Board of Visitors Finance and Land Use committee meeting

March 1, 2018 Office of the Senior Vice President
I. Call to Order
II. Approval of Minutes for December 13, 2017
III. Strategic Matters
   A. FY 2018 Financial Update and Preliminary FY 2019 Budget
   B. Room and Board Rates, FY 2019
   C. Debt Policy Compliance
IV. Human Resources & Payroll Update
V. Adjournment
Mason Demographics

Fall 2017 Head Count ~36,000

- **In-State**: 80%
- **Undergraduates**: 70%
- **Full Time**: 69%
Mason Demographics
Fall 2017 Undergraduates ~24,000

First Generation: 39%
Underrepresented Racial/Ethnic: 50%
Age 25 or older At Entry: 14%
Mason is happening

A FORBES “America's Best College Buys”

#1

best college for conflict resolution degree S-CAR

U.S. News TOP 20 university for operating efficiency!

Virginia’s most diverse university
FY 2018 Financial Update

Preliminary FY 2019 Governor’s proposed budget
Recent Financial Accomplishments

- A1 Moody’s Rating
- A S&P Rating
- Improved or Stabilized all Financial Metrics
- Potomac Heights Refinancing
- Reutilized Capital Assets
- Approved for Increased Financial Authority
- Deauthorized $230M in Debt
- Launched Mason Incentive Model
- Opened Fenwick Library, Potomac Science Center, and West Campus Drive
- Funded Robinson Hall Replacement and Utility Infrastructure
Mason Financial Framework

REVENUES
- Philanthropy
- Retention & Enrollment
- Tuition & Fees
- New Programs
- State Appropriations

EXPENSES
- Academic & Administrative Enterprise
- Cost Increases
- Debt Service

NET RESOURCES
- Operating & Capital Reserves
- Capital Infrastructure
- Physical Plant
Mason Incentive Model

**FY 2016**
Launched Mason Incentive Model to run in parallel with Incremental Budget

**FY 2017**
Implemented Incentive Base Budget Model
Positive Results in Unit Growth and Fund Balances

**FY 2018**
Multidisciplinary and Indirect Models – Committee Work
Continue meeting with Deans and Assistant Deans
Proposed Governor’s Budget
# Virginia’s Budget Process

## Budget Development

### Agency Budget Preparation

- **August:** DPB issues instructions to Mason
- **September:** Mason generates and submits requests

### Review & Recommendations

- **November:** Governor, DPB, Cabinet review
- **December:** Governor submits document and bill to General Assembly

## Budget Deliberation

### Legislative Action

- **January:** New Governor Takes Office
- **January:** Budget bills referred to committees
- **February:** Senate and House produce competing budget proposals
- **March:** Conference Committee reports budget bills / G.A. approves budget

### Governor’s Review

- **April/May:** Governor signs or vetoes or returns to G.A. with amendments
NOTES:
$1B Differential between House & Senate Budgets
Virginia House budget includes Medicaid expansion;
Senate version does not

CHALLENGES:
Compensation for Faculty and Staff
Enrollment Growth Funding
Financial Aid
New Requirements
**FY 2019 PROPOSED BUDGET AMENDMENTS**

### Mason Priorities
- **Provide Affordable Access for All Students**
- **Attract & Retain Top Talent**
- **Career-ready graduates with equitable resources to support enrollment growth**
- **Commonwealth Research**

### Governor’s FY 2019 Proposed Budget
- Increase undergraduate financial aid $14.7M over the biennium
- 2% salary increase as of Dec 1, 2019 (FY 2020)
- $4M year 1 and $10M year 2 for prior in-state enrollment growth
- $16M over 2 years for Virginia Research Investment Fund (VRIF)

### House FY 2019 Proposed Budget
- No change to dollars, adds priority funding language
- 2% salary increase as of July 1, 2019, 1% merit increase for classified staff employees*
- Removes $14M, Adds $300k STEP, $1.4M O&M for Facilities, $7M for High Degree Awards
- Maintains $16M for VRIF and adds $40M for CyberX

### Senate FY 2019 Proposed Budget
- Funds approximately half of the Governor’s recommended amount
- Eliminated funding but directs funds (2% raise) to reserves, dependent on FY2018 revenue outcomes
- Removes $4M year 1, keeps $10M year 2
- Maintains $16M for VRIF
FY 2019 Governor’s PROPOSED Budget

~No Changes by House or Senate~

**Capital**

**Bull Run III B:** With a change of scope, added additional funding of $21.1M.

**Utility Infrastructure:** Received additional Commonwealth funding and provides 9d bond authority.

**Maintenance Reserves:** Additional $1.8M per each year of biennium.
Smart Growth
FY 2024 – Strategic Plan, Enrollment and Vision for the Future

- 100,000 Graduates by 2024
  - 7,000 New Students
  - 5,300 on Ground

- Maintain R1 Status

- Maximize Use of Existing Assets
  - Peterson Hall – 2018
  - Robinson Hall – 2022

- Additional Gross Revenue
  - Moderate Tuition Increase

FY 2024
6 Years of Growth
Smart Growth – Focus Areas

Faculty and Staff Modeling

Space & Infrastructure Modeling

Enrollment Details
Fall 2018 and Beyond

Budget & Financial Model

Operations & Information Technology

Macro Assumptions
- By 2024, 43,000 Students Enrolled
- Moderate State Support
- Moderate Tuition Increase
- Maintain R1 Status
- No New Capital
  Robinson Hall – Funded
  Bull Run III B – Funded
  IT Network Upgrade - Possible
FY 2024 – What will it take to get there?

