



BOARD OF VISITORS

Finance & Land Use Committee

Office of the Executive Vice President | February 22, 2024

Agenda

Finance & Land Use Committee Presentation

Supplemental Committee Materials

Financial Matters

- A. Financial Update
- B. FY 2024 Q2 Financial Report & Forecast
- C. FY 2025 Budget Update

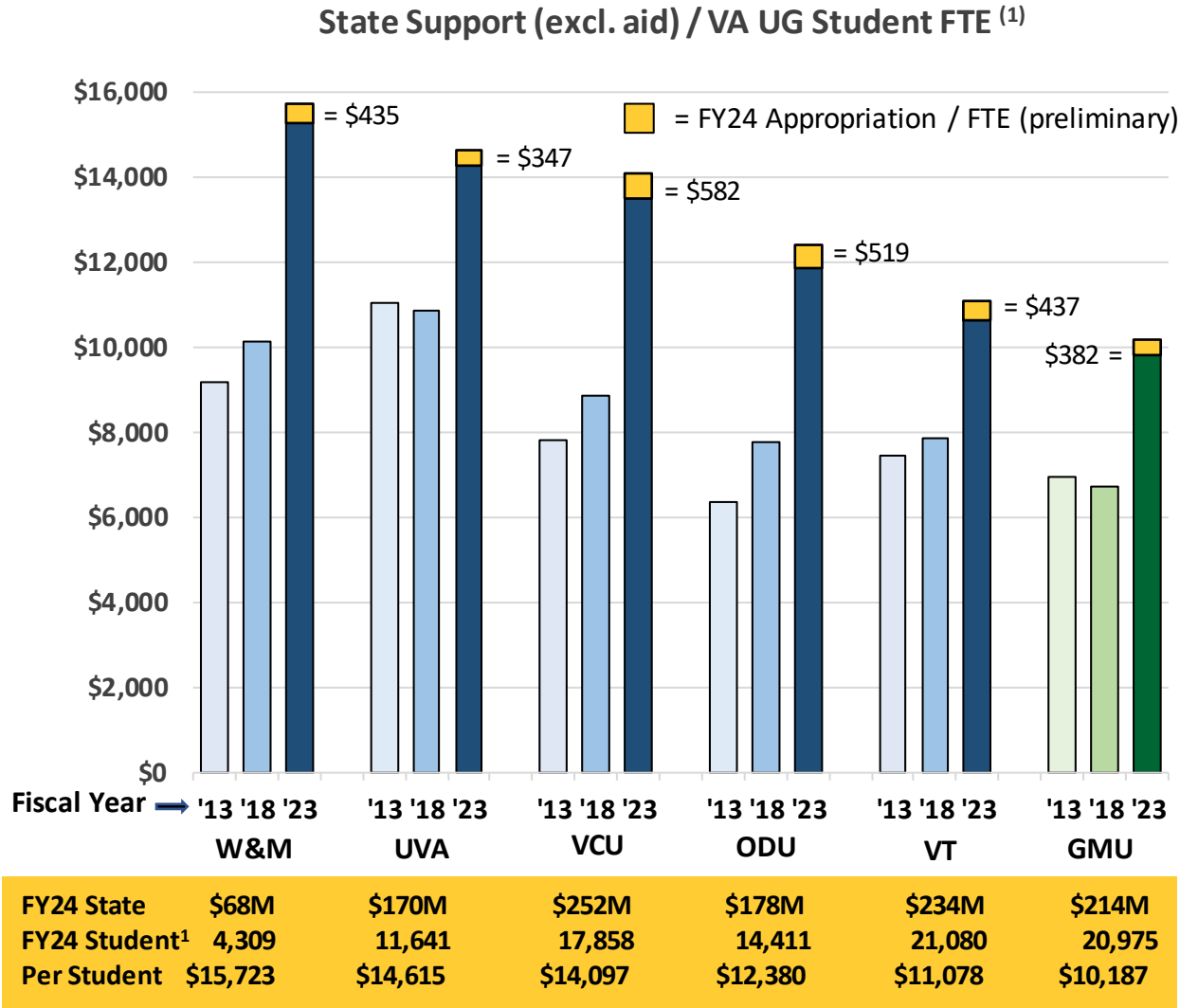
Additional Information



Presentation

Finance & Land Use Committee

State Appropriations per In-State Undergraduate (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: \$859 below
 - FY23: \$3,710 below
 - FY24: \$3,910 below
- If Mason received funding equitable to our nearest peer, it would offset our operating shortfall by \$19M
- General Professional Advisory Committee recommends agency reviews of funding models to align with performance metrics

¹ - FY24 Appropriation is preliminary. FY24 in-state undergraduate student FTE is based on FY23 (Fall 2022) enrollment.







Commonwealth Budget Update

- Governor and Legislature proposed budgets issued
- Mason budget amendments:
 - \$18M - Funding Disparity
 - Aligns with Six-Year Plan submission and preliminary SCHEV submission
 - \$10M - Virginia Military Survivors & Dependents Education Program (VMSDEP)
 - \$87M - Council of State Senior Business Officers (CSSBO) Unified Amendment
 - \$1.4M - Small Business Development Centers (SBDC)
 - Student Innovation Factory Building
 - \$2.4M - House Amendment for Planning
 - \$36M - Senate Amendment for Planning and Building
 - \$7.4M - Interdisciplinary Science & Engineering Building Planning







FY 2024 Q2 Financial Performance

- **All Funds Operating Forecast:** Remains break-even
 - Increased Revenue projections from Q1, primarily in Grants and Auxiliary Enterprises, offset by related increased expenditures
- **E&G Operating Forecast:** \$13M improvement from amended budget, improved from \$10M Q1 projection
 - 1% decrease in projected tuition & fee revenues from Q1 remains aligned with amended budget
 - Reduced projected expenses due to mitigation actions and based on unit-level forecast input
- **Expense Mitigation:** Ongoing
 - Achieved \$8M in total compensation savings along with other reductions
 - Incentive Retirement Plan – Provide opportunities for budget and other savings starting in FY25

Efficiency Initiatives: Completed & Ongoing

Efficiency Opportunity	Status	Mason Progress
Shared services, procurements, contract bundling, cost benchmarking		Administrative consolidation, RFP and contract renewals, collaboration and synergies with other universities, improved overall operational efficiencies
Course offering/ongoing program review analysis, ROI analysis		Regularly assess programs to create career-ready graduates, have launched 15 new degree and 42 certificate programs since 2019, while closing 21 degree and 22 certificate programs
Operating efficiencies through technology		Redesigned Chart of Accounts, Salesforce implementation, research administration, ongoing business process streamlining and robotic process automation
Expanding online education		Continued growth with hybrid and virtual registrations increasing from 16% to 42% from Fall 2018 to Fall 2023
Space utilization & facility maintenance		Ongoing space utilization study to improve efficiency and reporting, 3 rd most efficient square foot per student in 4yr VA publics
Improving asset and project management systems and tracking		ITS Project Management Office, Facilities Condition Assessment Program

Efficiency Initiatives: Completed & Ongoing

Efficiency Opportunity	Status	Mason Progress
Energy efficiency projects		LED Light Upgrades, Chilled Water Temp Moderation, Fenestration Projects, High Temp Piping Insulation
Third-party efficiency studies		Employee market compensation assessments, ongoing selective organizational reviews
Public Private Partnerships and private match funding on initiatives and capital projects		FUSE Building, West Campus partnerships, fundraising for enhanced recreation and wellness facilities
Review Debt		Reduced debt with Masonvale and Vernon Smith Hall transactions, exercising prudent management of debt capacity
Arrangements with Foundation		Launched Power the Possible fundraising campaign to grow resources and endowment; ensured existing lease arrangements are market based and fully documented
Utilization of reserves		Investment in revenue-generating capital assets, critical deferred maintenance, and enhanced recreation and wellness facilities

