

George Mason University Korea Campus Initiative

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Submitted to
Academic Initiative Committee
Faculty Senate
George Mason University

Prepared and Revised by

Min Park
&
Anne Schiller

Office of Global and International Strategies
George Mason University

GEORGE MASON UNIVERSITY SONGDO CAMPUS INITIATIVE

1. HIGHLIGHTS OF THE PROPOSED SONGDO CAMPUS INITIATIVE

- The Songdo campus project further implements Mason’s longstanding strategic emphasis on East Asia. It strategically and intentionally establishes a visible presence for Mason in a prestigious East Asian location and enhances Mason’s reputation nationally and abroad.
- The Songdo campus would expand Mason’s potential to recruit internationally and provide new global opportunities for domestic students and Mason faculty.
- The Songdo campus would amplify Korean collaborations in education, research, and economic development overseas and in Virginia.
- No investment of Mason or Commonwealth funds is required to establish or operate the Songdo campus. Subsidies from Korean government support the operation as enrollments build. Use of facilities is rent free for a minimum of five years. Faculty housing is also without charge for the first five years and discounts on tuition expenses for the dependents of faculty at the international school will be made available.
- Mason will accrue significant financial gains each year that each student spends on our US campus (two years per student).
- Student recruitment will not be limited to Korea; as our market study indicates demand in China. Interest from Southeast Asia populations is also anticipated. The excellent location of Songdo facilitates this outreach. Students will also be able to benefit from internships and research collaboration opportunities in a vibrant development center.
- Initial undergraduate programs are planned in Management, Economics, and Global Affairs. Students spend their first year in Songdo, in a transition program modeled somewhat after Mason’s successful ACCESS Program, two years in the U.S, and their final year in Songdo. The program is an entirely Mason program, not a dual degree with a foreign partner institution.
- US-based students will have the opportunity to complete a semester or longer overseas, earning Mason credit on a safe and comfortable Mason campus abroad.
- Mason faculty will enjoy new opportunities for teaching and research.
- The Songdo campus will expand Mason’s alumni base in East Asia, opening the way to future opportunities in the region.

2. SONGDO CAMPUS PARTNERS AND RELATIONSHIPS

Songdo Global University Campus (SGUC) is evolving as the SGUC project is moving forward and making progress. Accordingly, the partners we work with can and will evolve as the project advances. Current and potential partners are listed below.

2-1. Incheon Free Economic Zone Authority (IFEZA)

IFEZA is the local government agency that is leading the SGUC project as well as the Projects in Incheon Free Economic Zone. They have been Mason's formal partner for two years. IFEZA awarded the preparation grant and we report to them on our evaluation, preparation process, and budget. We deal with IFEZA regarding funding support agreements.

Incheon Free Economic Zone (IFEZ) is one of six FEZ in Korea and is an area specially designated pursuant to the "Act on Designation and Management of Free Economic Zones, which was effective as of July 1, 2003 in order to provide companies with an optimal environment to engage in global business activities (Free Economic Zones, Free Economic Zones. <http://www.fez.go.kr/en/why-fez/whats-fez.jsp>). Development, operation, and investor support are proceeding in accordance with the "Act on Designation and Management of Free Economic Zones". FEZ Committee (Planning Office of FEZ) under Ministry of Knowledge Economy (MKE) draws up policies while local governments (FEZ Authorities, for example, IFEZA) pursue FEZ development, attract foreign investment, and implement projects.

2-2. Songdo Global University Campus Foundation

The Foundation will be the entity responsible for operation and management of the Songdo Global University Campus. The assignment of student and faculty housing, building maintenance, facilities including the bookstore, cafeteria, and parking garages all come under its purview. The Foundation was legislated by Incheon Metropolitan City Government. Legislation to create the Foundation was passed in October, 2010. The Foundation is officially launched on February 1, 2012 and 11 board members were appointed. The Foundation will begin to organize its staff too. The Mayor of Incheon Metropolitan City appointed Dr. Heeyon Song as President of the Foundation. Dr. Song was one of individuals who have worked with Mason when we were invited to the SGUC. We will deal with the Foundation pertaining to operational agreements for campus management.

2-3. Foreign Universities

The goal of SGUC is to invite 10 foreign universities to form a Songdo Global University. Each institution will independently operate its own academic programs at SGUC. The invited institutions will be expected to collaborate and share common resources such as library, cafeteria, dormitory, gym facilities, classrooms, student services, and so on. In the long run, foreign universities will have excellent opportunities to collaborate in academic areas, for example in sharing general education courses. Other institutions that plan to open programs

shortly are SUNY (NY, USA), University of Utah, (UT, USA), and Ghent University (Belgium).

2-4. Songdo Global University Campus (SGUC), Ltd.

SGUC, Ltd. is the company that is primarily responsible for the construction of the campus. We don't have a direct partnership with SGUC, Ltd., however Mason's facilities division is working with SGUC, Ltd. regarding the construction of our own Mason building.

2-5. Ownership of the Campus Land and Buildings

The Songdo Global University Campus land belongs to Incheon Metropolitan City and is public property. Technically, SGUC land and buildings are registered under the name of IFEZA and Incheon Metropolitan City commissioned IFEZA to manage and operate the Campus facilities (Attachment A _Land Registration)

2-6. Relationships between IFEZA and the SGUC Foundation

a. *What is the relationship of IFEZA to the national government of Korea?*

Incheon Free Economic Zone Authority is a local government entity under Incheon Metropolitan City. Incheon Free Economic Zone (IFEZ) is one of six FEZs in Korea and is an area specially designated pursuant to the "Act on Designation and Management of Free Economic Zones," which was effective as of July 1, 2003. FEZ provides companies with an optimal environment to engage in global business activities (Free Economic Zones, <http://www.fez.go.kr/en/why-fez/whats-fez.jsp>). Development, operation, and investor support are proceeding in accordance with the "Act on Designation and Management of Free Economic Zones". FEZ Committees (Planning Office of FEZ) under Ministry of Knowledge Economy (MKE) draw up policies while local governments (FEZ Authorities, for example, IFEZA) pursue FEZ development, attract foreign investment, and implement projects.