**Faculty & Staff**
- Projected 6 Year Growth
  - Faculty +75 Tenure Track/Term annually → 450
  - All Other Staff +75 annually → 450

**Facilities**
- How do we manage growth?
  - Shared Offices
  - Off-Campus Leasing
  - Space Utilization Study
  - Class Scheduling (F/S/S)
  - Private Sector Housing
  - Dining Hall Expansion

**Student Services**
- Auxiliary: Student Centers, Student Life, Recreation
- Transportation & Parking
- Information Technology: WiFi, contract per student escalation, $60M infrastructure
Starts With Enrollment Projections

Enrollment Drives Faculty & Staff, Space, Technology & Infrastructure

Requires Strategic Resource Investment Plan
Space and Infrastructure Modeling

Space & Infrastructure Modeling
Maximize Existing Assets
Spring 2018
Consultants and Conversations
Summer 2018 – Summer 2019
Modeling, Facility Growth Strategy Management
Mason spans over 850 acres in 8 locations!

Fairfax Campus – Includes West Campus
5 Additional Locations

Smithsonian-Mason School of Conservation
Tuition Pricing Strategy

1. Proposed Tuition Increase for FY 2019
Considering moderate - will depend on the outcome of the Commonwealth’s budget

2. Credit Hour Window
(current policy for undergraduate tuition, credits 13-16 are “not charged”)
Consultant reviewing potential to close credit hour 16; does not impact SCHEV calculations. Next Steps - Communication with Deans and then to the broader university community

3. Course and Lab Fees
Consultant analyzing course consumption data along with fees assessed
Goals: simplify, provide enhanced understanding for students and parents; and add efficiency to Banner processing
FY 2019 room and board rates
Guiding Principles

**Affordability** – Create an affordable living environment for students.

**Accessibility** – Access to on-campus living and dining for those students who desire that option.

**Involvement** – Improve student retention and graduation through involvement in activities and groups.

**Sense of Community** – Create an environment where students feel part of the Mason community.

**Well-Being** – Provide healthy dining options, access to dieticians and menu options for specialized diet requirements.
## Room & Board Rates, FY 2019

<table>
<thead>
<tr>
<th>Room &amp; Board Rates</th>
<th>Annual $ Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freshman Room Rate Increase Tradition Double</td>
<td>$270</td>
</tr>
<tr>
<td>Freshman Board Rate Increase Independence Meal Plan</td>
<td>$100</td>
</tr>
<tr>
<td>Combined Freshman Room &amp; Board Rate Increase</td>
<td>$370</td>
</tr>
</tbody>
</table>
The Finance & Land Use Committee recommends the Board of Visitors approve the proposed FY 2019 Room and Board rates.

MOTION: ______________________

SECOND: ______________________
Debt policy compliance
Annual Debt Policy Compliance

Benchmark: Moody's Public University 2016 Medians By Blended “A” Rating Category

Annual Debt Policy Compliance

- **Annual Days Cash on Hand** (Annual Liquidity/Operating Expense)
  - 2012: 68
  - 2013: 72
  - 2014: 85
  - 2015: 104
  - 2016: 132
  - 2017: 168

- **Debt Service Coverage** (Operating Surplus/Debt Service)
  - 2012: 1.24
  - 2013: 1.35
  - 2014: 1.71
  - 2015: 1.51
  - 2016: 2.01
  - 2017: 2.5

- **Debt Service to Operations** (Debt Service/Operating Expenses)
  - 2012: 8.2%
  - 2013: 8.3%
  - 2014: 8.2%
  - 2015: 8.1%
  - 2016: 8.1%
  - 2017: 7.6%

- **Operating Reserve** (Spendable Cash & Investments / Operating Expenses)
  - 2012: 0.27
  - 2013: 0.30
  - 2014: 0.35
  - 2015: 0.40
  - 2016: 0.47
  - 2017: 0.57

- **Financial Leverage** (Spendable Cash & Investments / Total Debt)
  - 2012: 0.22
  - 2013: 0.26
  - 2014: 0.33
  - 2015: 0.40
  - 2016: 0.50
  - 2017: 0.65

2017 ratios based on unaudited financials
Enterprise Debt: GMU & GMUF

Principal Balance
Actual & Projected as of 1/31/18

<table>
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<tr>
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<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
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<tr>
<td>GMU Debt</td>
<td>$593</td>
<td>$552</td>
<td>$538</td>
<td>$524</td>
<td>$488</td>
</tr>
<tr>
<td>GMUF Debt</td>
<td>$79</td>
<td>$28</td>
<td>$24</td>
<td>$3</td>
<td>$3</td>
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<tr>
<td>Authorized GMU Debt - Not Issued</td>
<td>$793</td>
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Annual Debt Service
Actual & Projected as of 1/31/18

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<tr>
<td>GMU Debt Service</td>
<td>$7</td>
<td>$7</td>
<td>$6</td>
<td>$5</td>
<td>$5</td>
</tr>
<tr>
<td>GMUF Debt Service</td>
<td>$62</td>
<td>$59</td>
<td>$60</td>
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dollars in millions
The Finance & Land Use Committee recommends the Board of Visitors resolve the University is in compliance with the current debt policy, and approve the updated policy as found in the Board Book.

