



Growth & Efficiency

Building Financial Sustainability & Effectiveness



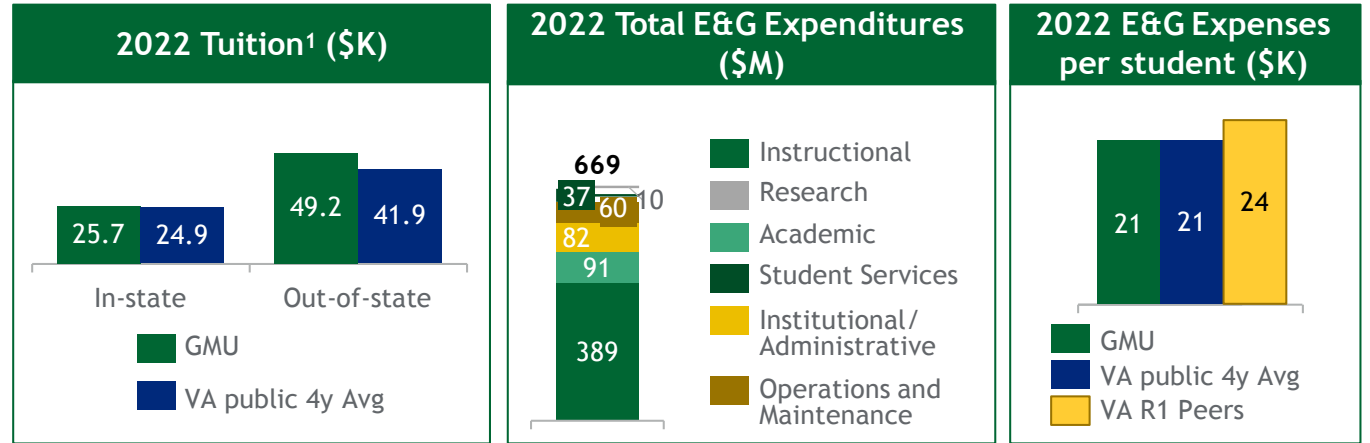
I. Unparalleled Access + Success

Mason Is A Success Story

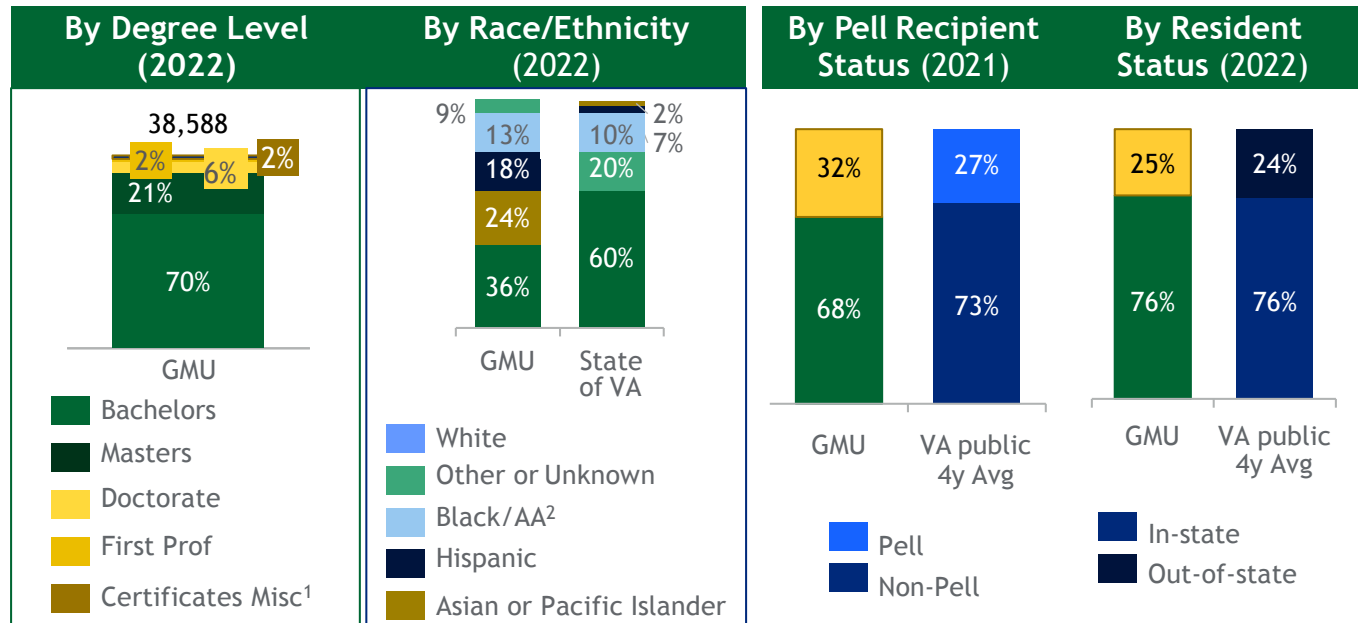
Highlights from Six-Year Planning Process:

Mason continues to deliver access to excellence for more students with fewer resources than our peers

High-level Financials



Student Population



1. Full-time general UG student charges including tuition, mandatory fees, and average room & board
 2. African-American Source: SCHEV TF01 report

Better Results With Fewer Resources

Enrollment volume & composition

Current enrollment: 37K students in Fall 2022

- 25% lower-income students in 2021 (10 percentage point increase from 2011)
- 91% acceptance rate in 2022 (+3.75% CAGR since 2012)
- 22% yield in 2022 (-2.72% CAGR since 2012)

+2.2%

Annual growth in enrollment over 10 years

Program alignment & performance

Current 6-year graduation rate: 69% for freshman cohort of 2016

- 4.4 year avg time-to-degree for first-time in college students who graduated in 2022 (0 change since 2013)

+6pp

Increase in 6-yr grad rate over 11 years

Current median wage of BA/MA graduates 3-years post-graduation: \$59K/\$73K (vs. \$35K for those with only a high school degree or equivalent)

- 1% difference in median wages for Pell graduates and non-Pell graduates

+3.9%

Growth in wages of BA graduates over 9 years

Financial effectiveness & sustainability

Current cost of attendance: \$30.7K in 2022

- \$5.8K annual borrowing per full-time student (2.4% annual borrowing since 2013)

+2.5%

Annual growth in student attendance cost over 10 years

Current revenue mix: GF is 27% of E&G revenue (\$188M) in 2022; 5.8% annual growth since 2013

- \$505M of Non-GF E&G total in 2022 (73% of total revenue); 5.6% annual growth since 2013
- 15% discount rate in 2022 (4 percentage point increase since 2014)

+0pp

Growth in share of rev. from Gen. Fund over 10 years

Current per student expenditure: \$26K in 2022

- \$832M total expenditure in 2022 (+4.1% annual growth since 2015; +2.6% since 2019)
- 3.2 composite financial index ratio in 2021 vs. 3.0 benchmark (increase of 1.76 since 2015)