FY 2025 Tuition & Fee Recommendations

- Mason's goal is to balance any tuition increases to maintain access to excellence for students
 - Among lowest in-state tuition of peers
 - High level of financial aid to mitigate student impact
- Recommended FY 2025 tuition and fee ranges:
 - Final increases subject to Commonwealth funding disparity support
 - In-State Tuition: 3-5% Increase
 - Out-of-State Tuition: \$600-\$1,100 Increase
 - Mandatory Student Fees: 3-5% Increase
- Mason community engagement:
 - BOV Public Comment Session: April 2
 - Student Government Town Hall: March 21



SUPPLEMENTAL COMMITTEE MATERIALS
Finance & Land Use Committee



Financial Update

Financial Matters

Commonwealth Budget Update

Governor's Budget:

- No base operating budget changes
- One-time bonuses (1% of salary) in FY25 & FY26
- 1% salary increase in FY26
- \$2.4M for Virginia Fusion Center initiatives (new, one-time funding)

Legislature Budget:

- Maintains \$8M per year in operating support for biennium
 - Removed in Governor's budget
- Removes \$2.4M for Virginia Fusion Center initiatives
- Removes \$850K for Online Virginia Network

SCHEV Final Funding Disparity Recommendations

- FY25: \$9M (Revised from \$18M in October draft report)
- FY26: \$18M

Current Commonwealth Budgets

House Recommendations

- Affordable Access Funds:
 - \$11.5M per year for Affordable Access, Retention & Degree Production, with limited tuition & fee increases
- Compensation: 3% salary increases in FY25 & FY26
- Financial Aid: \$16M in Affordable Access
- Capital Investments:
 - Annual Maintenance Reserve: \$4.1M (recurring funding)
 - Critical Deferred Maintenance: \$12M (one-time funding, FY25 only)
 - Student Innovation Factory Building: \$2.4M in planning authorization
- VMSDEP: \$4M-\$5M in tuition waiver funding with policy fix

Senate Recommendations

- Affordable Access Funds:
 - \$2.5M (FY25) & \$3.8M (FY26 and ongoing)
- Compensation: 2.5% increases in FY25 & FY26, with delayed enactment to Sept 30
- Financial Aid: \$5.9M (FY25); \$6.6M (FY26 and ongoing)
- Capital Investments:
 - Annual Maintenance Reserve: \$7M (FY25); \$6.2M (FY26)
 - Critical Deferred Maintenance: Defers \$12M funding
 - Interdisciplinary Science & Engineering Building: \$500K in planning authorization
 - VMSDEP: No funding, only policy fix

Proposed Budget Amendments & Priorities

Mason Operating Amendments:

- Funding Disparity: \$18M base increase to support long-standing in-state undergraduate state appropriation disparity
- SBDC: \$1.4M to support small business innovation & critical workforce development programs

Mason Capital Amendments:

- Student Innovation Factory Building:
 - \$2.4M – House Amendment for Planning
 - \$36M – Senate Amendment for Planning and Building
- Interdisciplinary Science & Engineering Building: \$7.4M planning fund authorization

CSSBO Unified Amendment:

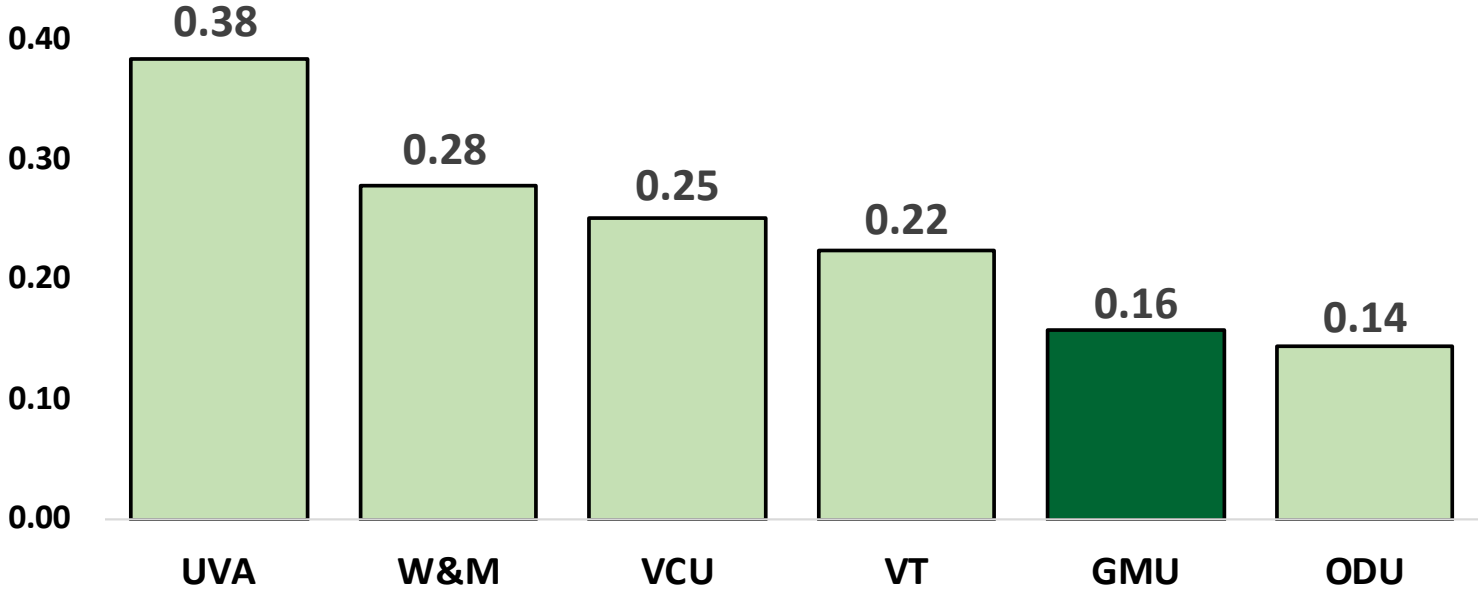
- VMSDEP tuition waivers: \$87M base increase
 - Mason impact: \$10M for FY25 with incremental FY26 increase
 - Sec. Guidera and Gov. Youngkin proposing legislation revisions

Capital Maintenance Reserve Alignment:

