THE GEORGE WASHINGTON UNIVERSITY
WASHINGTON, DC

GW BUDGET MODEL

PRESENTATION TO THE FACULTY SENATE

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OCTOBER 2016

OVERVIEW

NEW BUDGET MODEL

THE GEORGE WASHINGTON UNIVERSITY
WASHINGTON, DC

- The new budget model is an alternative way of distributing resources to open unit schools.
- Our consolidated university budget includes Open Schools, Closed Schools, and Central Operations.
  - Open Schools: 7 schools operate under the new budget model
    - CCAS, CPS, ESIA, GSEHD, GWSB, SEAS, SON
  - Closed Schools: 3 schools are self-funding
    - GWSPH, LAW, SMHS
  - Central Operations
    - Development and Alumni Relations, External Relations, OVPR, EVP&T, Libraries, Provost, Student Affairs

CONSOLIDATED UNIVERSITY BUDGET

FY17 APPROVED

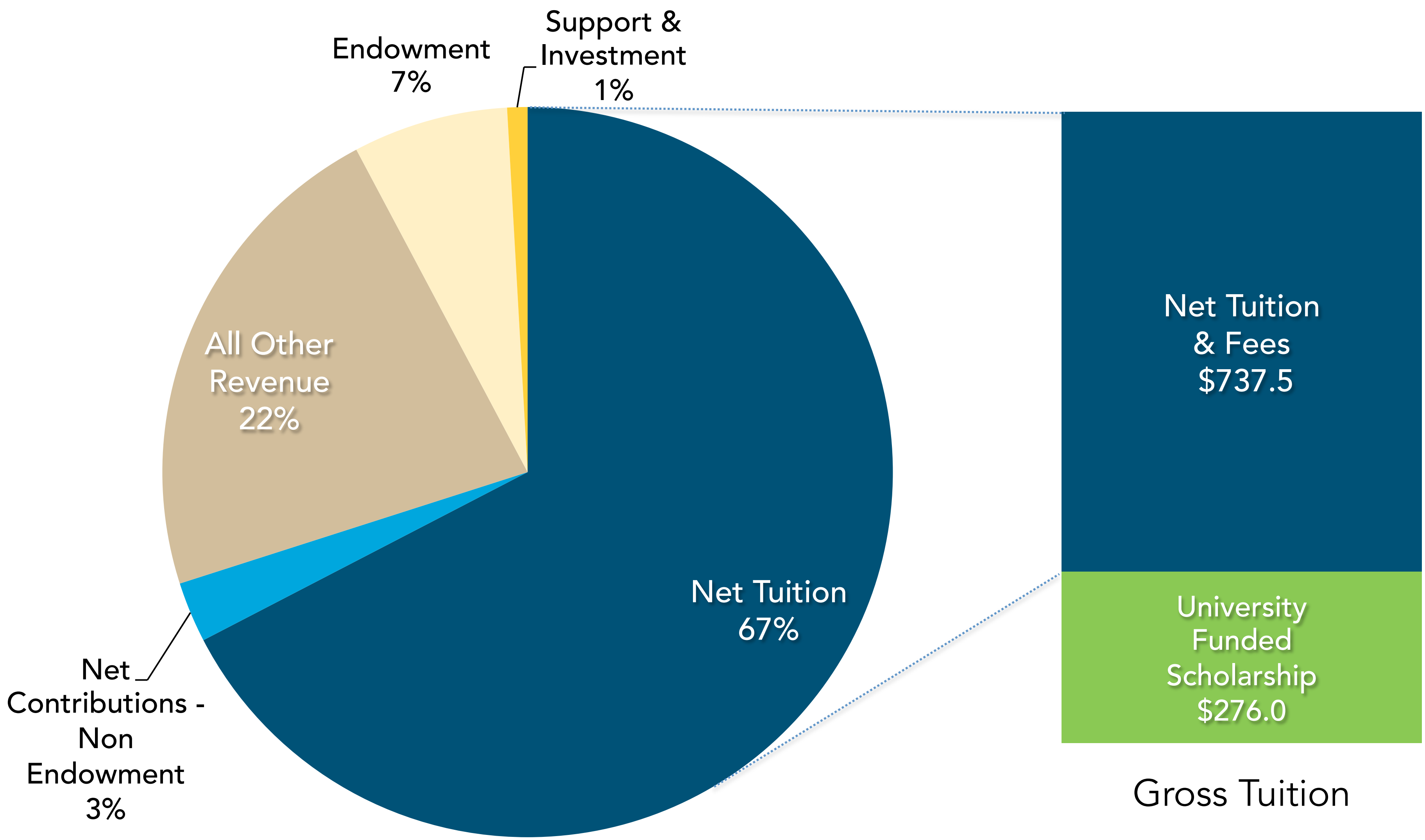
THE GEORGE WASHINGTON UNIVERSITY
WASHINGTON, DC

