GEORGE MASON UNIVERSITY
FINANCE & LAND USE COMMITTEE
INFORMATION SESSION
BOARD OF VISITORS

MINUTES
April 3, 2019
8:30 a.m. – 10:00 a.m.
Merten Hall, Room 1201, Fairfax Campus

PRESENT: Rector Davis; Vice Chairman Blackman; Visitors Cumbie, Hazel, Moreno, Reagan, Rice and Witeck; President Cabrera; Senior Vice President Kissal; Vice President for Facilities Strike; Faculty Senate Chair Renshaw; Faculty Representative Gallay; Secretary *pro tem* Lagos

I. Call to Order

Vice Chairman Blackman convened the meeting at 8:30 a.m.

II. Joint Topic with Audit Committee

A. FY 2018 Audited Financial Statements

Interim Controller McGinnis provided the Committee with an overview of the University's financial statements for the year ended June 30, 2018. Among other things, she stated that operating revenues and operating expenses increased $55.1 million when compared with FY17, and net position increased by $89.8 million from operations offset by a $122.5 million reduction related to the implementation of the Commonwealth's allocation to the university of other post-employment benefit obligations.

Mr. Borgerding, representing the Auditor of Public Accounts, discussed with the Committee the examination of the financial statements for the year ended June 30, 2018. He stated the Auditor of Public Accounts had determined an unmodified opinion will be issued on the financial statements. Mr. Borgerding also discussed with the Committee the scope and conduct of the audit, including the auditor's concurrence with management's application of accounting principles; the basis and reasonableness of accounting estimates; the adequacy of disclosures made in Management's Discussion and Analysis; and the recording of all audit adjustments in the audited financial statements. He also stated that the audit's procedures found no indications of fraudulent transactions or illegal acts, and that there were no disagreements with management about auditing, accounting, or disclosure matters. A separate Internal Controls and Compliance Report will also be issued; the Committee discussed the findings included in the report with Mr. Borgerding and with management.

III. FY 2020 Financial Plan

Senior Vice President Kissal presented the anticipated FY 2020 financial plan for discussion. The proposed budget, which will be voted on at the May 2 BOV meeting, aligns with the University's mission of providing "access to excellence."

Senior Vice President Kissal gave a brief overview of student demographics and past year's state funding and enrollment. Mason has assumed more than 60% of the statewide enrollment growth accommodated in Virginia public four-year institutions since Fall 2010 while delivering top-quality and affordable education to our students.

Referencing Slide 16, Senior Vice President Kissal reported that the key financial plan drivers that tie in to our university goals and strategic priorities focus on our students, faculty and staff. They include: Expanding access to excellence and transformative learning (increase financial aid, enhance student services, keep tuition affordable, and expand student access through the ADVANCE program); Growing research and innovation of consequence (support faculty research and expand research infrastructure); Strengthening a thriving, inclusive academic community by investing in people (increase minimum wage and salaries for all student workers); and lastly, building a foundation for the future (improve IT infrastructure and upgrade campus facilities).

The General Assembly approved a tuition moderation investment of $6.5M and greatly encouraged Mason freezing in-state undergraduate tuition. Mason has agreed to the tuition freeze, expanded it to all undergraduates, and as a result this has led to a change in planning and reduced revenue of ~$9M. Graduate student tuition will increase 3.5%. Mason will be restructuring the tuition window by excluding CH16 to more appropriately align credits and instructional value. If passed by the BOV, this change will be implemented next fall.

Mason continues to prioritize our faculty and staff. In addition to the Commonwealth's mandated 3% salary increase for faculty, and 5% for classified staff (staff hired by March 10 will receive a 2.75% raise on June 10 and staff with three years of service as of June 10 and who receive a rating of Contributor or above will be eligible for an additional 2.25% merit raise) we are 100% funding a 1% merit pool for faculty. There are additional increases for adjunct faculty, graduate students and student wage earners entirely funded by Mason. Mason is implementing a $15/hour minimum wage for all non-exempt classified staff, and a $15k annual minimum for Graduate Assistants. The Commonwealth was able to freeze healthcare premiums for both the employer and the employee and provide a two pay-period "healthcare holiday."

Senior Vice President Kissal compared Mason's prior financial plan to the current proposed plan. The proposed FY 2020 E&G available funds for additional mandatory expenses and strategic investments, after major expenses are accounted for, is

~$10M. Room and Board rates were approved on February 27, 2019 and we are proposing a 3% increase in student fees to account for the increased costs for increasing services to students, and in support of the university-wide Improved Student Experience.

IV. Adjournment

There being no further business, Vice Chairman Blackman declared the meeting adjourned.

Meeting adjourned at 9:06 a.m.

Jeanmerie Lagos

Jeanmerie Lagos
Secretary *pro tem*