

BOARD OF VISITORS

Finance & Land Use Committee



Office of the Executive Vice President | February 23, 2023

Agenda

Financial Matters

A. Financial Update

B. FY 2024 Budget Update

- i. FY 2024 Tuition & Fees
- ii. FY 2024 Room & Board Rates

Appendix I – Capital Projects Review (Stoplight)

Appendix II – Supplemental Financial Information



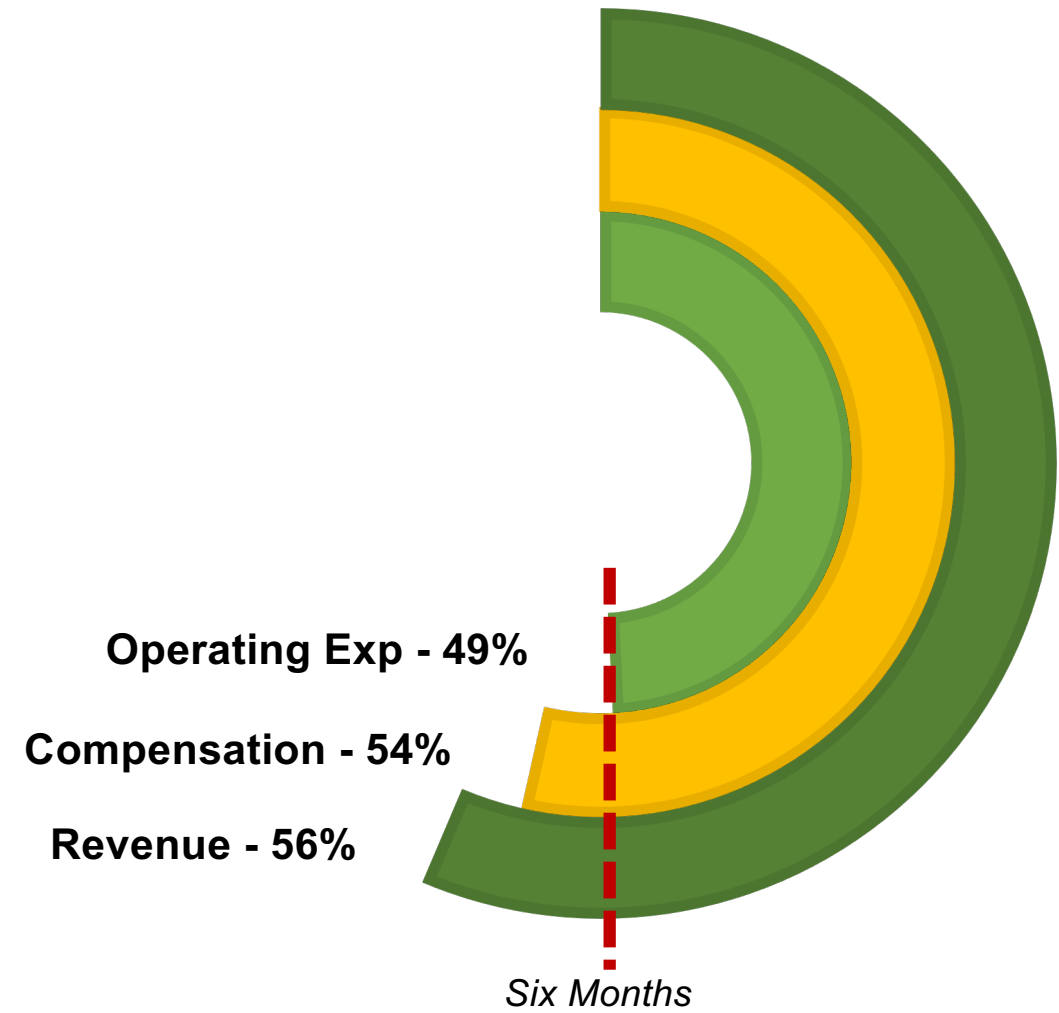
Financial Update

Financial Matters

FY23 Q2 Performance

- Operating revenues in line with budget expectations
- Compensation expense trending above budget
 - Market equity adjustments and additional hiring
 - Net increase of 239 employees to date in FY23
- Other operating expenses in line with budget

FY23 Operating Budget Q2 Year-to-Date



FY23 Q2 Performance

Education & General

- Due to funding disparity, we have historically managed E&G to breakeven using tuition increases, lapsed compensation and one-time funds
- With tuition moderation and as hiring rebounds, unable to rely on this approach to fund core operations and strategic initiatives

Overall Outlook

- Overall finances are strong, allowing funding of initiatives from non-E&G sources
 - Lower projected AE Infrastructure as funds are utilized on priorities
 - Strategic use of fund balance reserves for capital opportunities

Commonwealth Engagement

MASON LOBBIES

Students

Alumni

Senior Leadership



Commonwealth Engagement



Funding Requests

- Funding Disparity down payment (\$18 million)
- Student Innovation Factory (\$30 million)
- Interdisciplinary Science & Engineering Building planning study (\$7.4 million)
- Deferred Maintenance (\$12 million)
- Small Business Development Centers (\$1.25 million)

