

How Money and Resources Flow at Georgia Tech

ADVANCE Program Presentation on
“Demystifying Georgia Tech”

October 18, 2016

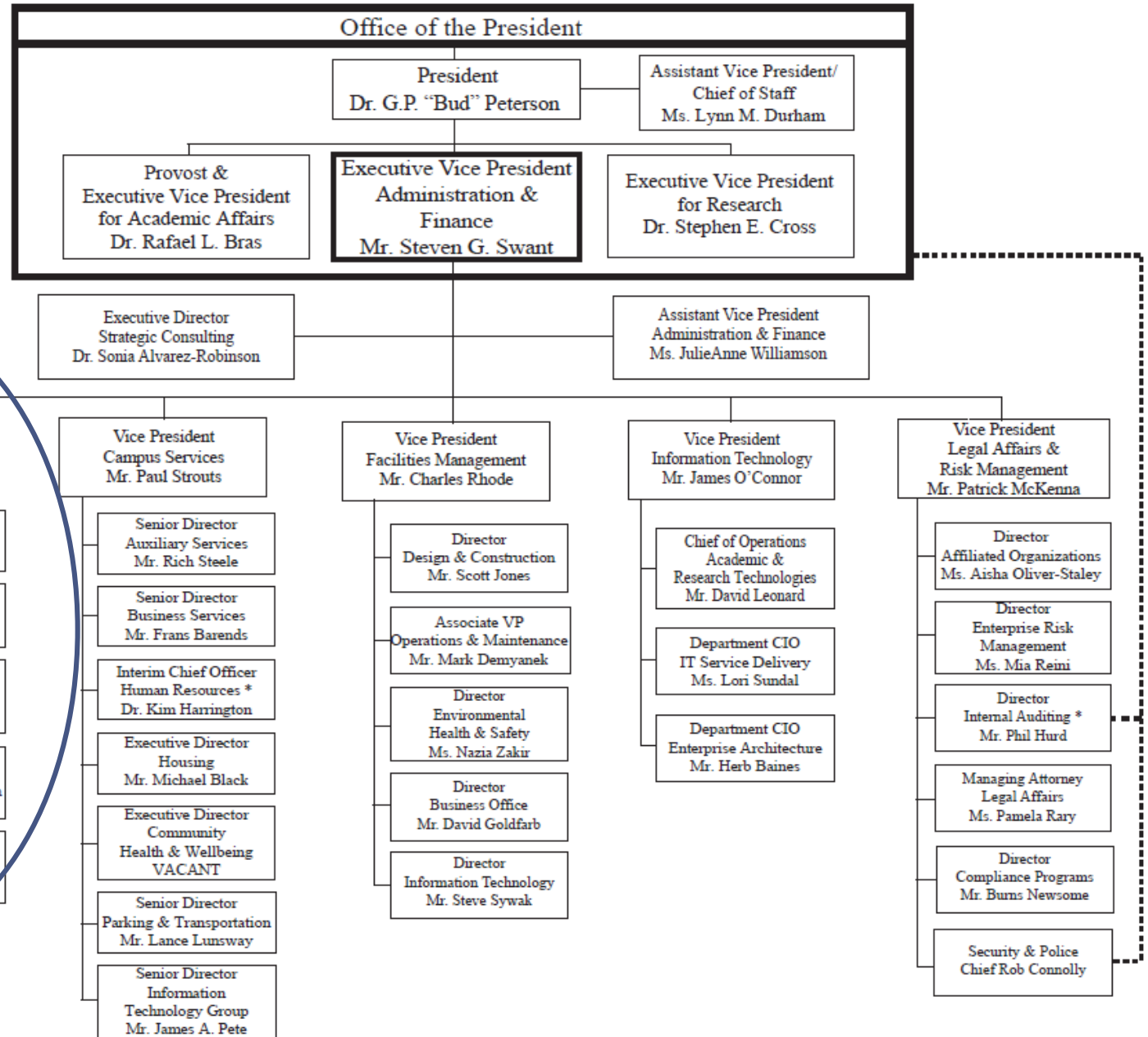
Office of Institute Budget Planning & Administration
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Chart D

Georgia Institute of Technology

Executive Vice President for Administration and Finance



Outline

- I. Basics of GT's Budget and Accounting Structure
- II. GT's Three Budgets
 - A. Capital Budget
 - B. Operating Budget
 - C. GT Foundation Budget
 - D. Allowable Expenditures
- III. Revenue-Related Topics
 - A. Tuition Differentials
 - B. State Formula Funding
 - C. Tuition Waivers and Assistantships
 - D. Indirect Cost Recoveries
- IV. Budget Process and Outlook

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I. Basics of GT's Budget and Accounting Structure



Georgia Tech's Three Principal Budgets

- **Operating Budget** – ongoing operations
 - Colleges – instruction and research
 - Interdisciplinary Research Institutes
 - Student support services
 - Facilities and leases
 - Administrative support
 - Applied research unit – GTRI
 - Public service/economic development unit – EI²
- **Capital Budget** – major capital investments
 - Engineered Biosystems Building
 - Library Renovation
 - West Campus Dining
- **GT Foundation Budget(s)**
 - President's Institute Support Budget
 - Unit funding from gifts

GT's Basic Fund Structure

- **Fund:** accounting entity segregating resources based on law, regulations, and/or GAAP
- **GT's Major Fund Areas:**
 - "Resident Instruction" – core operations: research, instruction, administration, facilities, student services
 - State Earmarks and Sponsored/Earned Funds:
 - GT Research Institute
 - Enterprise Innovation Institute
 - Student Activities – mandatory student fees for Campus Rec Center, Student Center, organizations
 - Auxiliary Enterprises – businesslike operations
Examples: parking, transportation, housing, dining, student health, retail

Basic Account Code Structure

- General Operations – GT's non-earmarked sources:
 - State
 - Tuition
 - Indirect cost recoveries
 - Student fees and other general revenue
- Projects – lowest level of GT accounting & budgeting
- Program/Function – major service areas
 - Required by U.S. Department of Education
 - Examples: instruction, research, public service, academic support, plant operations
 - Each project assigned a program/function
- Account Number – specified expenditure type: personal services, supplies, equipment, etc.