- Ongoing efforts to align maintenance funding with peers

Operational Efficiency

Total Employee FTE / Total Student FTE



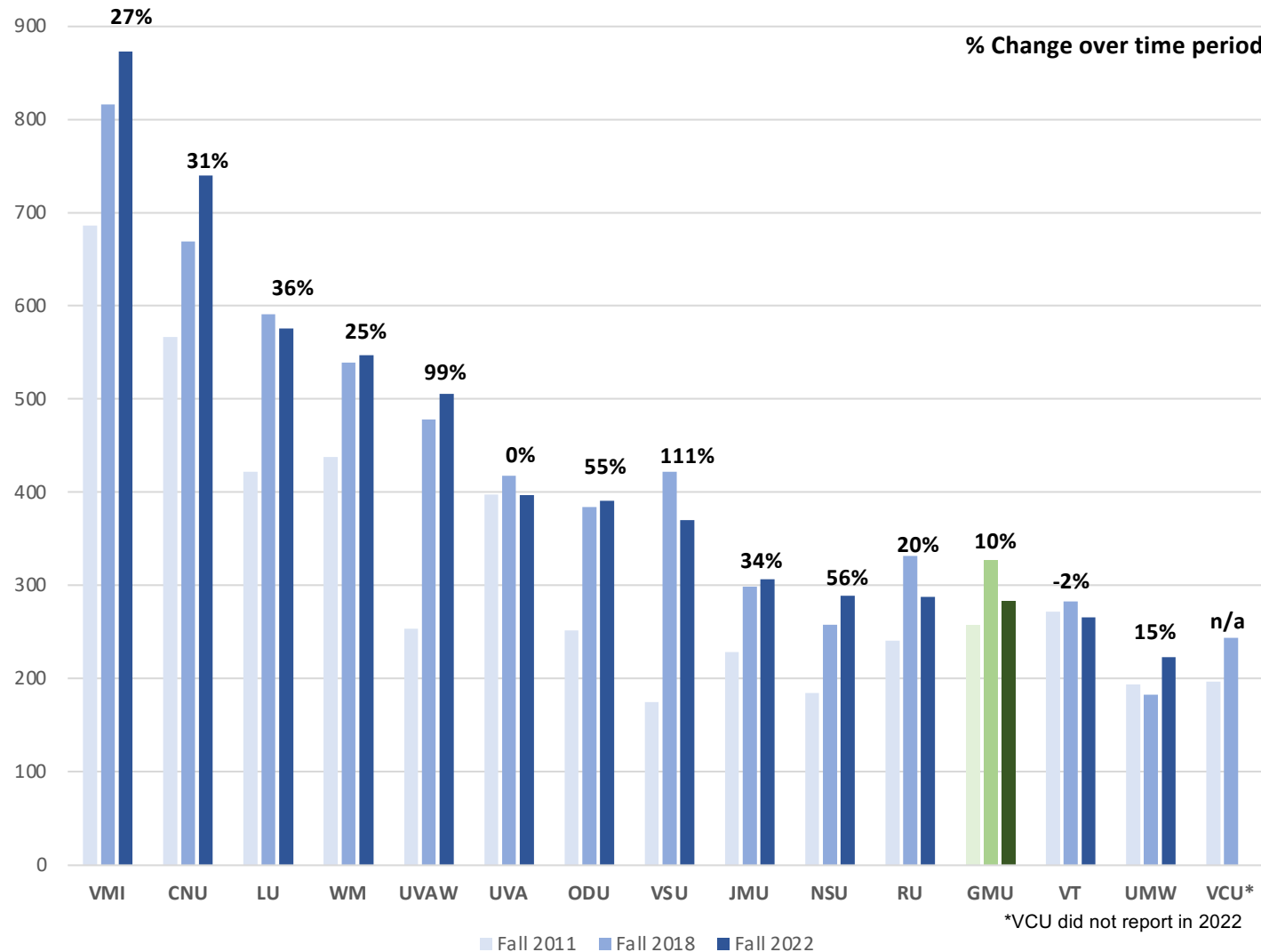
Mason maintains much leaner operations with significantly fewer employees per student than nearly all Virginia doctoral peers

Employees:	10,021	2,545	6,731	8,515	5,106	2,730
Students:	26,070	9,124	26,730	37,981	32,344	18,891
Ratio:	0.38	0.28	0.25	0.22	0.16	0.14

Source: IPEDS FY23 Employee and Student FTE

Campus Space Efficiency

Square Foot (SF) per Student



- Mason is 3rd most efficient among VA schools with only a 10% increase in SF/per student while enrollment grew 20%.
- Mason is in full compliance with SCHEV Guidelines for both Classrooms and Class Labs on Fairfax campus.
- Fairfax is one of only 3 campuses reaching the highest level of compliance across all 16 four-year institutions and 21 campuses evaluated, outperforming all in hours of room & station use.

