



Growth & Efficiency

Building Financial Sustainability & Effectiveness

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Budget & Mitigations Update

On an all-funds basis, George Mason is operating on a balanced budget with an E&G shortfall being covered by non-E&G funds

In FY2024, George Mason implemented a two-year plan to mitigate our E&G budget shortfall through units reducing their budgets by 6% overall

Year One: In FY2024, budget mitigations were achieved in the areas of Position Eliminations, Revenue Enhancements, and Cost Savings

Year Two: The FY2025 Operating Budget continues the mitigation plan implementation

FY2025 Budget Operating

- University continuing growth trajectory
- Break-even is achieved through positive margins in other funds to offset E & G shortfall
- Revenue increases in both tuition and State support offset increased expenses
- Expense increases driven by salaries & wages, contract cost escalations, and planned increase in financial aid
- Limited support for strategic investments given budget constraints

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

| Cash basis, in \$M's | FY 2023 Actual | FY 2024 Amended Budget | FY 2024 Q3 Forecast | FY 2025 Approved Budget* |
|--|----------------|------------------------|---------------------|--------------------------|
| Revenues | | | | |
| Net Tuition and Fees | 496 | 514 | 515 | 531 |
| State Appropriations | 267 | 327 | 326 | 359 |
| Grants & Contracts | 244 | 256 | 274 | 286 |
| Auxiliary Enterprises | 249 | 266 | 280 | 290 |
| Other Operating Revenue | 29 | 27 | 36 | 39 |
| <u>Non-Operating Revenue:</u> | | | | |
| Relief Funding | 50 | - | - | - |
| Total Revenues | 1,335 | 1,391 | 1,432 | 1,505 |
| Expenses | | | | |
| Salaries and Wages | 595 | 640 | 644 | 670 |
| Fringe Benefits | 163 | 187 | 184 | 198 |
| Contractual Services | 210 | 208 | 229 | 242 |
| Travel | 20 | 21 | 24 | 25 |
| Supplies | 27 | 28 | 25 | 25 |
| Equipment | 22 | 21 | 27 | 28 |
| Capital Expenditures | 4 | 3 | 1 | 2 |
| Scholarships & Fellowships | 164 | 187 | 193 | 199 |
| Occupancy | 41 | 45 | 41 | 42 |
| Transfers-Capital Projects/Debt | 135 | 58 | 61 | 64 |
| AE Infrastructure | 0 | 2 | 3 | 3 |
| Total Expenses | 1,381 | 1,399 | 1,432 | 1,497 |
| (Shortfall)/Surplus | (46) | (9) | - | 8 |
| Strategic Use of Reserves | - | - | - | 3 |
| Balancing Mitigation Strategies | 46 | 9 | - | - |
| Adjusted Shortfall | - | - | - | - |