II. Georgia Tech's Three Budgets

- A. Capital
- B. Operating
- C. GT Foundation
- D. Allowable Expenditures



A. Capital Budget: Plant Fund Projects

- Recent Plant Fund Project Examples:
 - Atlantic Drive Steam Line Replacement
 - Pedestrian safety sidewalks along Ferst Drive
 - Harrison Square renovations
- Major Funding Sources:
 - President's Discretionary Endowment – Lettie Pate Evans and others
 - Major Repair and Renovation ("MRR") – state funding
 - Gifts through Georgia Tech Foundation
 - Revenue generated by departments
 - Indirect Cost Recoveries and other General Operations funding – including utilities savings

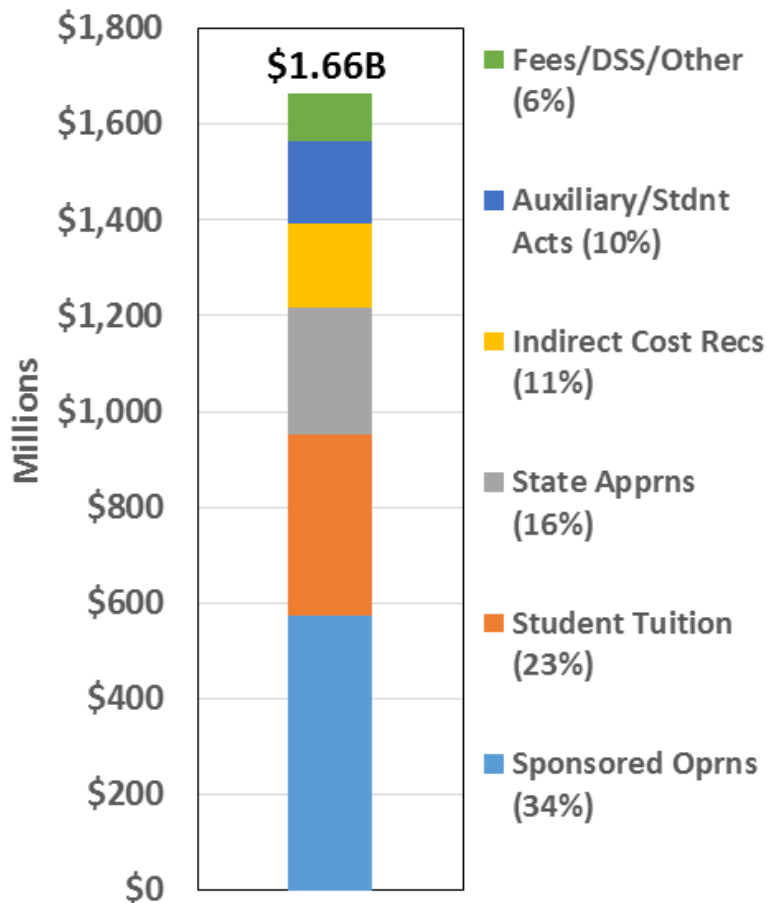
A. Capital Budget: Major Capital Projects

- Recent/Current Projects (link to [CPSM](#)):
 - Engineered Biosystems Building
 - Carnegie Building & Tech Tower Renovations
 - Price Gilbert Library & Crosland Tower Renovation
 - Living Building
 - New Campus Safety Facility
 - Community/Student Center Renovation/Construction
- Major Funding Sources:
 - State Bonds
 - Gifts through GT Foundation
 - Indirect (F&A) recoveries from sponsored projects
 - Capital Leases – [GT Facilities, Inc.](#)
 - Earmarked student fees
 - Auxiliary revenues – e.g. parking, housing