MOTION: ______________________

SECOND: ______________________
Human Resources and Payroll update
Human Resources and Payroll
Numbers from Calendar 2017

- Approximately 10,600 Total Workforce
- 4,000 Benefited Faculty/Staff
- 3,000+ employee contacts by Reward & Recognition and Life-Work Connections
- 21% Increase in Flexible Work Agreements between 2014 and 2017
- 14,529 W2s issued in 2017
- 24 Employee Types
- 200+ Trainings and Organizational Development Events
- ~44,000 Job Applications
- 4,900+ Background Checks completed
- 3,000+ employee contacts by Reward & Recognition and Life-Work Connections
- 200+ Trainings and Organizational Development Events
- 14,529 W2s issued in 2017
- 24 Employee Types
- 4,900+ Background Checks completed
- ~44,000 Job Applications

WorldatWork 2017 SEAL OF DISTINCTION

George Mason University
HR & Payroll Functions

- Workforce Planning
- Talent Acquisition
- HR Consultants
- NEW Center
- Benefits
- ODLC
- CDC
- Recognition & Life/Work Connections
- Strategic Communications
- Employee Relations
- Payroll
- HRIS
Aligning the needs and priorities of the university with those of its workforce to ensure Mason meets its regulatory, budgetary, and organizational objectives while providing support and compensation strategies.

Examples of regulations
- Fair Labor Standards Act (FLSA)
- Affordable Care Act (ACA)
- Department of Human Resource Management (DHRM) policies
- JLARC, Span of Control
Offering exemplary customer service, benefits, and leave resources for faculty and staff.

- **Retirement:**
  - 4 VRS administered retirement plans
  - 2 University sponsored plans
  - 2 Supplemental Plans

- **Leave and Absence Management:**
  - 2 Short & Long-term Disability
  - Parental Leave
  - Workers’ Compensation

- **Commonwealth of VA Health Care Program:**
  - 5 health plan options, +2 dental options
  - Flexible Spending Accounts
  - Employee Assistance Programs

Examples of regulations
- Family and Medical Leave Act (FMLA)
- Affordable Care Act
- Health Care Continuation (COBRA)
- Virginia Sickness and Disability Program
HR & Payroll Functions

Delivering timely and correct pay, benefits, and tax payments.

• Wages & Payroll:
  • 250,000 payments
  • 5,400 pay and leave manual adjustments
  • 1,560 earnings adjustments
  • 80,000 timesheets processed

• Taxes:
  • 26 States
  • 7 Countries
  • 30 special state withholdings for military spouses

• Vendor Relationships:
  • 80+ vendors
  • $44.3 million deductions from pay, excluding taxes

Examples of regulations
• Multiple State Tax Codes
• H.R.1 – Tax Cuts and Jobs Act
• IRS Tax Code
• Consumer Credit Protection Act
“I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel.”

-Maya Angelou
HR & Payroll Contributions to Mason’s Values

“We Thrive Together”
We foster civility and the well-being of faculty and staff

“Innovation is Our Tradition”
We endeavor to generate trends rather than following them

“We Act With Integrity”
HR & Payroll is built on the foundation of integrity and ethics

“We Are Careful Stewards”
Our sensitive and confidential data are vital to us

“Diversity is Our Strength”
Diversity and inclusion enhances work experience and community
# HR & Payroll’s Role in Well-Being

## Purpose/Career
- Workplace coaching
- Resilience modules & StrengthsFinder
- Rewards and recognition
- Flexible Work Arrangements

## Physical
- Fitness First pilot program
- Physical well-being seminars
- Who’s Walking Wednesday
- Weight Watchers at work discounts

## Financial
- Tuition waivers
- Financial literacy seminars
- Retirement Planning seminars

## Psychological
- Employee Relations assistance
- Bereavement and volunteer service leave
- Employee Assistance Programs

## Social
- Supporting affinity groups for people in similar situations
- Faculty and staff celebrations: University Day & Outstanding Achievements Awards Ceremony

## Community
- Faculty-Staff Enrichment Day
- Child Development Center and Kids Club
- Caregiving support with Sittercity
HR & Payroll

COMING ATTRACTIONS

- Mason HR & Payroll APP
- Learning Management System
- Online Performance Evaluations
- Civility Initiative
- 2018 Quality Work/Life Survey
- Retirement Coaching Program
- Mental Health Support
If you want to go fast, go alone. If you want to go far, go together.

-unknown