Unfunded Critical Deferred Maintenance

Average FCI

20%

24%

16%

25%

20%

E&G

Auxiliary

Housing

Athletics

TOTAL

Impacted Spaces

62

23

45

1

131

FY25

Priority 1

\$32.8M

\$17.6M

\$10.2M

\$930K

\$61.5M

FY26

Priority 2

\$26.6M

\$18.4M

\$8.1M

\$2.8M

\$55.9M

FY27

Priority 3

\$45.1M

\$21.5M

\$23.8M

\$6.6M

\$97.0M

**Current
Unfunded
Critical
Projects**

Over the next 3 years

\$104.5M

\$57.5M

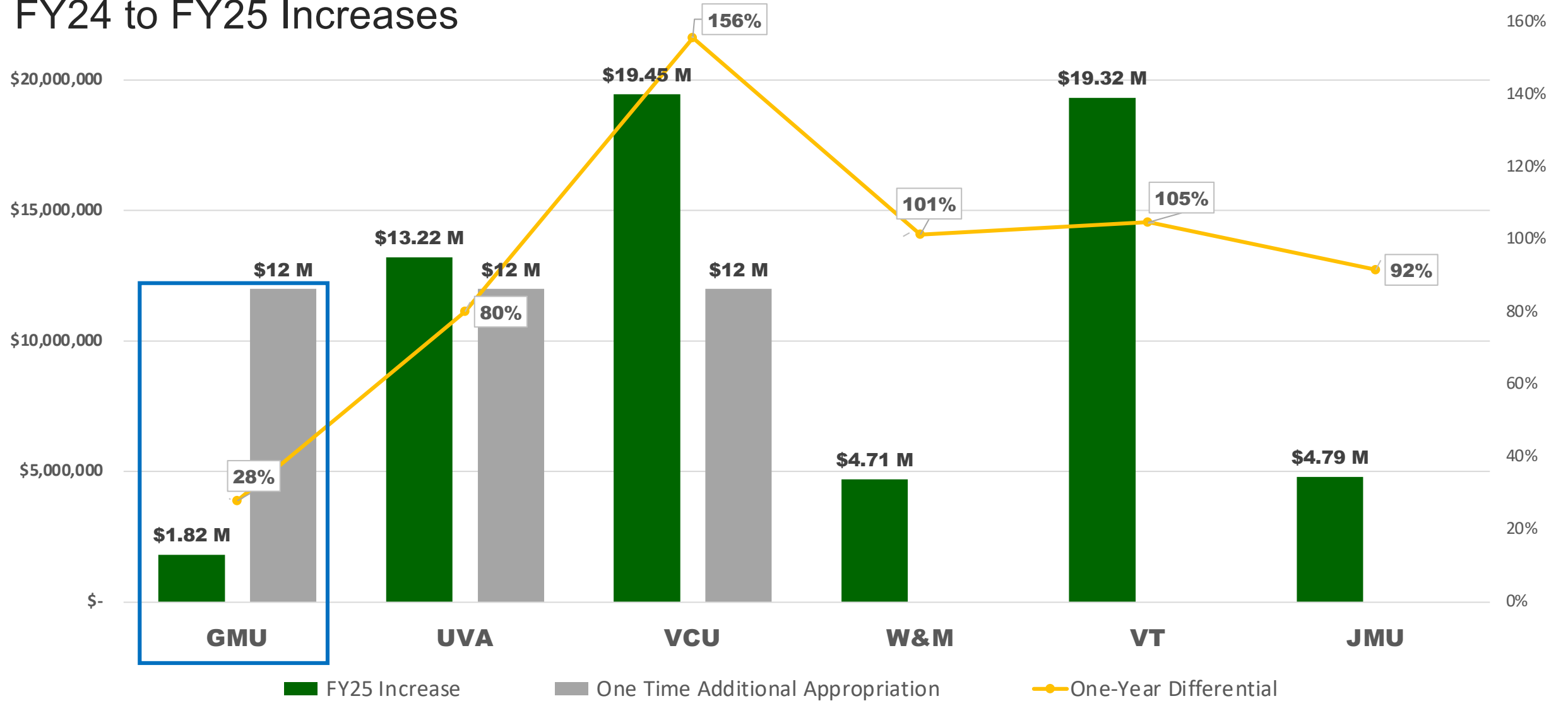
\$42.1M

\$10.3M

\$214.4M

Maintenance Reserve Allocation

FY24 to FY25 Increases





FY 2024 Q2 Financial Report & Forecast

Financial Matters

FY 2024 Q2 Financial Forecast: Operating

Cash basis, in \$M's	FY 2023 Actual	FY 2024 Amended Budget	FY 2024 Q1 Forecast	FY 2024 Q2 Forecast	var to FY 2024 Q1 Forecast
Revenues					
Net Tuition and Fees	496	514	520	515	(5)
State Appropriations	267	327	327	326	(1)
Grants & Contracts	244	256	267	274	7
Auxiliary Enterprises	249	266	270	280	10
Other Operating Revenue	29	27	36	38	2
<u>Non-Operating Revenue:</u>					
Relief Funding	50	-	-	-	-
Total Revenues	1,335	1,391	1,421	1,434	13
Expenses					
Salaries and Wages	595	640	640	642	(2)
Fringe Benefits	163	187	183	184	-
Contractual Services	210	208	220	229	(9)
Travel	20	21	24	24	-
Supplies	27	28	28	26	2
Equipment	22	21	25	29	(4)
Capital Expenditures	4	3	2	1	1
Scholarships & Fellowships	164	187	194	194	-
Occupancy	41	45	44	41	3
Transfers-Capital Projects/Debt	135	58	58	62	(4)
AE Infrastructure	0	2	0	2	(2)
Total Expenses	1,381	1,399	1,419	1,434	(15)
<i>(Shortfall)/Surplus</i>	<i>(46)</i>	<i>(9)</i>	<i>2</i>	<i>-</i>	<i>(2)</i>
<i>Balancing Mitigation Strategies</i>	<i>46</i>	<i>9</i>	<i>(2)</i>	<i>-</i>	<i>2</i>
<i>Adjusted Shortfall</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>

- Projecting **break-even** results across **all Operating Funds** combined
- T&F decrease reflects fee reclassification between E&G and Auxiliary, plus slight impact of **differing enrollment mix** between in-state and out-of-state from budget assumptions
- **Grants revenue trending higher** than budget and Q1, offset by corresponding increased expenditures
- Auxiliary revenues reflect **volume increases for dining and student health insurance**, offset by increases in Contractual Services expense and Capital Project transfers

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

FY 2024 Q2 Financial Forecast: E&G Operating

Cash basis, in \$M's	FY 2023 Actual	FY 2024 Amended Budget	FY 2024 Q1 Forecast	FY 2024 Q2 Forecast	var to FY 2024 Q1 Forecast
Revenues					
Net Tuition and Fees	494	514	520	513	(7)
State Appropriations	220	246	246	244	(2)
Auxiliary Enterprises	1	1	1	1	-
Other Operating Revenue	19	14	19	19	-
Total Revenues	734	775	786	777	(9)
Expenses					
Salaries and Wages	457	494	491	488	4
Fringe Benefits	140	146	145	144	1
Contractual Services	80	80	82	83	(1)
Travel	6	7	8	7	1
Supplies	18	17	17	16	1
Equipment	11	11	14	15	(1)
Capital Expenditures	2	1	-	-	-
Scholarships & Fellowships	46	45	50	50	-
Occupancy	22	24	24	21	3
Transfers	31	3	1	(3)	4
AE Infrastructure	(18)	(18)	(22)	(22)	-
Total Expenses	796	810	811	799	12
E&G Shortfall	(62)	(35)	(25)	(22)	3
Balancing Mitigation Strategies	62	35	25	22	(3)
Adjusted E&G Shortfall	-	-	-	-	-

- Projecting **\$13M improvement** from budget
- Lower revenue projections from Q1 of \$9M offset by cost reductions
- T&F decrease reflects fee reclassification between E&G and Auxiliary, plus slight impact of **differing enrollment mix** between in-state and out-of-state from budget assumptions
- State appropriation decrease due to actual **compensation cost share** at lower than estimated in budget
- Contractual Services includes beginning of **Salesforce** implementation, with planned use of reserve funding in Transfers
- Expense trends showing improvements across multiple categories

* AE Infrastructure reflects AE to E&G overhead transfer

FY 2024 Q2 Financial Forecast: Capital

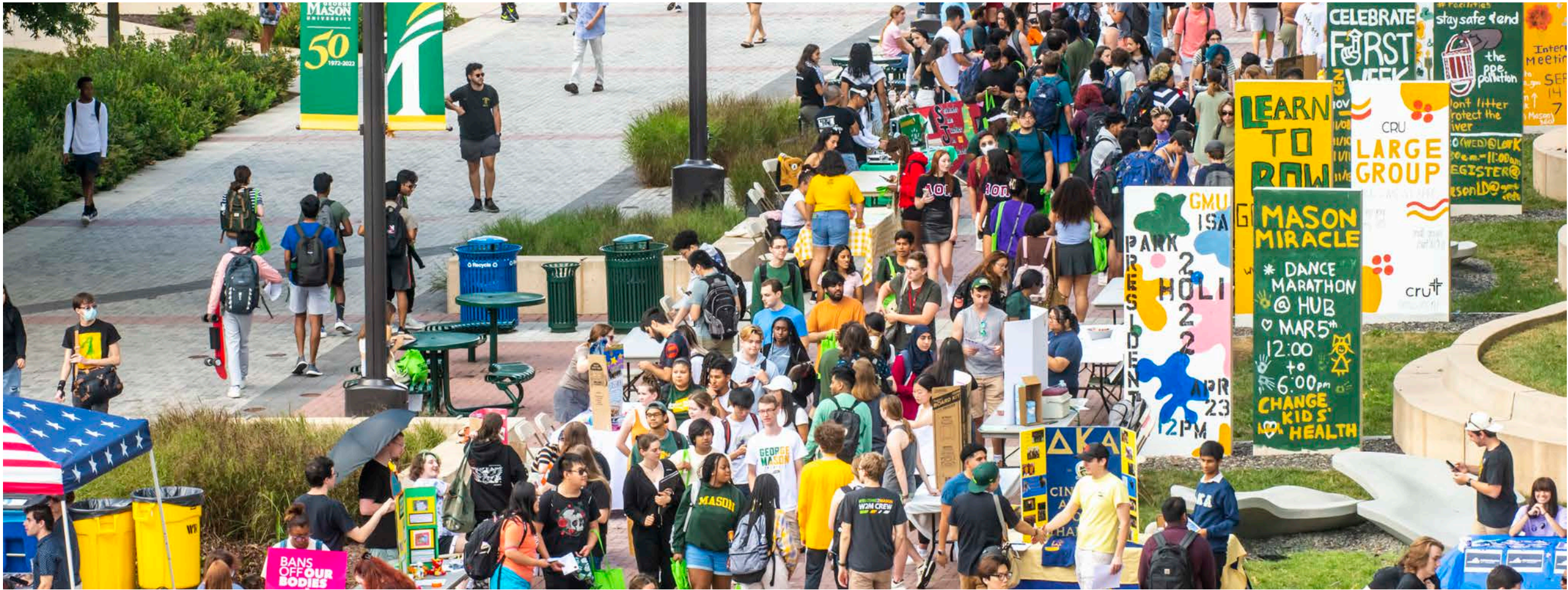
Cash basis, in \$M's	FY 2023 Actual	FY 2024 Amended Budget	FY 2024 Q1 Forecast	FY 2024 Q2 Forecast	var to FY 2024 Q1 Forecast
Revenues					
Gifts	-	-	-	58	58
Capital Grants	82	169	169	134	(35)
Total Revenues	82	169	169	192	23
Expenses					
Contractual Services	3	3	3	3	-
Equipment	1	2	2	2	-
Capital Expenditures	130	302	302	270	32
Debt Service	25	49	49	49	-
Transfers-Capital Projects/Debt	(135)	(58)	(58)	(62)	4
Total Expenses	25	298	298	262	36
Capital (Shortfall)/Surplus	57	(129)	(129)	(70)	59
Balancing Mitigation Strategies	(57)	129	129	70	(59)
Adjusted Margin	-	-	-	-	-