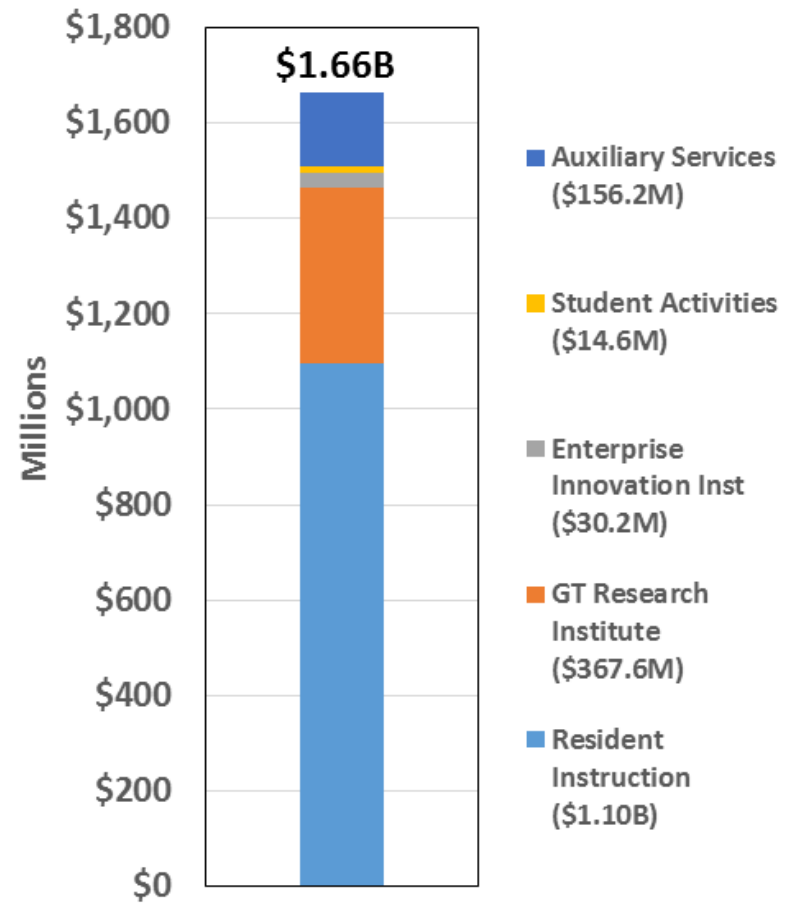
B. Operating Budget

Building Blocks by Source & Major Unit

Building Blocks of Georgia Tech's
FY16 Total Budget by Source



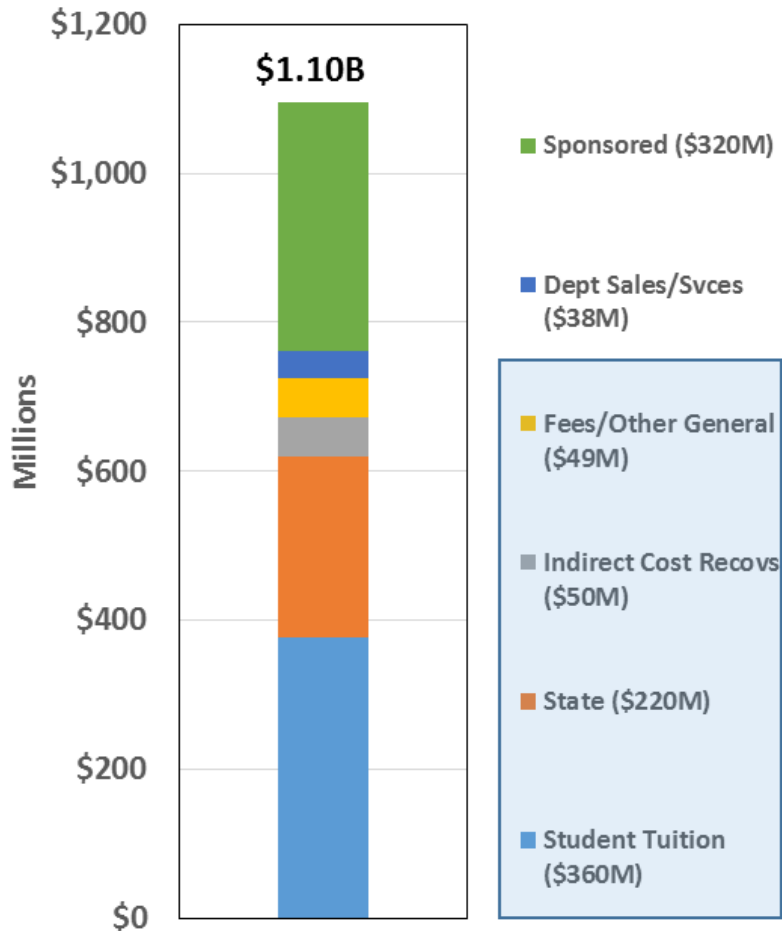
Building Blocks of Georgia Tech's
FY16 Total Budget by Major Unit



