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LETTERS & BULLETINS

Addressing the Latest State Budget Reductions

November 18, 2009

To the campus community of Georgia Tech:

Late yesterday, the University System of Georgia (USG) Board of Regents approved plans to adjust the System's budget from a 6 percent reduction to an 8 percent reduction for the current fiscal year (FY10). The Board's actions will require each of the System's 35 public colleges and universities to make appropriate cost adjustments as well as increase the mandatory institutional student fee.

You may recall that the regents initially approved an 8 percent reduction option as part of their financial planning in August 2009. For Georgia Tech, the 8 percent reduction in the state-funded portion of the FY10 budget will mean a total of \$20.3 million in cuts.

To meet this target:

\$6.1 million will be saved through our six-day furlough program, and

\$1.7 million in revenue will result from the institutional fee increase.

The remaining \$12.5 million will come from campus reductions and other revenue sources, many of which have already been implemented. We are awaiting further direction from the regents on how the budget reduction will need to be implemented.

The current student fee, set at \$100 per semester, will increase to \$200 beginning with the upcoming spring semester. It is important to note that this was an option of last resort; an increase would not have been necessary for reduction goals lower than 8 percent. But as state tax collections continue to slide, this action is important to help spread the cost equally among all students.

Higher education is a unique entity. Unlike businesses in a recession, we cannot reduce production and inventory to align with reduced demand. While our resources are shrinking, the demand for our services is rising. In addition, the federal stimulus funding we have received is helping in a number of important areas, however, those funds are not a long-term solution.

With the assistance and support of the entire campus community, we were able to address the prior year reductions with minimal disruption to our daily operations. However, our challenge for FY10 is considerable, particularly in light of the reductions already taken by the Institute. As a result of this latest action, Georgia Tech's reductions from the original FY09 state appropriations now total \$54.3 million, equal to a 19 percent cut over the two-year period.

Since the initial state reductions in the fall of 2008, we here at Georgia Tech have placed an emphasis on preserving its core missions of teaching, research, and public

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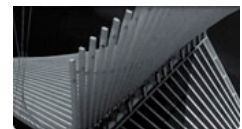
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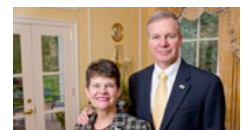
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service. To that end the Institute has imposed differential budget cuts on administrative units, which have absorbed substantially higher reductions than academic units. In most cases, academic units have absorbed half of the budget reductions absorbed by support units. In addition, we have asked units to reduce expenditures on personal services as well as discretionary spending on travel, training, supplies, and equipment.

As we move forward with this difficult year, we will continue to monitor state revenues and to evaluate and consult with the campus about cost reduction strategies, efficiency initiatives, and, in the worst-case scenario, additional furlough days or other possible work-force reduction requirements.

As always, we will continue to keep you informed as more information is available. I greatly appreciate the support of the entire campus community as we work through these difficult times together.

G. P. "Bud" Peterson

President, Georgia Tech