+2.2%

Annual growth in per-student expenditure over 10 years

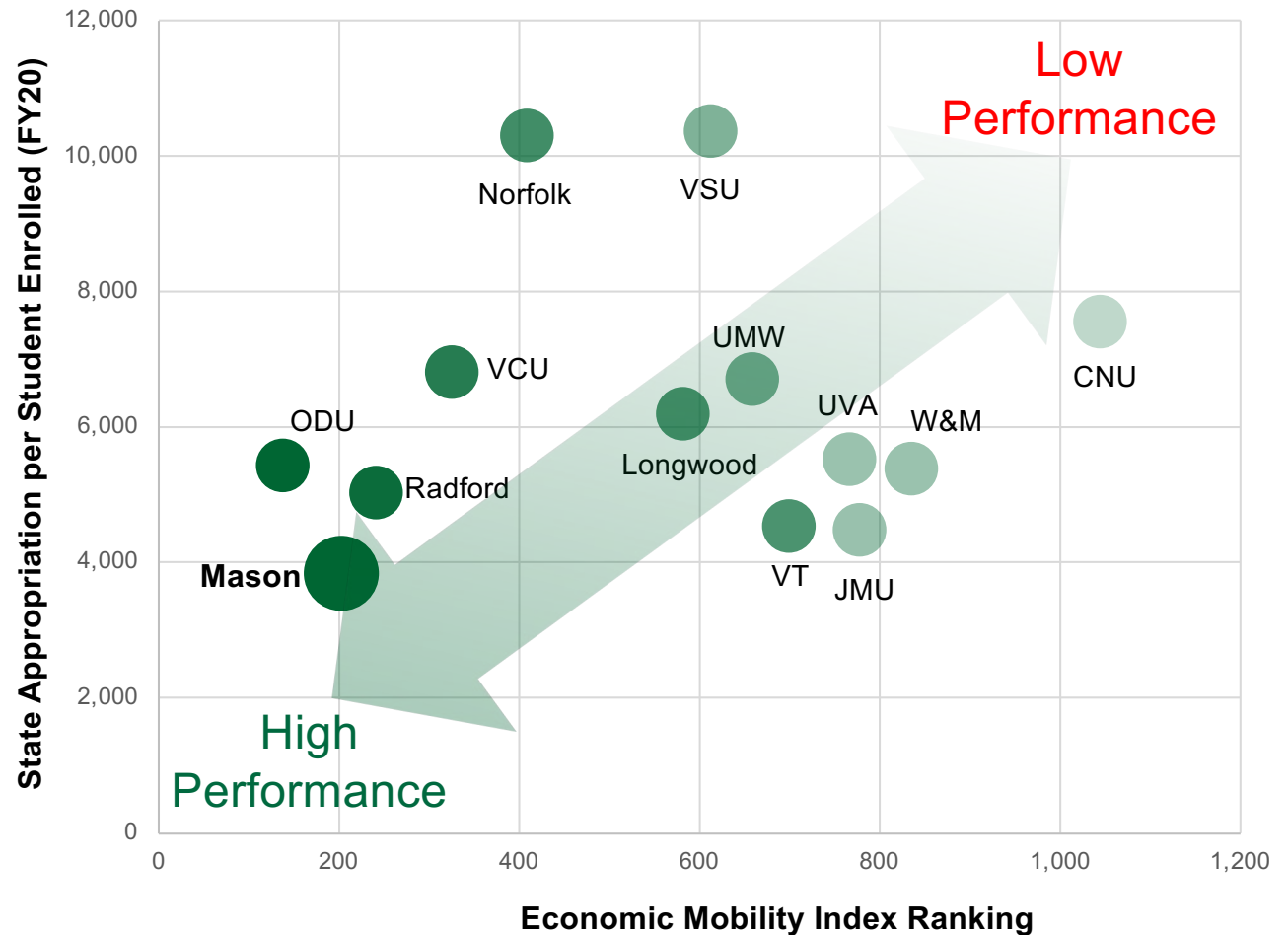
Delivering Economic Mobility & Development

Mason provides the second highest economic mobility among all Virginia institutions

However, Mason has the best performance when comparing economic mobility and funding per student

Mason grads stay in Virginia:

- 73% in-state
- 29% out-of-state



Economic mobility is based on volume of Pell students and the success at graduating those students

Supporting All Virginia Learners

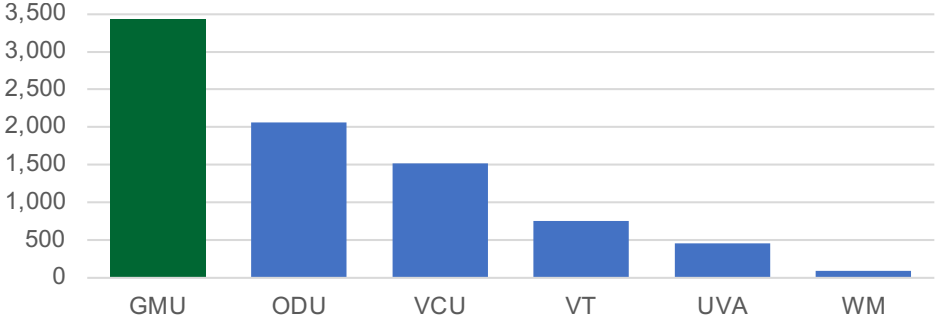
Through a variety of programs and pathways, Mason provides access and opportunity for nontraditional students of all demographics



