

1.6 FISCAL RESOURCES. THE SCHOOL SHALL HAVE FINANCIAL RESOURCES ADEQUATE TO FULFILL ITS STATED MISSION AND GOALS, AND ITS INSTRUCTIONAL, RESEARCH AND SERVICE OBJECTIVES.

1.6.a. Description of the budgetary and allocation processes, including all sources of funding supportive of the instruction, research and service activities. This description should include, as appropriate, discussion about legislative appropriations, formula for funds distribution, tuition generation and retention, gifts, grants and contracts, indirect cost recovery, taxes or levies imposed by the university or other entity within the university, and other policies that impact the fiscal resources available to the school.

The SPH is a closed unit of the George Washington University (GW) as described in 1.3.c. This means the SPH manages all revenue and is responsible for all expenses. The School is required to cover any deficits and may build reserves with surpluses. The School pays a negotiated set of levies to the University for services provided by central GW offices. The School is also responsible for facilities payments for physical plant assets and rental properties. Additionally, the SPH creates and monitors its own budget each fiscal year which runs from July 1 – June 30.

1. Revenue

The SPH has several revenue streams including tuition and fees, indirect cost recovery, sponsored projects, pledges and gifts, fees for service, and endowment payout.

Tuition and Fees:

- Undergraduate Tuition – The tuition revenue for the School’s undergraduates minus the Undergraduate Financial Aid Discount, which historically runs between 36% - 42%. The Discount is paid to and administered by the central Undergraduate Financial Aid office.
- Graduate Tuition – Tuition revenue for the School’s graduate students. Scholarships are granted and administered by SPH and included in the revenue section.
- Tuition Redistribution – GW reimburses any teaching school 80% of tuition revenue for all students from outside their home school. For undergraduates, the Undergraduate Financial Aid Discount is applied and reported with Revenue. Historically SPH nets a significant portion of overall tuition revenue from redistribution.
- Distance Education – Tuition revenue from the School’s on-line programs require significant infrastructure support from 2U, Inc. (2U).
- Application and Course Fees – These fees constitute an insignificant source of revenue for the school.

Indirect Cost Recovery

The SPH receives indirect cost recovery revenue from effort and other costs covered by sponsored projects. The amount of recovery on research projects funded by the Federal Government is tied to the rate allowed in the Colleges and Universities Rate Agreement negotiated by GW with the Department of Health and Human Services Division of Cost Allocation. The current agreement allows an indirect cost rate of 58.5% for On-Campus projects and a 26% rate for Off-Campus projects through 6/30/2015 and will be continued indefinitely after that period until amended.

The SPH has a mix of sponsors other than Federal Government agencies including foundations and other Non-Governmental Organizations (NGO) that do not pay full indirect rates. Additionally, some Federal Government awards do not pay full indirect rate for a variety of reasons. There is also a mix between On-Campus and Off-Campus projects. For these projects in FY2014 the effective blended rate was 15.7%.

Sponsored Projects

The SPH has a portfolio of sponsored projects with federal government agencies, state and city governments, other educational institutions, foundations, NGO's, and corporations. Each dollar of direct expense is recognized as a dollar of revenue. Direct expenses are incurred for salaries, fringe benefits, purchased services, sub-contracts, and other expense categories.

The Office of the Vice President for Research (OVPR) and the Grants and Contract Accounting Services (GCAS) jointly administer sponsored projects at GW. Revenue generated by each of the schools, including SPH, is credited to that school. Indirect Cost Recovery Funds (see above) collected on SPH awards are also credited to the School.

Pledges and Gifts

The SPH solicits and accepts pledges and gifts for the benefit of the School. Pledges and gifts are either unrestricted, which allows the School to spend the proceeds as wished, or restricted, in which case the School must spend the proceeds in the manner set forth in the gift agreement.

Fees for Service

SPH generates a small amount of revenue annually from fees for service. This revenue is generally generated by faculty members who perform services in their role as faculty for another entity.

Endowment Payout

The University manages the endowments of all Schools centrally. The corpus of endowments that benefit the SPH are used to purchase units in the central endowment. Payouts are made on a per unit basis. In the last decade, payouts have averaged approximately 5% of the market value of the endowment.

Payouts are drawn down either periodically (monthly) or in full at the end of the fiscal year. The School provides evidence to the central endowment department that the expenses being reimbursed fulfill the purpose of the endowment as set forth in the endowment agreement. No such documentation is required for unrestricted endowments.

2. Expenditures

Expenditures are posted to the main GW general ledger accounting system (Oracle) from a variety of sources. Payroll data, cost center distribution information, and other employee data are housed in the Banner system. Each pay period the appropriate charges are uploaded to the Oracle system and charged to the appropriate cost center.