- Includes **\$58M gift from GMUF**, offsetting drawdown of capital reserves
- Projecting lower Capital Expenditure outlay** due to delayed lead time for delivery of major equipment for Life Sciences & Engineering Building (LSEB) and Central Heating & Cooling projects.
- Offset by **lower estimated flow of Capital Grants** funding from Commonwealth

FY 2024 Shortfall Mitigation Update

Budget Reduction Details	\$ Impact
Compensation savings (e.g. vacancies, timing of hires, position eliminations)	8.0
Net expense savings: Primarily Occupancy (Vernon Smith Hall) and other improvements across multiple direct expenditure categories	5.0
Total	13.0

Continued Mitigating Actions
Critical vacancy review/hiring pause
Leveraging non-E&G funds to support expenses
Cost Reductions:
- Library Collections
- Discretionary expenses (e.g. travel, catering)
- Events and programming to support students
- Seed awards for research and instruction
Operating Efficiencies:
- Contract reviews/negotiations
- Shared Services
- Organizational reviews/restructuring



FY 2025 Budget Update

Financial Matters

FY 2025 Tuition & Fee Recommendations

Mason is proposing rate and fee increase ranges to achieve a balanced budget, focusing on cost effective operations, prudent investment in strategic priorities, and maintaining our commitment to student access and affordability.

Final increases subject to Commonwealth funding disparity support

Tuition Increases:

- In-State: 3-5%
- Out-of-State: \$600-\$1,100

Auxiliary Enterprise Fee Increases:

- Mandatory Student Fees: 3-5%
- Room Increase: \$300
- Board Increase: 5-7%

Financial Aid:

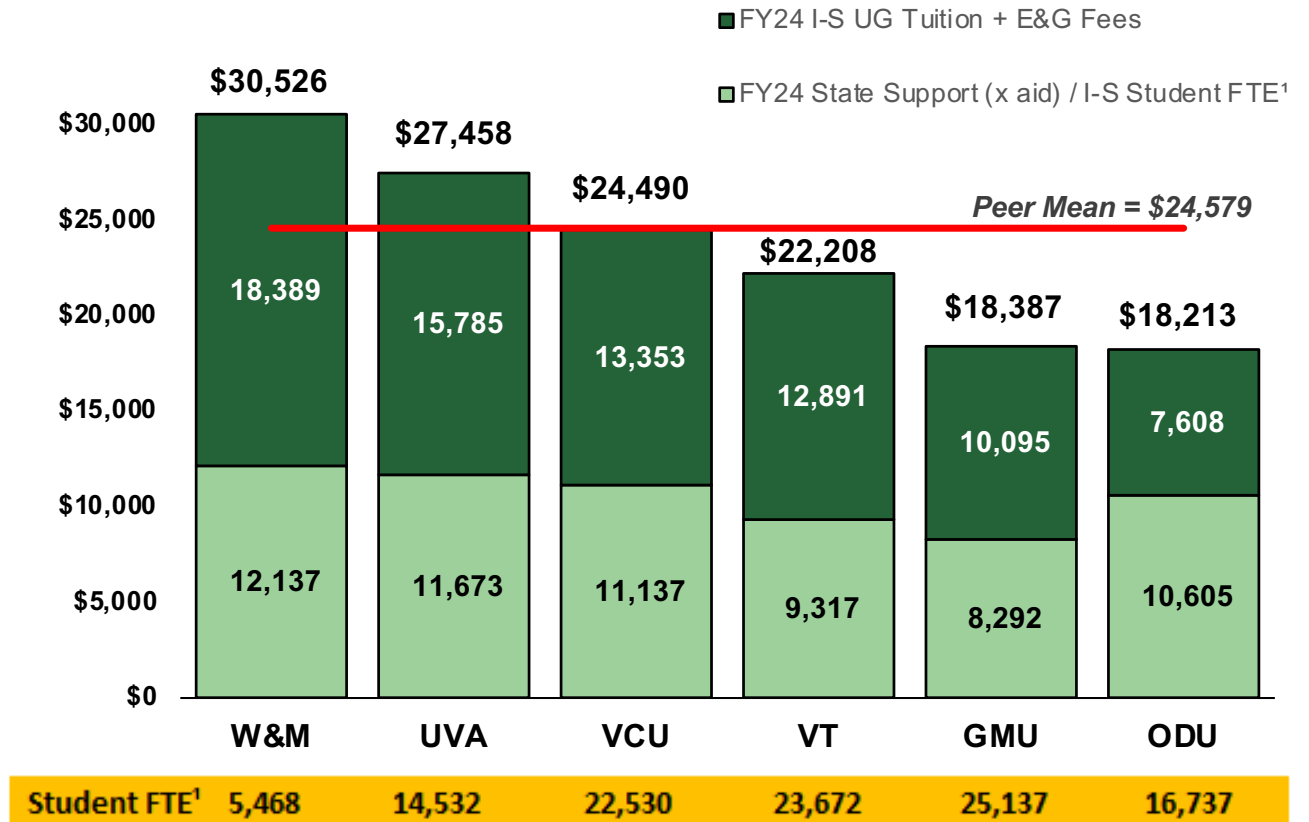
- High level of financial aid to mitigate student impact

Mason continues to seek additional Commonwealth allocations to mitigate our funding disparity to offset cost increases and invest in efficiency initiatives to improve operations and yield longer term savings.