b. *Is there support at the national level for the Songdo Global University?*

The establishment of the Songdo Global University Campus is a highly visible national project that can only take place with the support of the Korean central government. Like mentioned above, the Incheon Free Economic Zone (IFEZ) is one of six FEZs in Korea and is an area specially designated pursuant to the central government's "Act on Designation and Management of Free Economic Zones," which was effective as of July 1, 2003. The Incheon Free Economic Zone project is a large and long-term project beyond Songdo Global University Campus. The project period began in 2003 and is scheduled for completion in 2020. The funds that Mason will receive to support its participation in the project come in large part from the Korean Ministry of Knowledge Economy (equivalent to US Department of Commerce which drives economic development in the country). To enable foreign universities such as Mason to operate in Korea, the Korean National Congress passed a special law, "Special Act on Establishment and Management of Foreign Educational Institutions in Free Economic Zones and Jeju Free International City",

which became effective on July 31, 2009. Had no special law had been passed, no foreign universities would be allowed to open and operate in Korea. The fact that SGUC institutions such as Mason, SUNY, Ghent, and Utah need approval at the national level (accreditation approval from the Ministry of Education, Science, and Technology (MEST), is another demonstration of central government support for and involvement in this project. The SGUC project has already required enormous infrastructural investment by Korea.

- c. *What is the relationship of the Songdo Global University Foundation to IFEZA?*
IFEZA is a large government entity responsible for development of IFEZ (consisting of three cities, Songdo, Cheongra, Yeongjong) and for recruiting investments, foreign companies, and universities beyond the SGUC Foundation. The Foundation will be the entity responsible for operation and management of the Songdo Global University Campus. The assignment of student and faculty housing, building maintenance, facilities including the bookstore, cafeteria, and parking garages all come under its purview. The Foundation was legislated by Incheon Metropolitan City Government. Legislation to create the Foundation was passed in October, 2010. The Foundation will be officially launched by the end of this year and will begin to organize its staff. As a first step, the Mayor of Incheon Metropolitan City appointed Dr. Dong Sung Cho as President of the Foundation. Dr. Cho is a senior professor at the School of Management at Seoul National University.

3. PROJECT RATIONALE

The Korea campus speaks directly to Mason’s global vision and the goals of the 2010-2014 Strategic Plan. The opportunity to establish a campus in Korea fits squarely in Mason’s commitment to a dynamic world region, as well as our university’s intention to increase the “number of international students by at least 20%” and to link overseas study “more vigorously to numerous academic programs.” (Mason Strategic Plan). The Fairfax campus is expected to benefit from increased out-of-state students and additional tuition revenue in amounts between \$34 million (at retention rate of 80%) to \$39 million (at retention rate of 90%) over the initial five years of the Songdo campus operation when the enrollment targets are met. The campus would bring greater numbers of top East Asia students to Mason and create new opportunities for study and for professional internships for domestic students. The campus would open new possibilities for multilateral academic research centers in experimental economics in partnership with top Korean universities and in a new research center in personalized medicine with Gachon University.

3-1. Mason in East Asia and the Korea Campus Project

George Mason University has made clear its commitment to expanding activities in East Asia. Mason’s 2010-2014 Strategic Plan states that Mason will “maintain strong emphasis on University activities” in East Asia, “developing additional collaborative opportunities in South Korea and China.” It also notes that Mason will “add faculty strength on East Asia.”

East Asia is a region of interest to Mason for many important reasons. Chinese and Korean students are the second and third largest groups of international students at Mason. Many hundreds more of Mason's students are of Asian descent. Indeed, South Korea and China send higher numbers of their students to the US than any other countries in the world. In response to growing domestic interest in this region, Mason has introduced both Korean and Chinese to its language offerings. Mason has also sought to recruit East Asian faculty members and faculty members interested in East Asia. These faculty travel regularly to Asia to conduct research, attend conferences, and teach short-term courses. Also close to home are large and dynamic East Asian ethnic communities. More than 1,000 Korean-owned businesses currently operate in Annandale alone.

a. *Mason's Expanding Interests in East Asia*

South Korea is investing heavily in its higher education and research sectors and is an attractive partner for Mason. Among our institution's newest partnerships is Mason's Center for Infrastructure and Homeland Security's joint training program in nuclear power safety with the Korean Electric Power Company (KEPCO). Mason's Global Office has recently launched a partnership with the Korean Ministry of Education, Science and Technology to offer no cost semester and yearlong internships for US students in towns across Korea under the auspices of the TaLK Korea Program. Mason also continues to be very active in China programs and study. The China 1+2+1 program brings us a high-achieving group of students and has fostered strong institutional links between Mason and its Chinese university partners. Mason's Center for Asia Pacific Economic Development (CAPEC) also seeks to expand relations with East Asian students, scholars, and business leaders. CAPEC currently offers undergraduate and graduate research travel scholarships to Taiwan each summer. A Mason campus in Korea would be helpful in expanding CAPEC programs, as Mason's own faculty based at Songdo could receive students and serve as mentors or direct them to other relevant experts. CAPEC also seeks to establish an internship/experiential program for Mason students. If Mason opens a campus in Korea, CAPEC could offer domestic students the opportunity for internships hosted in Korea. A campus in Korea would also promote CAPEC's Executive Visiting Scholars Program. Mason has had a Korean Studies Center for several years and is currently soliciting private donors to support a building project to provide housing for the center. In addition, Mason expects to introduce a Northeast Asia Pacific Area Studies Program within the next few years. That program and the Korean Studies Center would complement one another in exciting ways.

b. *Songdo and Mason's Future in East Asia*

- Korea and China are sources of outstanding students for Mason. Global competition for East Asian students and scholars has increased dramatically. Mason must position itself to be as accessible as possible to these sought-after populations. A Korea campus will enhance Mason's success in recruitment. It will also increase recruitment in other parts of East and Southeast Asia.
- With a campus in Korea, Mason will be able to offer new opportunities in East Asia to US-based students and faculty. Current US students could choose Mason at

Songdo as a study abroad destination. Costs to student participants would be reduced as Mason faculty would already be available in-country. Further, the Songdo facility will house our students safely and conveniently at a considerable savings over the usual cost of housing in countries such as this one. Calculation of course equivalencies and transfer credit would be unnecessary as the courses offered would be Mason's own.