*This includes George Mason's estimated allocation of VMSDEP funding of \$7M

FY2025 Budget E&G Operating

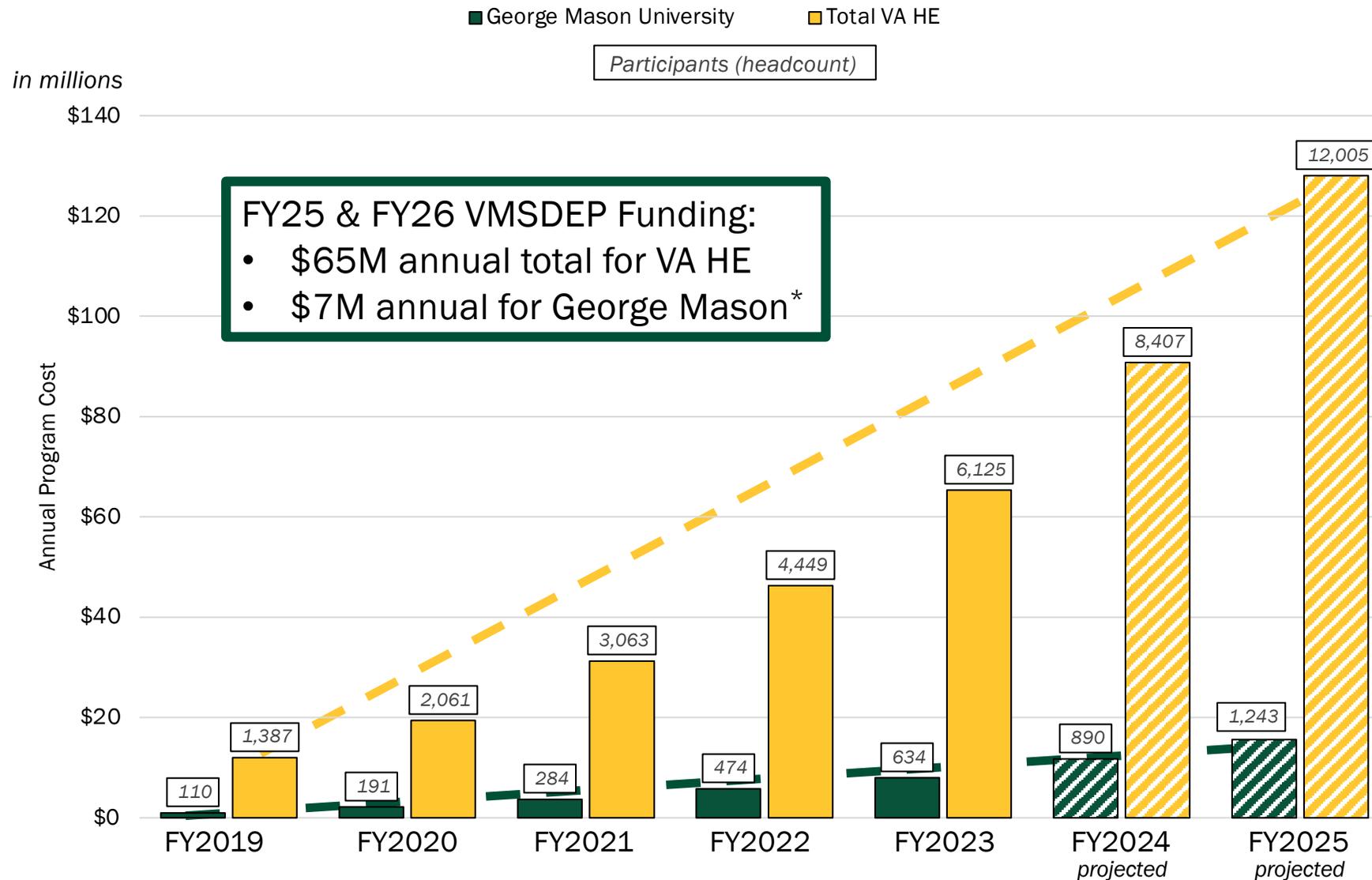
- Continuing growth – moderating expense growth to align with available resources
- Increased expenses due primarily to projected salary & wage increases and filling positions at market rate; continuing critical vacancy reviews of all open positions
- Strategic Use of Reserves represents approved reserve-funded initiatives planned for FY25
- Budget shortfall will be mitigated with planned budget reductions (2nd year), new revenue generation, and continued operating efficiencies from reorganizations & shared services

| Cash basis, in \$M's | FY 2023 Actual | FY 2024 Amended Budget | FY 2024 Q3 Forecast | FY 2025 Approved Budget * |
|--|----------------|------------------------|---------------------|---------------------------|
| Revenues | | | | |
| Net Tuition and Fees | 494 | 514 | 513 | 529 |
| State Appropriations | 220 | 246 | 244 | 274 |
| Auxiliary Enterprises | 1 | 1 | 1 | - |
| Other Operating Revenue | 19 | 14 | 19 | 20 |
| Total Revenues | 734 | 775 | 777 | 823 |
| Expenses | | | | |
| Salaries and Wages | 457 | 494 | 489 | 511 |
| Fringe Benefits | 140 | 146 | 144 | 151 |
| Contractual Services | 80 | 80 | 80 | 84 |
| Travel | 6 | 7 | 7 | 7 |
| Supplies | 18 | 17 | 16 | 16 |
| Equipment | 11 | 11 | 15 | 15 |
| Capital Expenditures | 2 | 1 | - | - |
| Scholarships & Fellowships | 46 | 45 | 50 | 50 |
| Occupancy | 22 | 24 | 21 | 21 |
| Transfers | 31 | 3 | (2) | (2) |
| AE Infrastructure | (18) | (18) | (22) | (22) |
| Total Expenses | 796 | 810 | 798 | 832 |
| E&G Shortfall | (62) | (35) | (21) | (9) |
| Strategic Use of Reserves | - | - | - | 3 |
| Balancing Mitigation Strategies | 62 | 35 | 21 | 6 |
| Adjusted E&G Shortfall | - | - | - | - |