Mason Keeps Tuition Low

Mason is **more than \$6,000** per in-state student FTE below the mean of five doctoral peer institutions when state and tuition funding are combined, despite operating in the **most expensive region** in the Commonwealth

Even with a 3-5% increase, Mason would still be well below almost all doctoral peers



¹I-S Student FTE is based on FY23 enrollment for UG, Grad and Law

Note: Mason does not have mandatory E&G Fees

Student & Board Engagement

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



Additional Information

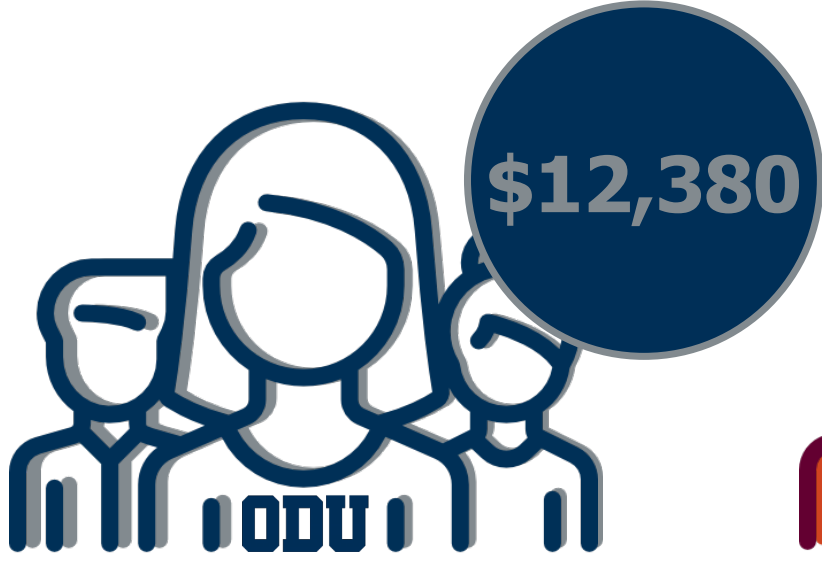
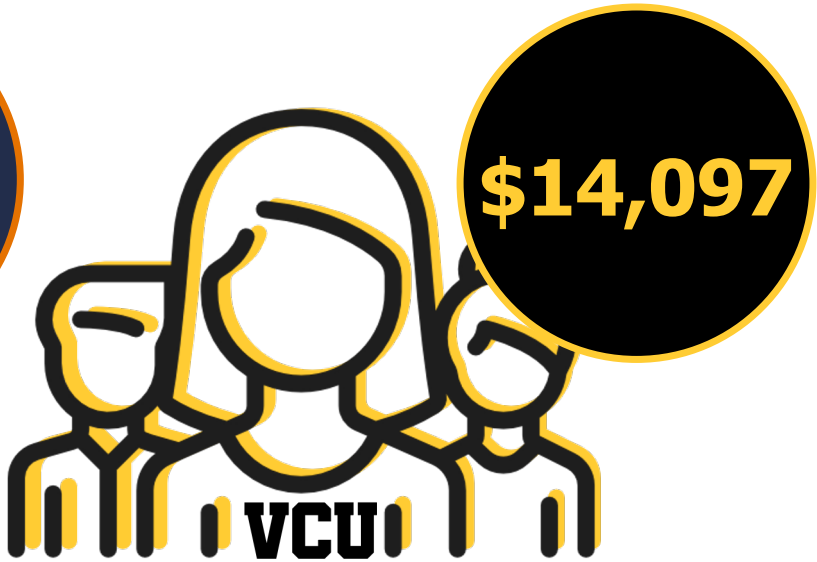
SCHEV FY 2025 & 2026 E&G Recommendations

“In public higher education, the Commonwealth’s policy has been to fund each institution’s average faculty salary at the 60th percentile of its national peers... One institution, George Mason University, is below the 30th percentile¹.”

\$ in 000s	FY 2025						FY 2026				
	FY 2024	Non-Personal Services	Funding Disparities	VMSDEP Waiver	Total	% Increase	Non-Personal Services	Funding Disparities	VMSDEP Waiver	Total	% Increase
CNU	\$46.1	\$346.0		\$1,131.0	\$1.5	3%	\$557.0		\$2,055.0	\$2,612.0	6%
GMU	\$208.4	\$2,151.0	*\$9,268.0	\$4,163.0	\$15.6	7%	\$3,420.0	\$18,536.0	\$7,562.0	\$29,518.0	15%
JMU	\$136.0	\$1,327.0	\$396.5	\$2,040.0	\$3.8	3%	\$2,138.0	\$793.0	\$3,706.0	\$6,637.0	5%
LU	\$41.8	\$211.0		\$751.0	\$1.0	2%	\$347.0		\$1,364.0	\$1,711.0	4%
NSU	\$82.5	\$354.0		\$1,048.0	\$1.4	2%	\$593.0		\$1,905.0	\$2,498.0	3%
ODU	\$177.5	\$1,236.0		\$5,130.0	\$6.4	4%	\$2,075.0		\$9,319.0	\$11,394.0	6%
RU	\$70.3	\$417.0		\$1,018.0	\$1.4	2%	\$676.0		\$1,849.0	\$2,525.0	4%
UMW	\$42.0	\$283.0		\$772.0	\$1.1	3%	\$470.0		\$1,403.0	\$1,873.0	4%
UVA	\$169.6	\$1,898.0		\$2,191.0	\$4.1	2%	\$2,927.0		\$3,981.0	\$6,908.0	4%
UVAW	\$30.5	\$147.0		\$87.0	\$0.2	1%	\$247.0		\$158.0	\$405.0	1%
VCU	\$250.9	\$2,018.0		\$6,482.0	\$8.5	3%	\$3,260.0		\$11,776.0	\$15,036.0	6%
VMI	\$21.6	\$121.0		\$523.0	\$0.6	3%	\$194.0		\$950.0	\$1,144.0	5%
VSU	\$63.2	\$374.0		\$676.0	\$1.1	2%	\$615.0		\$1,228.0	\$1,843.0	3%
VT	\$220.6	\$2,271.0	\$5,589.5	\$3,493.0	\$11.4	5%	\$3,609.0	\$11,179.0	\$6,345.0	\$21,133.0	10%
WM	\$66.4	\$630.0		\$1,713.0	\$2.3	4%	\$1,041.0		\$3,112.0	\$4,153.0	6%
RBC	\$13.0	\$108.0		\$100.0	\$0.2	2%	\$182.0		\$181.0	\$363.0	3%
VCCS	\$511.9	\$4,334.0		\$2,022.0	\$6.4	1%	\$7,164.0		\$3,672.0	\$10,836.0	2%
Total	\$2,152.4	\$18.2	\$15.3	\$33.3	\$0.1	3%	\$29.5	\$30.5	\$60.6	\$120.6	6%