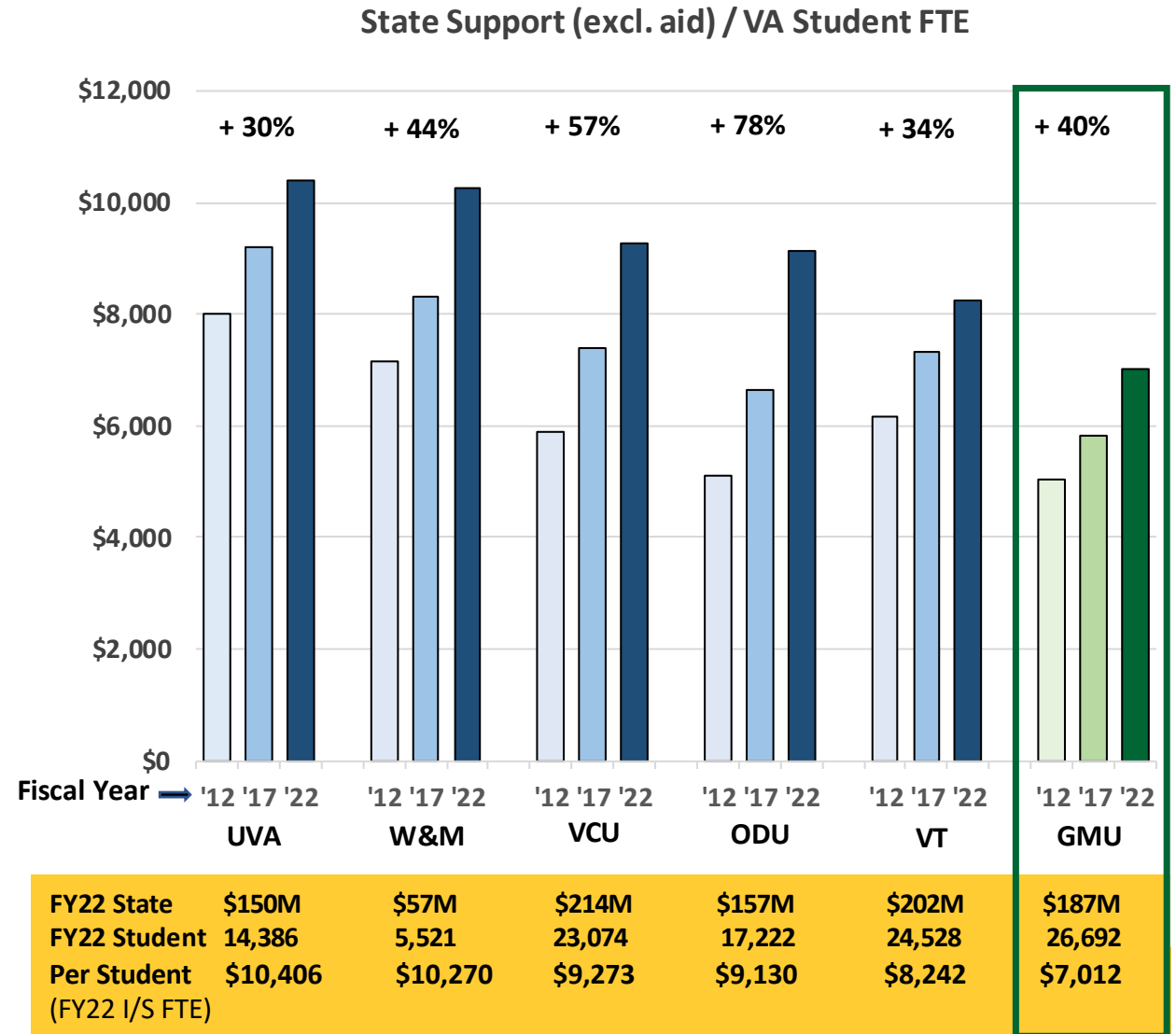
FY24 in-state undergraduate tuition increase will be eliminated pending state approval of Mason's broader funding requests



Funding Disparity

While State support has increased over past decade, it has been at a **lower rate** than most of our **peers**