- A Korea campus would open new possibilities for multilateral academic research involving Mason and other Asian partners. One idea under discussion among several deans is the establishment of a new research center in experimental economics at Songdo in partnership with a top Korean university. Other universities, including SUNY-Stony Brook and the University of Utah have already had considerable success in attracting funding for joint research centers with Korean partners.
- Among local officials who have followed developments regarding Mason in Korea with great interest is Senator Chap Peterson and Delegate Mark Keam. Senator Peterson supports the proposed campus as a long-term alliance between GMU and South Korea would positively impact northern Virginia's economic development. He has been quoted as saying that "Given the number of Korean students in Fairfax County and our proximity to the nation's capital, GMU is in the ideal position to mount this project." Delegate Mark Keam is working with other leaders to plan a Virginia-Korea business initiatives conference at Mason, to be held during Spring 2012 and co-hosted with the Governor. The conference will include the participation of the Korean Ambassador as well as Mason faculty.

A permanent academic presence in Korea would also expand and burnish Mason's reputation and brand. Over the years, through the good work of faculty and administrators and alumni, Mason has begun to acquire significant name recognition in East Asia. Mason can leverage that recognition as it begins recruitment for a new campus. A Mason campus in Korea would make Mason's commitment to East Asia more tangible, strengthen our institution's current relationships in the Asia-Pacific region, and create an attractive base for new opportunities with international partners in education, business, government, and more.

3-2. Introduction to the Incheon Free Economic Zone (IFEZ) and Songdo Global University

a. Overview of Incheon Free Economic Zone

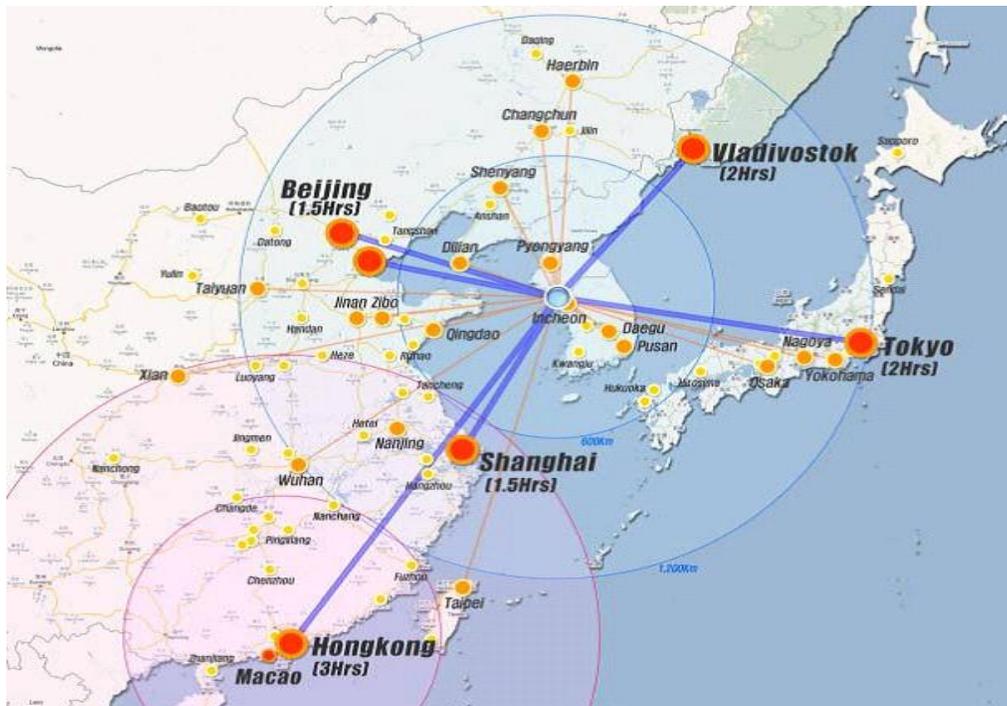
Project Description: Incheon Free Economic Zone (IFEZ) is a 169.5 square-kilometer site (42,000 acres) intended for 850,000 residents. The IFEZ project includes three areas: Songdo, Yeongjong, and Cheongna (Figure 1). IFEZ seeks to attract international businesses, high technology industries (IT, BT, R&D), education facilities including foreign schools and medical industry facilities such as hospitals to the Songdo area. A Bio-Complex will be connected with Songdo Global University Campus and Songdo International Hospital.

Figure 1. IFEZ: Songdo, Yeongjong, Cheongna areas



Optimal Location: IFEZ is located in the middle section of the West coast of the Korean Peninsula, twenty five miles from Seoul. Sixty one Northeast Asian cities, each with more than one million inhabitants, are located within three hours flight time. The Northeast Asia region has a total of 1.7 billion people and generates a quarter of worldly gross domestic product (Figure 2). Incheon International Airport, about 15 minutes’ drive from Songdo, is ranked No.1 by many noted global magazines.