*This includes George Mason's estimated allocation of VMSDEP funding of \$7M

Virginia Military Survivor & Dependents Education Program

VMSDEP Program Growth - Unfunded Mandate



*estimated GMU share pending SCHEV final funding allocation

- George Mason is one of the best places in the country for veterans to pursue higher education and we want to continue to provide this support at the highest level.
- We appreciate the Governor and General Assembly's initial investment and ongoing commitment to putting VMSDEP on a path towards long-term sustainability.

Budget Mitigation

Achieved Budget Mitigations

Revenue Enhancements

- Patriot Investment Fund - \$2.2M in FY24, \$4M projected in FY25
- Masonvale ground lease termination - \$3.5M annual
- Vernon Smith Hall acquisition - \$12M in FY24 (*one-time*), \$2M annual

Cost Savings/Cost Avoidance

- Vernon Smith Hall rent expense elimination - \$4M annual
- Faculty Incentive Retirement Plan - \$3M (*5-year period*)
- Freedom Aquatic & Fitness Center renegotiation - \$2.1M (*5-year period*)
- Parking contract savings - \$1.1M annual
- Janitorial service adjustments - \$775K annual
- Library material reduction (duplicate & underutilized) - \$750K annual
- Energy efficiency improvements - \$475K annual

Budget Mitigation

FY2024 Academic Position Reductions*

| School | Position Reductions | Faculty Instructional | Faculty Administrative | Classified | Stipend | Total |
|---|---------------------|-----------------------|------------------------|------------|-----------|------------|
| College of Visual and Performing Arts (CVPA) | \$838,011 | 3 | 1 | 1 | 7 | 12 |
| Costello College of Business (CCB) | \$1,408,321 | 4 | 1 | 4 | 9 | 18 |
| Carter School (Carter) | \$68,650 | 1 | - | - | - | 1 |
| College of Engineering and Computing (CEC) | \$3,535,604 | 22 | 6 | 10 | 2 | 40 |
| College of Education and Human Development (CEHD) | \$1,486,349 | 3 | 2 | 7 | 2 | 14 |
| College of Public Health (CPH) | \$1,730,459 | 1 | 4 | 9 | 3 | 17 |
| College of Humanities and Social Science (CHSS) | \$1,500,916 | 10 | - | 1 | 4 | 15 |
| Schar School of Policy and Government (SCHAR) | \$764,405 | 5 | - | - | - | 5 |
| College Science (COS) | \$2,066,985 | 6 | 4 | 10 | - | 20 |
| Total | \$13,399,699 | 55 | 18 | 42 | 27 | 142 |

*Elimination of budgeted vacant positions 7/1/23 – 6/30/24

An additional \$5M in positions were eliminated by Administrative units in combination with other cost reductions and revenue enhancements to meet unit reduction targets

