GEORGE MASON UNIVERSITY
BOARD OF VISITORS

Finance and Land Use Committee
Information Session
April 3, 2019
Merten Hall 1201, Fairfax Campus
8:30 a.m. – 10:00 a.m.

AGENDA

I. Call to Order

II. Joint Topic with Audit Committee
   A. FY 2018 Audited Financial Statements

III. FY 2020 Financial Plan

IV. Adjournment

No public comment will be taken at this session.
ITEM NUMBER II.A.: UNIVERSITY CONTROLLER REVIEW AND APA AUDIT OF FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2018

PURPOSE OF ITEM: The University’s Interim Controller and the APA auditors will brief the Committee on the FY 2018 financials and the APA audit of those financials.

APPROPRIATE COMMITTEES: FINANCE AND LAND USE COMMITTEE and AUDIT COMMITTEE

BRIEF NARRATIVE: The Auditor of Public Accounts (APA) is the state agency responsible for auditing all agencies of the Commonwealth. The APA is nearing completion of its audit of the University’s financial statements for the year ended June 30, 2018. Auditors will provide a briefing on their findings. The draft published FY2018 report can be found at:


which is where the final report will also be published shortly after the meeting.

STAFF RECOMMENDATION: For Board information only.
ITEM III.: FY 2020 FINANCIAL PLAN

PURPOSE OF ITEM: To present the Board of Visitors with the University’s proposed budget for FY2020.

BRIEF NARRATIVE: The Senior Vice President for Administration and Finance will present the University’s proposed budget for Academic Year 2019-2020. This proposed budget addresses enrollment projections and will include summary of changes to revenue and expense categories such as:
- General Fund support
- Tuition
- Student Fees
- Financial aid
- Salaries
- Mandatory cost increases

The proposed budget advances many of the goals outlined in the Mason’s Six-year plan.

Presentation at this information session allows an open session for public comment immediately following and precedes request for board approval of the proposed budget at the May 2, 2019 BOV meeting.

STAFF RECOMMENDATION: For Board information only.
I. Call to Order

II. Joint Topic with Audit Committee
   A. FY 2018 Audited Financial Statements

III. FY 2020 Financial Plan

IV. Public Comment

V. Adjournment
University audit completed for FY 2018:
https://fiscal.gmu.edu/generalaccounting/review-financial-statements/

Highlights for the year:

Operating revenues and expenses both increased by $55.1 million, or 8% and 7%, respectively.

Income before other revenues, expenses, gains, and losses increased by $4.2 million.

Unrestricted net position increased by $89.9 million based on FY 2018 operations, offset by OPEB beginning balance restatement of ($122.5 million) for an ending unrestricted net position of $13.3 million.

Auditor of Public Accounts (APA) presentation
Fall 2018 Enrollment over 37,000

69%
Full-Time

70%
Undergraduates

80%
In-State Residents
Accessible, Affordable & High Quality
Fall 2018 Undergraduate Enrollment ~26,000

- 51% Racial/Ethnic Minority
- 36% First Generation
- 13% Age 25 Or Older at Entry
At Mason, Graduation Success Far Exceeds National Averages

Overall Student Graduation Rate

National 4-Year Public Institutions Graduation Rate
- National: 60%
- Mason: 71%

Hispanic Student Graduation Rates
- National: 54%
- Mason: 62%

White Student Graduation Rates
- National: 63%
- Mason: 71%

Black Student Graduation Rates
- National: 41%
- Mason: 72%

Graduating Non-graduating
40% of Mason students incurred no debt prior to graduation.

Mason’s Default Rate is 2.3% compared to a National Three-Year Average Default Rate of 7.1% for Public Universities.

Mason’s in-state, undergraduate tuition is 72% of the average tuition for Virginia public, doctoral universities.

Mason was again named a Top Tier Research University, one of 131 nationally, and of 4 in Virginia.

More than 80% of Mason’s degree earners reported positive career outcomes within six months of graduation!