Charges that are incurred through the use of a University-issued procurement card and personal credit cards (reimbursements) are input to the Concur system along with supporting documentation and are posted to the appropriate organizations and cost center after the proper reviews and approvals have been completed.

The University also has a simplified procurement system for office supplies, laboratory supplies, desk top computers, and other classes of products that it maintains. Departments initiate requests for baskets of products from vendors that are in the system. The orders are sent electronically through an approval chain and transmitted to the vendor. The organization and account to be charged are assigned at the time of initiation.

Sub-contracts and large procurements generally must be documented by a written agreement that sets forth the responsibilities of the parties. The agreements are reviewed by the Office of the General Counsel (OGC) who may modify them as necessary to properly follow the policies and procedures of the University. The OGC reviewer determines the approval process for each agreement, which may include the Dean, the Executive Vice President and Treasurer, and the Provost. Invoices need to be supported by and consistent with the agreement.

There are additional company-specific uploads for paying companies such as Federal Express, UPS, and utility companies.

Expenditures for services provided by other University departments that are not part of the regular allocation process described below are charged to an expense account through either a Service Level Agreement (SLA) or journal entries. Conversely if SPH provides a service to another University school or department, it is credited to an expense account through a journal entry (as opposed to a revenue account). SLA's and journal entries require the approval of all parties.

3. Organization Structure

The SPH has two distinct types of departments to serve its needs; academic departments and infrastructure departments.

Academic Departments

SPH's six academic departments each have a unique identifier in the accounting system that includes the organization number and the fund type. The main fund type for each department is called the C-Fund. The following example is of a unique identifier ** 872511-C100001 ** where 872511 represents the Department of Global Health and C100001 represents their C-Fund. The C-Fund generally holds the main budget for the department and is closed out at the end of each fiscal year. The department may have an additional C-Fund if it has an Institute or Center related to it.

The departments also have an R-Fund, which in essence serves as a savings account for the departments. These balances rollover from fiscal year to fiscal year. The money in the R-Funds come from several different sources, including the Dean's Office, outside payments for services, transfers from other departments or schools, and residual transfers for fixed price sponsored projects that were not spent out. There may also be additional R-Funds funded by internal or external sources to perform a specific project. These funds may be assigned to a departmental organization or to a Dean's Office organization (infrastructure).

Infrastructure Organizations

Infrastructure Organizations are generally within the Dean's Office. These organizations have a C-Fund that holds the budget for their current operations. As is the case with departments (and their C-Funds), they close out at the end of each fiscal year.

There are several program groups, such as the Doctoral Programs, Undergraduate Education and the online programs, which require resources across both the academic and infrastructure departments and therefore have their own C-Funds in order to properly assign the appropriate expenses.

Infrastructure organizations may also have R-Funds funded by internal or external sources to perform a specific project or for holding current gifts whether restricted or unrestricted.

4. Budget Process

The School budgets on an annual basis. The fiscal year begins on July 1 and ends on June 30 of each year. The budget process starts in December of the previous fiscal year. Instructions are given to department chairs and administrative managers relating to budget priorities and formats.

All department chairs, administrative managers, and deans present their draft budgets for the next year at a budget hearing held in January. They are asked to highlight requests for additional resources and also cost savings relative to the current year's budget.

The Dean convenes a group to review the draft proposals and makes resource allotment decisions based on expected revenues and other incoming resources. The departments are notified of the results of the review in February.

The administrative managers supervise the input of the budget review into the GW budget tool, McBud, which is an Access database maintained by the Comptroller's Office. After the budget has been entered, the Finance Director balances revenue and expenses to ensure the school's resources are neither under or over pledged. Invariably there need to be adjustments that often include changes in some department's resources. Meetings are held to communicate cuts or add-ons as necessary.

After the budget is balanced, finalized, and approved by the Dean, the McBud file is used by the Comptroller's and Budget Office for presentation to the Board of Trustees. After final approval by the Board of Trustees, the file is uploaded to the Oracle General Ledger.

Changes are expected in a number of these processes in planning for AY2017. Because the GW Board of Trustees is now requesting that budgets be developed earlier in the cycle, the SPH process will begin 3 months earlier. Additionally, GW is transitioning to the use of a new budgeting tool to replace McBud.

5. Allocations

The School receives many services from other entities at the George Washington University. These services are generally governed by a written agreement. Recurring journal entries are prepared that charge the school on a monthly basis.

The following services are provided by other entities within the University:

- Research Administration (OVPR and GCAS)
- Himmelfarb Library (cost is shared with the School of Medicine and the School of Nursing)
- Central University Services (all services not separately negotiated)
- Division of Information Technology
- Housekeeping
- Police Department
- Wet Laboratory Occupancy (School of Medicine)
- Off-Site Leases (Office of the Executive Vice President and Treasurer)
- Academic Technologies

These agreements are negotiated on an annual basis.