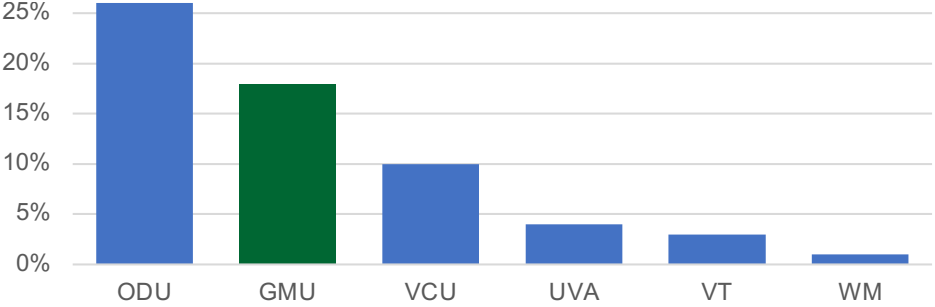
MASON LIFE PROGRAM



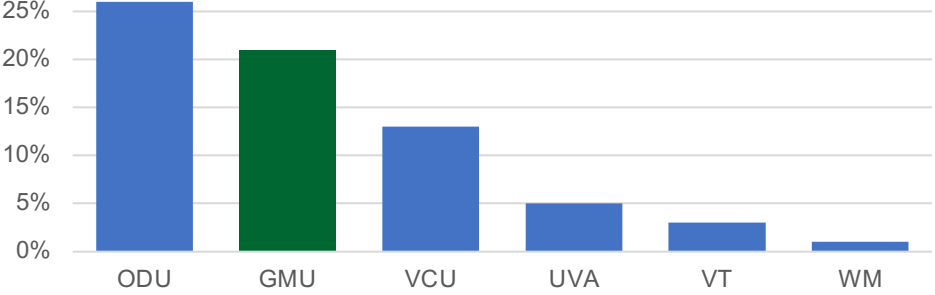
Transfer Students



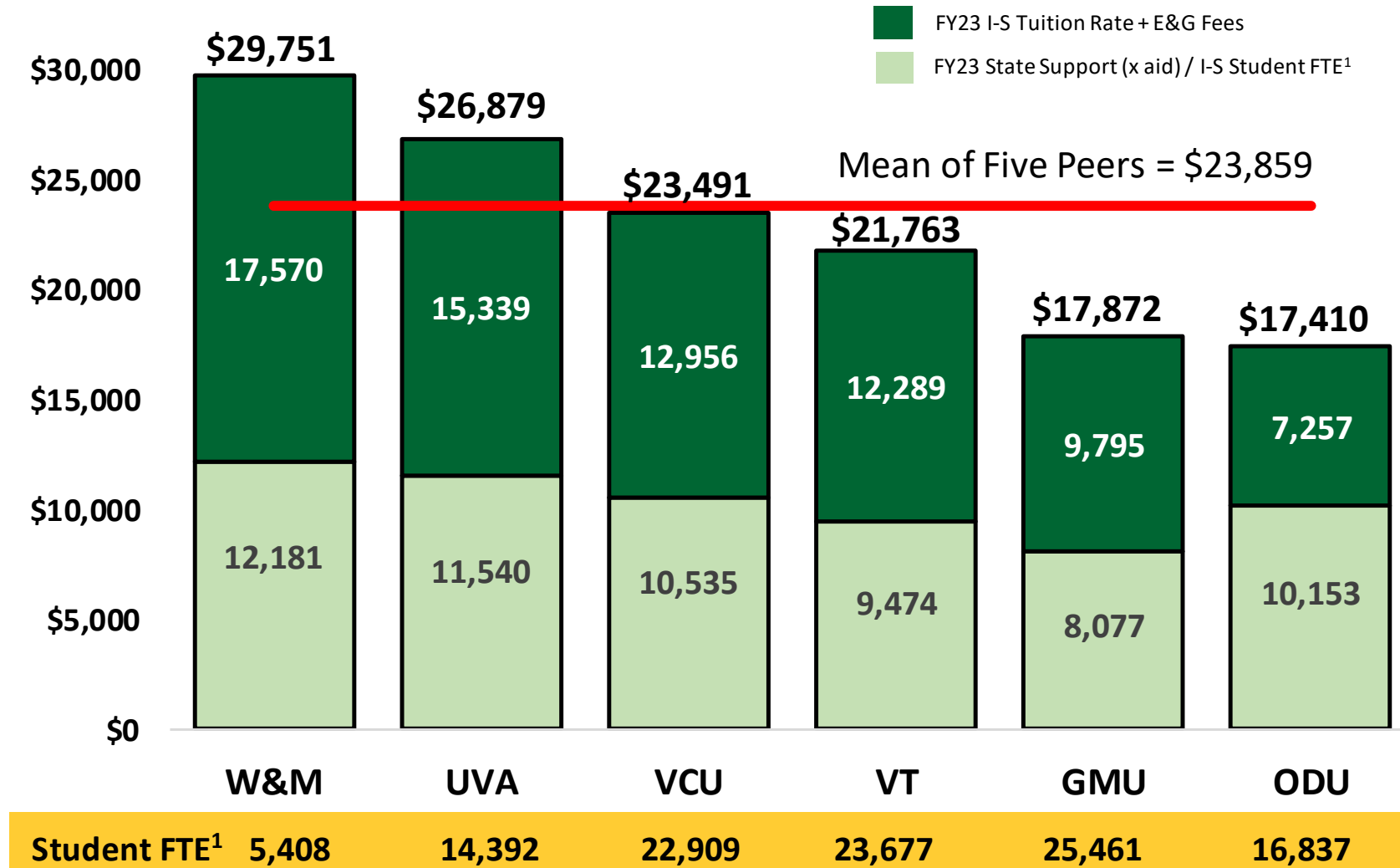
% Undergrads Over 25 Years Old



% Part-time Undergrads



Maintaining Affordability

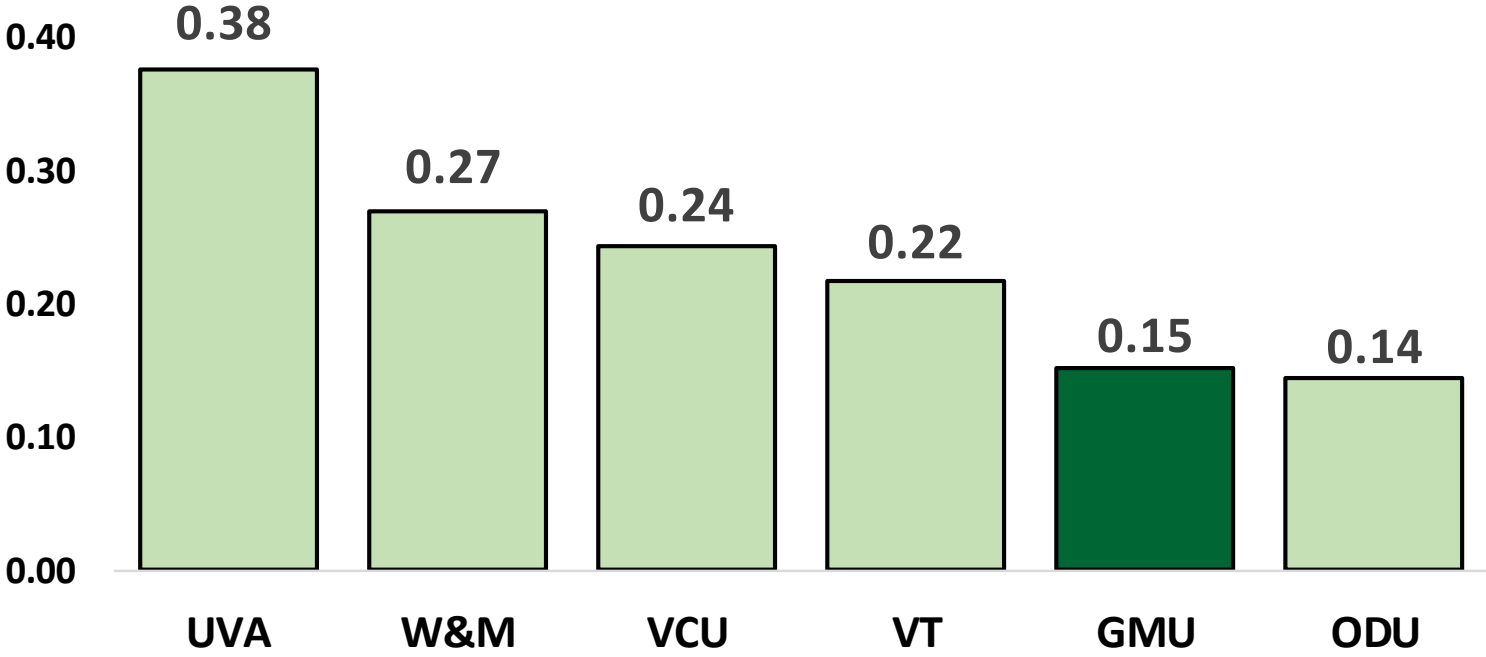


When state and tuition funding are combined, Mason is nearly \$6,000 per in-state student FTE below the mean of five doctoral peer institutions

(1) I-S Student FTE is based on FY22 enrollment. The update for FY23 will be available in the Fall.

Operational Efficiency

Total Employee FTE / Total Student FTE



	UVA	W&M	VCU	VT	GMU	ODU
Employee	9,792	2,463	6,481	8,240	4,898	2,738
Student	26,070	9,124	26,730	37,981	32,344	18,891
Ratio	0.38	0.27	0.24	0.22	0.15	0.14

Mason has significantly fewer employees per student than nearly all Virginia doctoral peers

But this level of leanness is not sustainable

Source: Employee FTE for FY21 from IPEDS (Integrated Postsecondary Education Data System)



Mason's current operations have grown too lean. Coupled with rising costs of service delivery, this is not sustainable.