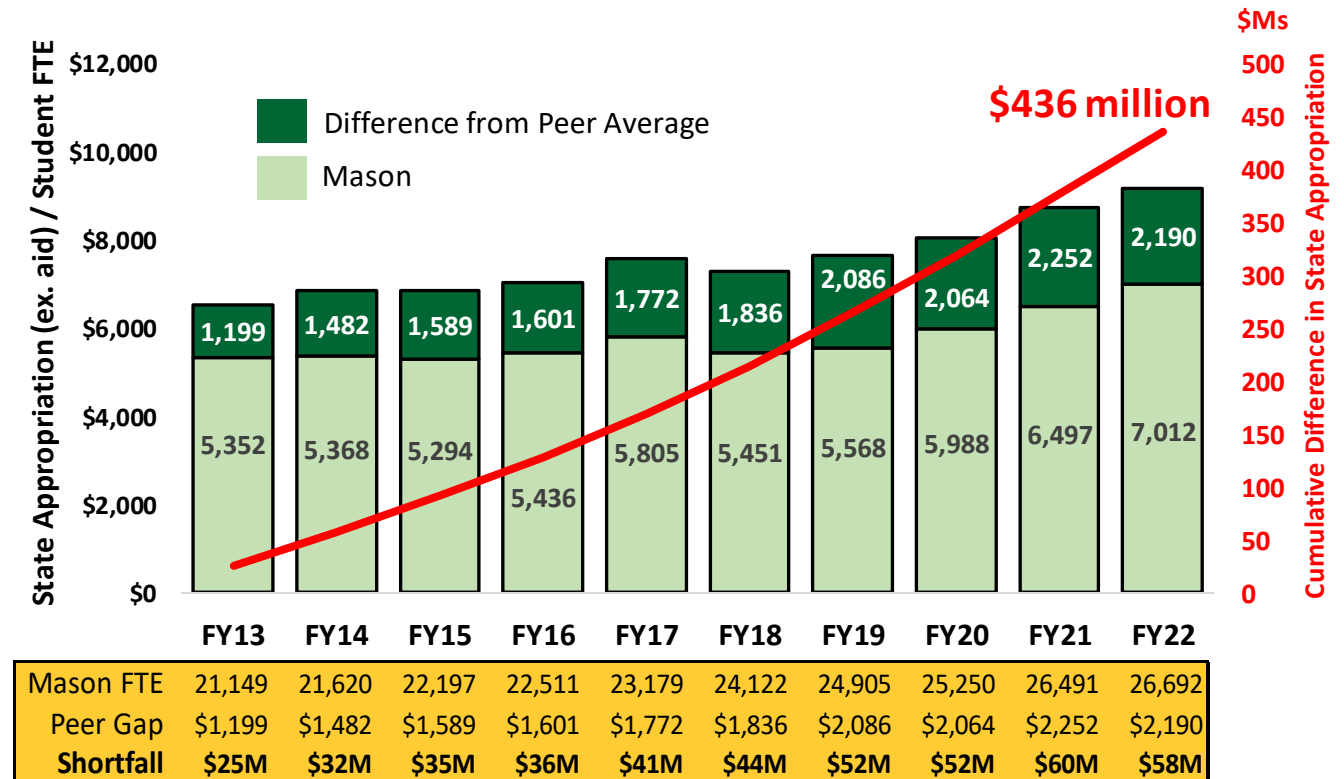
Mason's funding has fallen **further behind** our peers



Funding Disparity

Mason would have received an additional **\$436 million** had we received the **average state appropriation** per in-state student (excluding aid)

\$58 million funding shortfall in FY22



Note: Mason Peer is other Commonwealth Doctoral institutions

Funding Disparity Challenges

- **Virginia Military Survivors & Dependents Education Program – Unfunded Mandate**
 - Expanded eligibility
- **Recent limited tuition increases do not cover needed investments in academic excellence**
- **Merit Increases – Half-funded by Mason**
 - Potential 5-7% increase
- **Contract Escalations**
 - Anticipate up to 13% increases
- **Competitive Compensation**
 - Targeted Adjustments: \$14 million
 - Growing Outstanding Need

S&P Rating Upgrade

- Upgraded GMUF bonds to a higher ratings category: AA-
- Based on Mason's very strong enterprise profile, positive financial performance, and continued growth
- Bonds rated "equivalent to the implied issuer credit rating of the university"
- GMUF taxable refunding revenue bonds:
 - 2017 GMUF Prince William Life Sciences Lab LLC
 - 2020 GMUF Prince William Housing LLC

Capital Funding Update: LSEB

Additional **\$4.67 million** approved

133,000 GSF new building supporting:

- College of Science
- College of Education & Human Development
- College of Engineering & Computing
- College of Visual & Performing Arts



Capital Funding Update: Fuse Building

Additional **\$5.97 million** approved

- \$11.4 million requested
- Mason will fund \$5.43 million balance

Included building enhancements:

- Vernon Smith Hall bridge - \$2 million
- 7th Floor fit-out - \$2.5 million
- 6th Floor fit-out - \$3.5 million
- 1st Floor fit-out - \$1.4 million
- 8th Floor fit-out - \$1 million
- Solar Panels - \$1 million