1.6.b. A clearly formulated school budget statement, showing sources of all available funds and expenditures by major categories. This information must be presented in a table format appropriate to the school. See Template 1.6.1.

The major sources of revenue for the School include tuition and fees, research, and philanthropy. Over the past three years all of these categories of revenue have grown significantly. Tuition revenue has been bolstered by the launch of two online/hybrid programs; the MPH@GW and the MHA@GW. Hiring an Associate Dean for Research has enabled faculty and staff development, as well as support systems for submitting and tracking grants. Finally, with the separation of the School from the Medical Center,

the School was able to build its own development staff, focused on fund raising specifically for the School.

Major categories of expenditures include support to the central University functions, faculty and staff salaries, building operations, contract obligations and student scholarship/aid.

This CEPH Data Template below is also available in ***ERF 1.6.1.: CEPH Data Template 1.6.1 Sources of Funds and Expenditures***

Template 1.6.1 Sources of Funds and Expenditures by Major Category, Fiscal Year 2010 (7/1/09 - 6/30/10) to Fiscal Year 2014 (7/1/13 - 6/30/14)

Source of Funds	FY2010	FY2011	FY2012	FY2013	FY2014
Tuition & Fees	30,624,617	32,547,223	34,658,163	35,349,364	38,991,730
State Appropriation	-	-	-	-	-
University Funds	-	-	-	-	-
Grants/Contracts	74,497,620	63,432,984	64,923,309	71,216,161	95,603,177
Indirect Cost Recovery ¹	3,767,348	4,079,423	4,600,120	4,826,520	5,264,656
Endowment	600,703	727,186	709,258	733,420	1,195,242
Gifts	166,693	259,241	172,854	307,776	427,086
Other - Various Funding for Meetings, Conferences, and	339,642	1,220,766	999,389	1,162,130	867,093
Total:	109,996,623	102,266,823	106,063,093	113,595,371	142,348,984

Expenditures	FY2010	FY2011	FY2012	FY2013	FY2014
Faculty Salary & Benefits	10,710,357	11,341,390	14,298,835	16,937,040	18,343,503
Staff Salaries & Benefits	3,033,444	3,131,168	4,557,142	6,720,592	8,050,783
Operations ²	4,624,507	4,002,515	4,704,413	6,353,255	9,852,699
Travel	655,009	647,636	576,171	793,023	609,045
Student Support	5,936,918	6,080,075	6,974,332	7,439,473	7,772,486
University Tax ³	11,678,610	12,966,067	8,566,789	6,737,747	7,488,570
<i>University Central Services</i>	<i>\$795,679</i>	<i>\$800,313</i>	<i>\$1,019,252</i>	<i>\$1,049,830</i>	<i>\$1,081,325</i>
<i>Occupancy Costs - Ross Hall</i>	<i>\$975,853</i>	<i>\$684,450</i>	<i>\$352,357</i>	<i>\$126,783</i>	<i>\$146,424</i>
<i>Indirect Cost Recovery</i>	<i>\$3,774,848</i>	<i>\$4,079,423</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>
<i>University Margin</i>	<i>\$319,110</i>	<i>\$1,328,218</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>
<i>Himmelfarb Library</i>	<i>\$3,139,085</i>	<i>\$3,290,469</i>	<i>\$3,269,016</i>	<i>\$3,269,807</i>	<i>\$3,495,143</i>
<i>Other Medical Center Services</i>	<i>\$2,674,035</i>	<i>\$2,783,194</i>	<i>\$2,334,408</i>	<i>\$491,327</i>	<i>\$540,849</i>
<i>Research Administration</i>	<i>\$0</i>	<i>\$0</i>	<i>\$1,591,756</i>	<i>\$1,800,000</i>	<i>\$2,224,829</i>
Other - Support and Investment ⁴	(1,139,843)	664,989	1,462,103	(2,601,920)	(5,371,279)
Other - Research Expenditures	74,497,620	63,432,984	64,923,309	71,216,161	95,603,177
Total:	109,996,622	102,266,824	106,063,094	113,595,371	142,348,984

¹ In FY2010 and FY2011 the school did not have control over the Indirect Cost Recovery Revenue and did not derive significant benefit so it is being classified as a University Tax.

² Operations includes: purchase services, indepartmental assessments, equipment & supplies, occupancy, communications, etc.

³ FY2010 Himmelfarb Library and Other Medical Center Services are estimates but the total equals the overall Medical Center allocation.

⁴ See Support & Investment Schedule in Criteria 1.6.d.

1.6.c. If the school is a collaborative one sponsored by two or more universities, the budget statement must make clear the financial contributions of each sponsoring university to the overall school budget.