Approved FY2024 Operating Budget

- **Mason budget scenarios approved in May**
 - \$300 tuition increase
 - 3% fee increase
 - 3% blended room & board increase
 - Baseline projects \$41M E&G shortfall, with total Operating at \$32M shortfall
- **Final Mason budget expected in Fall**
 - Pending Commonwealth budget
 - BOV approval of any significant adjustments to approved scenarios

FY24 Proposed Budget Scenarios: Operating*

Cash basis (\$Ms)	FY 2022 Actual	FY 2023 3Q Forecast with Masonvale	Scenario #1	Scenario #2	Scenario #3
			FY 2024 Proposed (Baseline)	FY 2024 Proposed (Worst)	FY 2024 Proposed (Best)
Revenues					
Net Tuition and Fees	466	489	512	504	508
State Appropriations	251	269	310	316	351
Grants & Contracts	236	240	256	256	256
Auxiliary Enterprises	233	250	257	257	257
Other Operating Revenue	13	21	17	17	17
<u>Non-Operating Revenue:</u>					
Relief Funding	40	46	0	0	0
Total Revenues	1,239	1,316	1,352	1,350	1,390
Expenses					
Salaries and Wages	526	595	634	645	645
Fringe Benefits	149	168	186	189	189
Contractual Services	187	197	208	208	208
Travel	13	20	21	21	21
Supplies	26	27	28	28	28
Equipment	23	20	21	21	21
Capital Expenditures	0	3	3	3	3
Scholarships & Fellowships	168	164	182	182	182
Occupancy	46	44	45	45	45
Transfers-Capital Projects/Debt	24	134	58	58	58
Total Expenses	1,161	1,372	1,384	1,400	1,400
Margin	78	(57)	(32)	(50)	(11)
Balancing Mitigation Strategies	-	57	32	50	11
Adjusted Shortfall	0	0	0	0	0

Key Takeaways

- FY22 positive margin supported by COVID Funding and Debt Service relief
- Increasing compensation due to filling vacancies at market rate and adding staff to meet previous enrollment growth
- Stress on future budgets due to:
 - Inflationary pressure
 - Salary increases
 - Limited tuition increases
 - Expiration of relief funds

* Operating includes the following funds: Education and General (E&G), Auxiliary Enterprises, Sponsored Research, Indirects, Financial Aid, Other Restricted and Unrestricted.

Operating Challenges & Difficult Decisions

- Mitigating operating shortfall
 - Slowed hiring & spending
 - Reduced spending
 - Reserves are not a sustainable option
- Exploring long term solutions and must make difficult decisions
 - Retirement incentives
 - Reorganizations and reductions
 - Resetting service models
 - Technology support



II. Pathways to Sustainability

1

Efficiency

- Aligning people and technology to improve effectiveness and efficiency

2

Diversification

- Real Estate Acquisitions
- Public Private Partnerships
- Requesting Cash Management

3

State Support

- Funding equity

Efficiency Initiatives

- **Improving efficiency & effectiveness of operational infrastructure to enhance service delivery**
- **Alignment of people & technology through modernization**

Progress
makes
Progress
makes
Progress
makes
Progress
makes
Progress
makes
Progress

- We are entering a period of continuous, iterative improvement
- Mason has historically underinvested in our infrastructure
- Modernizing our systems and processes can help build pathways to sustainability

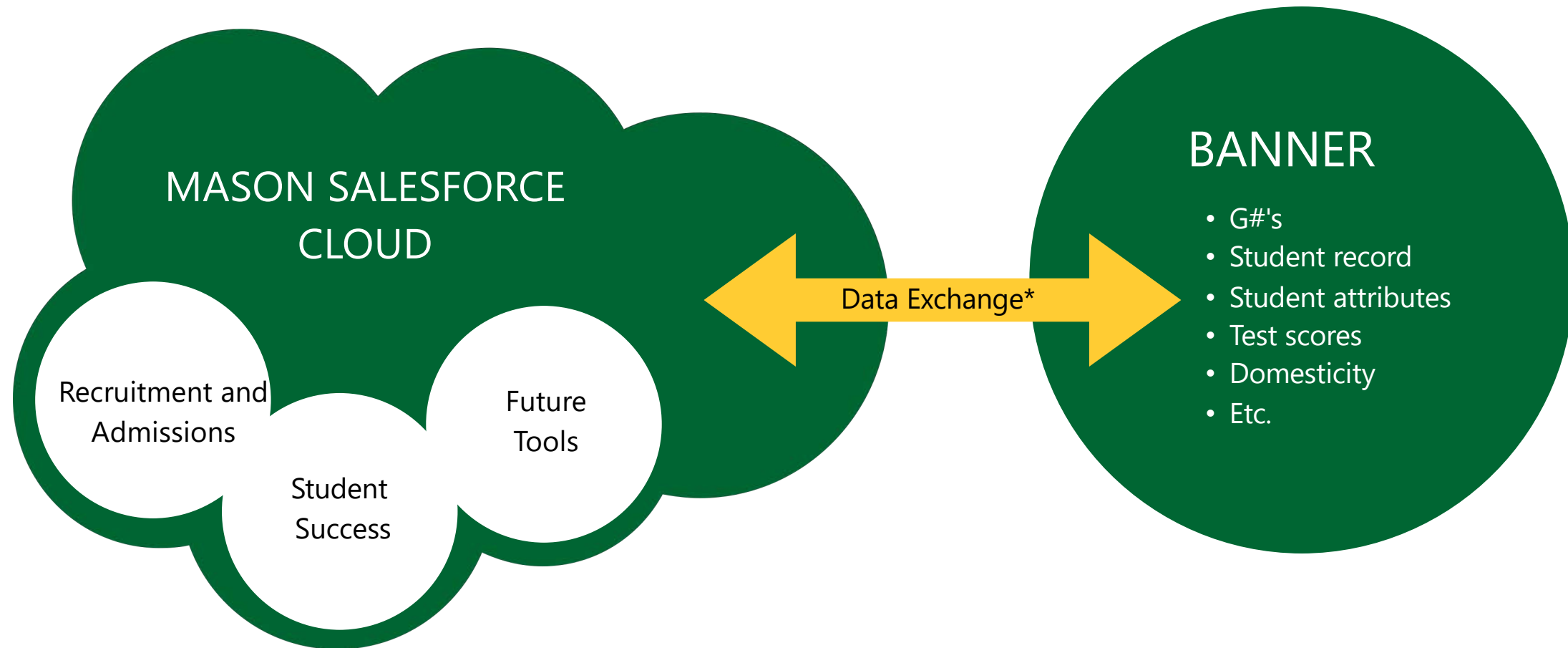
Aligning People + Technology



- **Student Lifecycle Transformation**
- **Research Administration**
- **Learning Management System**
- **Realizing Banner Functionality**
- **Shared Services**
- **Performance Culture**
- **Telecom System**
- **Space Optimization**