The Core Campus Project is a transformational construction project, bringing a state-of-the-art, six-story, 218,000 square foot showcase to the heart of our Fairfax campus.
FY 2020 Financial Plan
FY 2019 Revenue Budget $1.06B

- Operating, $136.1
- Tuition, $409.3
- Mandatory Student Services & Activity Fees, $97.1
- Room & Board, $76.5
- Community & User Service Fee, $86.2
- Sponsored Research, $115.3
- Philanthropic Activities, $65.0
- Financial Aid, $26.8
- Capital Improvements, $33.7
- Mason Capital Funds, $17.1
- VA State Funding, 18%
- Enrollment Related Fees, 55%
- All Other Activities, 25%
- Capital, 2%

pie chart $ in millions
Decreasing State Funding

George Mason University
General Fund vs. Tuition and Other as a Percent of the E&G Budget

- State Appropriations
- Tuition & Other

% State Funded:
- 1985: 67%
- 2000: 57%
- 2019: 25%
**Mason FY 2019 Financial Disparity**

<table>
<thead>
<tr>
<th>Virginia Public Doctoral Institutions</th>
<th>W&amp;M</th>
<th>UVa</th>
<th>VCU</th>
<th>VT</th>
<th>ODU</th>
<th>Mason</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$8,062</td>
<td>$8,729</td>
<td>$7,396</td>
<td>$7,188</td>
<td>$7,057</td>
<td>$5,687</td>
</tr>
<tr>
<td>In-State Tuition</td>
<td>17,570</td>
<td>14,148</td>
<td>12,247</td>
<td>11,595</td>
<td>7,047</td>
<td>$9,060</td>
</tr>
<tr>
<td>Total</td>
<td>$25,632</td>
<td>$22,877</td>
<td>$19,643</td>
<td>$18,783</td>
<td>$14,104</td>
<td>$14,747</td>
</tr>
</tbody>
</table>

Mason’s total is **73%** of doctoral average (excl. Mason)

General fund estimate is based on SCHEV FTE projection in the 2B report, numbers for all institutions will change with actual revised numbers for FY 2019.
Student Enrollment Growth

**VA INSTITUTIONS OF HIGHER EDUCATION**
**STUDENT GROWTH (HEADCOUNT) FALL 2010-FALL 2018**

George Mason University has assumed 64.1% of the statewide enrollment growth accommodated in Virginia public four-year institutions since Fall 2010.
Key Financial Plan Drivers & University Goals

Expand Access to Excellence and Transformative Learning
- Increase Financial Aid
- Enhance Student Services
- Keep Tuition Affordable
- Expand Student Access through ADVANCE

Grow Research and Innovation of Consequence
- Support Faculty Research
- Expand Research Infrastructure

Strengthen Thriving, Inclusive Academic Community
- Invest in People
- Increase Minimum Wage and Salaries for all Student Workers

Build Foundation for the Future
- Improve IT Infrastructure
- Upgrade Campus Facilities
FY 2020 Proposed Tuition Plan
FY 2001 - 2019 In-State Tuition and Fees Comparison

Source: SCHEV 2000-01, 2008-09, 2018-19 Tuition and Fee Report – Tuition and Total Mandatory Fees
FY 2020 Major E&G Budget Drivers - Tuition

The decrease in projected tuition revenue in the proposed FY 2020 financial plan ~($9M)

Prior

- 5% across the board increase of tuition rates
- Align credit hour overload

Proposed

- 0% undergraduate, 3.5% graduate tuition increase
- General Fund tuition moderation
- Align credit hour overload
FY 2020 Compensation Plan

Instructional/Research Faculty
- Promotion and Tenure
- Faculty Minimums
- 3% Base, 1% Merit Pool

Adjunct Faculty
- Minimum matrix increased 3%
- 3% Base Pool, +

Admin/Professional Faculty
- 3% Base, 1% Merit Pool

Classified Staff
- 2.75% base, 2.25% merit = 5%
- Living Wage: All eligible, full-time benefitted employees paid at least $15/hr.

Student Wage
- 2.75% Base Pool
- Increase minimum from $8/hr. to $9/hr.
- Does not include CWS due to Financial Aid implications

Graduate Students
- 2.75% Base Pool
- Minimum matrix increased 3%
- Graduate Students $15K A/Y minimum

Non-Student Wage
- 2.75% Base Pool
- Increase minimum from $8/hr. to $9/hr.

