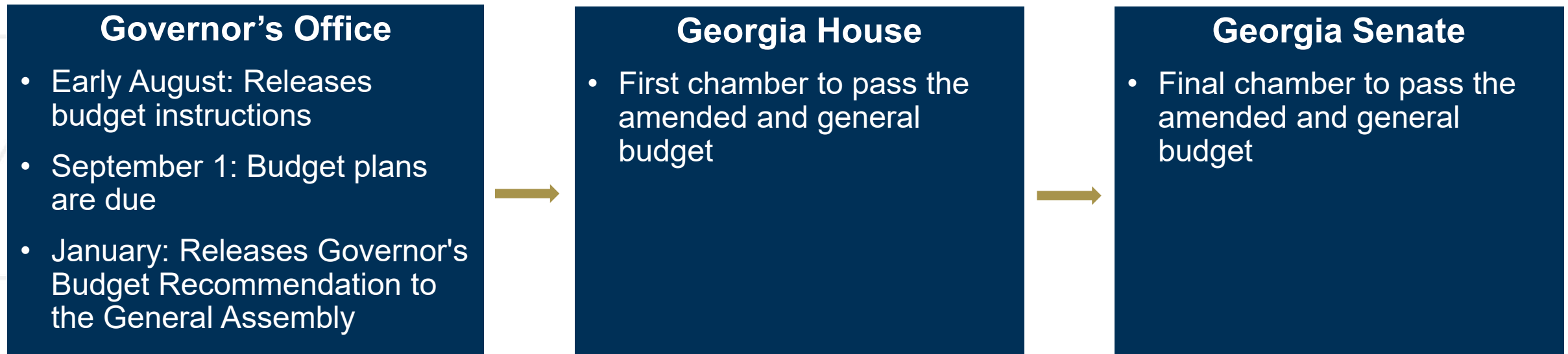
Budget Structure and Terminology

State of Georgia Organizational Chart



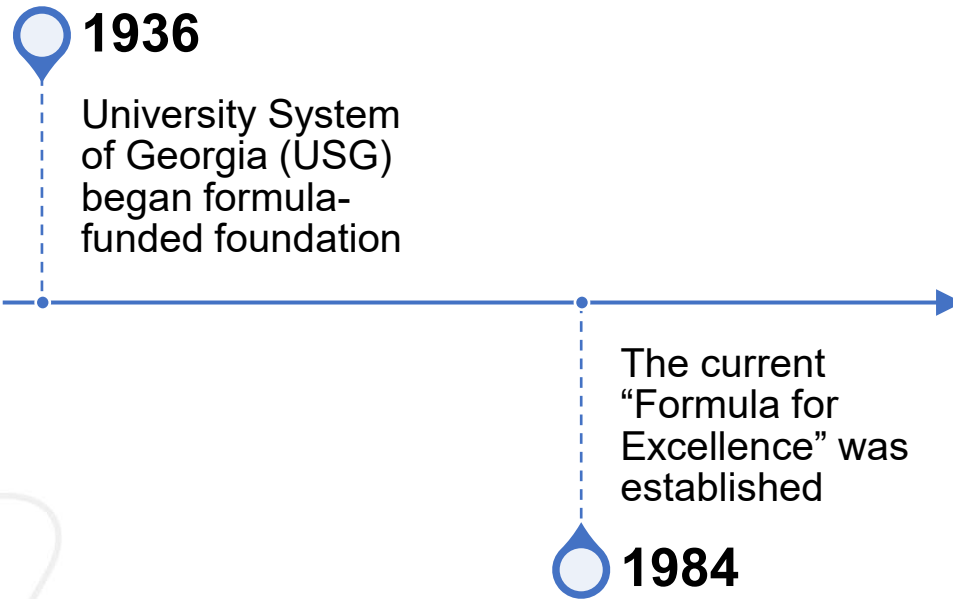
State of Georgia Budget Cycle

The State of Georgia Legislative session takes place every year from January – April. During this time two budgets are passed: general and amended.



The House and Senate must pass a conference committee version before the final version of the general and amended budget are signed by the Governor.

University System of Georgia's Formula Funding for State Appropriations



- This formula serves as agreement between the USG, the Governor, the House and the Senate.
- Enrollment Growth recognized and funded either wholly or partially in most years.
- Maintenance and Operations (M&O) based changes to Resident Instruction (RI) square footage

Fun Fact: Georgia Tech students created the "Formula for Excellence" in 1984.

Enrollment Earnings

Instruction

+

Research

=

USG Formula Funding Base

Direct “Classroom” Instruction

- Calculation based on Semester Credit Hours (Use Actual Credit Hour Data)
- Two-year funding delay. For example, FY24 allocation will be driven by FY22 enrollment. FY25 allocation will be driven by FY23 enrollment.
- Hours Categorized Into Five Groups
 - 1: Law, Letters, Library Science, Psychology, Social Science
 - 2: Area Studies, Business, Communications, Education
 - 3: Architecture, Engineering, Health Professions
 - 4: Remedial Programs (Lowest Cost)
 - 5: Medicine, Dentistry, Veterinary Medicine (Highest Cost)
- Hours Further Categorized By Class Level
 - Lower (Freshmen/Sophomore)
 - Upper (Jr/Sr)
- Graduate

USG Formula Instruction Earnings per semester hour:

Group	Lower	Upper	Graduate
1	\$96.04	\$130.72	\$290.66
2	\$112.11	\$126.58	\$196.76
3	\$158.01	\$190.62	\$414.15
4	\$46.78		
5			\$713.39

“Formula for Excellence” | Enrollment Earnings

Instruction



Research



USG Formula Funding Base

USG Formula Funding Base



18.9 %



Academic Support

USG Formula Funding Base



26.9 %



Student Support

USG Formula Funding Base



Academic Support



Student Support



1.7 %



Technology Factor

USG Formula Funding Base



Academic Support



Student Support



Technology Factor



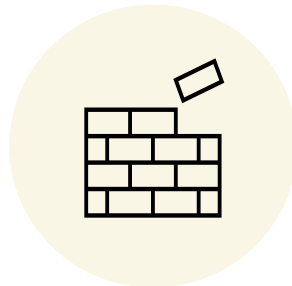
25%



Assumed Local Revenue

University System of Georgia | Earmarked Funding

Georgia Tech also receives earmarked funds for:



Fringe Benefits	Maintenance and Operations	Major Repairs and Rehabilitation (MRR)
<ul style="list-style-type: none">• Health Insurance• Retirement (TRS/ORP)• FICA• Liability, Unemployment and Workers Comp.	<p>On new Resident Instruction (RI) square footage.</p> <ul style="list-style-type: none">• \$8.08 per sq ft for maint. & utilities	<p>Roughly ~\$7M per year that must be spent on approved projects</p>

Building the Budget | Tuition & Fees

- BOR approves tuition and mandatory fee rates.
 - Groundwork is often laid in advance with justification from Georgia Tech leadership. Factors may include: political climate, peer tuition rates, history of increases.
- Approved rate increases can vary by graduate, undergraduate, resident and non-resident, and professional school tuition.
- Mandatory Fee Rate increase requests from Mandatory Student Fee Advisory Committee to President to BOR.
- Housing and Dining Fees approved by the BOR.
- Elective Fees are mostly approved at the Institute level and reported to BOR – Course Fees eliminated in Fall 2020.
 - Student affordability is the mantra (last tuition increase was FY25 5% UG/ 2.5% Grad).