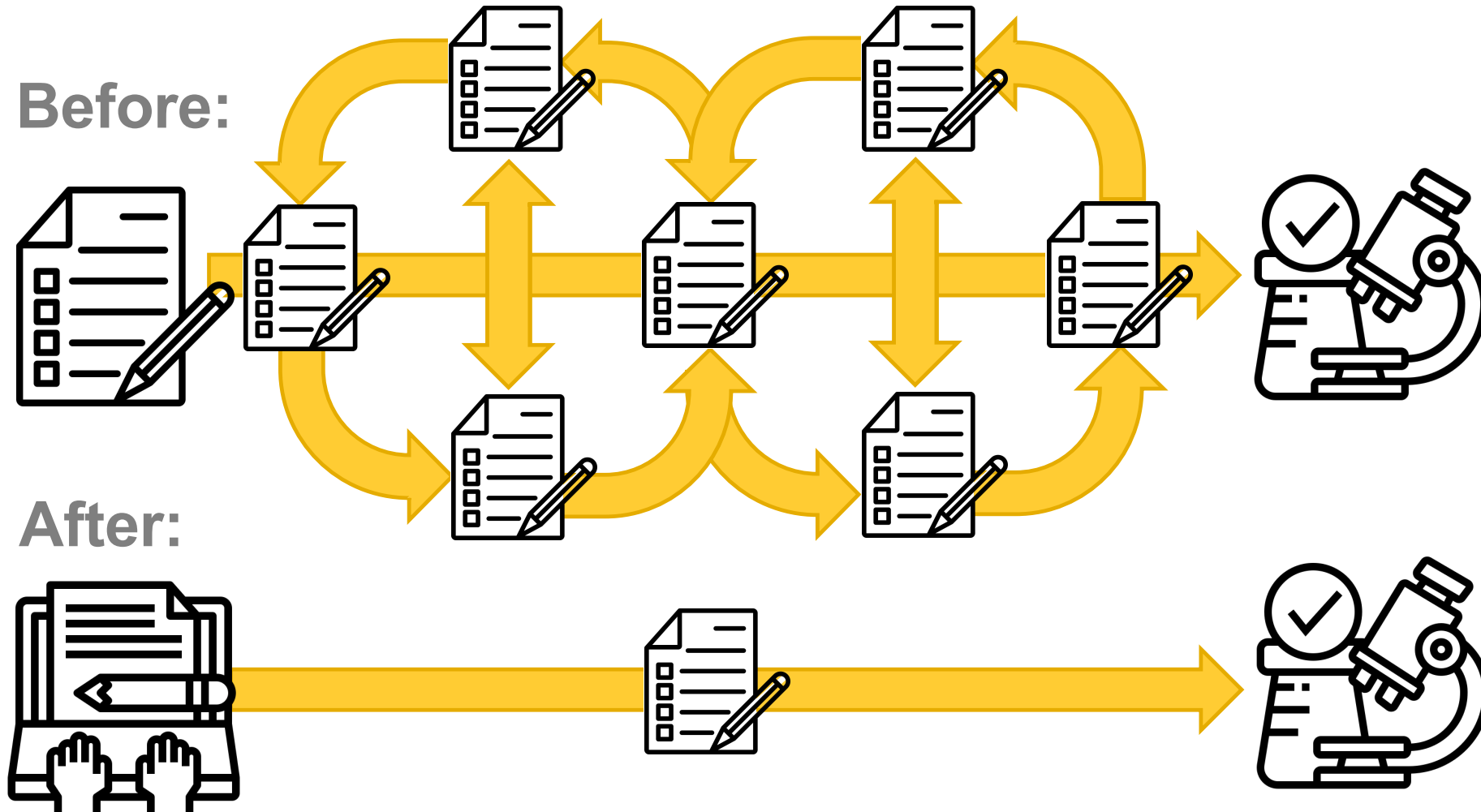
Student Lifecycle Transformation

Salesforce



Modernize the student experience to better enable student success, generate a long-lasting sense of belonging and pride among our students, and improve retention and graduation rates

Research Administration RAMP



Integrated web-based system to support research through streamlined workflows, enhanced reporting, and improved compliance.

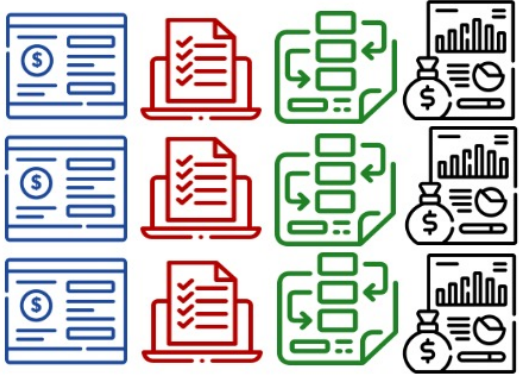
The Foundation for Progress

Chart of Accounts Redesign




Before:



Now:



Next:

-  **Additional Banner Functionality**
-  **Future Budget Model**
-  **Process Automation**

Improve the performance, accuracy and efficiency of Mason's administrative infrastructure

Financial Automation Center of Excellence



Revenue Diversification

- **Pursuit of additional revenue streams**

- **Real Estate Acquisitions**

- **Public Private Partnerships**

- **Requesting Cash Management**

Capital Investment Opportunity

- **Mitigate current shortfall while providing future flexibility and security**
 - Revenue generating
 - Long-term strategic investment
- **Forge strategic partnerships**
 - West Campus development
- **Leveraging existing cash reserves**
 - Higher return on investment given limited cash management authority
 - Auxiliary land and building operations
 - Reduces debt while maintaining balance sheet strength for Mason and Commonwealth