	Closed Schools	Open Schools	Total Schools	Total Central	Total
REVENUES					
Total Student Tuition & Fees	**$ 239,608**	**$ 292,358**	**$ 531,966**	**$ 481,555**	**$ 1,013,521**
Less: University funded scholarships	$ (42,935)	$ (27,029)	$ (69,964)	$ (206,020)	$ (275,984)
Net Student tuition & Fees	**$196,672**	**$265,329**	**$462,001**	**$275,535**	**$ 737,536**
Medical Center Agreements	63,327	29	63,356	2,037	65,392
Indirect Cost Recoveries	15,549	-	15,549	12,565	28,115
Auxiliary Enterprises	100	-	100	111,828	111,928
Contributions-net	4,547	6,217	10,764	5,691	16,455
Net assets released from restrictions	8,767	2,708	11,475	1,376	12,851
Other/Investment income	17,013	4,974	21,987	15,193	37,180
Total Revenue	**$ 305,975**	**$ 279,257**	**$ 585,232**	**$ 424,225**	**$ 1,009,457**
EXPENSES:					
Salaries and wages					
Faculty Compensation	$ 64,899	$ 156,155	$ 221,054	$ 8,305	$ 229,359
Non-Faculty Compensation	75,577	41,508	117,085	188,982	306,067
Fringe benefits	33,512	45,099	78,611	39,632	118,244
Total Compensation	**$ 173,988**	**$ 242,763**	**$ 416,751**	**$ 236,919**	**$ 653,669**
Purchased services	71,345	21,673	93,019	75,990	169,009
Supplies	4,497	3,543	8,041	5,146	13,186
Equipment	3,803	3,288	7,091	6,902	13,993
Bad Debt	-	-	-	1,709	1,709
Occupancy	8,814	573	9,387	39,930	49,317
Scholarships and fellowships	1,747	8,832	10,579	4,136	14,715
Communications	478	564	1,042	3,766	4,808
Travel and training	3,859	9,795	13,654	9,096	22,750
Other	10,384	7,114	17,498	20,257	37,755
Cost Recoveries	(154)	13	(141)	(46,137)	(46,278)
Interdepartmental Assessments	11,649	2,348	13,997	33,248	47,246
Total Expense	**$ 290,410**	**$ 300,506**	**$ 590,916**	**$ 390,963**	**$ 981,879**
OTHER INCR (DECR) IN NET ASSETS					
Capital Expenditures	$ 5,804	$ 4,723	$ 10,527	$ 7,384	$ 17,911
Debt Service & Mandatory Purposes	9,164	1,952	11,115	83,587	94,703
Endowment Support	(21,876)	(7,845)	(29,721)	(45,488)	(75,209)
Support/Investment	(2,987)	(20,752)	(23,739)	13,913	(9,826)
Overhead Allocations	9,504	835	10,339	(10,339)	0
Total other changes in net assets	**$ (392)**	**$ (21,086)**	**$ (21,478)**	**$ 49,057**	**$ 27,579**
Margin	**$ 15,958**	**$ (163)**	**$ 15,795**	**$ (15,795)**	**$ (0)**