Building the Budget | Indirect Cost

- The Facilities & Administration (F&A) rate is applied as a percentage on every eligible direct cost dollar charged to a sponsored award.
 - F&A = Facilities and Administration (aka Indirect or Overhead) consists of costs which benefit research but cannot be charged directly to sponsors.
 - F&A Rate = mechanism used to reimburse the Institute for these costs which support sponsored activities.
- Indirect Cost Recovery = Eligible Direct Costs x F&A Rate
- Administrative costs are capped. Non-coverable investments are funded with other resources.
- A portion (10/46) is given to Georgia Tech Research Corporation (GTRC) to:
 - Cover operating costs
 - Provide grants back to RI units for faculty start-up & cost sharing
- Of the remaining portion 30% (36/46) is returned to the colleges, 70% is spent on overhead.
- Application of the rate represents a source of cash inflows, but the inflows are NOT really revenue - they are a reimbursement of costs incurred.

There is no profit built into the Institute's rates.

Facilities & Administrative (F&A) Cost Components

Facilities (F)

- Building Costs
- Maintenance
- Custodial
- Grounds
- Utilities
- Equipment/Maintenance
- Insurance
- Public Safety
- Library

Administrative (A)

- Dean's Offices
- Admin. activities of Researchers
- Academic Finance Offices
- Human Resources / Payroll
- Procurement
- Controller's Office
- Grants & Contracts Accounting
- Sponsored Programs & Compliance

Facilities & Administrative Costs

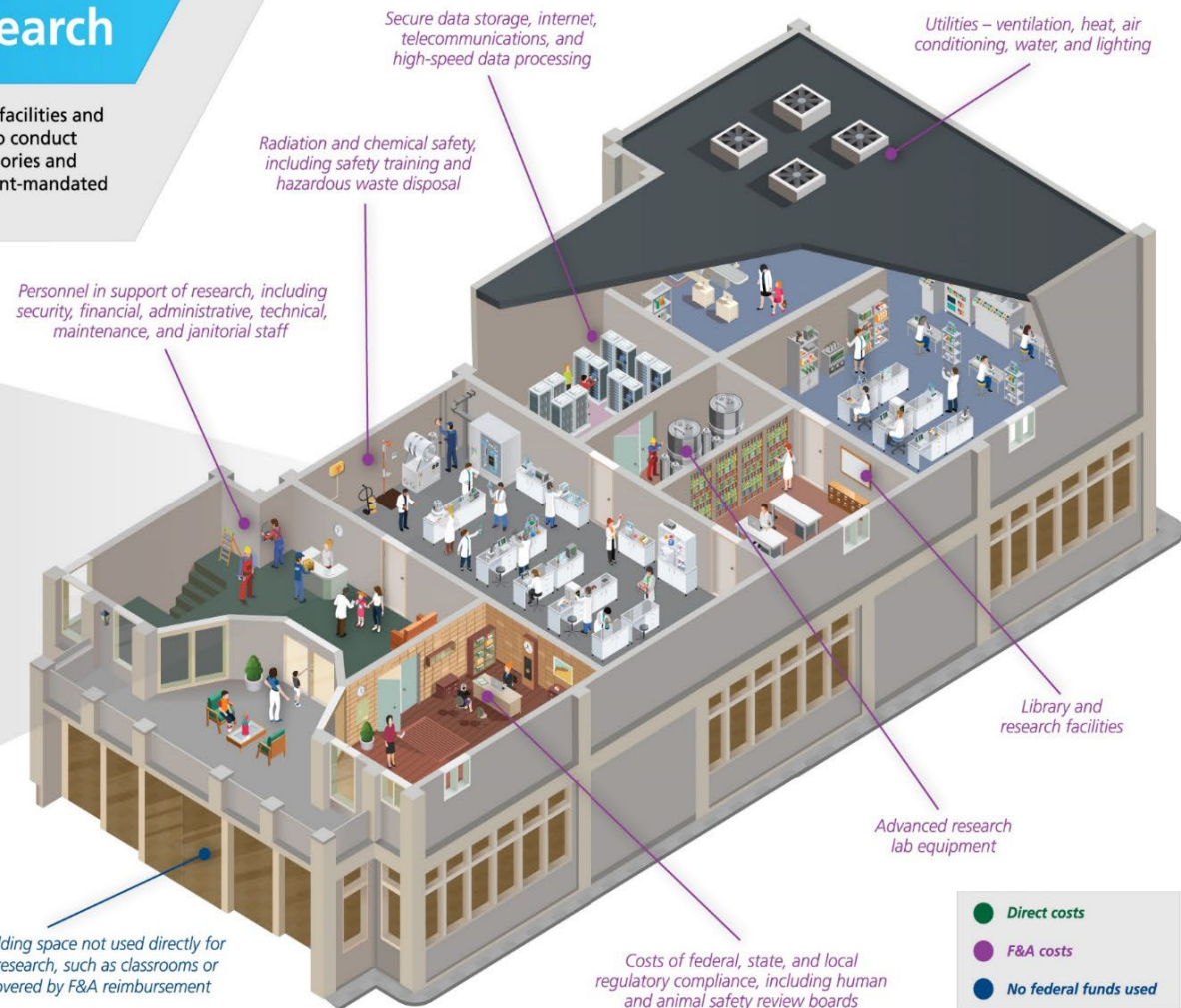
Costs of Federally Sponsored Research

The total cost of federally sponsored research includes a combination of both direct and facilities and administrative (F&A) costs. Both types of expenditures are key to an institution's ability to conduct cutting-edge research. F&A consists of the construction and maintenance costs of laboratories and high-tech facilities; energy and utility expenses; and safety, security, and other government-mandated expenses. These costs are real and research cannot be conducted without them.