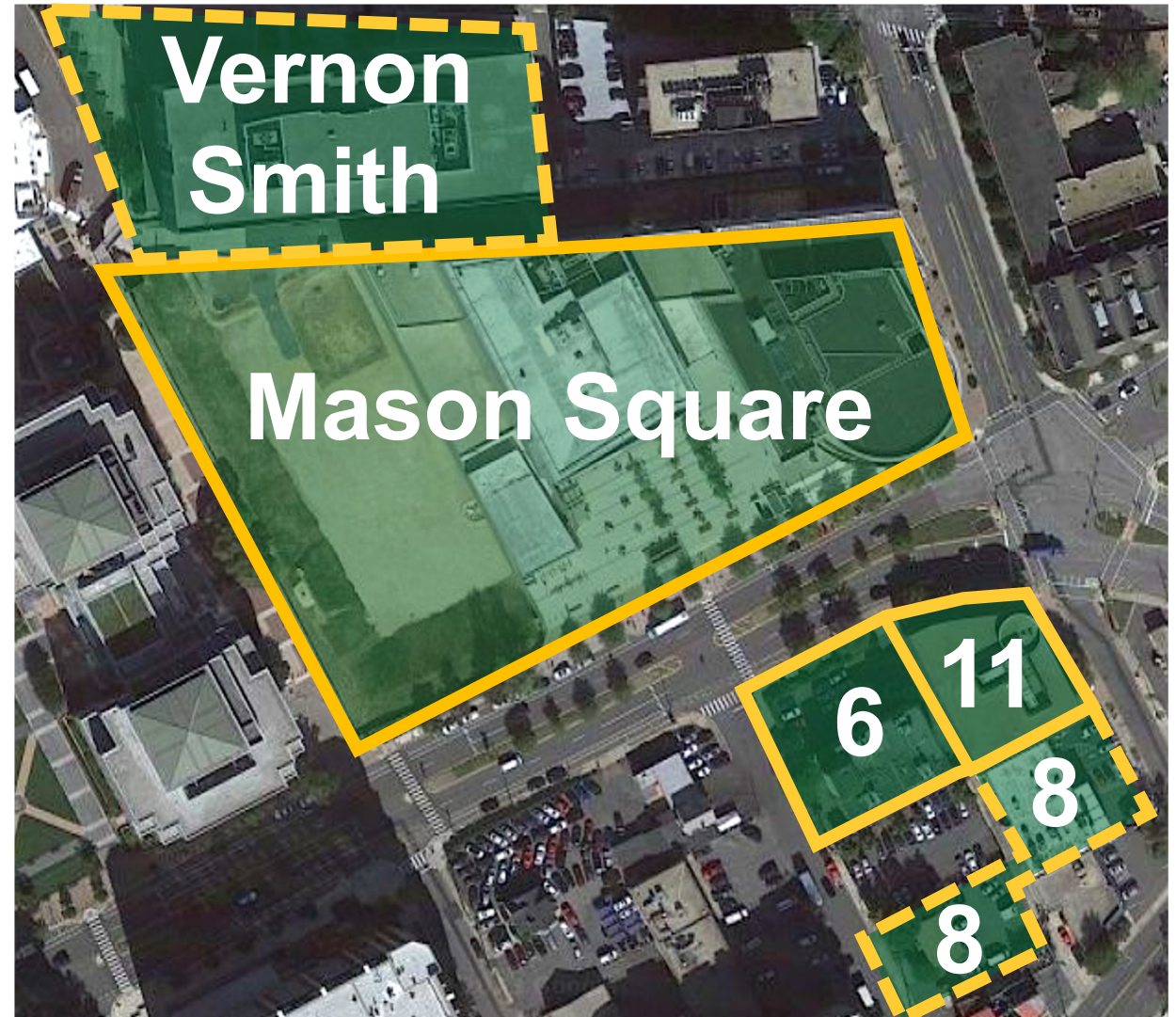
Capital Investment

✓ Masonvale

- *Closed: June 15, 2023*
- Generates \$3.5M annually

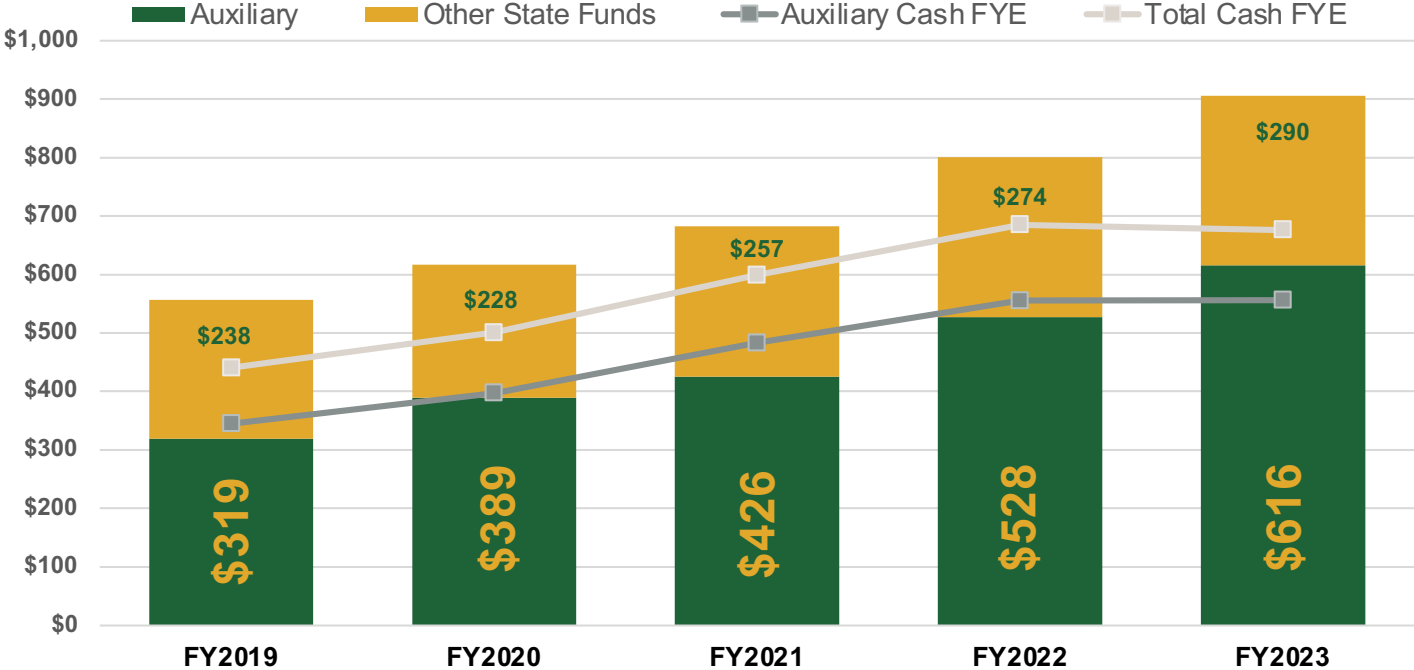
✓ Lots 6 & 11

- *Closed: April 6, 2023*
- Potential Development Opportunity
- **Lot 8** Closing by fall 2023
 - Potential Development Opportunity
- **Vernon Smith Hall (VSH)**
 - Owner: GMU Foundation (GMUF)
 - Submitting due diligence to DPB
 - Will generate \$10M annually



Requesting Cash Management

GMU Average Annual Balances At The State
(Millions)



Aux Interest Income:	\$5.6M	\$8.2M	\$4.3M	\$1.3M	\$11.9M
Effective Rate:	1.8%	2.1%	1.0%	0.3%	1.9%

Strategic accumulation of cash reserves held with the State are earning short-term rates

With cash management, Mason could invest a portion in a diversified portfolio with longer duration for increased yield