FY2025 Budget Capital Summary

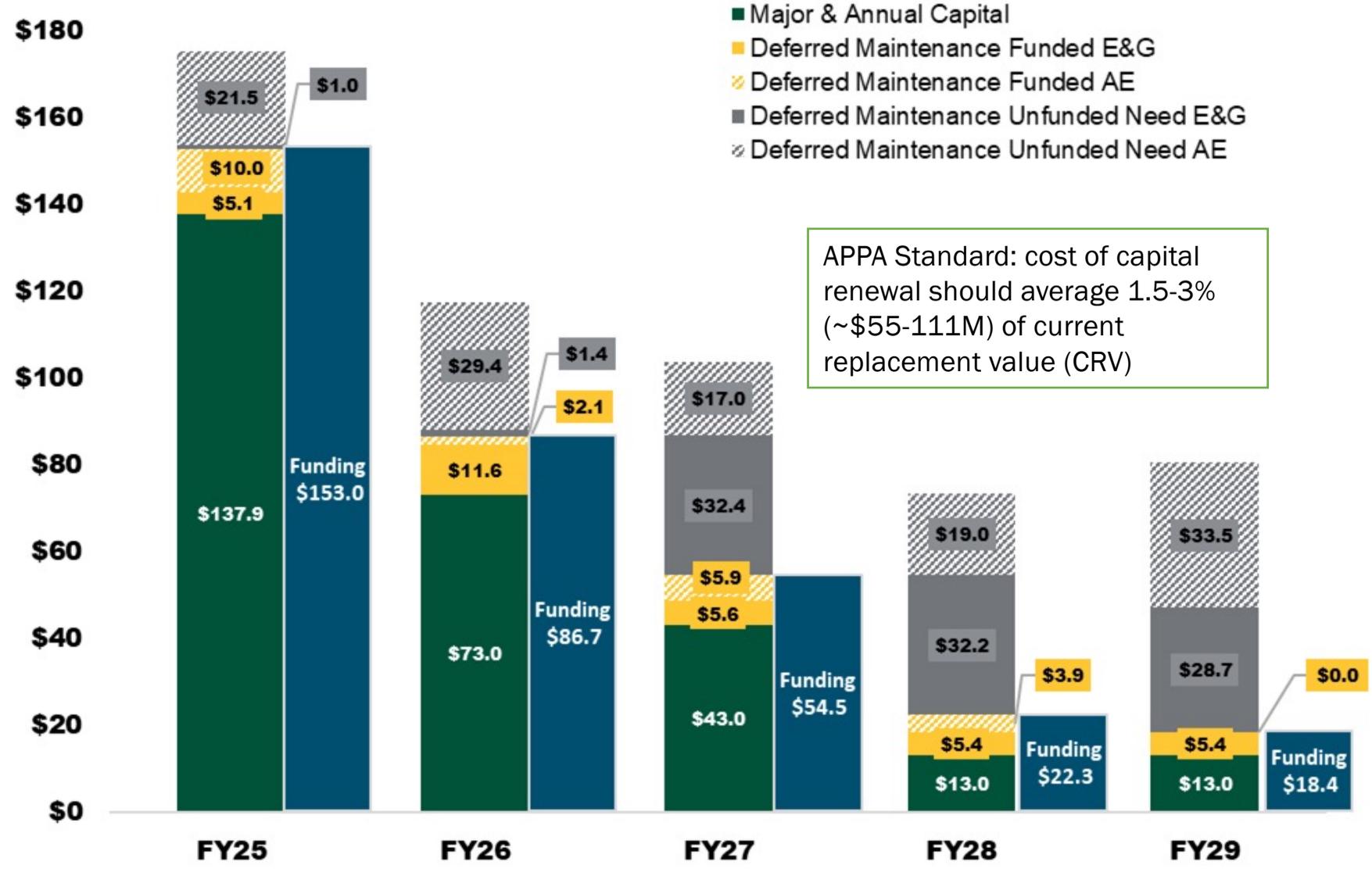
- Major capital projects primarily consist of **FUSE** and **Life Science Engineering Building** totaling \$107M
- Annual Capital and Deferred Maintenance represent on-going routine projects
- Annual Debt represents debt service (principal and interest) scheduled to be paid during FY 2025, funded from operations
- Developer Costs to be paid by P3 partner have been removed from total projected Mason capital spending
- Schedule identifies the various funding sources expected to cover FY 2025 capital project expenditures and debt service

| CAPITAL BUDGET | |
|---|------------|
| <i>(in millions)</i> | |
| Expenditure | |
| Major Capital | 131 |
| Annual Capital | 7 |
| Deferred Maintenance | 15 |
| Annual Debt Service | 47 |
| Sub-Total | 200 |
| Developer Cost Included Above | (22) |
| Total | 178 |
| Funding Sources | |
| State Appropriations Received in Current FY | 61 |
| State Appropriations Received in Prior FY | 2 |
| Debt | 0 |
| Gifts | 2 |
| Sponsored Grants | 0 |
| Central Operations / Reserves | 49 |
| School or Dep't Operations / Reserves | 0 |
| Transfers in from Operating | 64 |
| Total | 178 |

Capital & Deferred Maintenance Funding FY25 through FY29

CRV = \$3.7B

- Major & Annual Capital includes projects that are authorized
- FY25 and FY26 Deferred Maintenance (DM) Funded E&G includes supplemental appropriation of \$8M split between years and is based upon the biennium budget. Unfunded E&G DM projects were moved to FY27.
- Out-year Deferred Maintenance Funded AE will be adjusted as funding is allocated, anticipated spend is \$4-6M of operating and could be balanced by reserve spend
- Deferred Maintenance Unfunded Need includes currently identified projects in E&G and AE