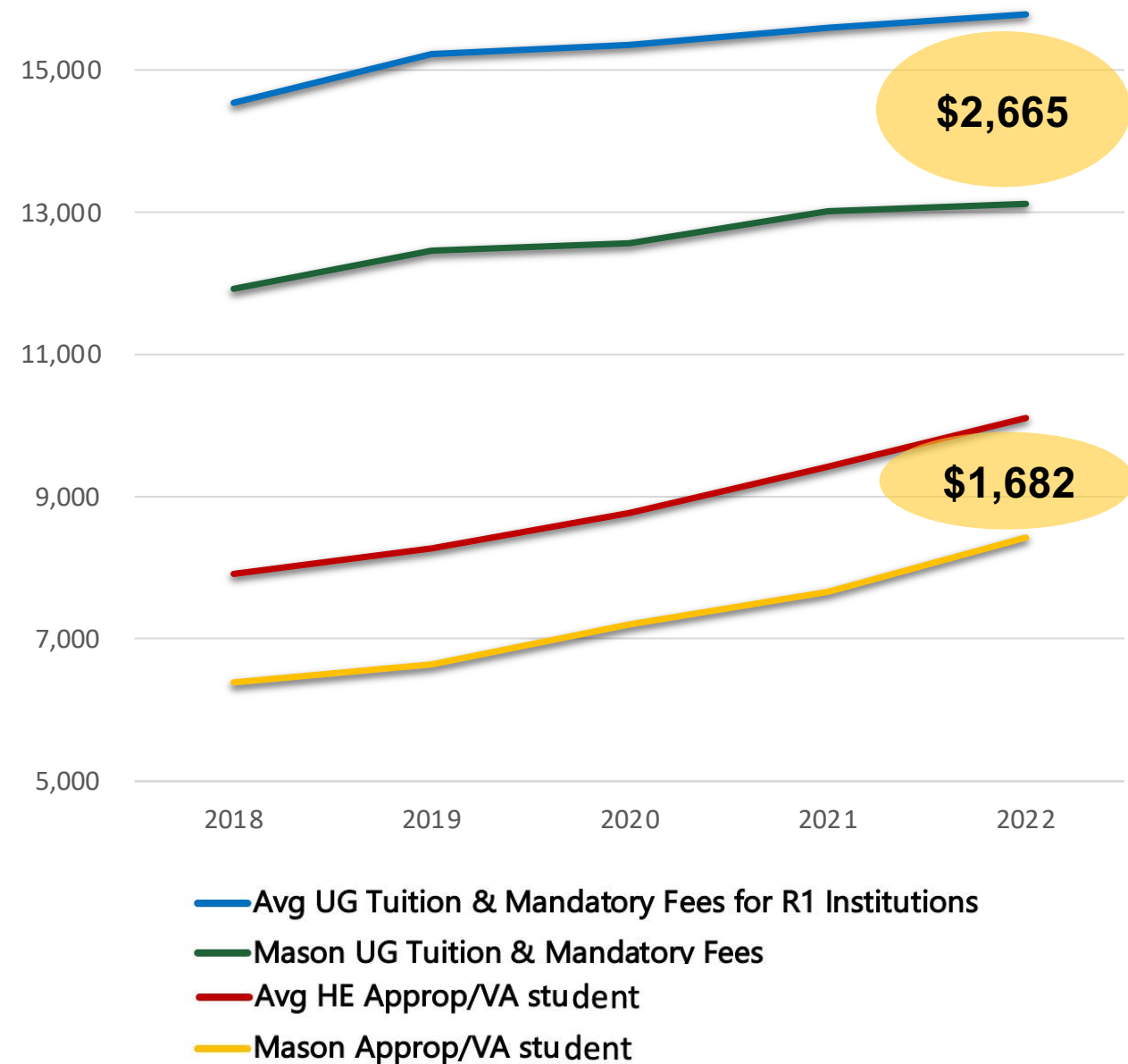


FY 2024 Budget Update: Tuition & Fee Recommendations Financial Matters

Mason Tuition Priorities & Needs

- Mason values **access & affordability**
- Among **lowest in-state tuition** of VA peers, despite **lower State support** per student
- **Limited in-state UG tuition increases**
 - FY22: No increase
 - FY23: Offset by tuition credit
- **High institutional aid** moderates tuition impact
- Tuition funds **employee salaries**

Lower Tuition & Fees Despite Smaller Appropriations



Tuition Recommendation

Flat \$300 increase regardless of student level or residency

Tuition	FY 2023	Increase	FY 2024
In-State, Undergraduate	\$9,795	\$300	\$10,095
Out-of-State, Undergraduate	\$33,959	\$300	\$34,259
In-State, Graduate	\$13,426	\$300	\$13,726
Out-of-State, Graduate	\$35,377	\$300	\$35,677
In-State, Law	\$23,836	\$300	\$24,136
Out-of-State, Law	\$39,684	\$300	\$39,984

FY24 in-state undergraduate tuition increase will be eliminated pending state approval of Mason's broader funding requests

How tuition supports students

- Student Services
 - Coaching & Advising Resources
 - Mental Health Services
 - Regional Campus Services Expansion
- Academic & Campus Life
 - Faculty Hiring
 - Class Sizes
 - Campus Student Programming & Activities
- Enhanced Workforce Development
 - New Innovative Academic Programs
 - Career Service Support
 - Pathway Partnership Programs

Fee Recommendation

3% Mandatory Student Fee increase supports:

- A more tech-enabled student experience (advising, career services, well-being, mental health services, etc.)
- New student experiential learning opportunities
- Deeper and broader student activities, programs and support due to changes in student population
- More efficient and improved operations

Mandatory Student Fees	FY 2023	Increase	FY 2024
Full-Time Student	\$3,609	\$111	\$3,720

FY 2024 Tuition & Fee Recommendation

- Flat \$300 increase for all students
- 3% increase in mandatory student fees

FY24 in-state undergraduate tuition increase will be eliminated pending state approval of Mason's broader funding requests



FY 2024 Budget Update: **Room & Board Recommendations** **Financial Matters**

FY24 Proposed Room & Board Rates

- 2.0% housing rate increase is **minimum to cover current costs and support future renovations**
- 4.5% board rate increase is **based on inflation rate and less than current CPI:**
 - 7.8% - Food Away From Home
 - 11.9% - Food At Home