Additional revenue could mitigate the budget gap



State Support

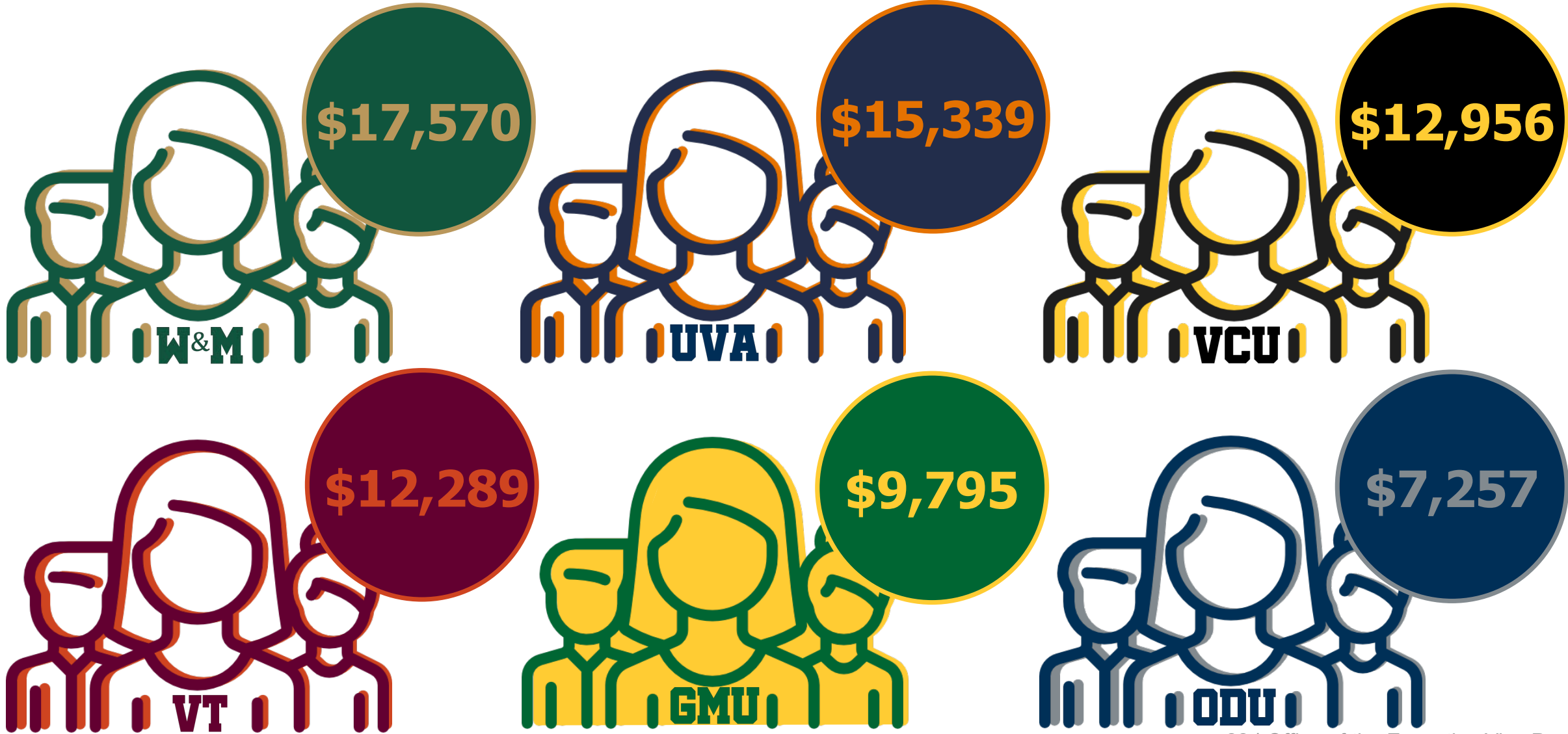
- **Funding equity**

Why Aren't Mason Students Treated Equitably?



Mason is Accessible and Affordable.