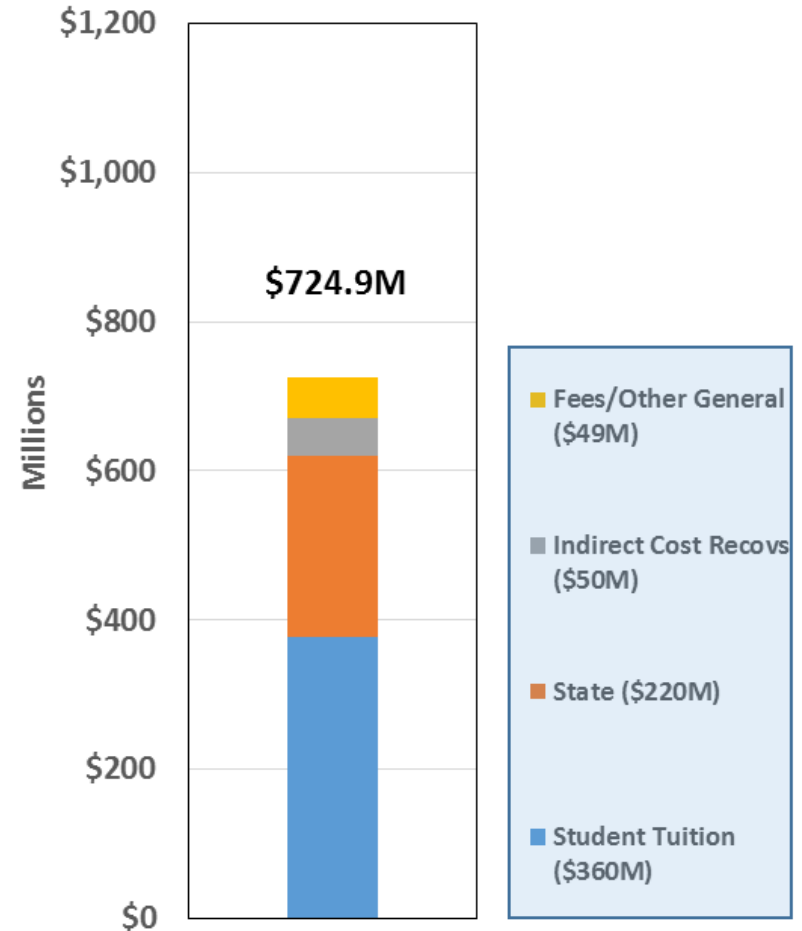
B. Operating Budget

Building Blocks – “Resident Instruction”

Building Blocks of Georgia Tech's
FY17 Resident Instruction Budget



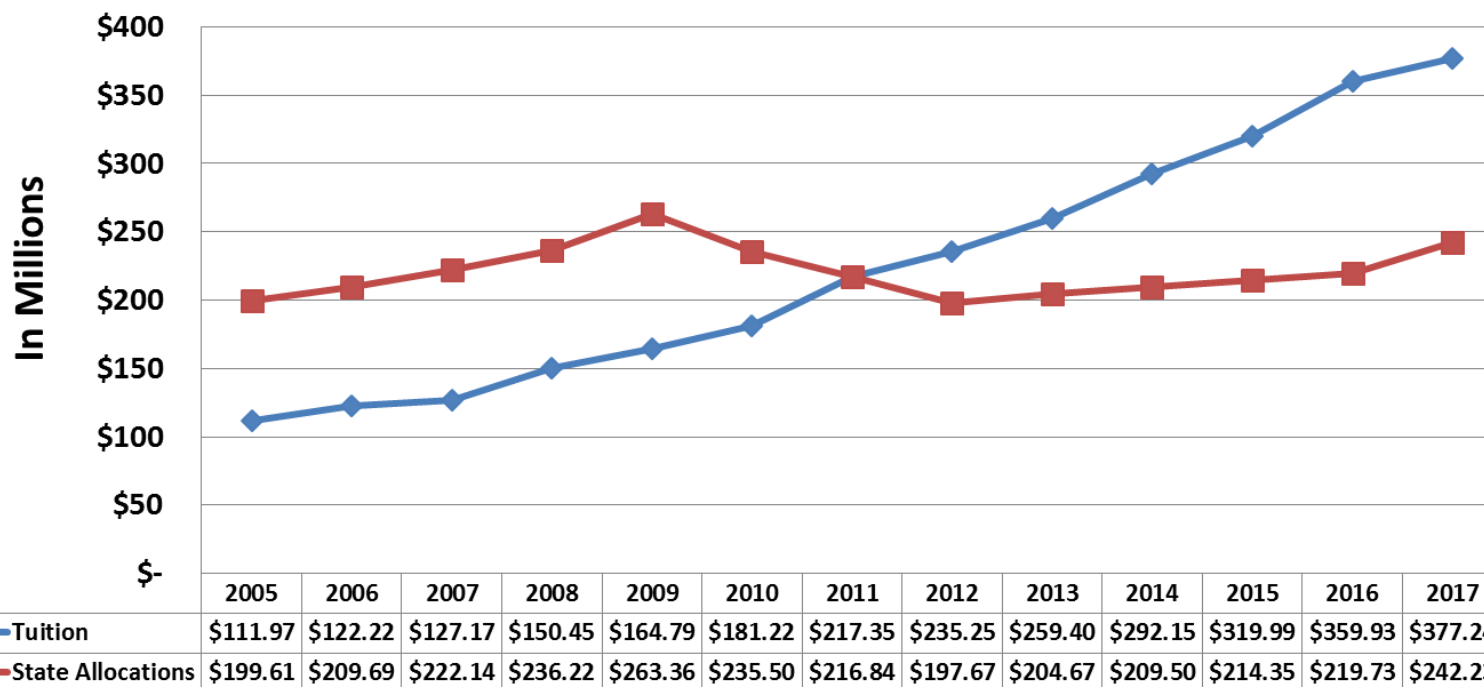
Building Blocks of Georgia Tech's
FY17 R.I. "Gen Ops" Budget