Freshman Traditional Double & Board	FY23	FY24	\$ Change	% Change
Traditional Double Room Rate	\$7,810	\$7,970	\$160	2.0%
Independence Meal Plan Board Rate	\$5,310	\$5,550	\$240	4.5%
Total Room & Board	\$13,120	\$13,520	\$400	3.0%

Methodology

Housing Rate Recommendations:

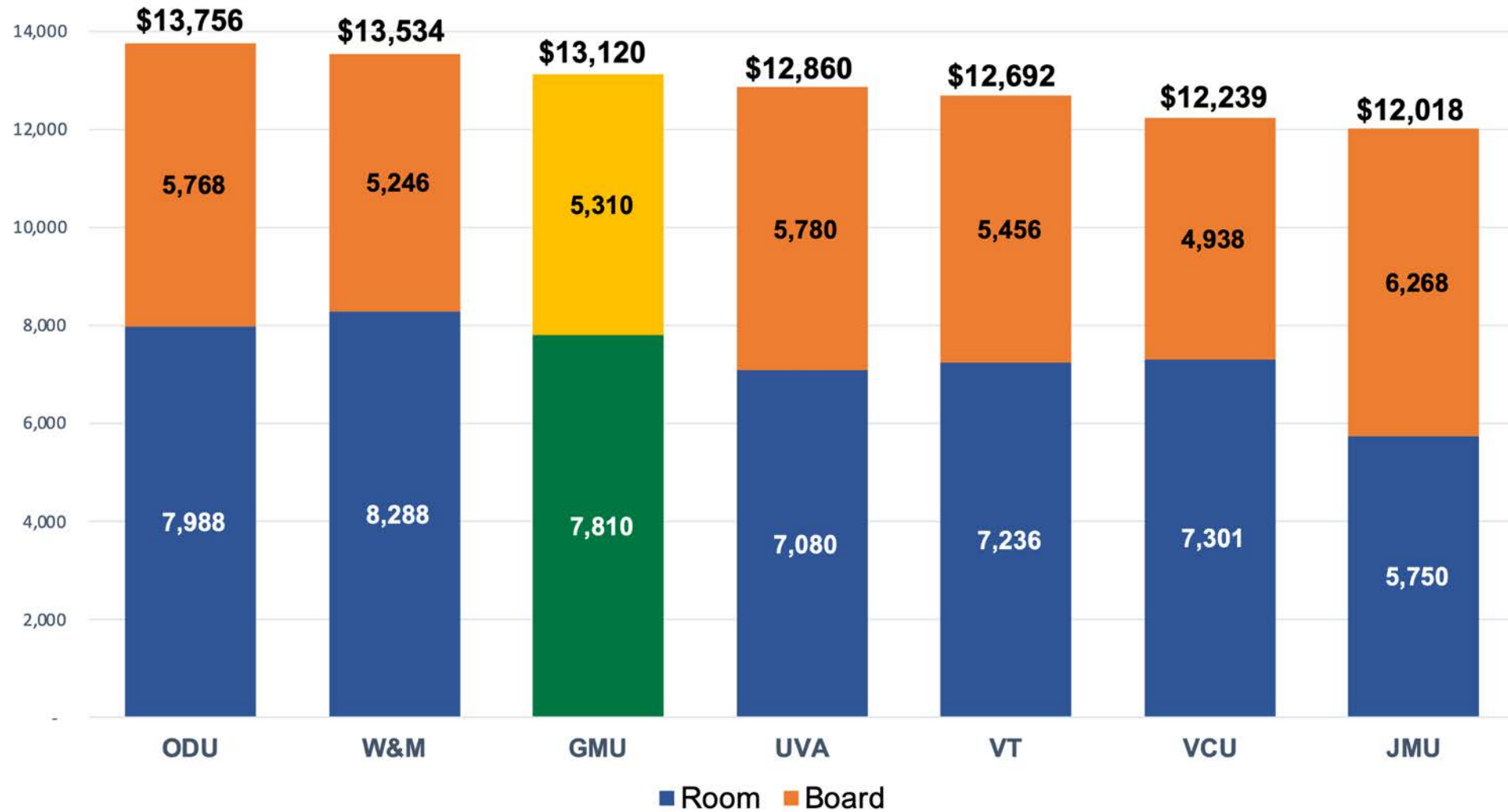
- Overarching mission to maintain an **affordable cost of living on-campus**
- Determine **upcoming financial needs** and an provide support for future operating **inflation**, salary increases, and capital renovation expenditures
- Determine room rates tiered to offerings, **affordability**, and **competitive pricing**

Board Rate Recommendations:

- Board rate increase is driven by **Consumer Price Index**, based on Bureau of Labor Statistics Food-Away-From Home
- 4.5% meal plan increase is less than current CPI rate of 7.8%
- Daily increase per student is \$1.06