Direct costs - These expenses solely cover research and include lab supplies and equipment; salaries and stipends for researchers and graduate students; and travel costs for conducting and sharing research

Upkeep of any building space not used directly for federally funded research, such as classrooms or lobbies, is **not** covered by F&A reimbursement



Georgia Tech's Budgeting and Accounting Structure

We have two principal Georgia Tech budgets:

Operating Budget

Ongoing operations including:

- Colleges – instruction and research
- Interdisciplinary Research Institutes
- Student support services
- Facilities and leases
- Administrative support

Capital Budget

One-time major capital investments including:

- Tech Square Phase III
- DM Smith Renewal

Georgia Tech's Budgeting and Accounting Structure

Operating Budgeting/Accounting by Major Fund Area:

Resident Instruction	Auxiliary Enterprises	Student Activities	B-Units
<p>Core operations of Georgia Tech including research, instruction, administration, facilities, student services:</p> <ul style="list-style-type: none">• General Operations (see next slide) (FD1xxxx)• DSS (FD14xxx)• Sponsored (FD2xxxx)	<p>Business-like operations funded through fees (FD12xxx):</p> <ul style="list-style-type: none">• Parking, transportation, housing, dining, student health, and retail	<p>Mandatory and earmarked student fees for funding of (FD13xxx):</p> <ul style="list-style-type: none">• Campus Recreation Center, Student Center, and student organization	<ul style="list-style-type: none">• Georgia Tech Research Institute (GTRI)• Enterprise Innovation Institute (EII)

Georgia Tech's Budgeting and Accounting Structure

General Operations (GenOps) consists of general revenue in Resident Instruction from any of the sources below:

Fund Code	Fund	Source
FD1xxxx	State	Appropriations approved by General Assembly & Board of Regents
FD10500	Tuition	General tuition and tuition earmarked for specific programs
FD10600	Other General	Includes other student fees
FD15xxx	Indirect Cost Recoveries (ICR)	“overhead” revenue from sponsored grants & contracts
FD16000	Technology Fee	mandatory student fee

State Appropriations | FD1xxx

An appropriation is an authorization by the General Assembly for an agency to spend a specified sum of money from public funds. These appropriations are authorized via bills passed by both chambers of the General Assembly and signed by the Governor.

Teaching

The purpose of this appropriation is to provide funds to the Board of Regents for annual allocations to University System of Georgia institutions for student instruction and to establish and operate other initiatives that promote, support, or extend student learning.

Continuation Budget

Public Service / Special Funding Initiatives

The purpose of this appropriation is to fund leadership, service, and education initiatives that require funding beyond what is provided by formula.

Continuation Budget

B-Unit Appropriations (FD11xxx)

Georgia Tech Research Institute

Purpose: The purpose of this appropriation is to provide funding to laboratories and research centers affiliated with the Georgia Institute of Technology whose scientific, engineering, industrial, or policy research promotes economic development, health, and safety in Georgia.

Enterprise Innovation Institute

Purpose: The purpose of this appropriation is to advise Georgia manufacturers, entrepreneurs, and government officials on best business practices and technology-driven economic development, and to provide the state share to federal incentive and assistance programs for entrepreneurs and innovative businesses.

State Appropriations | FD1xxx

Below are examples of Uses and Limitations of State Appropriations. For a complete list and additional details, refer to the [Georgia Tech Allowable Cost Matrix](#).



Allowable	Unallowable
Equipment	Donations to Charitable Organizations
Subscriptions	Commencement Stoles for Students
Advertising (not sponsorship)	Student Entertainment
Conference Registration	Food/meals – holiday, retirement, etc.

Tuition and Other General Funds

Tuition and other General Funds purpose is similar to state appropriations; therefore, the uses will be the same. Some exceptions may occur depending on the source of the funds by institution.

- **FD10500 –Tuition**
 - “Tuition” is defined as payment required for credit-based instruction related to services and shall be charged to all students (Board Policy 7.3).
- **FD10600 - Other General Funds**
 - All student fees not reported in another fund.
 - Examples: application fees, lab fees, testing fees, transcript fees.



Auxiliary Funds | FD12XXX

Auxiliary activities related to the mission of the USG institution. Auxiliary enterprise operations shall operate on a self-supported basis with revenues derived from non-state sources, except under limited circumstances (approved by the Chancellor). See Board Policy 7.2.2 for additional information.

Below are examples of Uses and Limitations of Auxiliary Funds. This is not a complete list.



Allowable	Unallowable
Advertising (not sponsorship)	Donations to Charitable Organizations
Conference Registration	Commencement Stoles for Students
Equipment for auxiliary purposes	Student Entertainment
Subscriptions	Food/meals – holiday, retirement, sympathy, etc.
Plants/shrubbery for auxiliary purposes	Gifts to Employees or Students

Student Activities Funds | FD13XXX

Student activity fee revenues may be used to support a broad spectrum of student related services, most commonly in the areas of social and entertainment activities, intermural sports, student publications, and student government associations.

Below are examples of Uses and Limitations of Student Activities Funds. This is not a complete list.