**SCHEV’s October 2023 draft report originally recommended \$18.54M for FY25 funding disparity*

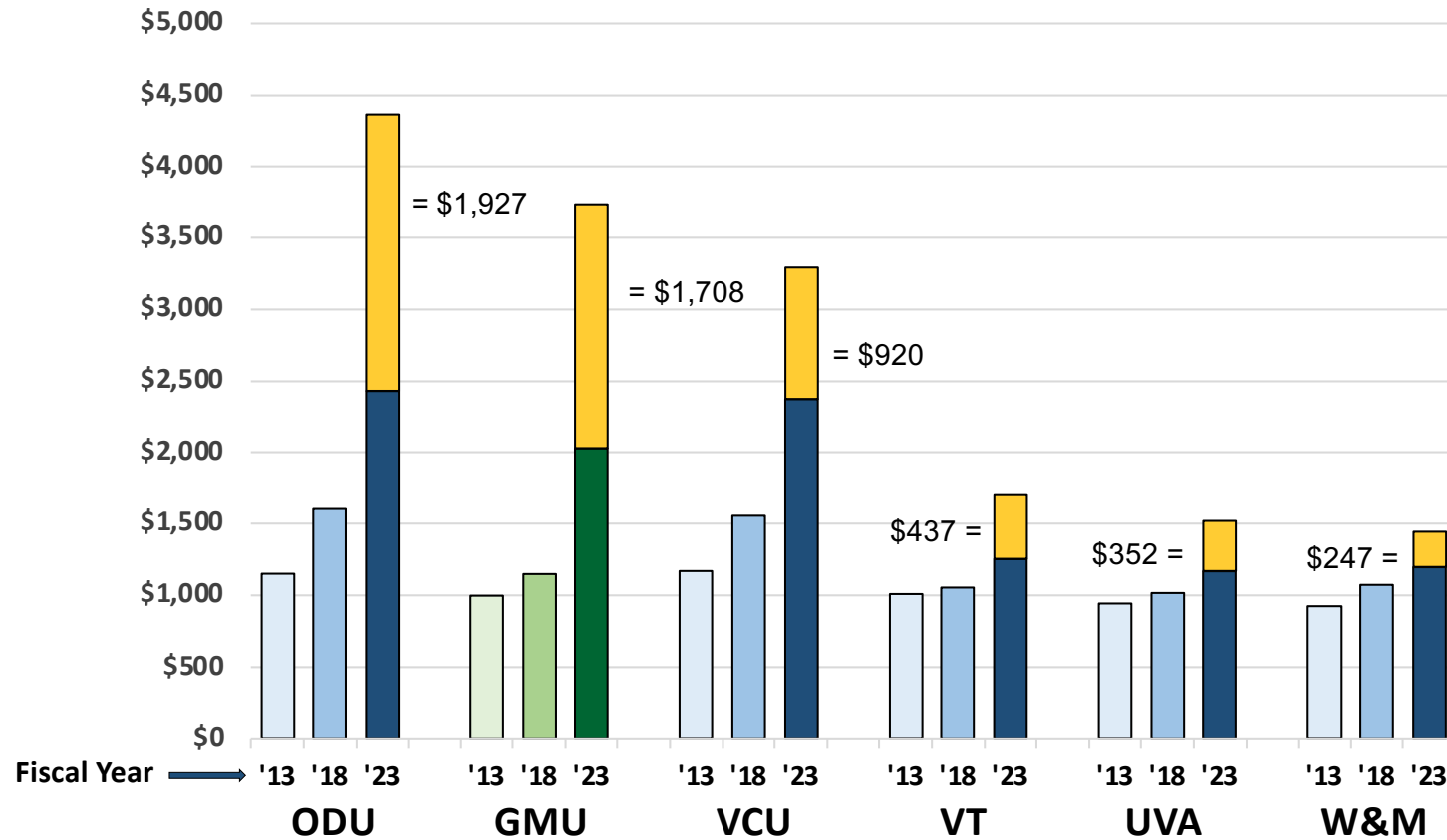
State Appropriations per In-State Undergraduate (FTE) E&G General Fund (excluding aid)



FY24 Appropriation is preliminary. FY24 in-state undergraduate student FTE is based on FY23 (Fall 2022) enrollment.

State Financial Aid Appropriation per In-State Undergrad

State Support for Financial Aid / VA UG Student FTE ⁽¹⁾



FY24 State	\$63M	\$78M	\$59M	\$36M	\$18M	\$6M
Student¹	14,411	20,975	17,858	21,080	11,641	4,309
Per Student	\$4,362	\$3,730	\$3,293	\$1,698	\$1,524	\$1,450

State support per student for Mason financial aid has nearly tripled in the last five years

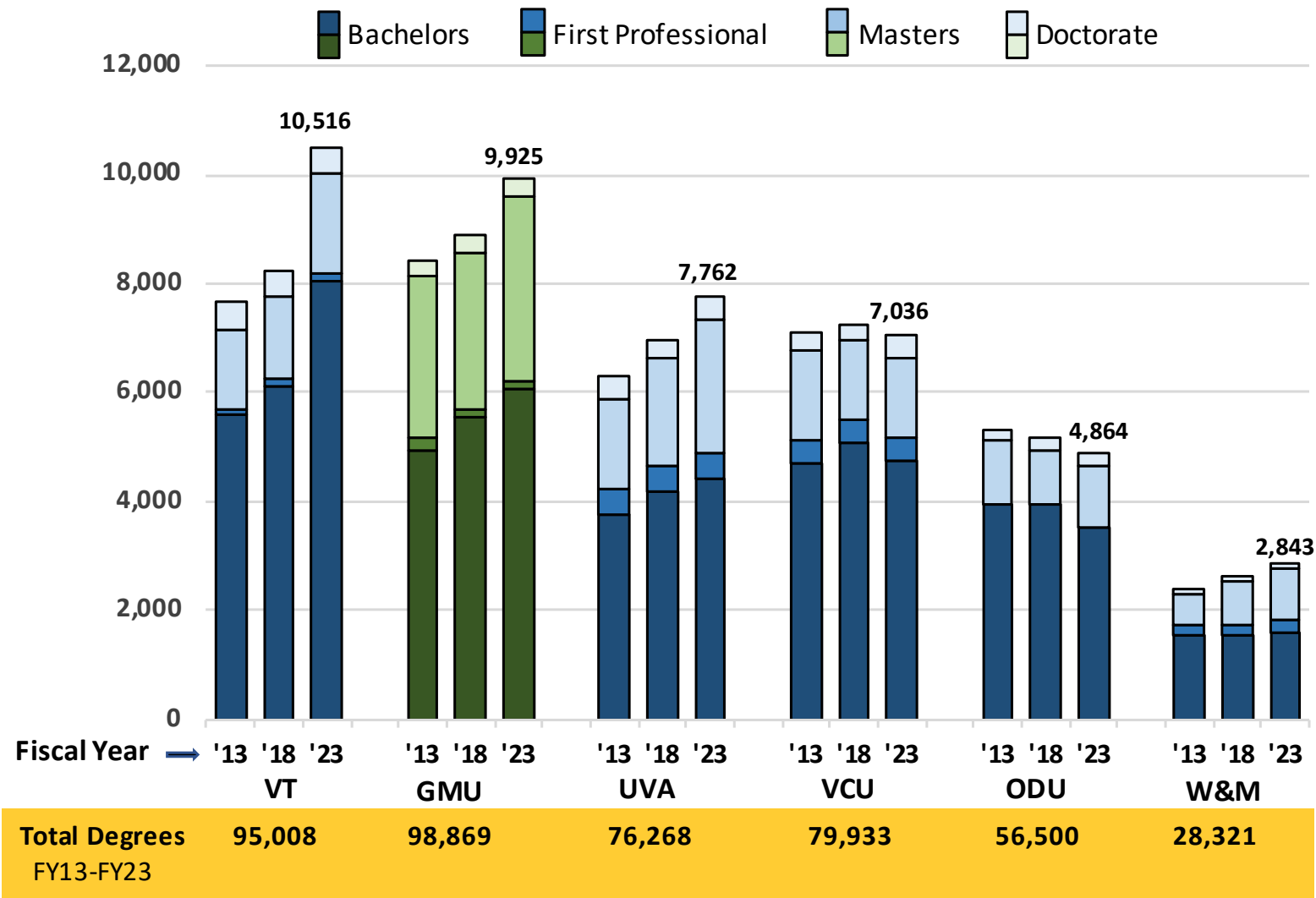
Mason per student financial aid vs peer median:

- **FY13: \$87 below**
- **FY23: \$543 above**
- **FY24: \$1,561 above**

Financial Aid appropriation passes directly through to students

¹ - FY24 Appropriation is preliminary. FY24 Student FTE is based on FY23 (Fall 2022) enrollment.

