

# Implications of Implementing Furloughs Georgia Institute of Technology

## Program Goals:

1. Minimize impact on undergraduate and graduate instruction
2. Exempt critical health and life-safety positions
3. Maintain sponsored research in order to meet sponsors' contractual requirements; address recent growth research volume; have the capacity to accept Federal stimulus program supported research awards. (Scenario B)

## Financial Goals:

1. Save State funds; meet reduction targets
2. Avoid unintended consequences of furlough; avoid additional unfunded expenditures that must be absorbed by the Institute such as fringe benefits or reduced support for campus administrative or facilities infrastructure.

## Scenario A: All employees to take 6 furlough days

### Resident Instruction impact:

1. *One day furlough of those employees supported from State funds is approximately \$1,080,000 per day; 6 furlough days savings is \$6,500,000*

### Sponsored Research impact:

1. *No salary saving for resident instruction budget.*
2. *Unfunded cost of "fringe benefits" - - must come from other sources because sponsored funds unavailable. Cost to the Institute of approximately \$104,000 per day; 6 furlough days cost to Institute is \$624,000.*
3. *Unfunded Facilities and Administrative overhead - - must come from other sources because sponsored funds unavailable to fund cost of buildings, utilities, computer/network infrastructure, accounting, audit, compliance, etc. Cost to the Institute of approximately \$435,000 per day; 6 furlough days cost to the Institute is \$2,610,000.*
4. *Funds not available for distribution to the campus - - reduction in grants for new equipment, facilities, and matching funds. Lost revenue or cost to the Institute of approximately \$94,000 per day; 6 furlough days cost to the Institute is \$564,000.*
5. *State of Georgia will NOT receive income tax withholding - - approximately \$46,000 per day; \$276,000 total.*

### Total Impact of Scenario A:

<b>Savings to meet reduction target:</b>	<b>+ \$6.5 million</b>
<b>Cost to the Institute:</b>	<b>- \$3.8 million</b>
<b>Cost/Loss to the State:</b>	<b>- \$0.3 million</b>

**Scenario B: Furlough only resident instruction funded employees; Exempt sponsored research funded employees**

**Resident Instruction impact:**

1. *One day furlough of those employees supported from State funds is approximately \$1,080,000 per day; 6 furlough days savings is \$6,500,000*

**Sponsored Research impact:**

1. *No salary saving for resident instruction budget.*
2. *No unfunded cost of “fringe benefits” - - support from sponsored fund; no additional cost to the Institute.*
3. *No unfunded Facilities and Administrative overhead - - support from sponsored funds; supports a portion of the cost of buildings, utilities, computer/network infrastructure, accounting, audit, compliance, etc.; no additional cost to the Institute.*
4. *Funds available for distribution to the campus - - funds available for grants to the Institute for new equipment, facilities, and matching funds. Added revenue for Institute research initiatives approximately \$94,000 per day; 6 furlough days cost to the Institute is \$564,000.*
5. *State of Georgia will receive income tax withholding - - approximately \$46,000 per day; \$276,000 total.*

**Total Impact of Scenario B:**

**Savings to meet reduction target: + \$6.5 million**

**Funding available to the Institute: + \$0.6 million**

**Income tax for the State: + \$0.3 million**