

**GEORGE MASON UNIVERSITY
BOARD OF VISITORS**

**Finance and Land Use Committee Meeting
May 6, 2015**

AGENDA

- I.** Call to Order
- II.** Approval of Minutes for March 26, 2015 (**ACTION**)E-3
- III.** Strategic Issues
 - A. University Operating Budget, Tuition and Fees (**ACTION**)..... E-7
 - B. Approval of Six-Year Capital Plan (**ACTION**).....E-9
 - C. Veterans Access, Choice and Accountability Act (**ACTION**).....E-11
- IV.** Operational Matters
 - A. Capital Projects Review.....E-15
 - B. Auditor of Public Accounts Briefing.....E-19
- V.** Adjournment

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GEORGE MASON UNIVERSITY
FINANCE & LAND USE COMMITTEE
BOARD OF VISITORS

MINUTES

March 26, 2015

11:05 a.m. – 12:35 p.m.

Merten Hall, Room 1204, Fairfax

PRESENT: Chairman McGettrick, Interim Vice Chair Mendelsohn; Rector Davis, Visitors Alcalde, Beck, Corley, Dennis, Jacquemin, Pence, Peterson; President Cabrera; Provost Wu, Senior Vice President Davis; Vice President Calhoun; Faculty Representative Anderson; Faculty Senate Chair Douglas, Student Representatives Abbruscato and Khan; Secretary *pro tem* Wilson.

I. Call to Order

Chairman Mark McGettrick convened the meeting at 11:10 a.m.

II. Approval of Minutes

Chairman McGettrick welcomed the committee and guests. He requested a **MOTION** to approve the minutes of the February 4, 2015 Finance and Land Use Committee as presented. It was so **MOVED** by Visitor Mendelsohn. **MOTION CARRIED UNANIMOUSLY.**

III. New Business

A. FY 2016 Financial Update

Chairman McGettrick asked that Senior Vice President Jennifer (J.J.) Davis outline the FY 2016 budget. Mrs. Davis began with an overview of the FY 2015 cuts. Mason cut its FY 2015 budget by about \$9.4M, despite unanticipated expenditures arising from the cyber attacks and emergency central heating and cooling issues.

For FY 2016, the state has included permanent budget cuts of \$8M, and an additional cost increase of \$6.4M for the University's share of pension and pay increases. The Governor has approved funds for Modeling & Simulating, Lyme Disease, planning funds for Robinson, and a small allocation for salary and healthcare costs. With the state budget constraints, we have begun to implement efficiencies, control expenses, and streamline processes. Administrative and Academic departments are being restructured, and we're exploring opportunities to diversify revenue streams.

Some of our core cost-drivers are the Law School discount strategy, operational costs associated with new facilities, contractual and prior loan obligations, research, student aid, and investments in IT and workflow automation, with the goal of balancing affordability, accessibility and maintaining academic quality.

Chairman McGettrick requested a special information session of the committee on April 16, 2015 to discuss the proposed FY 2016 budget in more detail. He asked for additional information on student debt, graduation rates, and job opportunities.

B. School of Law Tuition Pricing and Strategy

Chairman McGettrick asked Dean Polsby to give the annual update on the School of Law 3-year tuition freeze approved in FY 2014, as recommended by the Board of Visitors. Dean Polsby informed the Committee that because of the tuition freeze in FY 2014, enrollment numbers are steady, rather than dropping, for the first time since 2005. Mason's School of Law is currently listed in *U.S. News & World Report's* top 50 programs, which drives public opinion, and the American Bar Association gave it the highest re-accreditation report in Mason's history. Mason's law school graduation rate and starting salaries are competitive with or exceed the national average.

Chairman McGettrick requested a **MOTION** that the Board of Visitors approve continuation of the School of Law tuition freeze for FY 2015-2016. It was so **MOVED** by Visitor Pence. **MOTION CARRIED UNANIMOUSLY.**

C. Human Resources and Payroll Annual Report

Senior Vice President Davis presented an update on some of the issues currently being managed by the Human Resources department. Mason employs more than 10,000 wage and student workers, and over 5,000 staff and faculty, with almost half being 55 years or older. Over the next decade, 1 in 3 of those will retire or resign. Mason's retirement numbers have doubled since 2007, with compensation being a primary reason for employee turnover. The Human Resources department continues to find ways to enhance employment, such as employee training and certificate programs, team building, promoting from within, conflict resolution, and managing change. A copy of the full Human Resources report was provided to the Committee.