B. Operating Budget

GT State and Tuition Revenue Trends

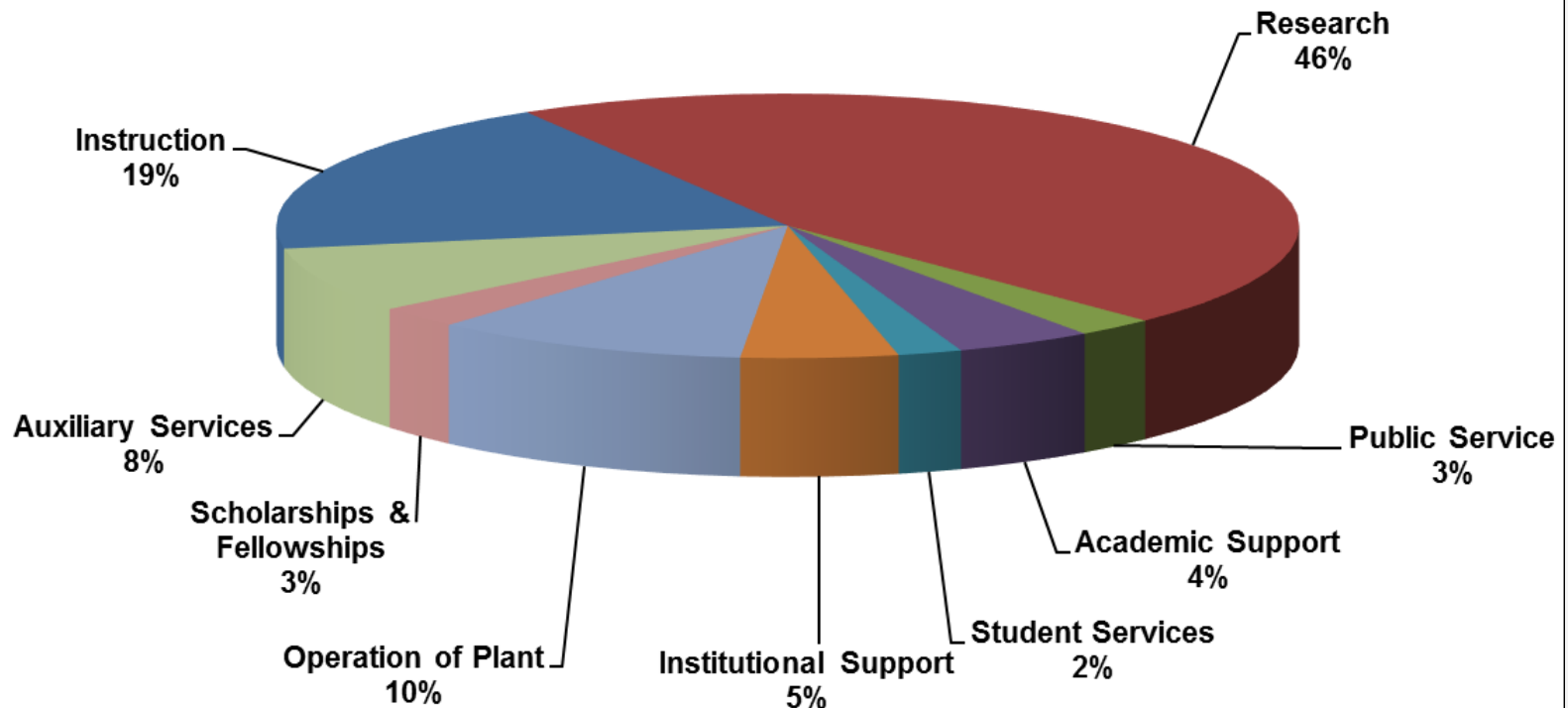
Georgia Institute of Technology
Tuition and State Funding Comparison
FY 2005 - FY 2017



Note: State funding Resident Instruction/General Operations only

B. Operating Budget Expenditure Recap

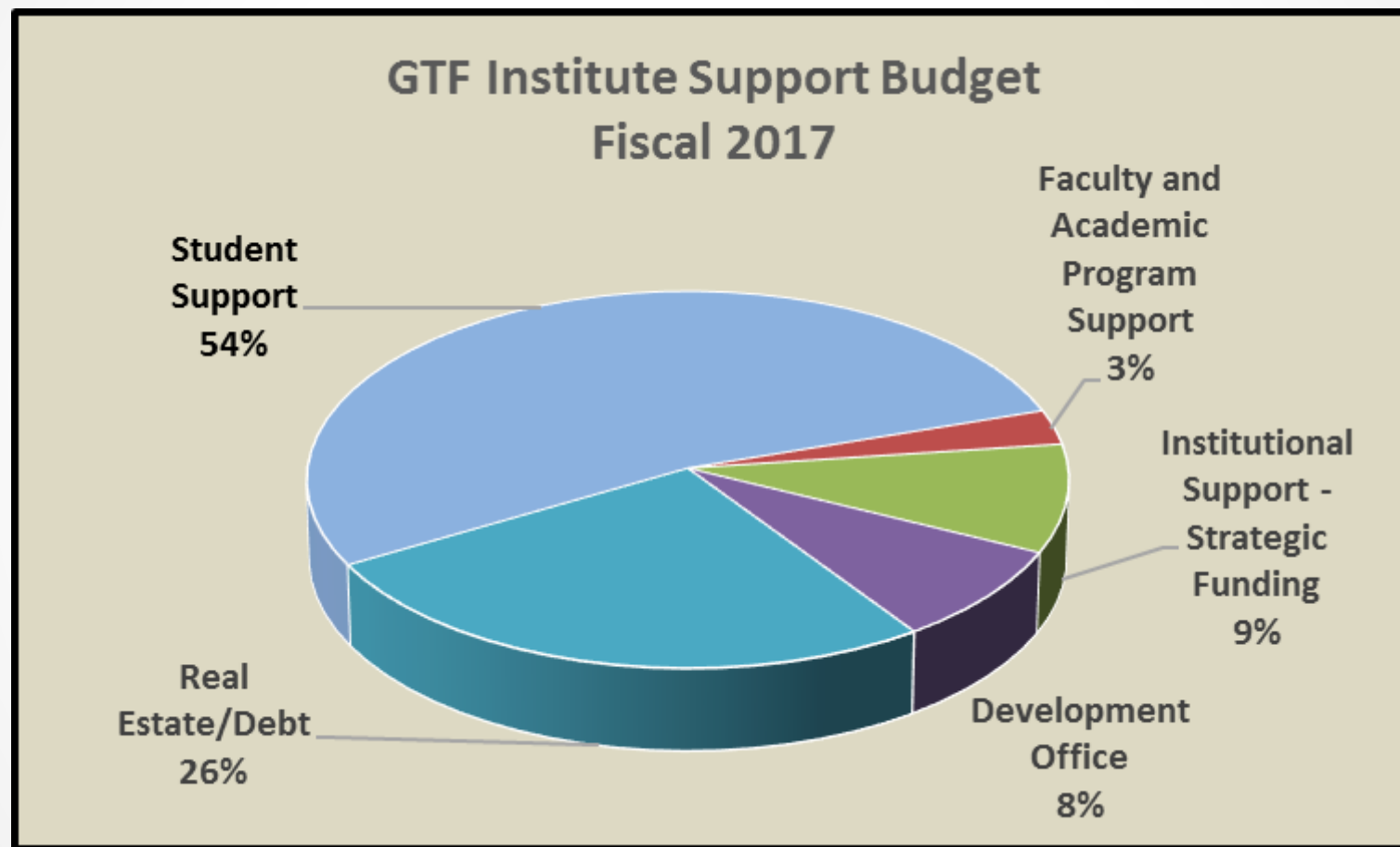
**Georgia Institute of Technology
Expenditure Budget by Function
FY 2017**