APPA Standard: cost of capital renewal should average 1.5-3% (~\$55-111M) of current replacement value (CRV)

APPA: Association of Physical Plant Administrators for universities and colleges

Supporting the Governor's Agenda

- ✓ Prepare students for high demand jobs in Virginia
- ✓ Promote a vibrant, safe, and healthy campus
- ✓ Maintain affordability and reduce the cost of higher education
- ✓ Build the college and career ready pipeline in partnership with K-12 school divisions



changing our campus



Renovation

Acquisition



Development

Sustainable



Changing Our Campus

FUSE
at Mason Square
Operational planning
for new buildings



Biomedical Research Lab
TCO has made BRL operations
a model for other institutions

Total Cost of Ownership (TCO)

- Capturing the total cost of an asset for better planning, operations, and maintenance
- Comprehensive cost analysis model to inform investment decision-making and planning for new buildings and operations
- More informed management of existing assets for improved efficiency

Changing Our Campus

2
Roofs
Replaced

Colgan Hall
Katherine Johnson Hall



6+
Repairs &
Replacements

HVAC Systems

Repairs made in
2022-2024

Asset Management

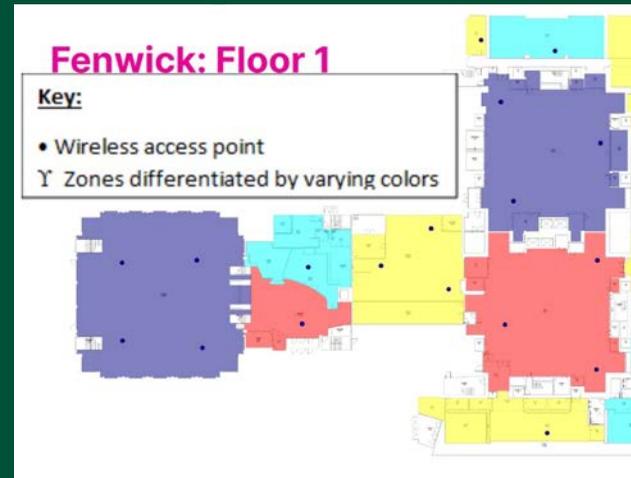
- Enhanced maintenance program extends the useful life of our assets
- Better stewardship of existing capital resources, more efficient use of Commonwealth funds
- Established Current Replacement Value reporting that helped improve the Commonwealth reporting standard
- Anticipate change will lead to increased capital funding

changing our business



Technology

People



Space

Processes



Changing Our Business



Canvas

Modernizing our enterprise learning management platform



Patriot Connect

Creating an integrated student experience

Modernizing Systems

- A new learning management system will help us meet students where they are today
- An integrated student lifecycle management system will improve student experience via advising, coaching, and success

Changing Our Business



Janitorial Services
Flexible service model



Space Optimization
Matching service with demand

Changing our business model

- Adopting new business models for enhanced services and increased efficiency that meet the changing needs of a diverse university
- Space optimization study to maximize space utilization and accommodate demand

Phone System Upgrade Mason Square Plaza Activation Robotic Process Automation Outsourced Print & Mail Services Revised Forecasting Process Student Account Processing Automation New Cybersecurity Framework Classification & Information Security Review Cross-Regional Program Virtual Simulation New Data Center Warehouse Janitorial Services Bridge Structural Rehabilitation Science Center Renovation Full Mason Mobile IP Digital Student Center Signage LED Lighting Replacement Program Life Sciences & Engineering Building Construction Redesigned Chart of Accounts New Enterprise Risk Heat Map Canvas Learning Management System Strategic Plan Information Management Administration Module Implementation Graduation Ceremony Security Planning Hot Water Pipe Installation Enhanced Performance Management MESA Migration New Applicant Tracking System Enhanced Research Computing Continuity of Operations Plans Refurnished Student Centers Classroom Technology Refresh Increased Athletic Ticket Sales Summer Knowledge Share Series Retirement Incentive Plan Employee Satisfaction Survey Expanded Dining Services Masonvale Acquisition Roof Replacement Space Utilization Study Renovation Parking Garage Solar Panels Installation and Energy Conservation Implementation Information Systems Renovation Installation of Operations Model WAA Full Trade Study Operational Relationships Committee Renovation Cultural Studies Dining Salesforce Platform Contact Center Migration Support Center Migration Module Implementation Streamlined Restoration Space Database Enhancement Restructured Shuttle Bus Routes University Information Network Aquatic & Fitness Center Renovations Expanded Supervisor Training Parking Contract Renegotiation Outstanding Achievement Awards Employee Health & Well-Being Energy Efficiency & Resiliency Action Plan Expanded Professional Development New Six-Year Plan Total Cost of Ownership Model Enhanced Banner Functionality Outsourced Global Center Operations FUSE Building Construction Outsourced Housing Network DocuSign Expansion Enhanced Enterprise Risk Program Transformation Boot Camp Vernon Smith Hall Acquisition