Figure 2. Optimal Location of Songdo, IFEZ



Investments and Companies in Songdo: About half the construction of commercial buildings, residential areas and infrastructure has been completed, and the population

had increased to 44,000 — including 800 foreigners — as of February, 2011. As of 2010, 328 companies had established offices in Songdo including **IBM, GE Healthcare, Celltrion, GM DAEWOO, CrucellBerna, Schenker, Lippo Limited, N-Hitech, DynamicWave Telecom**, and others. Chadwick International has opened its first international school in Songdo. A second international school is expected to open shortly. Major recent investments have also come from **Cisco, the Samsung Group, the Lotte Group, the CJ Biotechnology Group, Korean Air, ValtionTeknilinenTukimuskeskus (VTT) or the Technical Research Centre of Finland, UN agencies, and Dong-a Pharmaceutical.**

Demand for American Education in the Region: Korea, along with China and India, ranks as one of the top three nations in terms of sending the highest number of students to the United States. In a 2008 survey by South Korea’s National Statistical Office, 48.3 percent of South Korean parents said they wanted to send their children abroad to “develop global perspectives,” avoid the rigid domestic school system or learn English. It would be attractive for parents and students if Koreans or other Asian nationals could pursue U.S. degree programs in a location like Songdo where living expenses are cheaper, but the quality of education equals that of campuses in America.

Description of Songdo Global University Campus (SGU): The offshore campus is located in a Global University Campus zone occupying 295,000 square meters (73 acres). This cluster comprises a shared network of facilities such as classrooms, laboratories, offices, libraries, cafeteria, student union buildings and gymnasiums. On-campus dorms, staff and faculty quarters and guest houses are also available (Figure 3). The IFEZ authorities seek to attract up to ten foreign universities, each providing “their most competent academic programs.” As a result, “the campus will be able to act as a comprehensive university as a whole.” Each university will grant its own degrees and be responsible for its own academic administration. A special independent administration (i.e., Songdo Global University Campus Foundation or SGUF) will manage campus facilities. SUNY Korea (State University of New York) is opening in February 2012 and will offer graduate program in two areas of study: computer science and technology and society (www.sunykorea.ar.ku). In 2013, Belgium's Ghent University will begin offering undergraduate courses in biotechnology, environmental technology and food technology. University of Utah has signed an MOU and is planning to offer degrees in education. Alfred University and the University of Illinois at Urbana Champaign also signed MOUs with IFEZ. Korean universities, too, have been successfully recruited. These include Yonsei University, Incheon University, and Gacheon University. The Seoul National University and Johns Hopkins University have also shown interest in building campuses at Songdo.

Figure 3: Sketch of Songdo Global University Campus



4. ACADEMIC PROGRAMS TO BE OFFERED AT SONGDO OVER THE FIRST 5

George Mason University Songdo branch campus will offer three academic programs in first five years:

- B.S. in Economics (College of Humanities and Social Sciences)
- B.A. in Global Affairs (College of Humanities and Social Sciences)
- B.S. in Management (School of Management)

All academic programs offered at Songdo Campus will maintain the same quality of education and the same as the degree program curriculum at the Virginia campuses. While matriculated at the Fairfax campus, students from Songdo campus will have the same choices in fulfilling curriculum requirements as other students. Detailed planned course programs for each of the initial three majors are presented in Table 1.

**Table 1. Suggested Academic Program Plan by Semester
Global Affairs, Economics, Management**

Semester 1	Gen Ed/Major/Other Requirements**		
	GLOA	ECON	SOM
ENGH 121 (3) GE	ENGH 101	ENGH 101	ENGH 101
COMM 100 (3) GE	COMM 100	COMM 100	COMM 100
PROV 103 (1)*	PROV 103	PROV 103	PROV 103
GLOA 101 (3) (PROV 105 (3) PROV 104 (1))*	GLOA 101 M1	GLOA 101 (PROV105 & 104)	PROV 104 & 105
ECON 103 (3)	ECON 103 Mi1	ECON 103 MReq	ECON 103
HIST 125 (3)	HIST 125	HIST 125	HIST 125
TOTAL	16	17	17
Semester 2			
MATH 113 (4)	MATH 113	MATH 113 MReq	MATH 113
ENGH 122 (3)	ENGH 122	ENGH 122	ENGH 122
PROV 106 (3)*	PROV 106	PROV 106	PROV 106
ECON 104 (3)	ECON 104 Mi2	ECON 104 MReq	ECON 104
IT 103 (3) GE	IT 103	IT 103 MReq	IT 103
TOTAL	16	16	16
Semester 3			
	ENGH 201 (3)	ENGH 201 (3)	ENGH 201 (3)
	NAT SCI (4)	NAT SCI (4)	ACCT 203 (3) SOMP&Core
	GOVT 132 (3)	MATH 114 (4)	OM 210 (4) SOMPq&Core
	Language (6)	ECON 306 (3) MReq	MGMT 301 (3) SOM Core
		GOVT 103 (3) Mi1	GEN ELE (3)
			MIS 102 (1) SOM Core
TOTAL	16	17	17
Semester 4			
	NAT SCI (4)	NAT SCI (4)	PSYC, ANTH, SOCI or SOM 100 (3)
	RELI 211 (3)	ECON 311 (3) MReq	OM 301 (3) SOM Core
	ECON 385 (3) M2	ECON 330 (3) ME1	MIS 301
	Language (3)	GOVT 132 (3) Mi2	PHIL 151 (3)
	ECON ELE (3) Mi3	GEN ELE (3)	SOM 301
TOTAL	16	16	15
Semester 5			
	GOVT 322 (3) M3	ECON 345 (3) ME2	NAT SCI - EVPP 110 (4)
	EVPP 377 (3) M4	GOVT 336 (3) Mi3	ACCT 301
	GOVT 300 (4)	GOVT 347 (3) Mi4	BULE 301
	HIST 386 (3)	STAT 250 (3) MReq	MKTG 301 (3) SOM Core
			GENERAL ELECTIVE (3)
TOTAL	13	13	16
Semester 6			
	CULT 320 (3) M5	ECON 415 (3) ME4	NAT SCI - EVPP 111 (4)
	CONF 340 (3) M6	GOVT 343 (3) Mi5	FNAN 301
	GOVT 343 (3) C1	GOVT 344 (3) Mi6	MGMT 312
	MGMT 301 (3) CPreq	SOM 301 (3)	MGMT 321
	ANTH 312 (3)	GEN ELE (3)	GENERAL ELECTIVE (3)