Degrees Granted



Despite the funding disparity, Mason conferred the second highest number of degrees among peers in FY23 and most total degrees FY13-FY23

More of Mason's graduates stay in Virginia than peers' average:

- **In-state: 73% vs 64%**
- **Out-of-state: 29% vs 19%**

Imagine what Mason could achieve with funding equity

Source: SCHEV

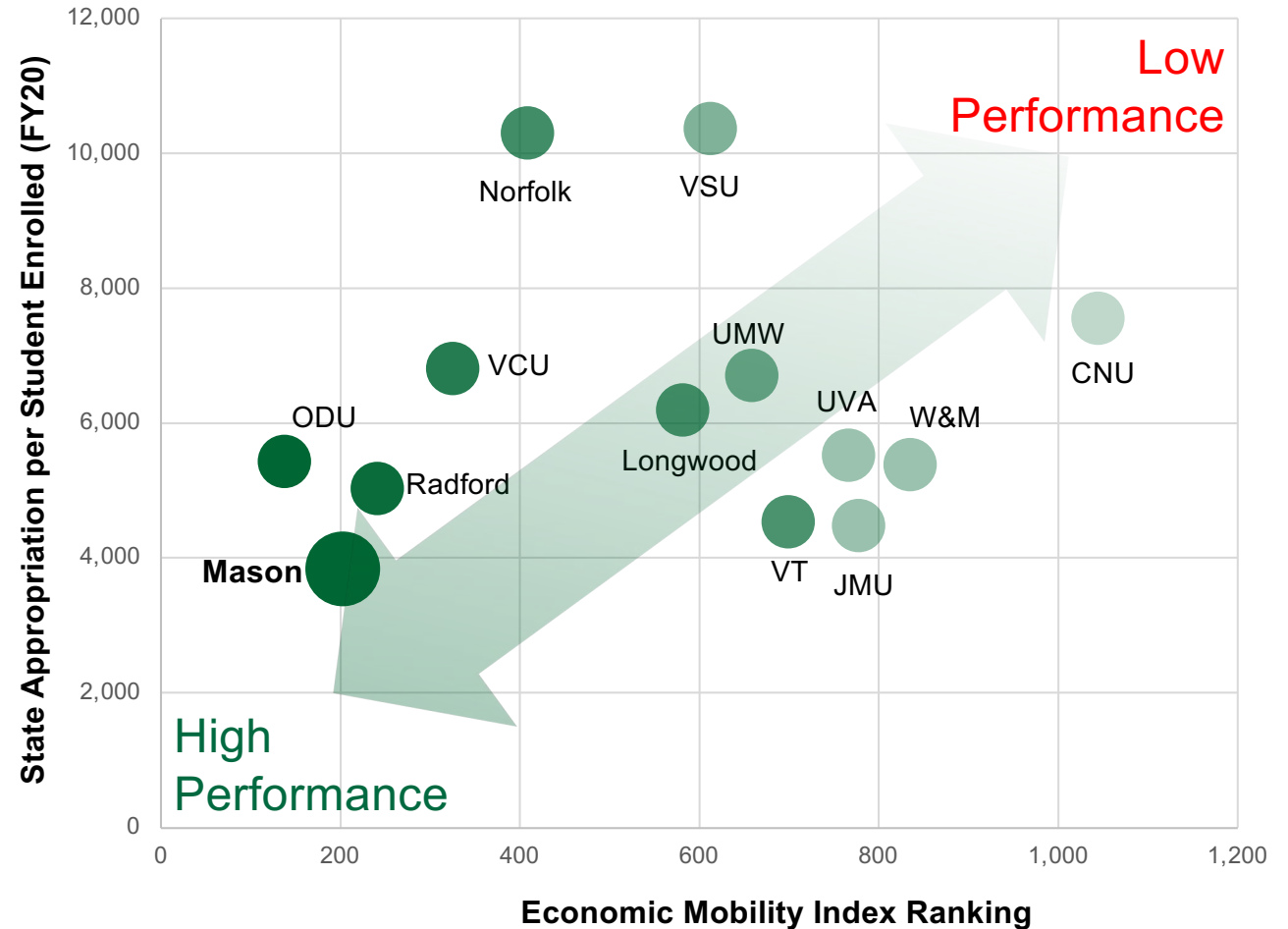
*Includes in-state and out-of-state; all degrees except Associates
Mason's peers are Virginia doctoral institutions*

Delivering Economic Mobility

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 is the **best ROI** for the Commonwealth



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

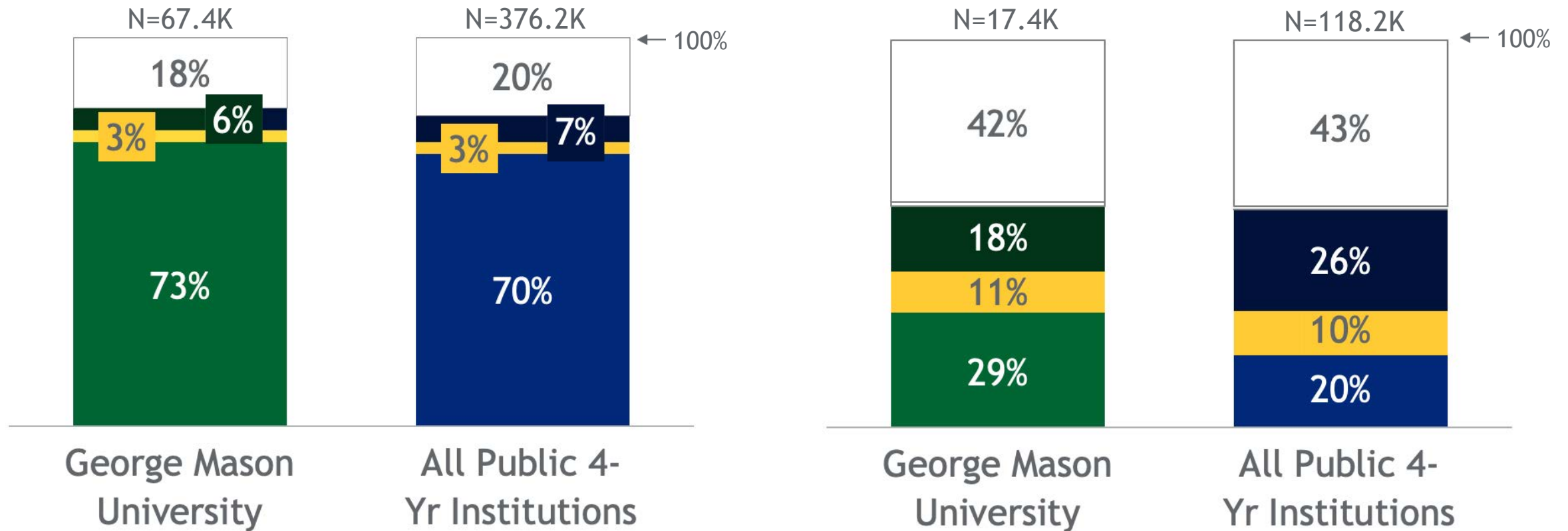
Source: Fair Funding and the Future of Higher Education in Virginia, Partners for College Affordability and Education Reform Now, September 8, 2022.

Mason Graduates Stay In Virginia

(%) Location in 2018 (1-10 yrs post-grad)

In-State Graduates (all levels)

Out-of-State Graduates (all levels)



Unknown
 Rest of US
 Border States¹
 In Virginia