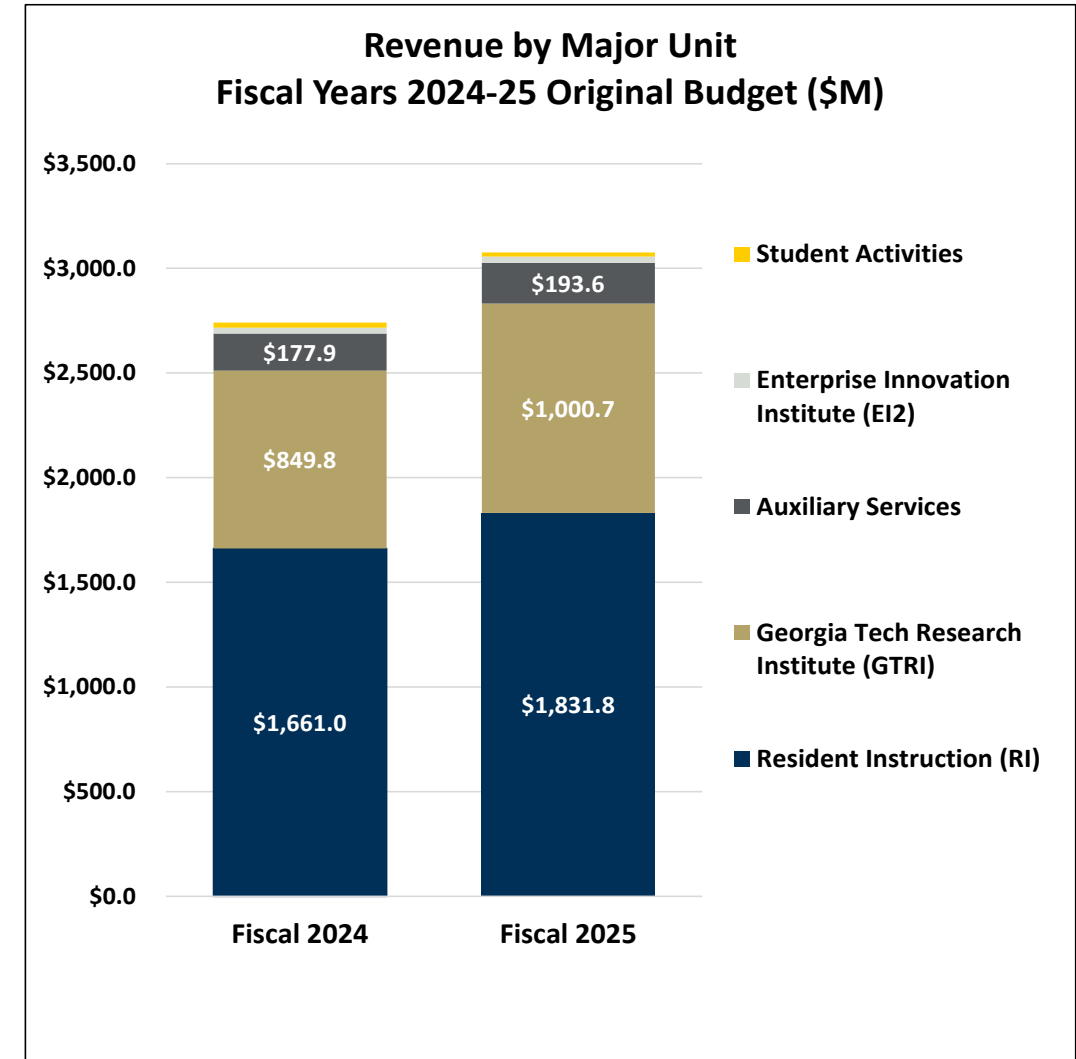
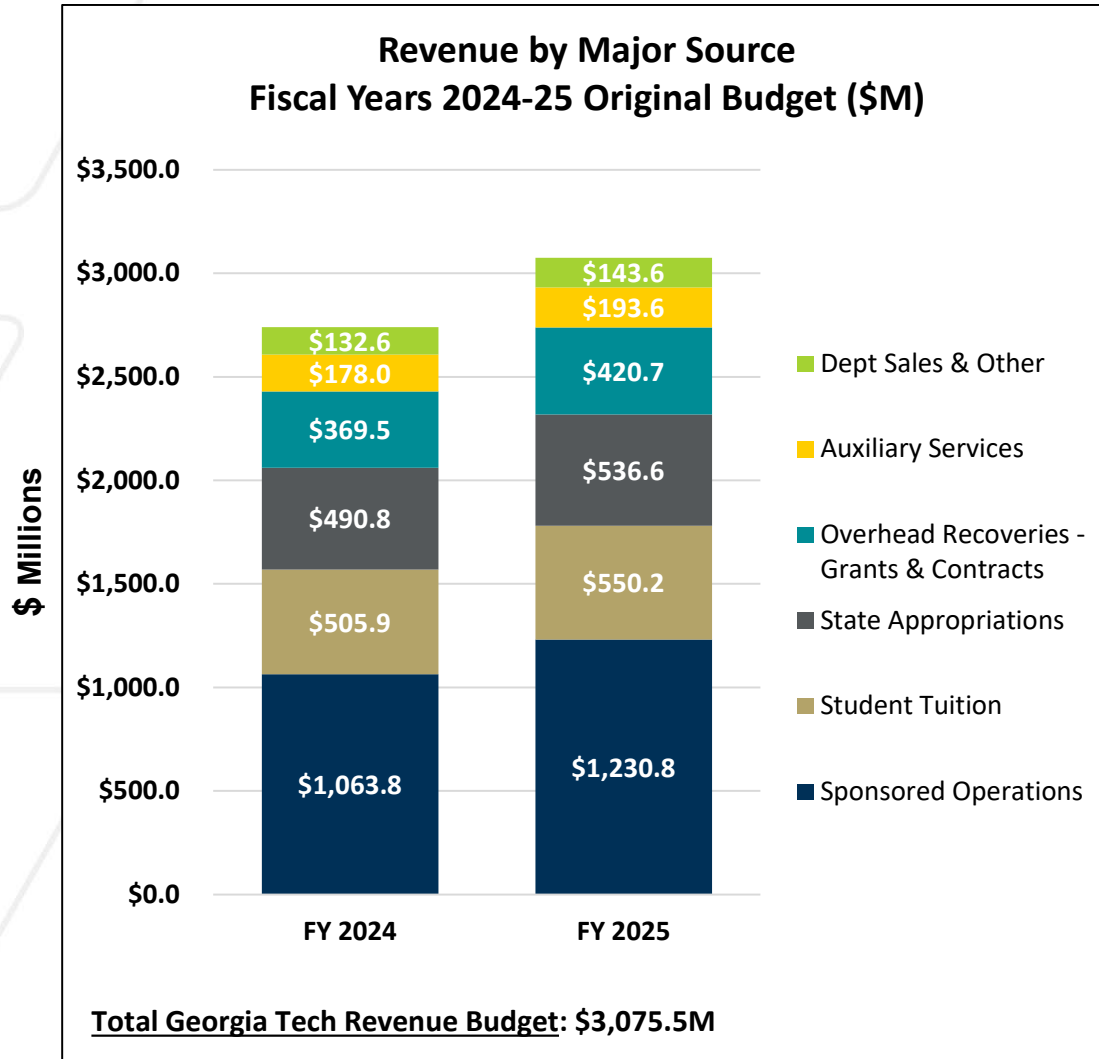
Allowable	Unallowable
Entertainment	Donations to Charitable Organizations
Prizes/Awards	Scholarships
Foods and refreshments for students group events – all students	Faculty Salaries and Benefits
Performance Based Awards	Athletic Program Costs
Supply and Maintenance Costs	Student Employee Recognition luncheon/meals

Like Auxiliary Funds, Student Activity Funds should be self-supporting.