IV. Capital Matters

A. Campus Master Planning Initiative

Chairman McGettrick asked Vice President Calhoun to brief the Committee on the status Campus Master Plan, which will be voted on by the Board in May. With current debt constraints, the key focus on the Master Plan will be to optimize existing facilities. Vice President Calhoun informed the Committee that a six-year capital plan outlining specific funding requests is due to the Commonwealth annually, and a Campus Master Plan is required every 10 years. In FY 2002, the Capital Master Plan was primarily based on land use. Over the last year, the Plan has been altered due to a combination of factors, which include the cancellation of the Sasaki contract, refocusing to be more facility and program-based, and determining affordability of projects based on need, our debt, and state funding. The Campus Master Plan will be split into two 5-year plans. Some of the projects currently underway are altering existing space at Fairfax, Prince William and Arlington; and investments in Robinson Hall, the heating/cooling system, and the

network infrastructure. In addition, we're exploring off-campus partnerships for residential growth and revenue generation. The Campus Master Plan for 2015-2020 will be discussed at the Board of Visitor's retreat in August, 2015.

Vice President Calhoun briefed the Committee on the six-year capital plan, which is due to the state in June. If no bonds are issued, the state will authorize and apportion funds by July 2016. The main drivers for the capital plan are Robinson Hall, the central heating and cooling system, network infrastructure, supplemental classrooms, and the Fenwick Learning Commons. Authorization for non-general funding requests must also be granted from the state, and if opportunities arise, will possibly include student apartments, gift-funded projects, and deferred building maintenance. A detailed chart of submitted projects is included on Slide 48 in the handout.

V. Adjournment

There being no further business, Chairman McGettrick declared the meeting adjourned.

Meeting adjourned at 12:24 p.m.

Jennifer L. Wilson
Secretary *pro tem*

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ITEM III. A.: FY 2016 University Operating Budget, Tuition and Fees (ACTION)

PURPOSE OF ITEM: The University's budget proposal reflects revenue and expense plans for the 2015-2016 academic year, including tuition and fee rates.

APPROPRIATE COMMITTEE: Finance and Land Use Committee

BRIEF NARRATIVE: The University Budget for July 1, 2015 through June 30, 2016 (FY 2016) is being recommended at this time. The FY 2016 E&G and Auxiliary Enterprises budget proposals include revenue and expense budget recommendations for colleges and programs as well as tuition and fee rates.

Mason's FY 2016 proposed budget, described in the accompanying *(Proposed) 2015-2016 Budget Executive Summary*, is consistent with the biennial budget of the Commonwealth of Virginia and six-year financial and budget plans of the University. Under this proposal the total university budget increases by 3.4%, to \$977.6 million.

Total Price Increase: (Tuition, Fees, Room and Board) - will increase by 4.8% for undergraduate in-state students and 5.1% for undergraduate out-of-state students. Tuition and Fees for a full-time undergraduate in-state students that do not live on campus will have an increase of \$570 and out-of-state students will have an increase of \$1,638.

STAFF RECOMMENDATION: Staff recommends Board of Visitors approval of the 2015-2016 budget including tuition and fee rates.

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ITEM NUMBER : IV.A

Six-Year Capital Plan (ACTION)

PURPOSE OF ITEM:

This item provides annual submission of University's Six Year Capital Plan for Board approval.

APPROPRIATE COMMITTEE:

FINANCE AND LAND USE COMMITTEE

BRIEF NARRATIVE:

George Mason annually submits a six-year capital plan each spring. The Department of Planning and Budget has not established a firm submission date yet; however, submission will likely be due before the next Board meeting. DPB has also not provided guidance as to expected funding levels or areas of focus this year. When provided, staff expects guidance to include discussion about potential for a General Obligation Bond (GOB).

Building on initial funding provided by the legislature in the 2016 budget bill, staff recommends full funding of both Robinson Hall replacement, and repair and expansion of the heating and cooling plant distribution system as the two highest priorities in this year's plan. Since the total of these two projects will approach \$150 million, it will be difficult for other projects to be included in the budget. However, because of the likelihood of a GOB, staff further recommends the other General Fund projects included here.

The draft capital list on the following page represents the total proposed six-year plan. Historically, the Governor's Budget has included one to two General Fund projects and all non-general fund projects

The proposed Six-year plan continues to limit inclusion of non-general fund projects due to limited debt capacity. The non-general fund projects listed focus on asset protection and correction of critical deficiencies. Staff will present an overall debt summary in the May meeting.

Staff continues to refine the project list and cost estimates at this time. As a result, the list presented to the Board at the May meeting may be slightly different than presented here.