Peer FY23 Room & Board Rates

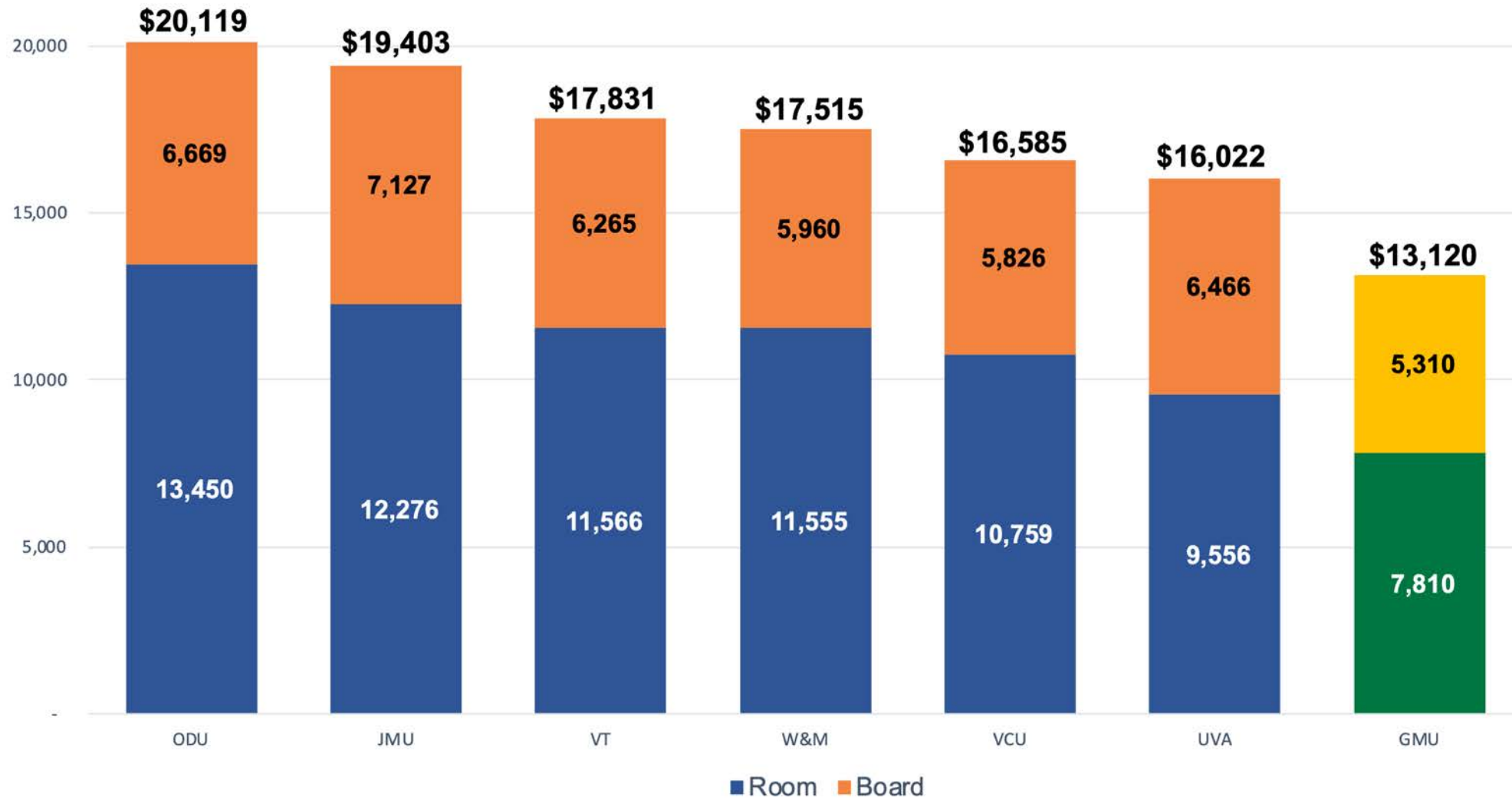
Unadjusted



Mason: \$13,120 (Freshmen Traditional Double & Independence Plan)

Peer FY23 Room & Board Rates

Adjusted for COLA



Mason: \$13,120 (Freshmen Traditional Double & Independence Plan)

FY 2024 Room & Board Recommendation

- 2.0% housing rate increase: \$160
- 4.5% board rate increase: \$240
- 3.0% total room & board increase: \$400

Student & Board Engagement

- **Student Government Hosted Town Hall – March 8**
- **Student Government Leadership Meetings**
- **Open Public Comment Portal**
- **April BOV Public Comment Session**
- **May BOV Meeting**