Not Applicable.

1.6.d. Identification of measurable objectives by which the school assesses the adequacy of its fiscal resources, along with data regarding the school's performance against those measures for each of the last three years.

The departments in the school are largely responsible for admissions and teaching which makes their annual departmental budget request a critical element in achieving resource adequacy. In addition to assessing the correct amount of full time faculty necessary to teach, they must also quantify the level of research effort expected from full -time faculty, the amount of administrative support for teaching, research, and service, the need for adjunct faculty, and the amount of student assistance required. During the course of the budget process, the school administration reviews the department's submission and negotiates the final budgets for each.

As part of the performance review process the school holds quarterly reviews to assess the performance of each department in relation to its budget. The departments may be required to fund overages from the department R-Fund at the discretion of the Dean.

The budget and performance of the non-academic departments are regularly monitored by the Finance Director. Overages are flagged and the appropriate director or manager provides justifications to the Finance Office. Any consequences are implemented at the discretion of the Dean.

The overall budget is the most significant monitoring tool for the school. The Finance Office provides quarterly forecasts based on actual revenues and expenses. These forecasts are submitted to the University Office of the Vice President and Treasurer to be rolled into an overall University forecast that is presented to the Board of Trustees.

The most significant single metric for the school going forward is the reserve balance of funds not committed to capital projects. The following chart shows this balance for the last five years.

Table 1.6.d.1: Support and Investment

	FY2010	FY2011	FY2012	FY2013	FY2014
Other Entity Transfer In/(Out)	\$83,559	(\$158,673)	(\$13,515)	\$286,155	\$273,275
Grant Residual Transfers	\$238,504	\$567,278	\$325,406	\$250,447	\$486,695
Reserve Transfer In/(Out)	\$817,780	(\$1,000,000)	(\$1,675,209)	\$2,065,318	\$4,611,310
Misc. Transfers In/(Out)	\$0	(\$73,594)	(\$98,785)	\$0	\$0
Total	\$1,139,843	(\$664,989)	(\$1,462,103)	\$2,601,920	\$5,371,279
Reserve Analysis					
	FY2010	FY2011	FY2012	FY2013	FY2014
Opening Balance	\$5,865,407	\$5,047,627	\$6,047,627	\$7,722,836	\$5,657,518
Operations In/(Out)	(\$817,780)	\$1,000,000	\$1,675,209	(\$2,065,318)	(\$4,611,310)
Gifts	\$0	\$0	\$0	\$0	\$5,448,572
Misc Transfers In/(Out)	\$0	\$0	\$0	\$0	\$0
End Balance	\$5,047,627	\$6,047,627	\$7,722,836	\$5,657,518	\$6,494,780

The Reserve increases and decreases are based on results of operations. Reserves are used when there is a deficit, and conversely when there is a surplus, those funds are added to reserves. Additionally large gifts are kept in Reserves. (For example part of the Milken gift hit in FY2014 and appears under 'gifts'.)

Additional metrics that the school uses to assess resources include:

- Faculty productivity (Research Attainment)
- Research staff productivity (Research Attainment)
- Student to Faculty FTE ratio
- Research revenue attainment
- Indirect Cost Recovery revenue attainment
- Development Attainment
- Admission Goals by department

Table 1.6.d.2.: Outcome Measures for Fiscal Resource Adequacy

Outcome Measure	Target	AY2012/13	AY2013/14	AY2014/15
Percent of expenditures derived from grants and contracts	50%	48%	50%	52%
Percent of tuition revenue provided as scholarship support from operating funds.	9%	5.7%	6.3%	9.2%
Average percent of faculty salary coverage through funded projects.	40%	NA*	39.2%	38.3%
Indirect cost recovery.	\$5.5M	\$4,600,120	\$4,820,334	\$5,264,656

* This report is not available for AY2012/13.

1.6.e. Assessment of the extent to which this criterion is met and an analysis of the school's strengths, weaknesses and plans relating to this criterion.

This criterion is met.

Strengths:

- Financial results are more readily available than results related to “per student” type metrics.
- The school has autonomy in developing new initiatives, which provides more agility.
- Quick identification of underperformance on admission goals.
- Quick identification of underperformance on research goals.
- Flexibility to repurpose resources.

Weaknesses:

- Because the GW accounting system is separate from the admissions and payroll system there can be difficulty developing new metrics to meet new needs.
- The school needs to develop more advanced metrics in order to identify potential financial weaknesses as early as possible.

Future plans:

- A new budget tool is being purchased during the next fiscal year, according to current scheduling. It will allow a dramatic improvement in the ability to access data from the accounting system.
- Various Dashboards by position (e.g. Finance Director, Dean, etc.) are currently being tested and are expected to be fully operational over the next fiscal year.