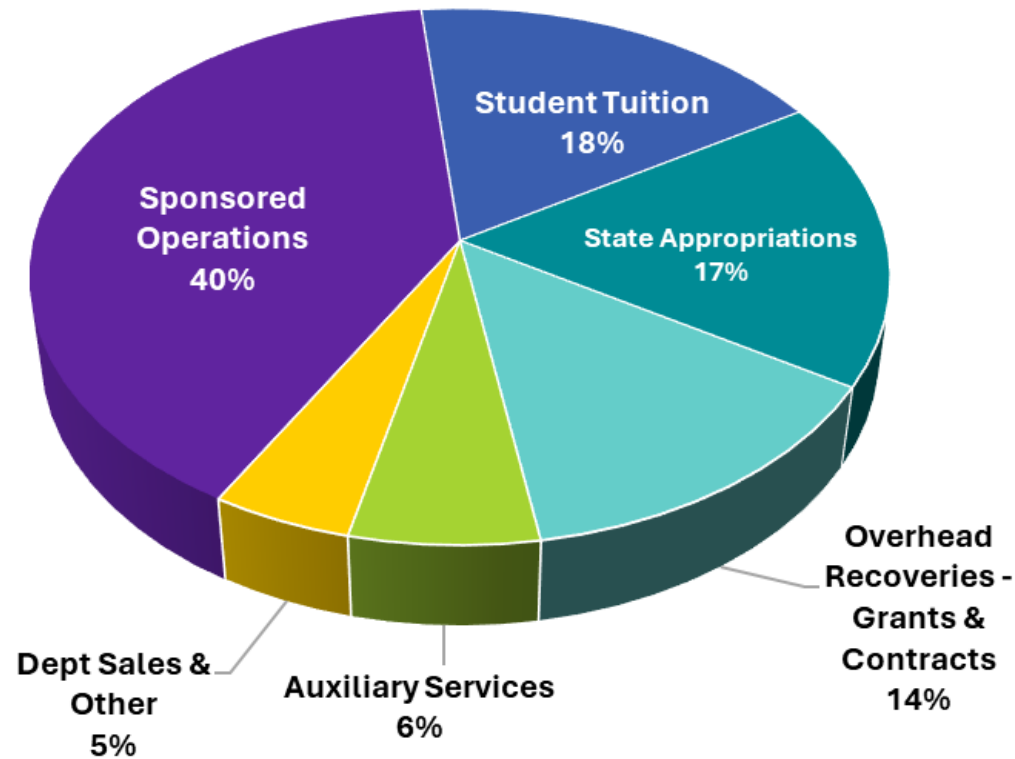
Building Blocks of Georgia Tech's Operating Budget

Operating Budget: Building Blocks by Source & Major Unit



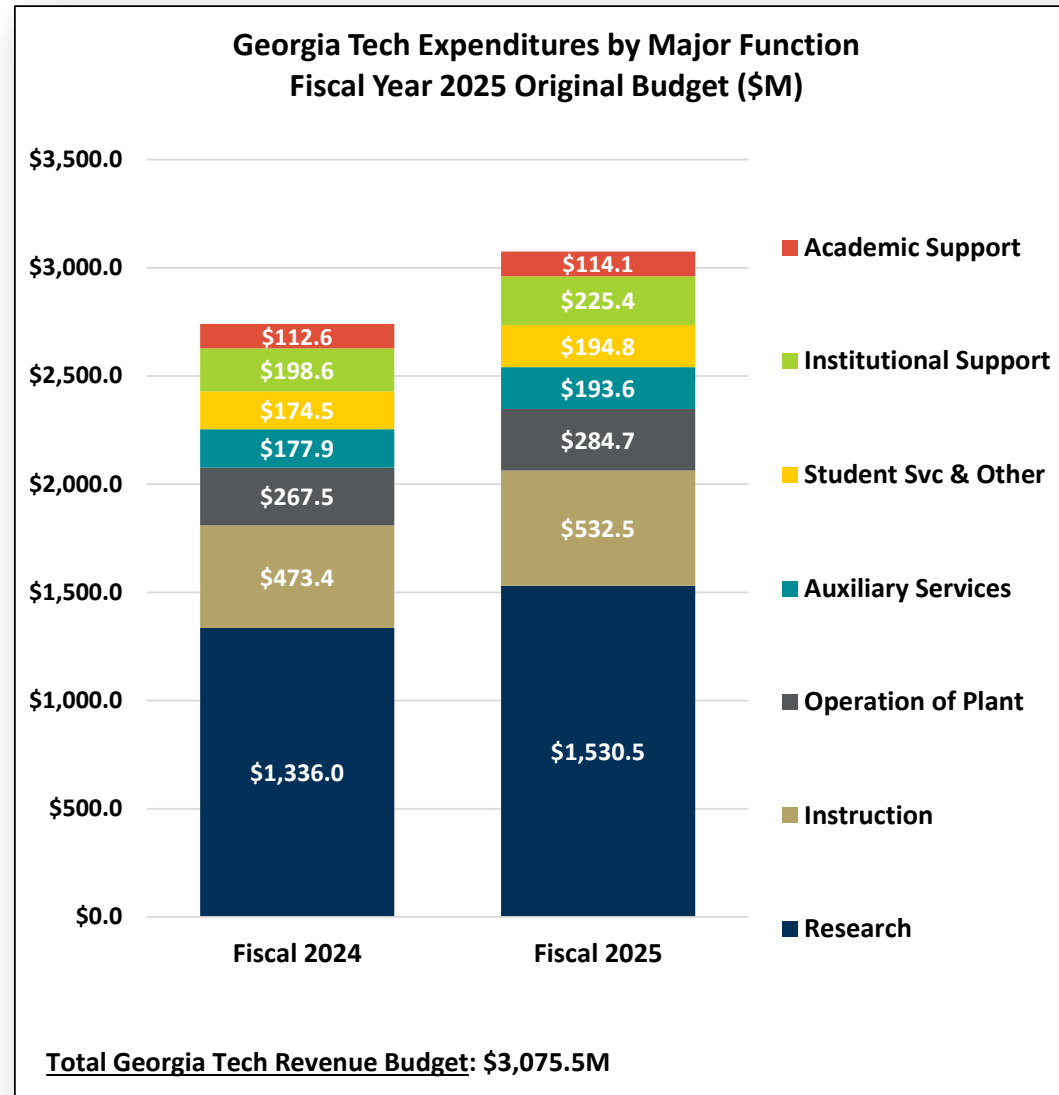
Where Does The Money Come From?