TOTAL	15	15	16
Semester 7			
ENGH 302	ENGH 302 (3)	ENGH 302 (3)	ENGH 302 (3)
ECON 380 (3)	ECON 380 (3) C2	ECON 380 (3) ME5	
ECON 306 (3)	ECON 306 (3) Mi4	---	ECON 306 (3)
ACCT 203 (3)		ACCT 203 (3) MReq	---
ACCT 301 (3)		---	MGMT 421 (3)
MGMT 461 (3)	MGMT 461 (3) C3		MGMT 461 (3) MaE4
ECON 420 (3)		ECON 420 (3) ME6	
ECON 335 (3)	ECON 335 (3) Mi6	ECON 335 (3) ME7	GEN ELE (3)
TOTAL	15	15	15
Semester 8			
ARTH 200 (3)	ARTH 200 (3)	ARTH 200 (3)	ARTH 200 (3)
STAT 350 (3)		STAT 350 (3) MReq	MGMT 412
ECON 360	ECON 360 (3) C4	ECON 360 (3) ME7	MGMT 461
			GEN ELE (3)
ECON 309 GE Synthesis	ECON 309 (3) Mi7+Syn	ECON 309 (3) ME8	
		ECON ELE (3)	
SOM 498 (3) GE Synthesis	GLOA 495 Intern (6)		SOM 498 (3) SOM Core
			MGMT 412
TOTAL	15	15	15
GRAND TOTAL	122	123	127

Note: Original curriculum plan was developed by the Curriculum Committee (Jack Censer, Alison O'Brian, Philip Wiest, Nicole Sealey, Anne Schiller, Min Park). The current version of curriculum plan draft for ECON and GLOA was revised by Dee Holisky (CHSS) on November 17, 2011 and updated as of December 13, 2011. The current curriculum plan draft for SOM was revised and updated by Alison O'Brien and Pamela Allen (SOM) on February 1, 2012.

*PROV 103: English Language Support for Public Speaking

PROV 106: Introduction to Research Methods

PROV 105: American History – replacing GLOA 101 in Year 2013 as GLOA will be offered in Year 2014.

PROV 104: English Language Support for American History

Global affairs majors complete a BA in global affairs with concentration in global economy and management and a minor in economics:

M=major 6

C=concentration 4: GOVT 343; ECON 380; MGMT 461, ECON 360

Mi=minor 7: ECON 103, 104, 306, 335, 309; STAT 250 + 1 ECON of choice

Economics majors complete a BS in economics with a minor in international/comparative politics:

ME=major electives 18 courses;

Mi=minor 6courses: GOVT 103, 132, 336, 347, 444, 343

** The academic plan is designed to deliver the general education requirements. First and fourth years completed in Songdo campus and second and fourth years completed in Fairfax campus. Students will complete their general education requirements in their second and third years.

*** This curriculum was planned and revised based on the catalog year 2011-2012, which will satisfy the curriculum requirements as published in the university catalog. Some changes in the order of the courses offered might be made to achieve scheduling efficiencies where there are overlaps in the multiple degree programs being offered. This curriculum plan might be revisited one year later and will be subject to revision according to the catalog requirement.

The academic units involved were preparing course schedules and are planning for the delivery of the program in years 1 and 4. Each unit is identifying and developing an initial list of faculty interested in teaching the Songdo branch campus in year 2013.

5. TIME LINE WITH KEY DATES

Tasks	Date
MEST (Ministry of Education, Science, and Technology) application	Due December, 2011
Faculty Senate Recommendation Letter	Target February, 2012
Approval of Board of Visitors	Target March, 2012
Form Corporation (LLC)	By March, 2012
Operating/Financial Agreement	By March, 2012
Construction of George Mason University Building in Songdo	Begin Early 2012
SACS Accreditation Process	Begin in May 2012
MEST Approval	By May 2012
Marketing and Recruiting	Begin May through December 2012
Applications	November/December 2012
Admissions	December 2012/ January 2013
Opening campus	March 2013

6. PROJECTED STUDENT ENROLLMENTS BY YEAR

Gil Brown, University Chief Budget Officer, and Renate Guilford, Associate Provost for Enrollment Planning and Administration, have worked closely with Jack Censer, Jorge Haddock, Alison O'Brian, Andrew Flagel, and Nicole Sealey on the sizing and staging of program cohorts to develop the projected enrollments.

The student recruitment plan and marketing plan (part of the documentation for accreditation application to Korea Ministry of Education) were developed by Daniel Robb, Assistant Vice President of Enrollment Development and Associate Dean of Admissions in cooperation with the Songdo Evaluation Committee. Student recruiting will be carried out by the Admission Office in cooperation with the Office of Global and International Strategies and the Songdo Global University Campus Foundation.

It should be noted that Mason expects to recruit heavily in China and in Southeast Asia for this program. Tens of thousands of Chinese students regularly enroll in Korean universities. As the Director of the Institute for International Education recently pointed out, that ever-increasing numbers of Chinese students are pursuing their education abroad is linked to the lack of available spaces at Chinese Universities. Members of the Mason's Office of Admissions and Mason's Songdo Planning Team are currently in discussions with the Washington Post subsidiary, Kaplan, on a recruitment plan that will bring high numbers of academically-qualified Chinese students to Mason's Korea campus beginning in 2013.

