MASON’S NEW INCENTIVE-BASED MODEL AND FINANCIAL FRAMEWORK OVERVIEW

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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
- 33% General Fund Support
- 67% Mason Tuition & Other

2000
- 43% General Fund Support
- 57% Mason Tuition & Other

2016
- 73% General Fund Support
- 27% 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

**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.

**Central / Unit**

**Unit / Central**
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

**Summer 2015**
Develop budget model utilizing metrics (see dashboards) for parallel year in fiscal 2016

**Fall 2015**
Review with each College, discuss process and determine validity of data sources.

**Spring 2016**
Establish budget model for fiscal 2017, enrollment goals and requests.

**Summer 2016**
Initiate new budget model for reporting and budgeting.
Run parallel for a 2nd year or Go Live?
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......

Financial Update Town Hall

Friday, September 26

12:00 noon