**Georgia Tech Revenue by Major Category
Fiscal Year 2025 Original Budget**

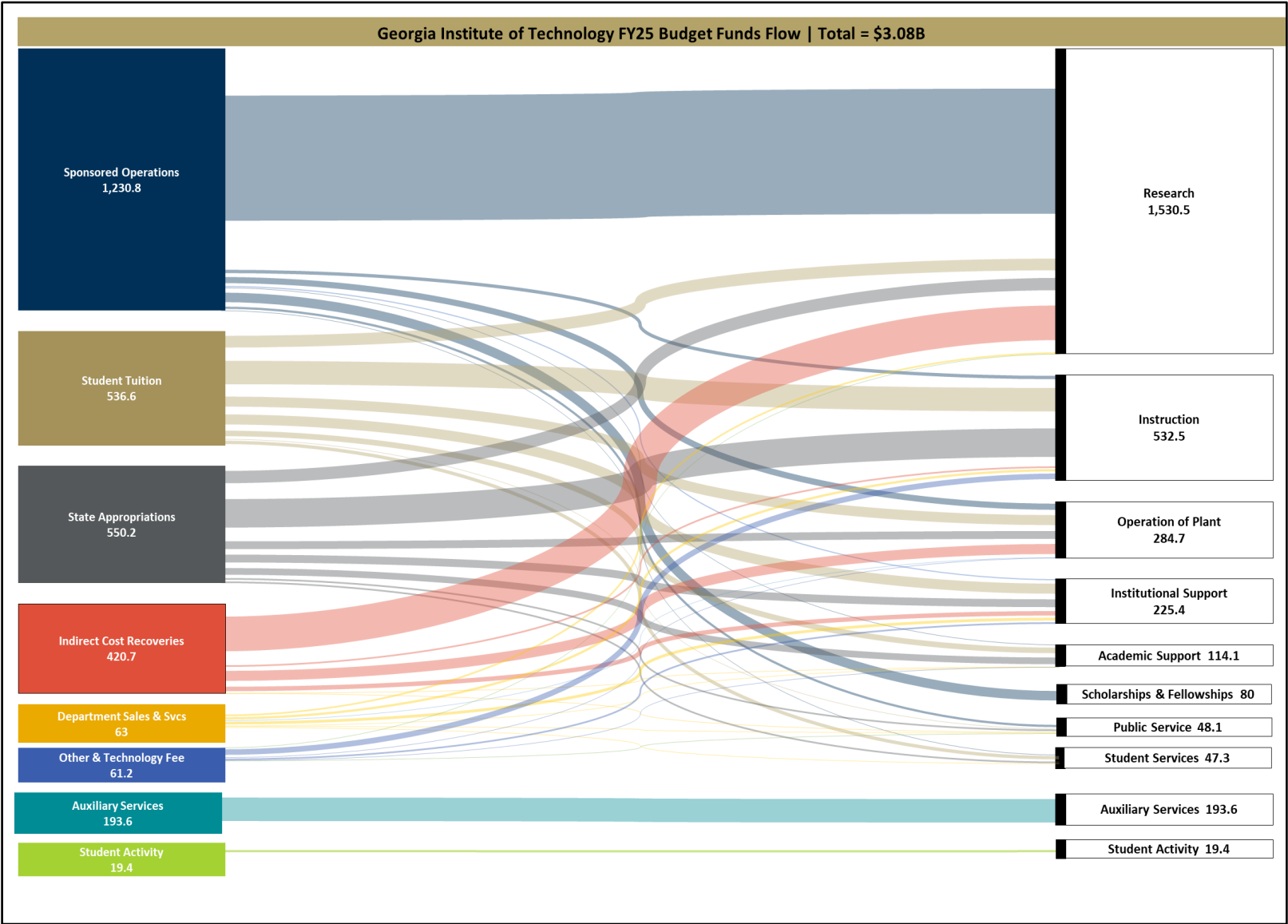


Total Georgia Tech Revenue Budget: \$3,075.5M

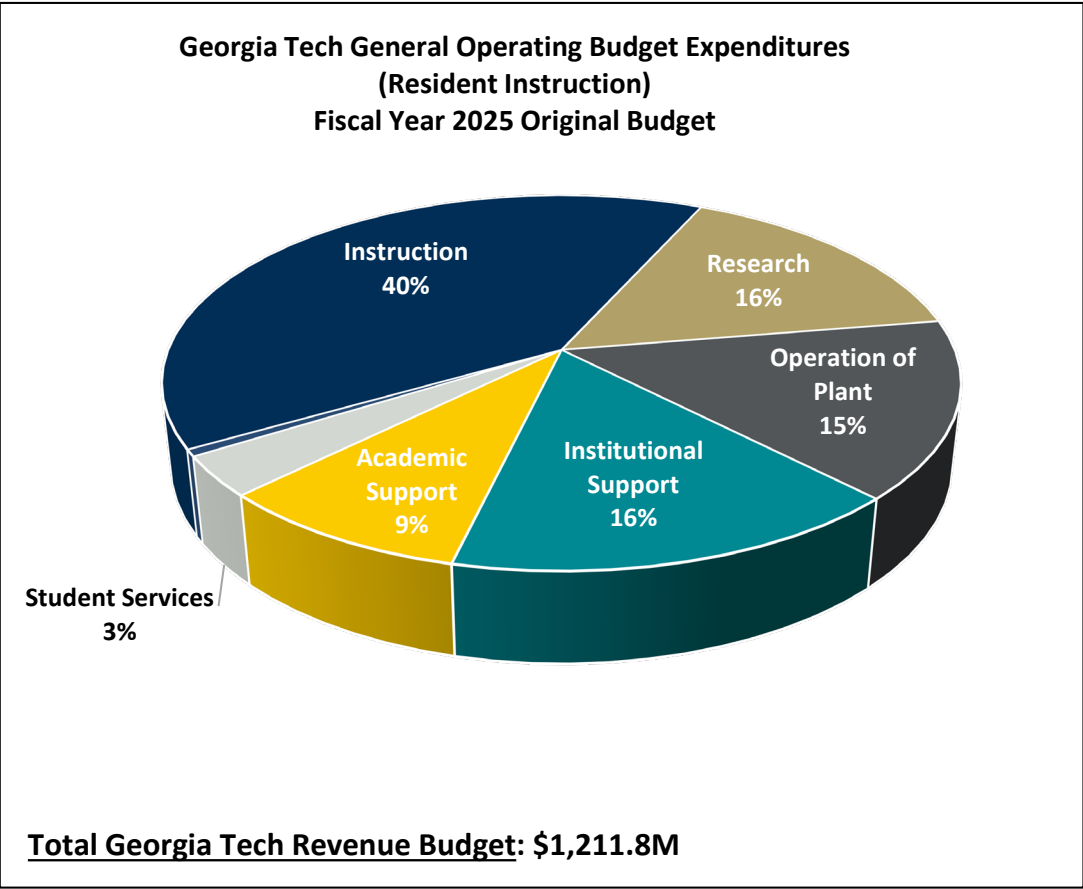