STAFF RECOMMENDATION:

For information only

2016-2022 Draft George Mason University Capital Plan

Construct Robinson Hall (Initial planning funds in 2015)	GF	\$100M-\$110M
Improve Utility Distribution Infrastructure (Initial planning funds in 2015)	GF	\$45M-\$50M
Improve Telecomm/Network Infrastructure – Fairfax	GF	\$5M-\$10M
Renovate Fenwick Learning Commons Phase 2	GF	\$40M-\$45M
Construct Supplemental Classrooms – Fairfax	GF	\$15M-\$20M
Renovate Planetary (S&TI) Hall	GF	\$45M-\$50M
Renovate David King Hall	GF	\$65M-\$70M
Critical Maintenance and Improvements – Center for the Arts	NGF	TBD
Construct Facilities Complex – Fairfax	GF	\$45M-\$50M
Renovate Enterprise Hall	GF	\$45M-\$50M
Construct Academic VIII – Fairfax	GF/NGF	\$135M-\$150M

ITEM NUMBER III.C.:

**Resolution of the Board of Visitors:
Approval of Resolution regarding Veteran
Access, Choice and Accountability Act of 2014**

PURPOSE OF ITEM:

This Action Item is required to comply with the Veterans Access, Choice and Accountability Act of 2014, 38 U.S.C. 3679(c).

APPROPRIATE COMMITTEE:

Finance and Land Use Committee

BRIEF NARRATIVE:

The Draft Resolution has provided was promulgated by the Commonwealth's Secretary of Education and delivered electronically to all College Presidents for signature, but requires Board approval. The Draft Resolution is informational as it has not been fully reviewed by staff, and is provided as a place holder for a formal Resolution to be presented at the May 6th meeting.

The deadline for compliance with the U.S. Department of Veterans Affairs is 1 July. It is anticipated that the formal Resolution to be submitted for your approval will vary only slightly – if at all – from the Draft Resolution.

STAFF RECOMMENDATION:

Staff will recommend Board approval of a formal Resolution.

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Board Resolution

Veterans Access, Choice and Accountability Act of 2014

WHEREAS, _____ [Name of Institution] has the authority to set tuition and fee charges; and

WHEREAS, 38 U.S.C. 3679(c), the Veterans Access, Choice and Accountability Act of 2014 ("the Act") requires the U.S. Department of Veterans Affairs to disapprove programs of education for payment of benefits under the Post-9/11 GI Bill and Montgomery GI Bill-Active Duty at public institutions of higher education if such institutions charge qualifying veterans and other qualified individuals ("covered individuals") tuition and fees in excess of the rate for in-state students for terms beginning after July 1, 2015; and

WHEREAS, "covered individuals" under the Act include:

- A veteran who lives in Virginia, regardless of formal state of residence or domicile, and enrolls in this institution within three years of discharge from a period of active duty service of 90 days or more using benefits under the Post-9/11 GI Bill and Montgomery GI Bill-Active Duty.
- Anyone using transferred benefits under the Post-9/11 GI Bill and Montgomery GI Bill-Active Duty who lives in Virginia, regardless of formal state of residence or domicile, and enrolls in this institution within three years of the transferor's discharge from a period of active duty service of 90 days or more.
- Anyone using benefits under the Marine Gunnery Sergeant John David Fry Scholarship who lives in Virginia, regardless of formal state of residence or domicile, and enrolls in this institution within three years of the Servicemember's death in the line of duty following a period of active duty service of 90 days or more; and
- Anyone described above while he or she remains continuously enrolled (other than during regularly scheduled breaks between courses, semesters, or terms) at the same school. The person so described must have enrolled in the school prior to the expiration of the three year period following discharge, release, or death described above and must be using educational benefits under either chapter 30 or chapter 33, of title 38, United States Code.

INFORMATION ONLY

WHEREAS, pursuant to Virginia Code § 23-7.4:2 (H), all veterans residing within the Commonwealth shall be eligible for in-state tuition charges.

NOW BE IT THEREFORE RESOLVED that the tuition and fee rate for a course of education pursued by the following categories of students shall be equal to the tuition and fee rate for that course of education charged to in-state students:

- Anyone using transferred benefits under the Post-9/11 GI Bill and Montgomery GI Bill-Active Duty who lives in Virginia, regardless of formal state of residence or domicile, and enrolls in this institution within three years of the transferor's discharge from a period of active duty service of 90 days or more.
- Anyone using benefits under the Marine Gunnery Sergeant John David Fry Scholarship who lives in Virginia, regardless of formal state of residence, and enrolls in this institution within three years of the Servicemember's death in the line of duty following a period of active duty service of 90 days or more.
- Anyone described above while he or she remains continuously enrolled (other than during regularly scheduled breaks between courses, semesters, or terms) at the same school. The person so described must have enrolled in the school prior to the expiration of the three year period following discharge, release, or death described above and must be using educational benefits under either chapter 30 or chapter 33, of title 38, United States Code.

BE IT FURTHER RESOLVED that the [President] is delegated the authority to attest to (1) this action by the Board of Visitors; and (2) that this institution charges tuition and fees to uniformed services veterans and other qualified individuals covered under 38 U.S.C. 3679(c) at a rate equal to in-state tuition and fees for that course of education.