Small changes

lead to

big impact

changing our future



Opportunity



Achievement



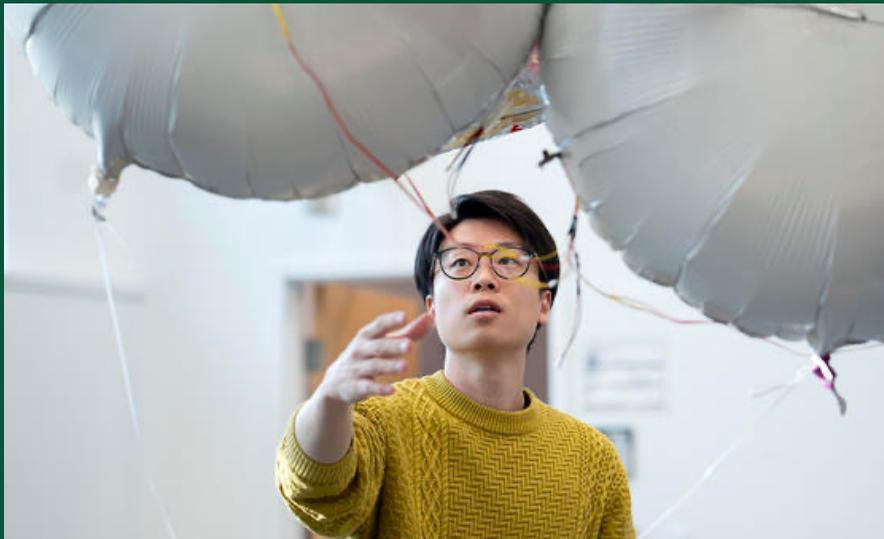
Innovation

Research

Changing Our Future

Nanofabrication **Only Facility in NoVA**

Program Launched with
GO Virginia Grant



MIX **Merges Research and Business**

Unmanned Aerial Vehicles

Cutting-edge Research

- Collaborative spaces foster entrepreneurship and continue the tradition of innovation
- Supporting Commonwealth Tech Talent goals