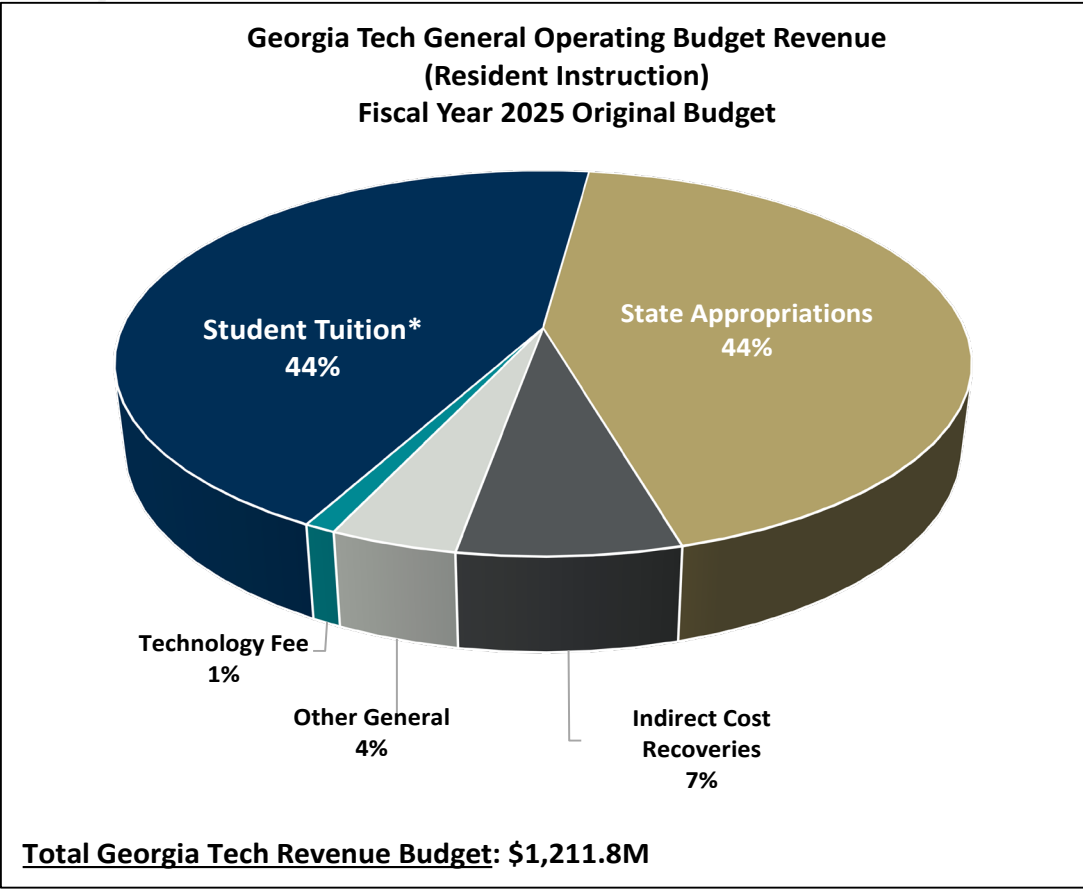
Where Does The Money Go?



FY25 Flow of Funds



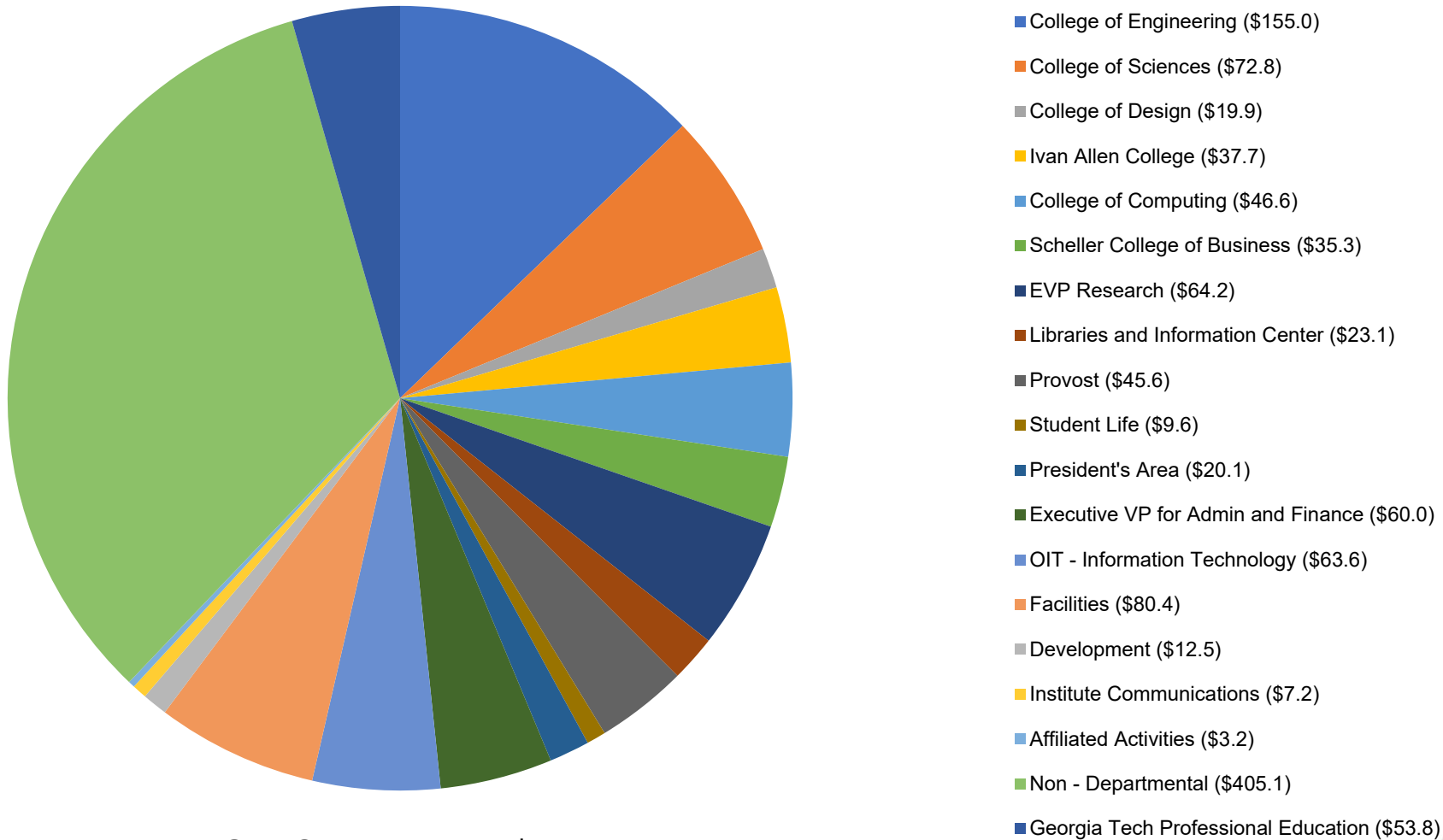
Operating Budget Building Blocks | “Resident Instruction/General Operations”



