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## Message from President Peterson

May 4, 2009

As we approach the end of the fiscal year and prepare to close the books on FY 2009, I wanted to apprise you of how we are managing the financial situation here at Georgia Tech and, based on recent developments, offer an institutional outlook for FY 2010.

By almost any measure, this past year has been one of the most financially difficult the Institute has faced for a long time. At this time last year, Georgia Tech was moving forward confidently, state revenue projections were positive, and Institute planning was based on a budget that reflected our priorities. In a very short period of time and with no real warning, our nation was hit with fiscal challenges of historic proportions.

In the early fall, declining state revenues for the fiscal year that began on July 1, 2008, required Georgia Tech to reduce its budget by more than 10 percent, or approximately \$27.7 million. This required hard choices, both in expenditures and with regards to personnel. However, given the recent actions by the Legislature and the Board of Regents, and the economic outlook for the coming year, I am pleased to report that there appear to be some bright spots going forward.

The state General Assembly's fiscal appropriations demonstrated continued support for higher education, and we are particularly appreciative of the decision to support both the formula funding concept and the Institute's capital priorities, including the Clough Undergraduate Learning Commons. In addition, the University System of Georgia Board of Regents approved a tuition model that more accurately represents the real costs required to educate students at a premier research university.

Together, these decisions will help preserve the quality and reputation of our teaching and research, ensuring that our students and future graduates have the knowledge and skills needed to succeed in the 21st century.

There is also good news at the Institute level. We are continuing to see the success of our faculty in obtaining substantial increases in sponsored contracts and grants. Also, we have moved to enhance our summer course offerings, both as a way to help students graduate more quickly and to maximize the use of existing instructional space. The result of these combined actions, with other changes in revenue and expenditures, have helped to narrow the budget gap for the upcoming fiscal year.

Despite some encouraging signs, however, there is still some uncertainty ahead. Our plan is to proceed with fiscal prudence and responsibility. In order to ensure the fiscal well-being of the Institute, we ask that you continue to scrutinize planned purchases and expenses.

For FY 2010, we will distribute previously committed, new workload resources. While we

[2010 Annual Report \(9.2M PDF\)](#)



[\(/president/sites/president/files/GeorgiaTech2010InteractiveAnnualReport.pdf\)](#)

[Georgia Tech Fact Book](#)



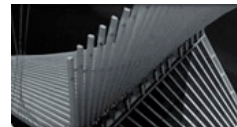
<http://www.irp.gatech.edu/factbooks/factbook.html>

[Recent Trends and Milestones: Summer 2010 \(2.0M .pdf\)](#)



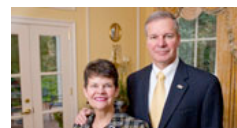
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anticipate that current reserves will be sufficient to meet the FY 2010 budget reduction target set by the Board of Regents and Governor's Office, campus units should continue to restrict hiring to mission-critical staff, replacement faculty positions, and newly created endowed chairs. As the year progresses and as the budget outlook becomes clearer, we will review this practice and amend it as necessary.

I sincerely appreciate those who have worked so diligently throughout this past year, reviewing financial scenarios, developing contingency plans, and making both personal and professional sacrifices. As someone new to Georgia Tech, I am heartened by the way the entire campus community—the students, faculty, staff, and alumni—have stepped forward to provide advice and support and to share in meeting the challenges of this difficult year. For this, the entire leadership team and I are extremely grateful.

Sincerely,

*G. P. "Bud" Peterson*

President