Total Georgia Tech Expenditure Budget: \$1,640,718,783

C. Foundation Budget

- GTF Institute Support Budget – Total \$24.8M



C. Foundation Budget

- Gifts to units designated by:
 - Owner of funding
 - Designated Use

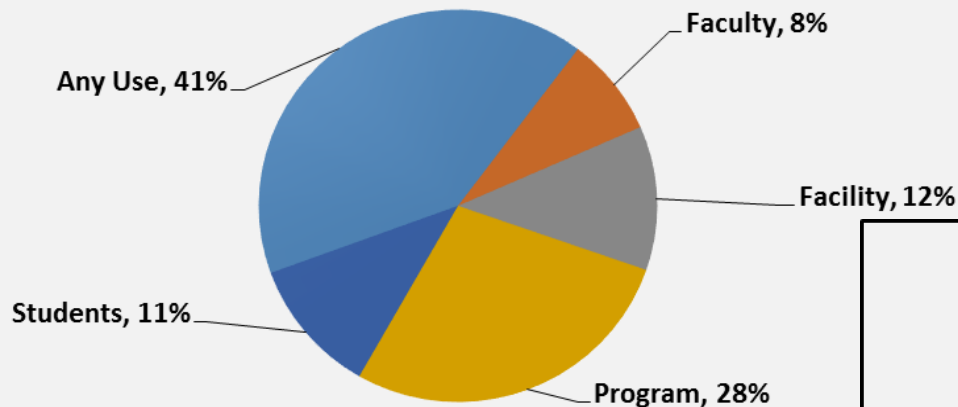
Total Balances All Units at 6/30/2016:

\$119.3M

Available to Deans/Dept Heads for "Any Use:"

\$21.6M

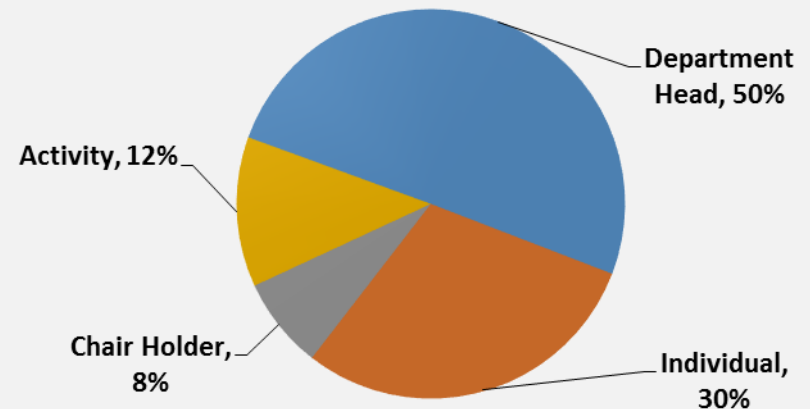
**GTF Balances by Potential Use
June 30, 2016**



Total Balances: \$119.3M

NOTE: funding also restricted by owner - See Schedule 3A

**GTF Balances by Owner Type
June 30, 2016**



Total Balances: \$119.3M

NOTE: funding also restricted by potential use - See Schedule 2A

D. Special Spending Requirements

- Allowable cost matrix – [Controller's Office website](#)
 - Tool to assist accounting and finance staff with making decisions related to Institute expenses
 - Vehicle to determine if certain expenses are allowable on certain fund types.
 - List of all Institute fund groups and expense types
- Technology Fees – [Budget Office website](#)
 - Funding to support students' academic requirements
 - If faculty use – must justify direct value to students
 - Purpose to supplement and not supplant other Institute funding
 - Fees not to be used for general computing requirements and research



D. Special Spending Requirements

- Georgia Tech Foundation – based on intent of donors and GT policy – “[Expenditure of GTF Funds](#)”
 - Payments submitted directly to GTF instead of through GT for: (1) business meetings and events, (2) employee moving expenses, (3) entertainment and special events, (4) facility rental, (5) membership dues, (6) special exceptions
- Sponsored funding – grants and contracts
 - PI Project Management Reference Manual – Office of Grants and Contract Accounting – sponsored programs policies and procedures – [link](#)
 - Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards – [2 CFR 200](#)



III. Revenue-Related Topics

1. Tuition Differentials for Professional Masters Programs
2. State Formula Funding
3. Tuition Waivers and Assistantships
4. Indirect Cost Recoveries



1. Tuition Differentials – Professional Masters Programs

- Approval by Board of Regents of new or amended differential tuition rates*
- Submission through GT Budget Office and review by Provost's Office:
 - December submission by units – new and changed rates
 - April approval by BOR
- New program approval must precede tuition differential requests
- Current GT differentials
<http://www.budgets.gatech.edu/File?F=21>
- More information
<http://www.budgets.gatech.edu/Tuition>

* Board of Regents Policy [7.3.1.5](#) allows institutions to request separate graduate tuition rates for specialized programs.