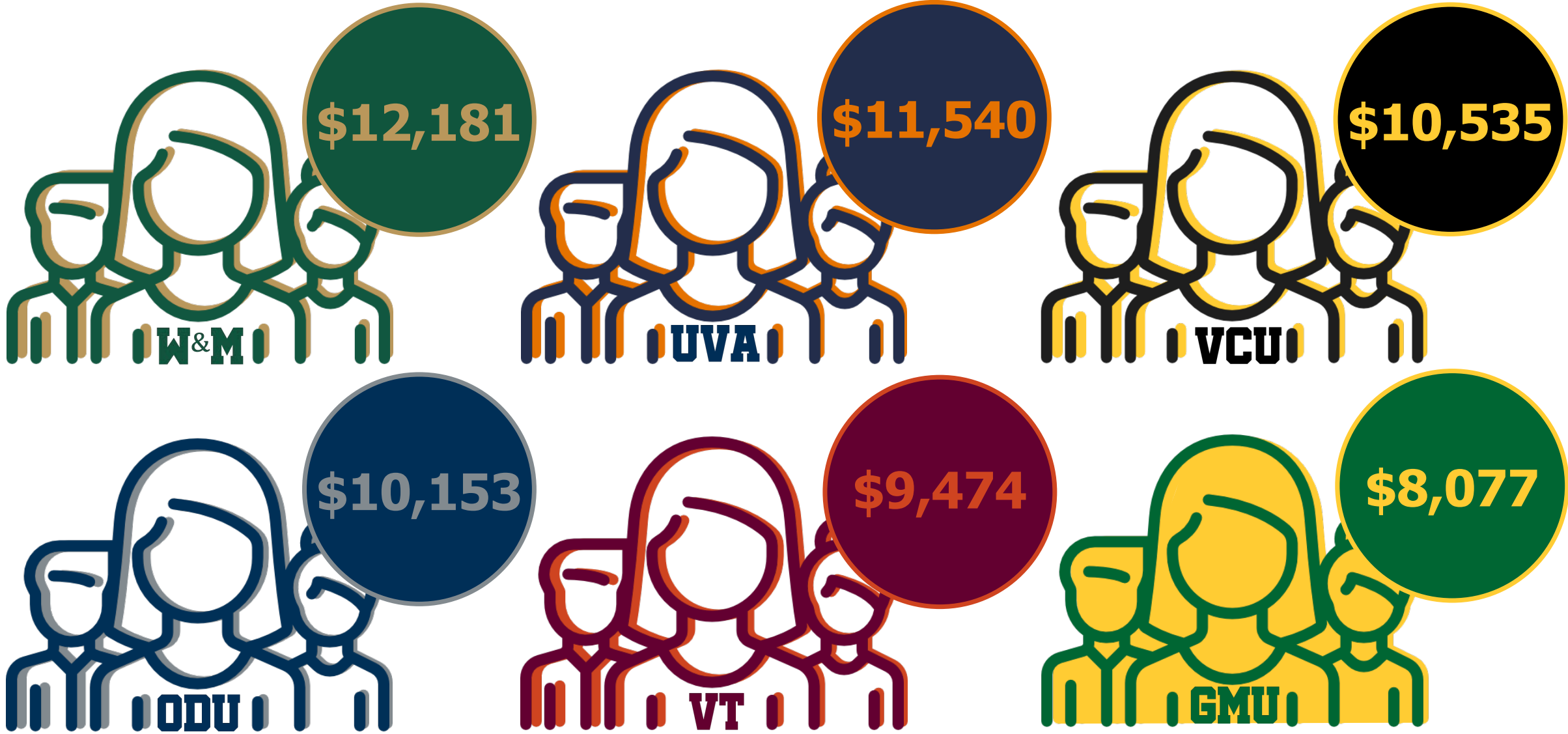
FY23 In-State Undergrad Tuition



Includes mandatory E&G Fees; Does not include mandatory auxiliary fees

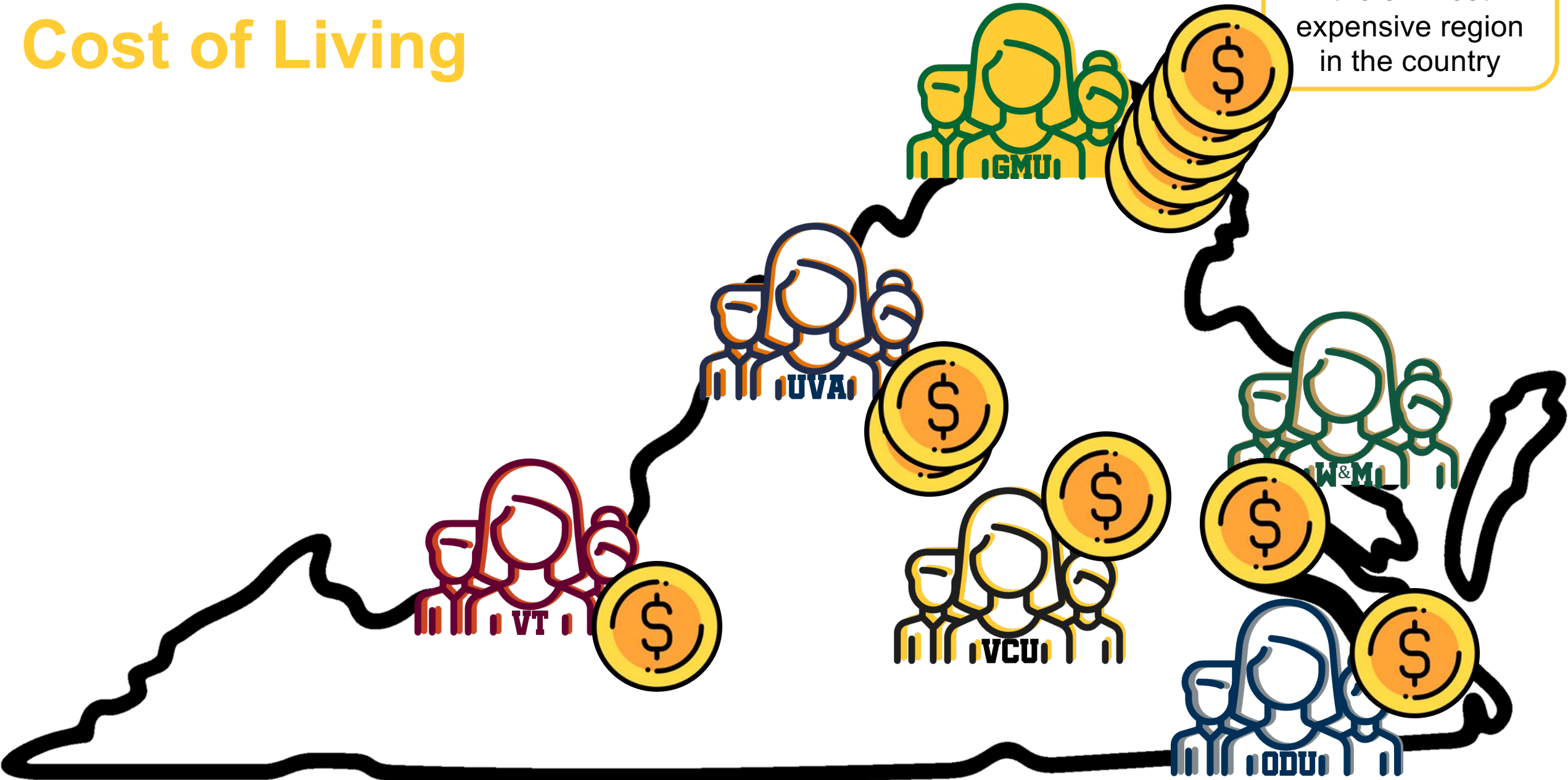
Mason Students Get Less State Support.

FY23 State Appropriations Per Student



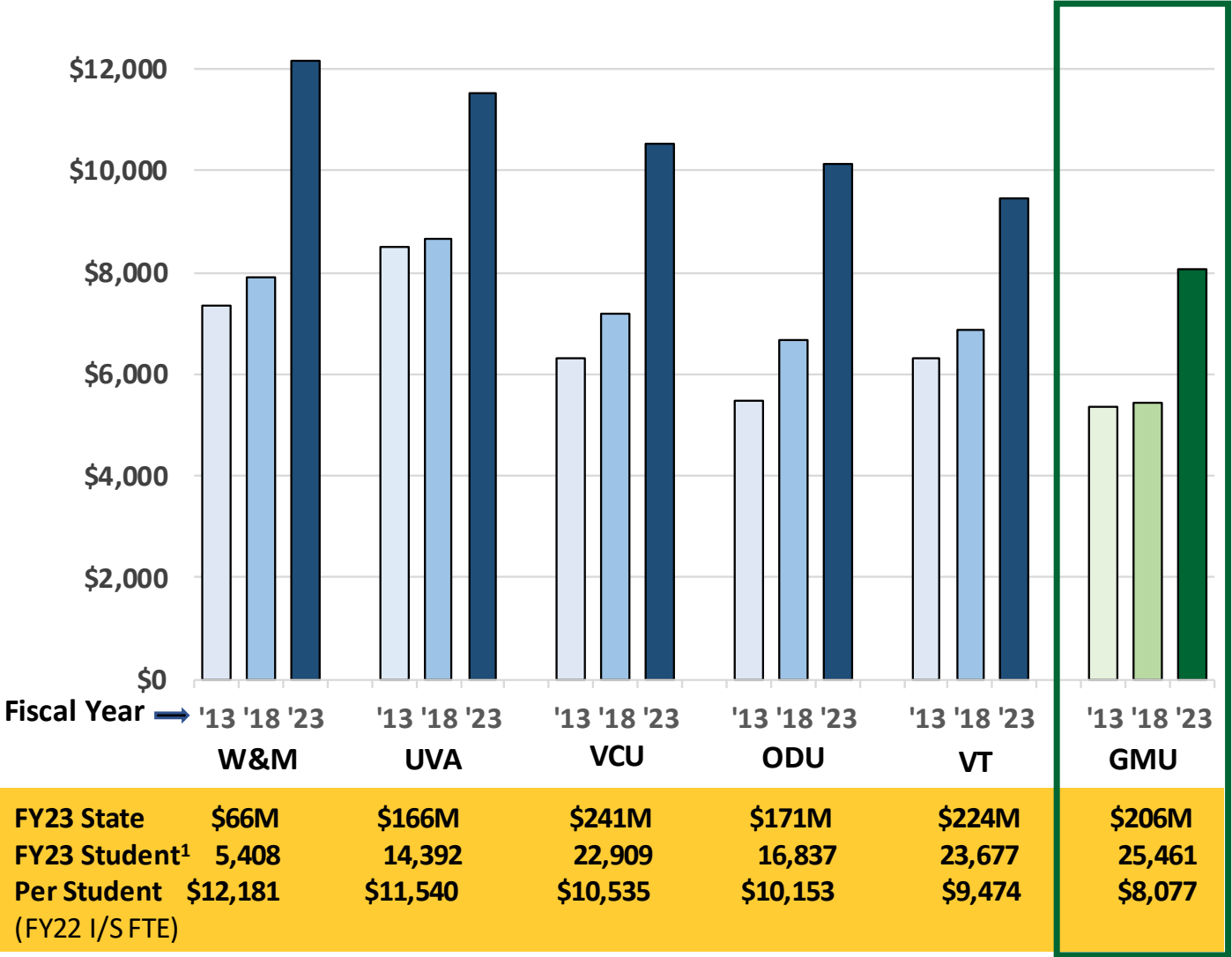
NoVA Costs More. Cost of Living

Mason is in the 5th most expensive region in the country



Source: Council for Community and Economic Research COLI Data

State Appropriations per In-State Undergrad (FTE) E&G General Fund (excluding aid)



Slower appropriations growth has put Mason further behind over last decade

Mason per student vs peer median:

- **FY13: \$958 below**
- **FY23: \$2,458 below**

If Mason received funding equitable to our nearest peer, it would offset our operating shortfall by \$35M

1 - FY23 Appropriation is preliminary from SCHEV. FY23 Student FTE is based on FY22 enrollment and will be updated in September 2023.

Mason is already the _____

- + largest**
- + most diverse**
- + most innovative**

public research university in Virginia

Mason delivers _____

- + more socioeconomic opportunity**
- + more workforce ready grads**
- + more talent importation**

to Virginia

**Without funding equity this may be
unsustainable.**

Just imagine how much more Mason would do with equitable funding.

FINANCIALLY
↓

Don't treat us **all together** different.