Commonwealth Engagement





Appendix I

Capital Projects Stoplight

Capital Projects Stoplight Chart

Project #	Project Name	Scope(sf) New	Scope(sf) Reno	Total Budget	Budget Status	Schedule	Scope	Construction Start Date	Occupancy Date	Construction % Complete
Construction										
1	18207-000 Horizon Hall - Core Campus (Renovate Robinson Hall and Harris Theater)	217,726	23,161	\$ 119,931,000				7/1/18	12/31/21	99.0%
2	18208-000 Improve Utility Distribution Infrastructure Fairfax - Core Campus*	0	0	\$ 51,539,000				8/1/18	12/31/21	99.0%
3	18482-000 Institute for Digital InnovAtion (IDIA HQ)	461,066	0	\$ 253,781,941				1/3/22	7/1/25	22.3%
4	18000-000 Life Sciences & Engineering Building - Bull Run Add*	133,300	0	\$ 107,123,650				8/31/22	1/13/25	3.0%
5	18339-000 Telecom Infrastructure Phase 1*	576	0	\$ 10,525,000				9/1/22	9/1/23	1.0%
6	A8247-027 Johnson Center HVAC Repairs	0	348,447	\$ 7,963,005				1/15/23	2/15/25	0.0%
Design										
7	18509-000 Central Heating & Cooling Plant Boiler & Chiller Addition*	0	0	\$ 8,197,000				5/15/23	12/15/25	N/A
8	18529-000 Aquatic & Fitness Center Capital Renewal	0	90,736	\$ 16,500,000				3/1/23	9/1/24	N/A
9	18487-000 Telecom Infrastructure Phase 2	0	0	\$ 23,250,000				4/1/24	9/1/25	N/A
Design Procurement										
10	18593-000 Telecom Infrastructure Phase 3	0	0	\$ 24,000,000				TBD	TBD	N/A
11	221382 Activities Building	24,852	0	\$ 11,000,000				TBD	TBD	N/A
Acquisition										
12	221512 Real Estate Acquisitions	0	0	\$ 20,000,000				N/A	N/A	N/A
Pending Authorization to Proceed										
13	18498-000 Academic VIII*	200,000	0	\$ 185,675,000				TBD	TBD	N/A
14	18471-000 Virtual Online Campus*	0	45,000	\$ 11,000,000				TBD	TBD	N/A
15	18497-000 SCAR Point of View Cottages	TBD	0	\$ 8,000,000				TBD	TBD	N/A
16	17955-000 Construct Student Housing Fairfax PPEA	TBD	0	TBD				TBD	TBD	N/A
17	18117-000 Construct Fairfax Mixed Use Development PPEA	TBD	0	TBD				TBD	TBD	N/A
18	18253-000 Construct Basketball Training, Wrestling, and Athlete Academic Support (RAC Addition)	TBD	TBD	\$ 15,500,000				TBD	TBD	N/A
19	TBD Renovations Concert Hall	0	120,750	\$ 25,000,000				TBD	TBD	N/A
20	TBD Business School Building	200,000	0	\$ 165,000,000				TBD	TBD	N/A
Grand Total This Report		1,237,520	628,094	1,063,985,596						

* Pool Funded Project; will require DPB/DEB approval for release of funds after Preliminary Design

Data as of February 2023

STOPLIGHT KEY	
	Red: Likely to exceed approved budget/schedule/scope
	Yellow: At risk to exceed approved budget/schedule/scope
	Green: Within approved budget/schedule/scope



Appendix II

Supplemental Financial Information

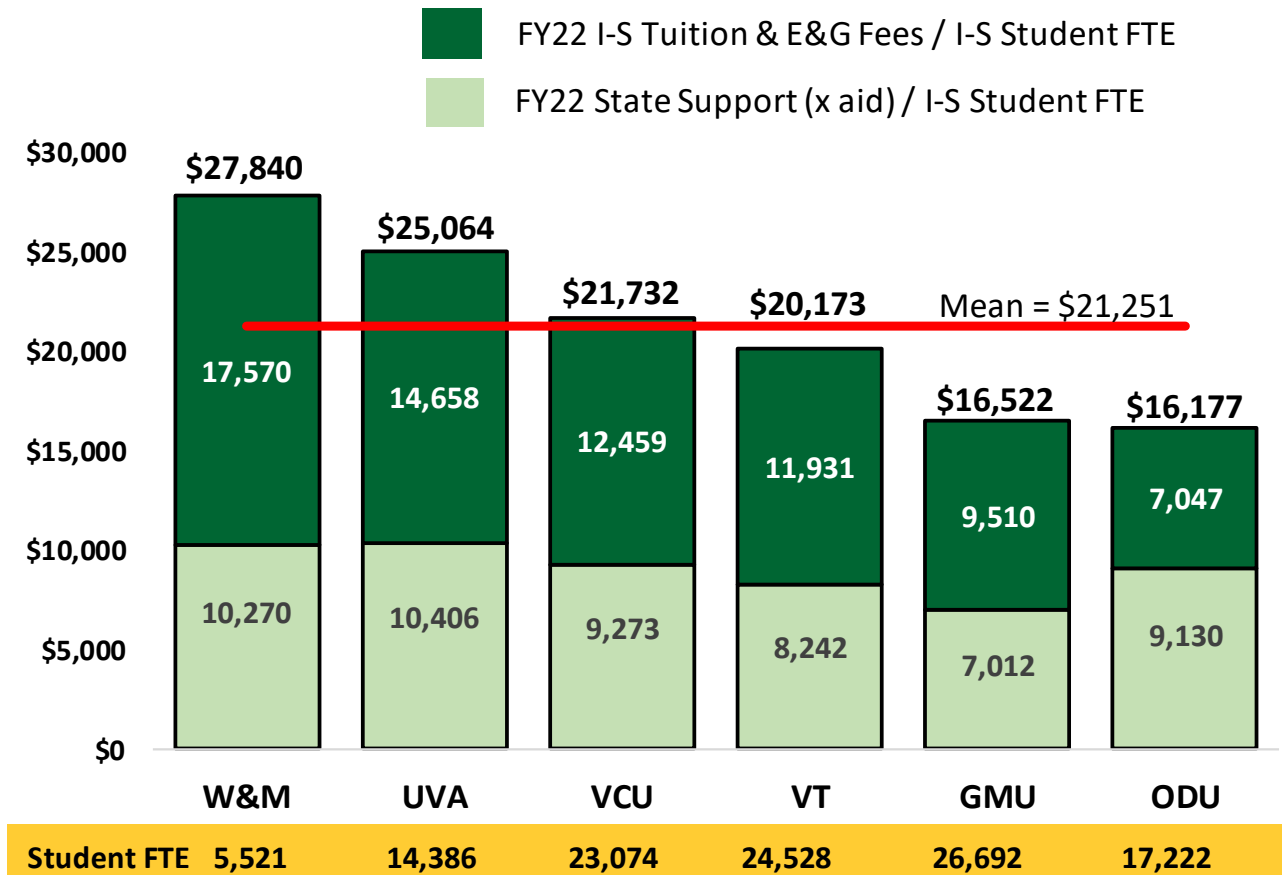
Supporting The Governor's Agenda For Higher Education