Note: Specific details to be released first week of April (effective dates, performance evaluation requirements, etc.)
<table>
<thead>
<tr>
<th>Proposed Revenue Sources</th>
<th>FY 2020 Proposed Additional E&amp;G Revenue Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition</td>
<td>$5.9M</td>
</tr>
<tr>
<td>General Fund Increase</td>
<td>$5.5M</td>
</tr>
<tr>
<td>Credit Hour Overload Alignment</td>
<td>$6.5M</td>
</tr>
<tr>
<td>Enrollment Growth</td>
<td>$5.9M</td>
</tr>
<tr>
<td>High Degree Awards</td>
<td>$6.5M</td>
</tr>
<tr>
<td>Fringe Savings</td>
<td>$4.7M</td>
</tr>
<tr>
<td>2% Fac/4% Classified</td>
<td>$4M</td>
</tr>
<tr>
<td>Credit Overload</td>
<td>$4M</td>
</tr>
<tr>
<td>Tuition Moderation</td>
<td>$4.3M</td>
</tr>
<tr>
<td>Enrollment Growth</td>
<td>$4M</td>
</tr>
<tr>
<td>High Degree Awards</td>
<td>$4.9M</td>
</tr>
<tr>
<td>5% tuition increase</td>
<td>$4M</td>
</tr>
<tr>
<td>$20M</td>
<td></td>
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</table>

**Notes:** Prior plan based on Six-Year Plan projections, Chapter 2 Budget, and pay/tuition policy.

Prior plan based on 5% across-the-board tuition increase from Six-Year Plan, Proposed FY 2020 has 3.5% increase on graduate tuition only.

General Assembly Conference report freezes in-state, undergrad tuition, and increases GF $6.5M for tuition affordability.

$5.5M in Chapter 2 budget includes funds for high degree awards.

$4.9M for central share of enrollment growth over FY19 plan, and FY20 anticipated growth.

Align credit hour overload with costs of instruction. Proposed revenue impact: $6.9M less FinAid $2.7M = $4.2M.

The Commonwealth covers ~50% of legislated pay increases. Mason pays ~50% of legislated PLUS 100% of any increase over that.

No increase in healthcare costs, and a two pay-period “healthcare holiday.”

$1M in state interest earnings.
Proposed FY 2020 Use of Funds

<table>
<thead>
<tr>
<th>FY 2020 Prior Plan</th>
<th>Proposed FY 2020 Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salary Increases</strong></td>
<td><strong>Salary Increases</strong></td>
</tr>
<tr>
<td>4% Faculty</td>
<td>4% Faculty</td>
</tr>
<tr>
<td>4% Classified</td>
<td>5% Classified</td>
</tr>
<tr>
<td>$17.9M</td>
<td>$19.3M</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>Financial Aid</td>
</tr>
<tr>
<td>$8M</td>
<td>$6.9M</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>$30.4M</td>
<td>$30.7M</td>
</tr>
</tbody>
</table>

*Prior FY 2020 plan based on six-year plan projections, Chapter 2 budget, and pay/tuition policy.*
### Proposed FY 2020 E&G Overview

<table>
<thead>
<tr>
<th></th>
<th>FY 2020 PRIOR PLAN</th>
<th>PROPOSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sources</td>
<td>$ 47.1M</td>
<td>$ 40.6M</td>
</tr>
<tr>
<td>Uses</td>
<td>30.4M</td>
<td>30.7M</td>
</tr>
<tr>
<td>Balance Available*</td>
<td>$ 16.7M</td>
<td>$ 9.9M</td>
</tr>
</tbody>
</table>

*Available funds for additional mandatory expenses and strategic investments.*
### FY 2020 Room and Board Rates – Approved February 27, 2019

<table>
<thead>
<tr>
<th>Room &amp; Board Rates</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freshman Traditional Double Room</td>
<td>$6,970</td>
<td>$7,105</td>
<td>$135</td>
<td>1.9%</td>
</tr>
<tr>
<td>Independence Meal Plan Board Rate</td>
<td>$4,490</td>
<td>$4,600</td>
<td>$110</td>
<td>2.4%</td>
</tr>
<tr>
<td>Total Room &amp; Board</td>
<td>$11,460</td>
<td>$11,705</td>
<td>$245</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

### FY 2020 Proposed Student Fees

<table>
<thead>
<tr>
<th>Student Fees</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time Student</td>
<td>$3,402</td>
<td>$3,504</td>
<td>$102</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

In FY 2020, auxiliary enterprises that are funded by student fees will incur increased costs, requiring additional student fee support.
Final Thoughts

❖ Mason remains focused on our highest priorities: our students and our people.

❖ The Commonwealth budget provides for a 0% tuition increase for in-state, undergraduate students. Mason also will not increase the tuition rate for out-of-state undergraduate students. This diverges from Mason’s Six-Year Plan increase of 5% across the board.

❖ Strategic discussion and planning continue as decisions are made about funding allocation for mandatory costs and university initiatives.