CONSOLIDATED UNIVERSITY BUDGET

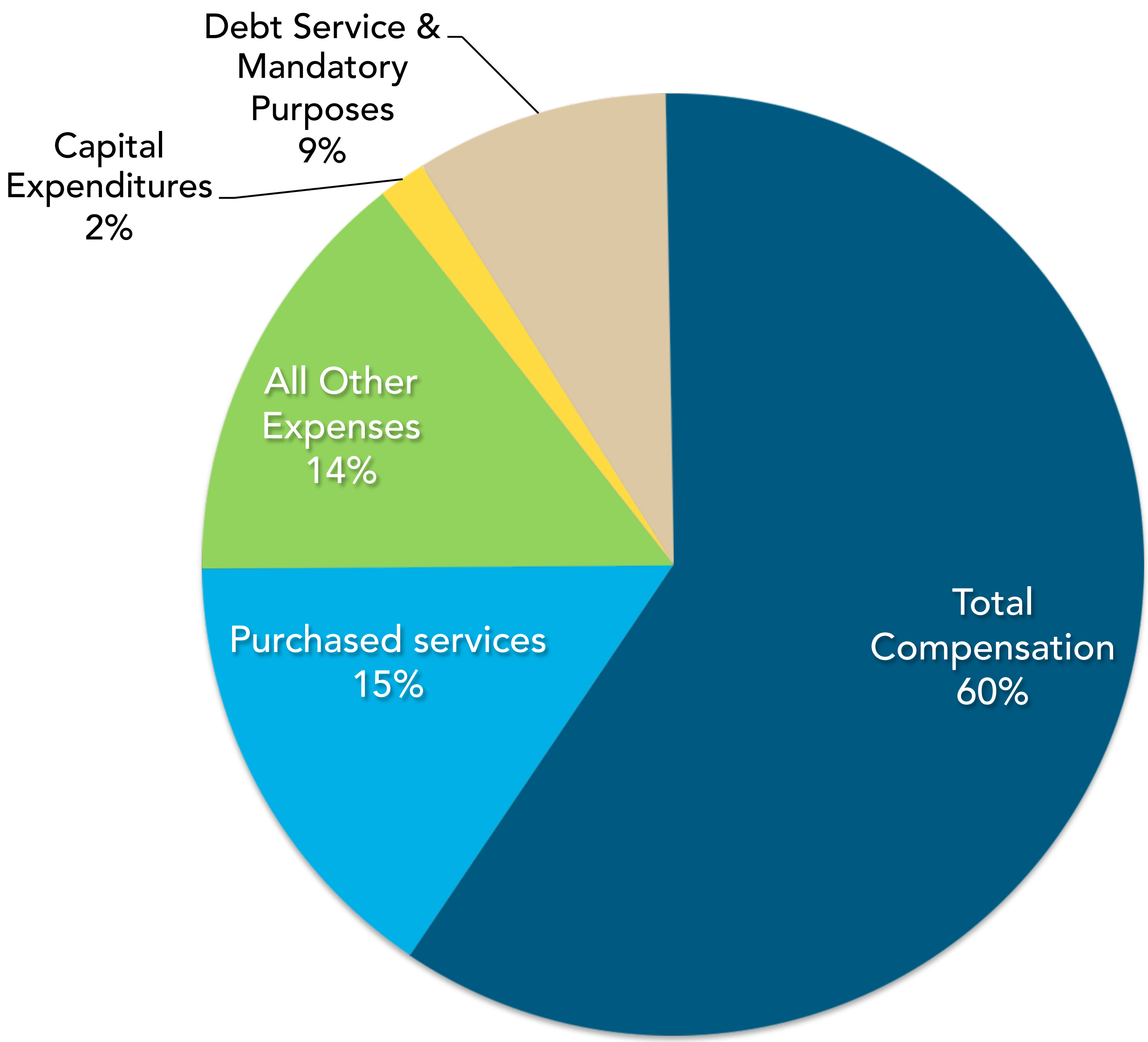
THE GEORGE WASHINGTON UNIVERSITY
WASHINGTON, DC