6-1. Target First (Freshman Year) Enrollments

Table 2. Target Enrollments (First Freshman Year)

	Year 1 2013	Year 2 2014	Year 3 2015	Year 4 2016	Year 5 2017
Management	40	80	120	180	240
Economics	40	80	120	180	240
Global Affairs	0	40	80	120	180
Total	80	200	320	480	660

First year enrollment is projected conservatively and it is the minimum enrollment required to be financially viable including Korea government subsidy.

According to our market study done by Optimal Strategix, market size estimate in Korea shows that at a \$22,500 tuition level (optimal level) with a combination of 22 market-driver factors, Mason could anticipate more than 50,000 qualified applicants and close to a 40,000 yield over the five year period. With the same conditions, the China market offers Mason 240,000 qualified applicants with close to a 200,000 yield. Market size estimate report is attached (Attachment B). Please see the attachment B for more details.

- a. What is the best estimate of the minimum and maximum number of students?:
Target, Best and Worst Case Assumptions.

Table 3. Enrollment Case Assumptions

	Year 1 2013	Year 2 2014	Year 3 2015	Year 4 2016	Year 5 2017
Target Enrollments	80	200	320	480	660
Best Case Enrollments	160	400	640	960	1320
Worst Case Enrollments	40	100	160	240	330

We collected cases of the international branch campus in various locations and conducted a content analysis of their website in terms of their enrollment numbers,

duration of the campus operation, and programs (Table 4). Their enrollment level could be related to various factors such as location, program, and years in operation. As of 2011, total number of students enrolled in these universities ranges between 398 and 5,000. Royal Melbourne Institute of Technology started their program in 2001 with 200 students from 40 different countries and their total student enrollment in 2011 is over 5,000. James Cook University started their program in 2003 with 50 students and their total student number is 2,000. Of those numbers, most students come from East or Southeast Asia.

Table 4. Summary of Selected Foreign Branch Campus Cases

Name of Institution	Campus Location	Year Opened	Undergraduate Enrollment	Graduate Enrollment	Total # of Students	Degree Program Offering	Notes
Temple University	Japan		821	411	1,232	MBA, JD, TESOL	Non-degree students 896; Academic English Program 63, Continuing Education 833
NYU	UAE	Fall, 2011	N/A	N/A	N/A	N/A	N/A
Carnegie Mellon	Qatar		335		398	Biological Science, Business Administration, computer science, information system	Cross Registration; part-time and non-degree available
Royal Melbourne Institute of Technology	Vietnam	2001			Over 5,000		It has two campuses in Hanoi and Ho Chi Min City. The program Started in 2001 with 200 students from 40 different countries
Swinburne university of Technology	Malaysia	2000			Over 3,000		
University of Nottingham	Ningbao, China		3,252	281	3,533		
Xian Jiaotong Liverpool University	China				4,000	19 programs in the field of science, engineering, and management	First graduating class totaled 136
University of Nevada, Las	Singapore		300	15	415	Hospitality and tourism	100 continuing education students

Vegas,							
James Cook University	Singapore	2003			2,000		Started with 50 students in 2003; most students come from East and Southeast Asia.
Curtin University	Singapore	2008	N/A	N/A			

b. What are the best and worst estimates of annual retention rates?

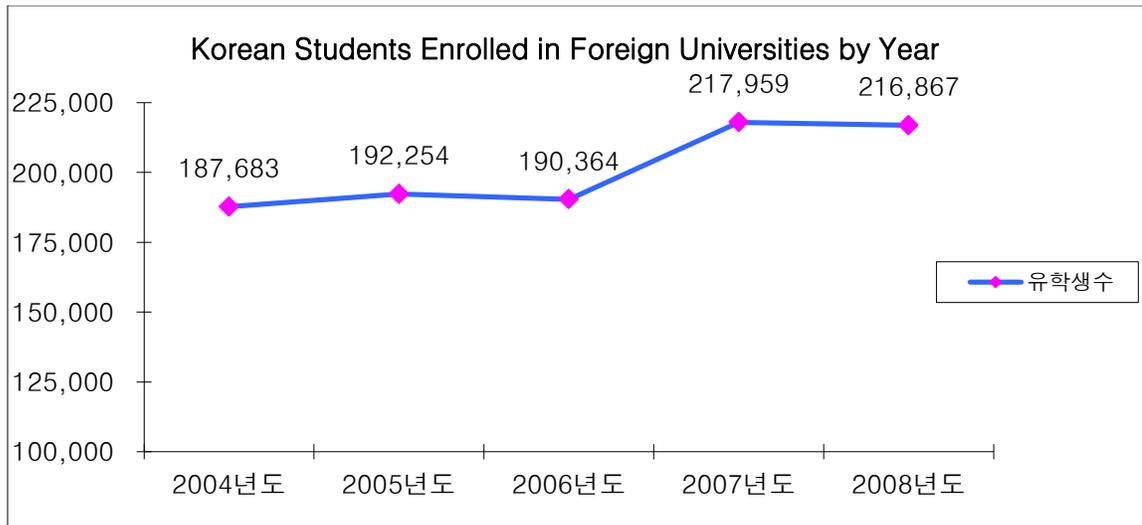
According to Mason's retention rates

(http://irr.gmu.edu/New/N_Persistence/PDFReport/Persistence%20and%20Graduation%20Rates.pdf), the retention rates for Asian Americans in 2008 (3 year average) and out-of-state students are 90% and 70%, respectively. Given the data we have, we predict the best estimate of annual retention rate will be 90% and the worst estimate of annual retention rate will be 70%. 80% retention rate would be our target estimate of annual retention rate.

c. Will the low birth rate in Korea affect recruitment for this campus?