ITEM NUMBER IV.A.:

Capital Projects Review (INFORMATION)

PURPOSE OF ITEM:

This item updates ongoing authorized capital projects.

APPROPRIATE COMMITTEE:

FINANCE AND LAND USE COMMITTEE

BRIEF NARRATIVE:

This section provides the regular report on the status of capital construction projects on all three university campuses. The project “stoplight” chart provides a summary review. For purposes of black and white printing, all stoplights are “Green” unless otherwise noted. Scoring definitions:

- “Red”: Likely to exceed approved budget, schedule, or scope
- “Yellow”: At risk to exceed approved budget, schedule, or scope, but can still recover
- “Green”: Within approved budget, schedule, or scope
- “White”: on-hold

Changes/updates since the March, 2015 report include:

- Renovate Field House – Weight Room work completed and facility fully reoccupied Jan 2015 as planned. Remaining roof coatings being completed now. Project will be removed from project list.
- Discovery Hall Life Science Lab Building, PW – Construction complete in February as planned and move in occurred the week of 2 March. Third floor fitout project scope being refined for separate design and construction contracts. Future reports will show only the fitout project – a \$3.8M project.
- Campus Drive – Road completed and opened on April 18th. Punchlist items and contract closeout remain. Project will be removed from project list.
- Shenandoah Housing, Taylor Hall – At time of print, initial final inspections underway with BCOM.
- Central Utility Plant Expansion – Construction contract awarded (Boiler/chiller purchase contract awarded in 2014). Work remains on schedule.

STAFF RECOMMENDATION:

For Board information only.

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Facilities Projects Listing

Project #	Project Name	Scope(sf) New	Scope(sf) Reno	Total Budget	Budget Status	Schedule	Scope	Construction Start date	Occupancy date	Construction % Complete
Construction										
1	17843-000 Renovate Field House		126,850	\$ 5,806,762	●	●	●	11/15/2013	1/7/2015	96%
2	17848-000 PPEA Discovery Hall Ph II & Fitout	77,264		\$ 38,936,310	●	●	●	6/15/2012	3/2/2015	99%
3	0123-029-948 Campus Drive	4,022		\$ 18,740,593	●	●	●	12/1/2012	4/18/2015	98%
4	17570-003 Housing VIII Phase B - Shenandoah (295 beds)	68,377		\$ 18,805,862	●	●	●	4/1/2013	4/30/2015	99%
5	16835-000 Point of View - Conflict Analysis Facility	24,447		\$ 10,809,614	●	●	●	6/10/2014	7/31/2015	61%
6	17695-000 Fenwick Library	157,359		\$ 60,060,129	●	●	●	11/1/2012	1/15/2016	79%
7	17634-000 Potomac Science Center	115,783		\$ 30,007,364	●	●	●	10/1/2014	4/30/2016	23%
8	18043-000 Central Utility Plant Expansion*	4,500	6,000	\$ 10,381,527	●	●	●	4/20/2015	12/30/2015	5%
Design										
9	18011-000 Hylton Center Addition*	17,886		\$ 8,600,000	●	●	●	5/1/2015	11/1/2016	N/A
10	17999-000 Health Sciences - Academic VII (est cost \$71M)*	166,000		\$ 5,900,000	●	●	●	6/2/2015	7/2/2017	N/A
Planning										
11	17570-004 Housing VIII Phase B - Rappahanock - On Hold	103,000		\$ 27,300,000	○	○	○	TBD	TBD	N/A
12	17962-000 Spuhler Field Renovation - Phase I - On Hold	10,000		\$ 4,000,000	○	○	○	TBD	TBD	N/A
13	18000-000 Life Sciences - Bull Run Add (est cost \$43M) - On Hold	100,000	23,000	\$ 2,000,000	○	○	○	TBD	TBD	N/A
Grand Total This Report		848,638	155,850	\$ 241,348,161						

Data as of February 2015

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

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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

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ITEM NUMBER IV. B:

Auditor of Public Accounts Briefing (INFORMATION)

PURPOSE OF ITEM:

The University's auditors will brief the Committee on their audit of the financial statements for the year ended June 30, 2014.

APPROPRIATE COMMITTEE:

FINANCE AND LAND USE

BRIEF NARRATIVE:

The Auditor of Public Accounts (APA) is the state agency responsible for auditing all agencies of the Commonwealth. The APA is nearing completion of its audit of the University's financial statements for the year ended June 30, 2014. Auditors will provide a briefing on their findings and present information on changes in accounting pronouncements which will affect the current year's audit. The draft published FY2014 report can be found at:

<http://fiscal.gmu.edu/wp-content/uploads/2014/11/FY14-GMU-Financial-Statements-unaudited.pdf>,

which is where the final report will also be published shortly after the meeting.

STAFF RECOMMENDATION:

For Board information only.

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