FY 2017 – SOURCES/REVENUES



CONSOLIDATED UNIVERSITY BUDGET

FY 2017 – USES/EXPENSES



OLD BUDGET MODEL

THE GEORGE WASHINGTON UNIVERSITY
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CENTRALIZED CONTROL

- Open Schools & Provost agreed on enrollment projections
  - If schools meet their original enrollment projections on both the UG and Grad level, they achieve their approved revenue and expense budget targets.
  - If schools exceed their original projections, they get 40% of extra revenue produced that year.
  - If schools miss their original projections because of continuing students transferring (including internally) or because of smaller than projected entering classes, they are responsible for 100% of any shortfall.
- Yearly Budget Adjustments
  - 3% compensation increase
  - Negotiated discretionary funding from Provost for mutually agreed upon priorities
  - Central Funds: Undergraduate aid, undergraduate recruitment, capital projects, space, shared services (libraries, payroll, operations, etc.) REIA-12% (8%-to PIs, 4% to departments)

NEW BUDGET MODEL

DEVELOPMENT AND WORK IN PROGRESS

- Development (FY 15)

  Regular meetings with:
  - Finance Directors
  - Deans
  - Faculty (Fiscal Planning and Budgeting Committee Consultation)
- First Year of Implementation (FY 16). Planned post-implementation review in FY18.
- Continuous tweaking to address implementation challenges and a few issues where perverse incentives exist
- No budget model will ensure all goals are met. And, every budget model requires that (a) all units recognize that there is a collective interest in the success of the institution, faculty, and students; and (b) that there are regulatory controls that are used; and (c) that the model will continue to be refined and evolve over time.

NEW BUDGET MODEL

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PRIMARY OBJECTIVES

- Ensure that revenue growth disproportionately benefits academic units (e.g. schools)
- Recognize that enrollment (particularly graduate) and research requires significant investment on the part of schools in reputation building faculty, state-of-the-art recruitment in graduate enrollment approaches, graduate aid, and academic infrastructure located within schools
- Enhance undergraduate cross-disciplinary flexibility and mobility
- Recognize that UG enrollment largely depends upon central decisions and will likely require more aid in foreseeable future
- Enable development of joint school programs at the graduate level
- Enhance predictability, transparency, and accountability
- Ensure all schools have ability to meet original costs ("held harmless")

NEW BUDGET MODEL

PLANNING PARAMETERS

- Undergraduate Tuition Revenues
  - Each college will receive a pro-rata share of undergraduate tuition revenues based on current undergraduate credit hours taught based on a fixed rate.
  - FY17 Fixed Rate: $320/UG student credit hour
- Supplemental Instructional Payment
  - Recognizes that differential costs of instruction and operations among schools.
  - Ensures that schools were "held harmless" and had same resources under both models if enrollment and pricing status quo existed.
  - Will be maintained for three-year planning period assuming performance targets are met.
- Summer (Undergraduate Tuition)
  - 70% retained by the school.

NEW BUDGET MODEL (CONTINUED)

PLANNING PARAMETERS

- Graduate Tuition Revenues
  - On-Campus: 70% retained by the school
  - Off-Campus: 80% retained by the school
  - Online: 85% retained by the school
- Research Incentive based on Indirect Cost Recovery
  - Continue Practice: 8% REIA to PI's
    4% REIA to Departments
  - New Budget Model: 15% Budget allocation to schools
  - Total Research Support: 27%