That South Korea's birthrate is among the lowest in the world is widely known. Still, the impact of on-going decline in the birth rate for Mason's proposed Korea campus is expected to be minimal. According to the Korea Educational Development Institute (a government-funded institution), there are currently 3.8 million undergraduate and graduate students in Korea enrolled in 40 public universities and 400 private colleges. It should be noted that this number *does not include the large number of Korean students who are already studying in foreign universities* (see graph in Figure 4). A recent article in the *Chronicle of Higher Education* quoted the Education Minister's warning that "student enrollment at Korean colleges will plummet by 40 percent in the next 12 years." Yet even a 40 percent decline will leave a pool to be tapped of 2.28 million undergraduate and graduate students in Korea. Furthermore, Mason expects to recruit heavily in China and in Southeast Asia. Mason's proposed programs of study – Economics, Management, and Global Affairs – are in three of the four most highly sought fields of study by East Asians, as revealed by our market study and by the *Open Doors Report* (<http://www.iie.org/en/Research-and-Publications/Open-Doors/Data>).

Figure 4. Number of Korean Students Enrolled in Foreign Universities Abroad



Source: Korea Ministry of Education, Science, and Technology

7. STUDENT LIFE SUPPORT PLANS/INITIATIVES FOR GMU STUDENTS AT THE SONGDO CAMPUS

Student life support and services, including dormitory, housing, book stores, library, gym and recreational facilities, and cafeteria will be operated and managed by the SGUC Foundation in collaboration with each invited institution. The Mason Songdo campus will be operated by George Mason University Korea, LLC, the establishment of which University Counsel is working with Mason's legal team in Korea. Academic programs will be directly controlled or delivered by George Mason University in U.S.

7-1. International Students (e.g., Chinese students) Visa Requirement

a. Do Chinese students need visas for studying in Korea?

Yes, they do need visas to study in Korea. According to MEST, there are 57,783 Chinese students in Korean universities as of 2010. The procedure is similar to what American colleges do to issue student visa. Student visa type is D2 and students can apply to Korean Embassy with the required documents, which include 1) original letter of admission from University, 2) passport, 3) original educational document with photo copies, and 4) bank statement.

b. Will these Chinese students have issues in gaining a visa to study in the U.S. in years 2 and 3?

We are working with Christina Lehnertz at OIPS regarding a visa type to be issued for students from the Songdo branch campus. They will need either F-1 or J-1 visas but it is likely that Mason will issue the J-1 visa as it can require students to go back to the branch campus in Korea to complete their fourth year. Mason's China 1-2-1

program also uses the J-1 visa type and it reduces the risk or issues of rejection rate because of the nature of the J-1 visa.

8. FINANCIAL FEASIBILITY ANALYSIS

Gil Brown has developed this analysis in discussions with Renate Guilford. This analysis focuses on the first 5 year business plan regarding the Songdo branch campus activities. This financial plan includes only Mason Songdo Campus operations, not including years at Mason Fairfax.

Table 5. Summary of Mason Songdo Campus Five Year Pro Forma

Category	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Revenues from Enrollment	\$1,440,000	\$3,708,000	\$6,110,784	\$9,441,161	\$13,371,045
Salary & Benefits	2,902,402	4,164,310	5,650,392	7,573,601	10,006,015
Direct Expenses	1,903,667	1,915,019	1,918,252	2,288,203	2,715,745
Total Operating Expenses	4,806,069	6,079,329	7,568,644	9,861,804	12,721,761
Net Operating Surplus (Deficit)	(3,366,069)	(2,371,329)	(1,457,860)	(420,643)	649,284
Government Subsidy	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Additional Start-up Funds	(2,500,000)	(1,500,000)	(500,000)	-	324,642
Total Operating Expenses After Subsidies and Start-up	1,306,069	3,579,329	6,068,644	8,861,804	12,046,403
Gross Revenue	1,440,000	3,708,000	6,110,784	9,441,161	13,371,045
Expenses after subsidies	1,306,069	3,579,329	6,068,644	8,861,804	12,046,403
Net Income	133,931	128,671	42,140	579,357	1,324,642
Cumulative Surplus before additional subsidy	133,931	262,602	304,743	884,100	2,208,742

The financial analysis is based on assumptions as follow.

1. Tuition: \$20,000 at Songdo (students are expected to pay regular out-of-state tuition when they come to Mason Fairfax campus for their 2nd and 3rd year).
2. Annual Retention Rate: 80%
3. Student enrollment in Year 1: 40 per program, total 80.
4. 3% annual inflation applied to tuition.
5. Scholarship: 10%
6. Student faculty ratio for Year 1: 15 to 1
7. Instructional faculty will be Mason (Fairfax) Employees.
8. ELI Instructional faculty will be expats (hired in Korea).
9. Recruitment, Advising, and University Life staff will be hired both in US and Korea.
10. Administrative staff will be hired locally.
11. System Support and Computer Lab staff will be hired locally.
12. Instructional Faculty Housing will be provided in free of charge for at least first five years.
13. Local staff will live in their own home.
14. Utilities, maintenance, repairs, library, technology infrastructure, furniture, and security will be free for first five years.

9. SUCCESS MEASURES FOR THE PROGRAM

Student enrollment and annual retention will be used to gauge success/failure of this venture. Mason’s pro forma assumes 40 student enrollments per program in the first year with an 80% annual retention rate. That retention rate estimate can be characterized as conservative when compared to the average retention rate of 98% for Korean universities. Another measure of success would be a financial benefit from students enrolling for two years at the Fairfax campus. As table 6 presents, tuition revenues in Year 5 range between \$16 million and \$18 million.