Changing Our Future



Refreshed Classrooms

Extend utility of existing classrooms
& improve student experience



Life Sciences & Engineering

Meeting student & regional demand

Tomorrow's Classrooms

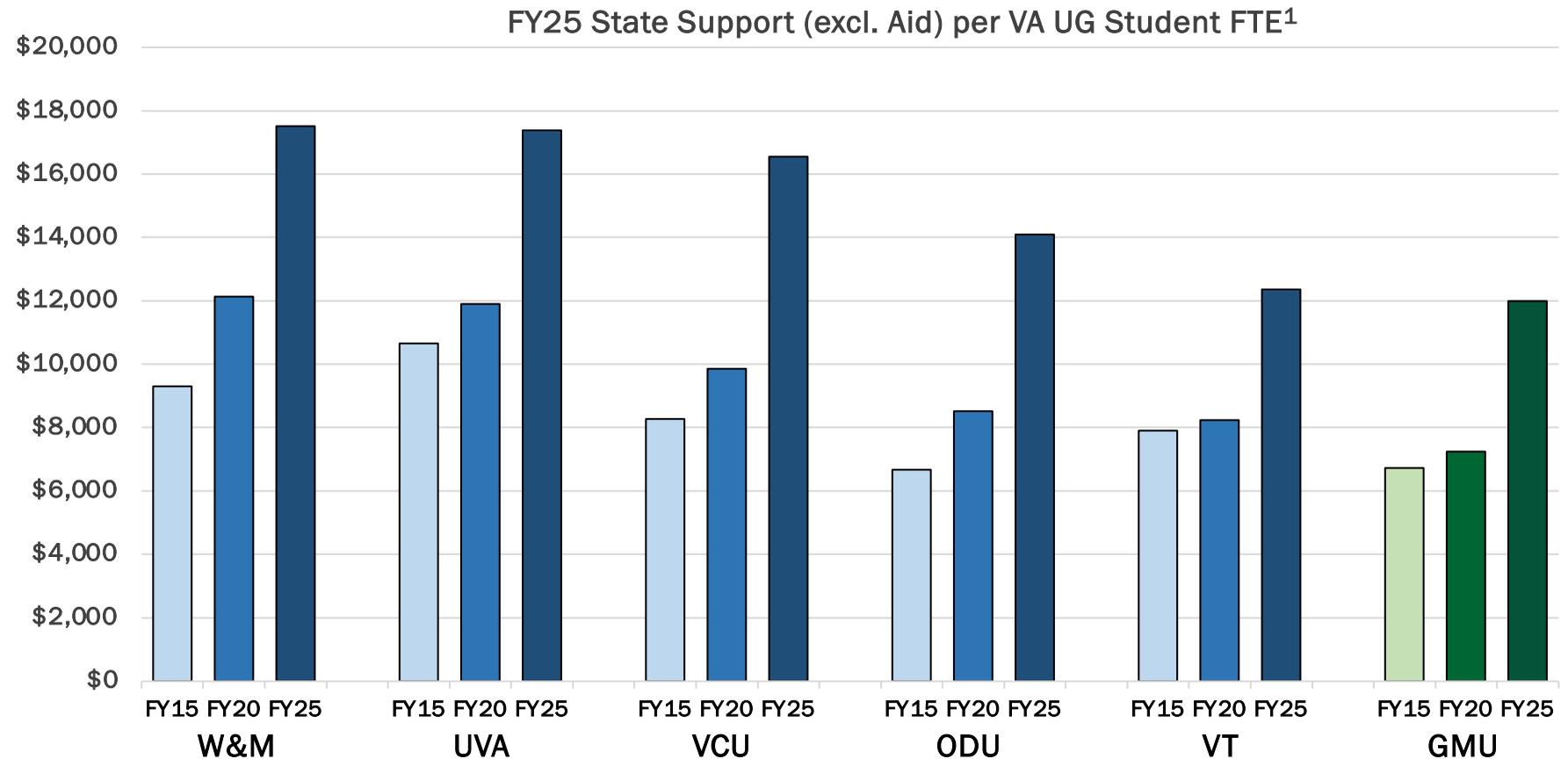
- FUSE at Mason Square, Life Sciences & Engineering, and Interdisciplinary Sciences & Engineering buildings
- Refreshing technology in existing classrooms
- High-growth programs to meet student demand
- Producing desirable graduates that fuel the Commonwealth economy

- George Mason is leaner and more efficient than our peers with returns well above our investment
- We continue to find innovative ways to improve our efficiency and scale our systems to deliver results for the Commonwealth
- But our funding continues to lag below our true costs and our peers, while key projects and investments are delayed
- Imagine what we could achieve with equitable funding

George Mason Students Get Less State Support

FY25 Appropriations Per VA Undergrad Student

- Slower appropriations growth has put Mason further behind
- Mason per student vs peer median:
 - FY15: \$1,547 below
 - FY20: \$2,612 below
 - FY25: \$4,555 below
- SCHEV acknowledged this disparity and has recommended increased funding:
 - FY25: \$9.3M
 - FY26: \$18.5M



| | | | | | | |
|----------------------------|----------|----------|----------|----------|----------|----------|
| State Support ¹ | \$75M | \$202M | \$296M | \$203M | \$261M | \$252M |
| I-S UG FTE ² | 4,309 | 11,641 | 17,858 | 14,411 | 21,080 | 20,975 |
| State Support per FTE | \$17,514 | \$17,383 | \$16,551 | \$14,097 | \$12,364 | \$11,996 |

George Mason Students Get Less State Support

FY25 Appropriations Per VA Undergrad Student



Why Aren't George Mason Students Treated Equitably?





**GEORGE MASON
UNIVERSITY®**