

A large, dark grey, stylized letter 'M' graphic that is partially cut off on the left side. The 'M' has a modern, geometric feel with sharp angles and a slight shadow effect. It is positioned on the left side of the slide, with its right side overlapping the main text area.

# MASON'S NEW INCENTIVE- BASED MODEL AND FINANCIAL FRAMEWORK OVERVIEW

**President's Council**  
**September 11, 2015**

J.J. Davis, Senior Vice President for Administration and Finance  
Office of Budget and Planning

# 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



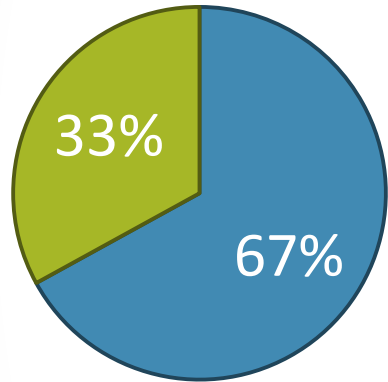
Changing landscape: new student and marketplace demands



Need for consistent cost control and accountability

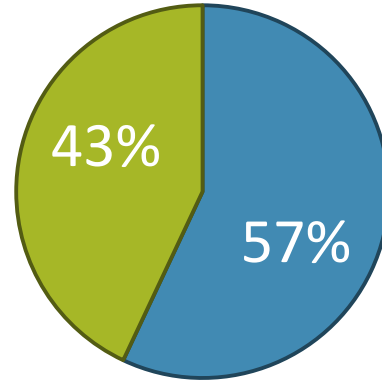
# Diminishing Commonwealth Support

1985



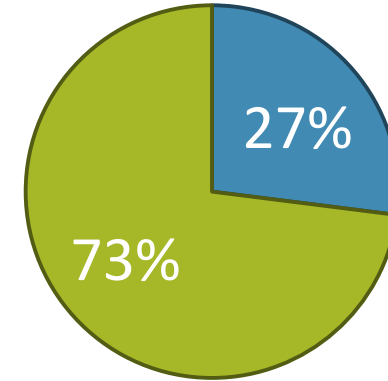
■ General Fund Support  
■ Mason Tuition & Other

2000



■ General Fund Support  
■ Mason Tuition & Other

2016



■ General Fund Support  
■ Mason Tuition & Other

# Current Model: Marginal Cost

## Enrollment Targets

- Unit receives marginal cost funding per new FTE on top of historic operating base
- Can be overestimated to secure funds
- Do not reflect changing market forces or student interest

## Funds allocated by Central to Colleges

- Based on enrollment targets
- Total pre-funded even if target is missed; partial claw back mid-year
- Calculations do not include base funding considerations, operating metrics, differential delivery costs, and lack accountability

**This model is not sustainable**



# Mason Incentive Model

**Central / Unit**

### Enrollment Goals

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

**Unit**

### Two Main Levers

- Increase Revenue
- Decrease Expenses

**Unit / Central**

### 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.



# Mason Incentive Model

- Units need tools to make data driven estimates of enrollment, other financial decisions
- Current Work
  - Analysis of Unit revenue
  - Linking revenues by and expenses at College level

# Fall 2015

- Central working with each College
  - Reviewing revenues and expenses
- Goals for units
  - Growing revenues and managing costs
  - Adding sustainable incentives to growing revenue

# Budget Model Timeline

Develop budget model utilizing metrics (see dashboards) for parallel year in fiscal 2016

**Summer 2015**

Review with each College, discuss process and determine validity of data sources.

**Fall 2015**

Establish budget model for fiscal 2017, enrollment goals and requests.

**Spring 2016**

Initiate new budget model for reporting and budgeting.

Run parallel for a 2nd year or Go Live?

**Summer 2016**



# Considerations when Changing Budget Models

- Budgets have been set for 2016
- Mason Incentive Model will run parallel in FY 2016
- Long runway – multiyear implementation
- This is a very complex, involved process
- Must be done carefully and thoughtfully

# Up Next.....