2. State Funding Recap – FY 2017 (\$M)

• <u>Resident Instruction</u>	
- Formula Funding	\$242.2
• <u>State Earmarked Units</u>	
- GT Research Institute (GTRI)	5.8
- <u>Enterprise Innovation Institute (EI²)*</u>	<u>19.3</u>
• Subtotal State Earmarks	\$25.1
TOTAL STATE FUNDING	<u>\$267.4</u>

* Increase of \$10.6M over FY16 for “Invest Georgia” and ATDC

2. State Funding

- State funding formula:
 - Principal basis – enrollment (credit hours) by: student level and group (discipline)
 - Square footage basis for facilities O&M allocations
 - Formula drives funding for USG, not individual schools
 - BOR determines allocations of funding approved by General Assembly
 - Status – current formula in place indefinitely following effort to convert to performance-based formula
- 4-Year State Reductions: \$99.7M, or 35% of FY09 State Funding Base

3. Tuition Waivers

(Fall 2015 figures cited below)

- Total Tuition Waivers: \$53.3M of \$215.9M assessed tuition was waived (25%)
- Types of Waivers
 - Graduate Assistantships – Total \$44.4M
 - Grad students work as GRA's) or GTA's
 - Resident tuition waived
 - Total Other Waivers including Undergrads – Total \$7.4M
 - Cross enrollment (with other USG institutions)
 - Out of state tuition waivers
 - Economic Advantage
 - Military and other categories
- Recovery Method – Graduate Student Tuition Remission Program (GSTRP): tuition recovery from sponsored programs – approximately $\frac{1}{4}$ of graduate assistant waivers

3. Financial Requirements on Waivers

- Awarding of graduate assistantships controlled by student's home department
- Students with assistantships must perform research or teach; GRAs or GTAs
 - GRAs typically on sponsored funds
 - GTAs typically paid through General Operations funding
- Work performed on assistantship must be directly related to student's course of study
- Fiscal responsibility for waivers shared between Institute and academic departments
 - Waiver targets approved by Provost's Office
 - Annual review with colleges based on waivers over or under non-sponsored assistantship bases

Office of Grad Studies Policy – Non Sponsored Assistantships:

<http://policies.gatech.edu/academic-affairs/allocation-tuition-waivers-non-sponsored-assistantships>