Table 6. Mason Annual Fiscal Year Enrollment Totals

MASON ANNUAL FISCAL YEAR ENROLLMENT TOTALS		Year 1	Year 2	Year 3	Year 4	Year 5
Fairfax Campus enrollments from Mason at Songdo						
	80% annual retention	-	64	211	384	557
	90% annual retention	-	72	245	450	655
Tuition Rates						
EXCLUDES AE FEES	Mason out-of-state (5% for 2 years, then 4%)	\$ 24,230	\$ 25,442	\$ 26,714	\$ 27,782	\$ 28,893
Revenues						
	80% retention, Mason out-of-state rate	\$ -	\$ 1,628,256	\$ 5,641,907	\$ 10,668,333	\$ 16,087,847
	90% retention, Mason out-of-state rate	\$ -	\$ 1,831,788	\$ 6,539,483	\$ 12,501,953	\$ 18,930,957
Educational Costs						
	Marginal Cost Per Student + \$1.5K Premium	\$ 12,500	\$ 13,500	\$ 14,500	\$ 15,500	\$ 16,500
	80% retention, Marginal Cost Per Student	\$ -	\$ 864,000	\$ 3,062,400	\$ 5,952,000	\$ 9,187,200
	90% retention, Marginal Cost Per Student	\$ -	\$ 972,000	\$ 3,549,600	\$ 6,975,000	\$ 10,810,800
NET INCOME						
	80% retention, Mason out-of-state rate	\$ -	\$ 764,256	\$ 2,579,507	\$ 4,716,333	\$ 6,900,647
	90% retention, Mason out-of-state rate	\$ -	\$ 859,788	\$ 2,989,883	\$ 5,526,953	\$ 8,120,157

10. EXIT STRATEGIES (IF NEEDED)

A simple exit strategy has been developed. The proposed program is based on a 1-2-1 format. Should it be necessary to close the campus, the format will be shifted to 1-3 and students would complete their final year at Mason in Fairfax rather than Mason at Songdo.

10-1. Minimum Enrollment

- a. What is the minimum enrollment that we must have to launch this program?

We will be requiring no minimum enrollment of students during the first year of the Songdo campus. Because the government of Korea and IFEZA will be providing all needed funds in year one, there is no financial risk to GMU if our minimum

enrollment numbers are lower than expected. In addition, when obtaining the approval to open our doors by MEST, we become subject to the regulation of pre-approval from the Ministry of Education before dissolving our campus. Since the process of closing a campus could take several months, we will be open during the first year regardless of our enrollment numbers.

b. By what point must we have this minimum enrollment?

In principle, minimum enrollment will synchronize the loan amount we borrow. Based on the term sheet agreed with IFEZA, we will have a five year contract and are allowed to borrow the free interest loan up to \$10 million for first five years. This term can be extended to 10 years as we include this in our initial five year contract. According to our current enrollment projection and pro forma, we plan to borrow \$4.5 million to cover our operational deficit in the first three years. If we are unable to meet the target enrollment in the first three years, we may need to borrow more than \$4.5million until we reach the maximum loan amount of \$10 million. The point we must have the minimum enrollment is contingent upon the loan amount we borrow rather than the fixed time period.

11. FACULTY APPOINTMENT PROCESSES

All academic instructional faculty who will teach at Songdo campus will be Mason employees, whether they are already hired by each program or they are newly hired to a position at Songdo campus. The appointment process will follow the same processes as for faculty at the Fairfax, Arlington, and Prince William campuses. This process applies to all faculty appointments (full time as well as part time). Faculty will not be appointed by administrators at the Songdo Campus.

12. FACULTY AND STAFF TRAVEL AND LIVING ARRANGEMENTS

12-1. Faculty Housing

Faculty housing will be provided by IFEZA at no charge for a minimum of five years. There are 28 family unit condos available for faculty (construction is completed).

There is an international school in Songdo, Chadwick International, which has offered a scholarship (50%) for the children of international faculty who will teach at SGUC.

12-2. Faculty Travel

Travel expenses for Mason faculty who will teach at SGUC will be covered by the university.

12-3. Taxation

Regarding a taxation of income earned in Songdo, a Human Resources team at Mason U.S. is examining the issue. Faculty and staff who would like to work on the Songdo campus temporarily will be guided about taxation issues as we move forward. In general, U.S. citizens and green card holders remain subject to the U.S. Social Security taxes when working temporarily in a foreign country. There is a form that can be submitted to payroll if certain conditions apply to exclude income from tax. US citizens who will teach temporarily (not exceed two years) will not pay tax to Korea according to the Income Tax Treaty with South Korea (<http://www.irs.gov/businesses/international/article/0,,id=169602,00.html>).

a. *Article 20 Teachers (Income Tax Treaty – 1976)*

(1) Where a resident of one of the Contracting States is invited by the Government of the other Contracting State, a political subdivision, or a local authority thereof, or by a university or other recognized educational institution in that other Contracting State to come to that other Contracting State for a period not expected to exceed 2 years for the purpose of teaching or engaging in research, or both, at a university or other recognized educational institution and such resident comes to that other Contracting State primarily for such purpose, his income from personal services for teaching or research at such university or educational institution shall be exempt from tax by that other Contracting State for a period not exceeding 2 years from the date of his arrival in that other Contracting State.”

(2) This Article shall not apply to income from research if such research is undertaken not in the public interest but primarily for the private benefit of a specific person or persons.

12-4. Healthcare Coverage

We will have the orientation session that faculty and staff will be informed and trained about their health coverage before they go to Korea. We will also discuss this issue with the Foundation to set up an official policy. In general, Anthem does offer international claim coverage provided they consider the service provider or facility "in-network". Prior to travel, the member should call the BlueCard Worldwide Service Center at 804-673-1177 for information on physicians or charges, including if the member wishes to make an appointment with a doctor or for directions to a hospital. If care is received, the member will need to pay for the services then submit a claim using the International Claim Form to the BlueCard Worldwide Service Center (address is on the claim form). Claim forms can be found at www.bcbs.com. By selecting the "Healthcare Coverage" tab, or call BlueCard Access at 800-810-BLUE (2583) for assistance. Kaiser HMO only covers emergency care from Plan providers and non-Plan providers anywhere in the world. Members should call 1-800-777-7902 (toll free) prior to travel or while on travel for assistance. We would note that world-class health care is readily accessible close to the Songdo campus.

Attachment A – Land Registration

Please see the separate file.

Attachment B – Market Size Estimate

Please see the separate file