* Includes tuition paid by sponsors (\$35M), online masters (\$54M) and distance education tuition (\$10.5M). "General tuition" excluding these categories = \$387.1M, or 36% of general operating budget.

Operating Budget | General Operations Uses

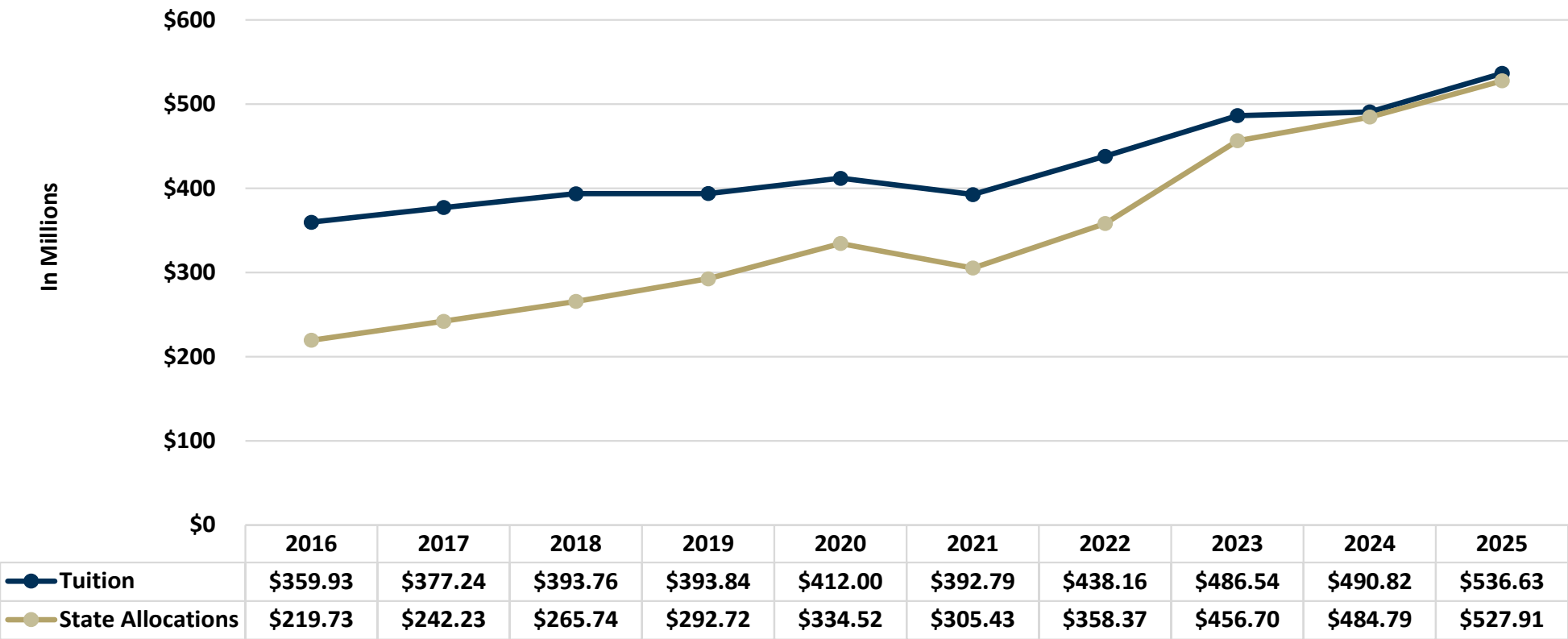
FY25 GENERAL OPERATIONS ORIGINAL BUDGET BY DIVISION



FY25 Gen Ops Expense: \$1,211.8M

State v. Tuition Revenue Trends

Georgia Institute of Technology
Tuition and State Funding Comparison
FY 2016 - FY 2025 (\$M)



Note: State funding Resident Instruction/General Operations only

Base Budget

Permanent Funds

- Mandatory Items:
 - Personal Services: faculty, staff, student employees
 - Non-Personal Services: travel, materials, supplies and equipment
 - Fringe Benefits: FICA, health insurance, retirement, vacation payout
 - Utilities
 - Lease and Debt Service
 - Tuition differential
 - Online Masters (OMS) - OMS CS, Cyber and Analytics
- Approved New Workload
 - New hires
 - New program support

One-Time Funds

- One-Time Funds:
 - Student and faculty support
 - Start up and Fit up
 - Cost Share
 - Deferred Maintenance
 - Information Technology initiatives
 - Carry Forward
 - Capital Projects

Future Commitments Needing Permanent Funds

- Retention
- Equity
- Institute Strategic Plan (ISP)
- Debt Service on new facilities
- Contract escalations (IT and Facilities)



Allowable Uses for Funding Sources

Special Spending Requirements

- Allowable cost matrix – [Controller's Office website](#)
 - Tool created to assist accounting and finance staff with making decisions related to Institute expenses
 - Provides a vehicle to determine if certain expenses are allowable on certain fund types.
 - Provides list of all Institute fund groups and a list of expense types.
- Technology Fees – [Budget Office Website](#)
- Georgia Tech Foundation (GTF) – [based on intention of donors](#)
- Sponsored funding – Grants and contracts
 - **Necessary, reasonable, and allocable**
 - Conform to any limitations or exclusions of award
 - Consistency:
 - With policies and procedures that apply uniformly to grants and other requirements of grantee
 - Either direct or indirect cost, not both
 - Consistent with GAAP
 - Not also counted as matching/cost sharing
 - Adequately documented

For more information, visit the Policy Library and select [Allowable Expenses](#).



Questions?