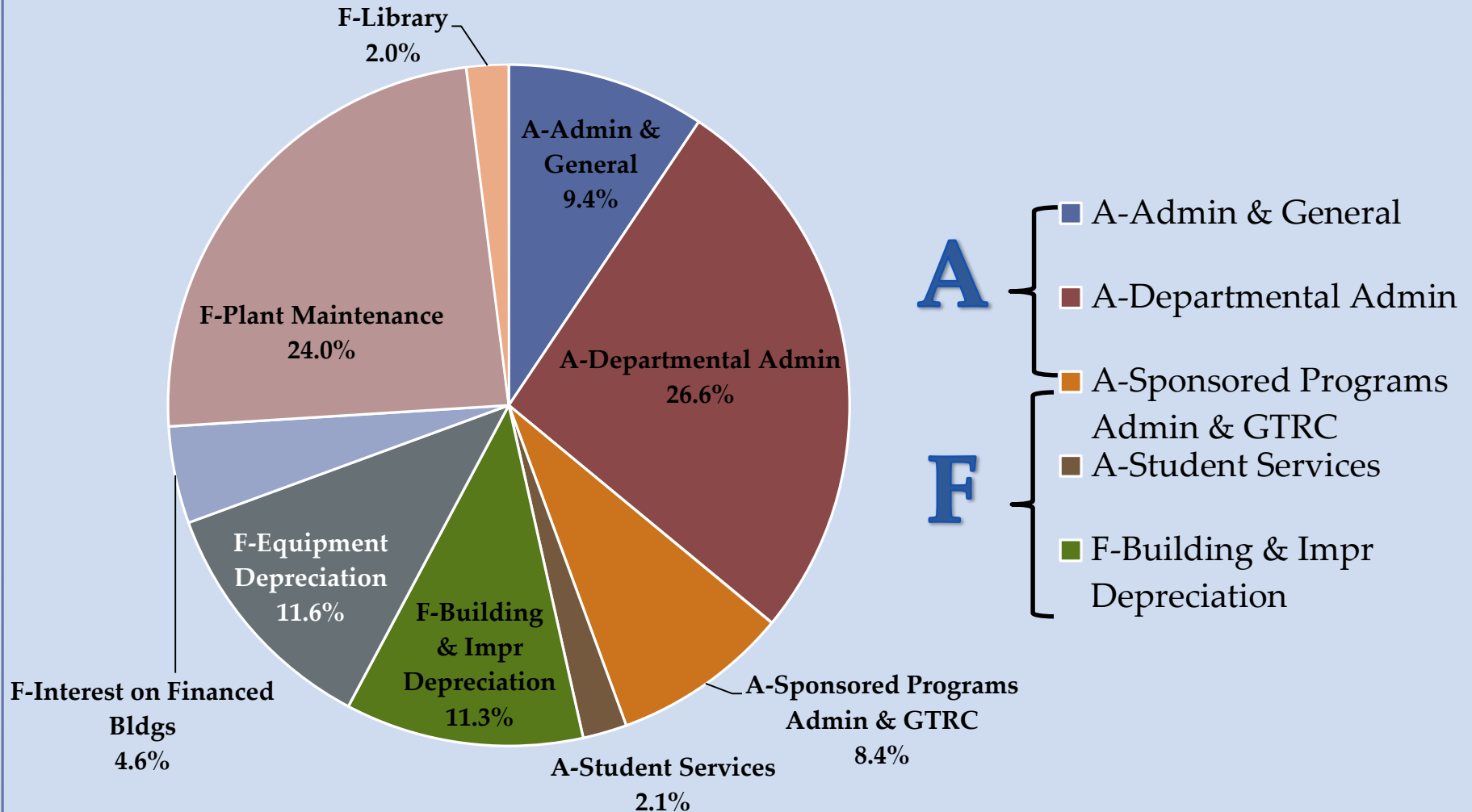
4. Indirect Cost (“F&A”) Revenue

- Governing document: “Uniform Administrative Requirements, Cost Principles, & Audit Requirements for Federal Awards” ([2 CFR 200](#))
 - GT policy: [Facilities and Administrative Cost Rates](#)
- Recoveries from externally funded grants and contracts
 - Any GT waiver of IDC recoveries must be approved by Executive VP for Research
- Principal areas recovered: facilities costs, central administrative costs, unit administrative costs, library, & sponsored program administration
 - NOTE: Facilities and equipment related costs comprise over ½ of total rate (see next page)
- Capped FY17 research rate = 57.8% ([link](#))
 - Flat fringe benefit rate for FY17 = 28.8%
- FY17 budgeted F&A revenue \$175.4M (9.3% of total budget)
- GT Policy for “Indirect Research Support Allocation” – 30% back to colleges for reinvestment (funding controlled by deans; [link](#))

4. What F&A Rate Covers

F=Facilities & A=Administration

Components of GT Capped Organized Research F&A Rate



III. Georgia Tech's Budget Process

Budget Office Link:

[Georgia Tech Budget Process](#)



Summary of GT Budget Preparation

- *December*
 - Presentation of GT priorities to Board of Regents (BOR)
- *December – January*
 - Revenue estimates to BOR
 - Tuition and fee recommendations to BOR
 - President's budget hearing with Chancellor
- *February – March*
 - Budget instructions and forms issued to campus; including "change proposals" required for FY17 (incl. reduction plans)
 - Colleges & other unit budget submissions to respective Executive Leadership Team (ELT) members
 - Division head budget and planning meetings with individual ELT executive
- *Mid-March*
 - Planning/budget meetings between division heads and executives
- *End of March*
 - Legislature's approval of Appropriations Act (state budget)
 - Division budget priorities finalized

Summary of GT Budget Preparation

- *Mid-April*
 - BOR approvals:
 - Tuition
 - Mandatory fees
 - Formula allocations
- *Mid- to Late April*
 - Executive staff decisions on internal GT priorities – new funding and possible funding redirection
 - Allocations to units: new allocations and/or reductions
 - Preparation by units of detailed Original Budget
- *Early May*
 - Submission of detailed, line item original budget to BOR (formal approval at May BOR meeting)
- *July 1st*
 - Budget execution for new FY begins

Additional Information:

Budget Calendar: <http://www.budgets.gatech.edu/Views/Calendar.aspx>

Budget Process Description: <http://www.budgets.gatech.edu/File?F=2>

FY17 Budget Preparation Documents: <http://www.budgets.gatech.edu/Development>

Fiscal 2017 Budget Status

Modest Revenue Growth:

- State formula funding:
 - Strong formula earnings for GT for Fiscal 2017 based on Fiscal 2015 enrollment
 - No state funding for health insurance/retirement increases
- State share of merit raise costs:
 - Minimal FY15 & FY16 state funding toward total costs
 - FY17 state funding share = 70% for average 3% merit raises; balance from GT sources
- Tuition and fees:
 - No tuition increases and only one mandatory fee increase
 - Modest enrollment increases
 - No further shift resident to non-resident (currently @ 60% resident and 40% non-resident)
- ICR/F&A revenue in Resident Instruction beginning to rebound after two year decline

Recap of FY17 Approved Budget: [FY17 Budget Summaries](#)

Fiscal 2017 Budget Status

Key Resource Allocations:

- Redirection of over \$4M to high priority items
- Over \$20M for pay and fringe increases
 - \$4.1M fringe increases not covered by BOR
 - Merit pay cost of nearly \$13M
 - Funding for FLSA changes
- Non-TTK teaching support of \$1.4M
- Support staff for faculty and students of \$1.0M
- Faculty retention and strategic hire funding of \$600K
- New TTK faculty funding \$1.3M
- Lease increases to cover HPC and other lease increases

Spending Factors in 2018 and Future Years

Spending Factors:

- Employee merit pay
- Faculty growth to accompany enrollment:
 - Salaries and administrative support
 - Faculty startup
- Administrative and student support systems
- HPC and other leases
- Research administrative support
- Research equipment refreshment
- IT refreshment and expansion

Need additional information??

<http://www.budgets.gatech.edu/>

Questions??