- Promote a Vibrant Campus Life
- Maintain Affordability and Reduce the Cost of Higher Education
- Prepare Students For the Increasing Demands of the Knowledge Economy
- Build the College and Career Ready Pipeline in Partnership With K-12 School Divisions and Other Key Stakeholders Through Lab or Innovation Schools

Mason Keeps Tuition Low

When state and tuition funding are combined, Mason is nearly **\$5,000** per in-state student FTE below the mean of five doctoral peer institutions

Mason would need an **11.6%** tuition increase to meet current **\$58 million** gap

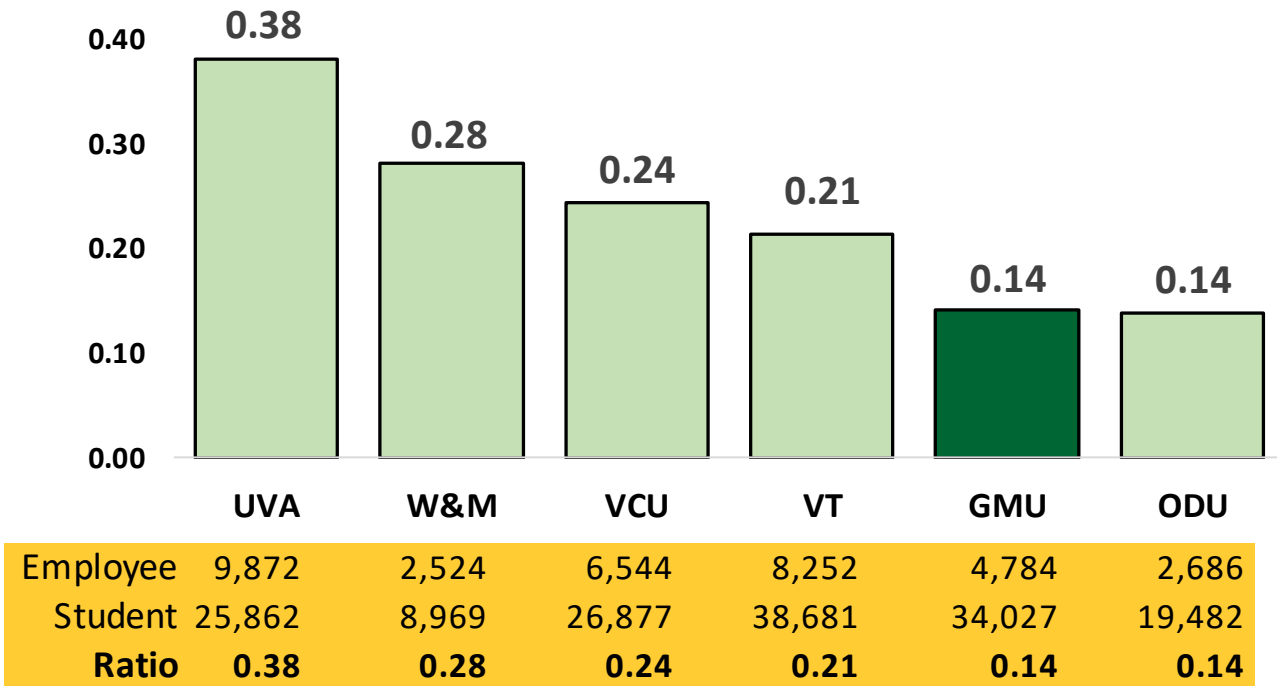


Operational Efficiency

Mason has significantly **fewer employees per student** than nearly all of its Virginia doctoral peers (by FTE)

Mason continues to improve and invest in **operational infrastructure and technology efficiencies**

Total Employee FTE / Total Student FTE



Mason Metric at Full Employment

FY22 Employee FTE	4,529
Vacant Positions With Active Recruitment	498
Critical Hires Beyond Existing Vacancies	89
Full Employment FTE	5,116
Student FTE	34,027
Revised Ratio	0.15