NEW BUDGET MODEL

UNDERGRADUATE REVENUE DISTRIBUTION

THE GEORGE WASHINGTON UNIVERSITY
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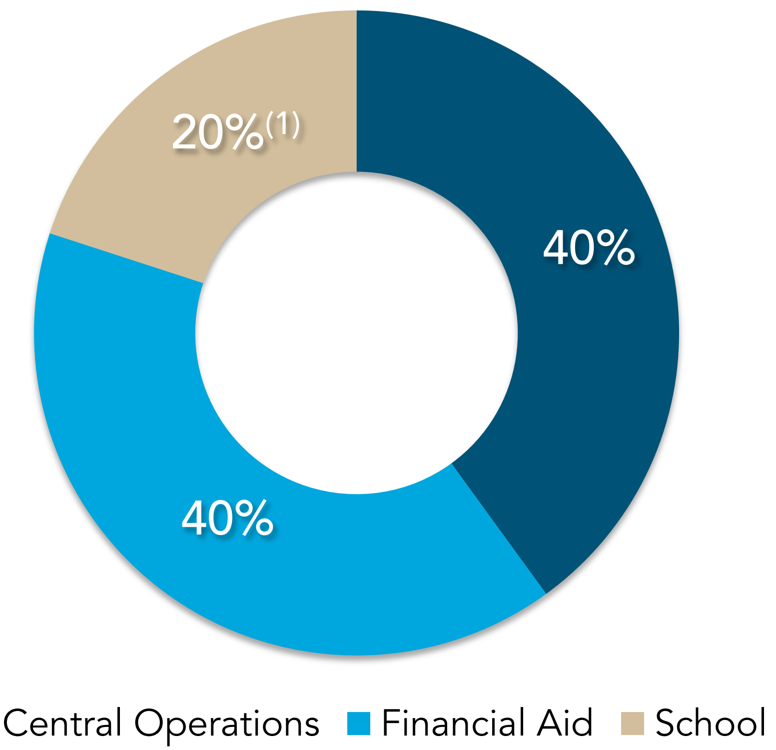
EXAMPLE

TOTAL COST OF ATTENDANCE

31 CREDITS @ $320/CREDIT HOUR
TUITION = $50,000



- **Undergraduate**
  - Schools receive $320/credit hour for instructional costs, plus a Supplemental Instructional Payment to account for differential costs of instruction across open schools.
  - Central administration pays 100% of student aid.

(1) Schools receive 9,920 per student.

NEW BUDGET MODEL

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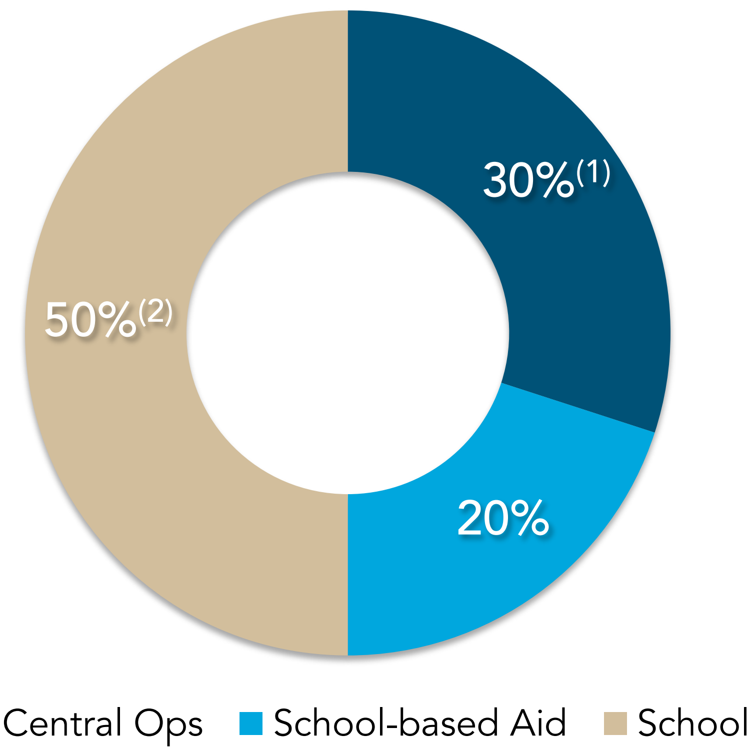
GRADUATE REVENUE DISTRIBUTION

EXAMPLE

TOTAL COST OF ATTENDANCE

ON-CAMPUS MASTER'S PROGRAM
18 CREDITS @ $1650/CREDIT HOUR



(1) Includes central-based aid.
(2) Schools receive 14,850 per student.

- Graduate
  - Schools pay instruction costs and vast majority of aid, receiving tuition revenues based upon enrollment incentives:
    - On-Campus: 70%
    - Off-Campus: 80%
    - Online: 85%
  - Central retains small graduate aid budget to incentivize various enrollment goals (e.g. Diversity Doctoral Packages; Tuition Support for graduate research assistants; etc.)

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