• Financial Framework and New Financial Model

• First Phase of Budget Model / Educational & General Fund

• Mason’s Ten Year Strategic Plan

• Research Initiatives:
  Accomplishments to date and initiatives in the works

• Next Steps
Why a New Model

The current model worked when State support was at higher levels

Since State support is limited, creating incentives for new revenue sources is a priority

Changing landscape: new student and marketplace demands

Need for consistent cost control, accountability and transparency
Current Model: Marginal Cost

- Based on historic funding
- Does not respond to market forces
- Targets negotiated every summer with university leadership team

Enrollment Targets

Units Funded Based on Targets
- Pre-funded based on enrollment targets
- Assumes each college operating at 100% capacity

Whether targets are met or missed, Units funded at target levels
Does not focus on accountability or outcomes

Budget Shortfalls
Resource Allocation Challenges

- "Trying to be everything to everyone."
- Maintain "can do" culture with financial accountability
- Lack of management tools to make informed decisions
Diminishing Commonwealth Support

George Mason University
General Fund vs. Tuition and Other as a Percent of the Educational and General Budget

- State Appropriations
- Tuition & Other

*State imposed 20% tuition reduction for in-state undergraduate students in FY2000 and rates were held flat through FY2001 and FY2002.
**ARRA included in General Fund

Determine Enrollment Revenue Goals

In-State Undergrad (# x $) = A
Out-of-State Undergrad (# x $) = B
In-State Grad (# x $) = C
Out-of-State Grad (# x $) = D
In-State Law (# x $) = E
Out-of-State Law (# x $) = F
Adjustments (# x $) = G

A + B + C + D + E + F + G = Tuition Revenue

***A miss in any of the variables has large budget implications***

Undergrad - Key (Freshman, Transfers, Retention)
Grad – Key (New, Retention)

Near-Term Financial Priorities:
- Optimize graduate enrollment (FTEs, retention, discounting, and in/out-of-state mix)
- Optimize undergraduate enrollment (FTEs, retention, discounting, transfers, and in/out-of-state mix)
- Create a new strategy for online education
NEW: Mason Incentive Model

Enrollment Goals
- Revenue margin targets set for each college
- If college exceeds revenue margin target, college shares in the gain with central

Two Main Levers
- Increase Revenue
- Decrease Expenses

End of Fiscal Year
- Model populated with actual revenue and expenses
- If target exceeded, college shares gain with central.
- If target missed, shortfall covered with carry-forward.
FY 2016 Revenue Budget $977.6M

E&G

Operating, $128.4
Financial Aid, $18.7
Capital Improvements, $75.1
Mason Bond Proceeds, $10.1
Philanthropic Activities, $43.0
One-Time Funds, $3.7
VA State Funding, 23%

E&G

Sponsored Research, $102.6
Community & User Service Fee, $86.1
Contracted Services, $27.2
Room & Board, $67.9
Mandatory Students Services & Activity Fees, $79.2

E&G

Tuition, $335.7
Enrollment Related Fees, 49%

All Other Activities, 28%

One-Time Funds, $3.7

Capital

E&G

$17.7M E&G

Focus on E&G Funds $485.4M
FY 2016 Educational & General Budget $485.4M

**Source of Funds**
- General Fund, $132.0
- Tuition, $335.7
- All Other, $17.7

**Use of Funds**
- Salaries & Wages, $288.5
- Non-Personnel, $104.0
- Fringe Benefits, $92.9
FY 2016 Educational & General Budget $485.4M
College & Schools / Non-College

Central, $173.4
College & Schools, $308.0
Institutional Reserves, $4.0
Physical Plant Operations $51.2
Institutional Support $53.9
Student Supported and Educational Activities $66.0
Community Service, $2.3
Budget Model Timeline

- **Fall 2015**: Review with each College, discuss process and determine validity of data sources.
- **Winter 2015**: Continue work with Colleges and Schools Collect Feedback
- **Spring 2016**: Establish budget model for fiscal 2017, enrollment goals and requests.
- **Summer 2016**: Initiate new budget model for reporting and budgeting.

Create a university working group to analyze indirect cost model.
Research
Short-Term Initiatives and Accomplishments

• FY 2016 Budget (included 1.0M in research investment)

• Inaugural multi-disciplinary research symposium focused on Health

• Administration $0.5M to fund interdisciplinary research “seed” grants

• Completed construction of a $47M and $75K square foot Biomedical Research Institute
FY 2016 in the works

• Working to form a comprehensive research partnership with Inova Health System

• Officially requested initial state funding at $3.5M, and then at $4M per year to launch the Institute for Biomedical Innovation (IBI)

• Establish a university-wide indirect cost recovery group to analyze the financial model.

• Second multi-disciplinary research symposium focused on security
- To maximize the impact on human health through market innovation

- To mobilize universities, hospitals, and business/innovation leaders in Northern Virginia to work collaboratively for research, entrepreneurship, and job creation; and

- To support the Commonwealth's initiatives for strategic job growth and regional collaboration

- Incubator for Innovation Centers
QUESTIONS?