

**GEORGE MASON UNIVERSITY
TOTAL BUDGET, 2002-2003**

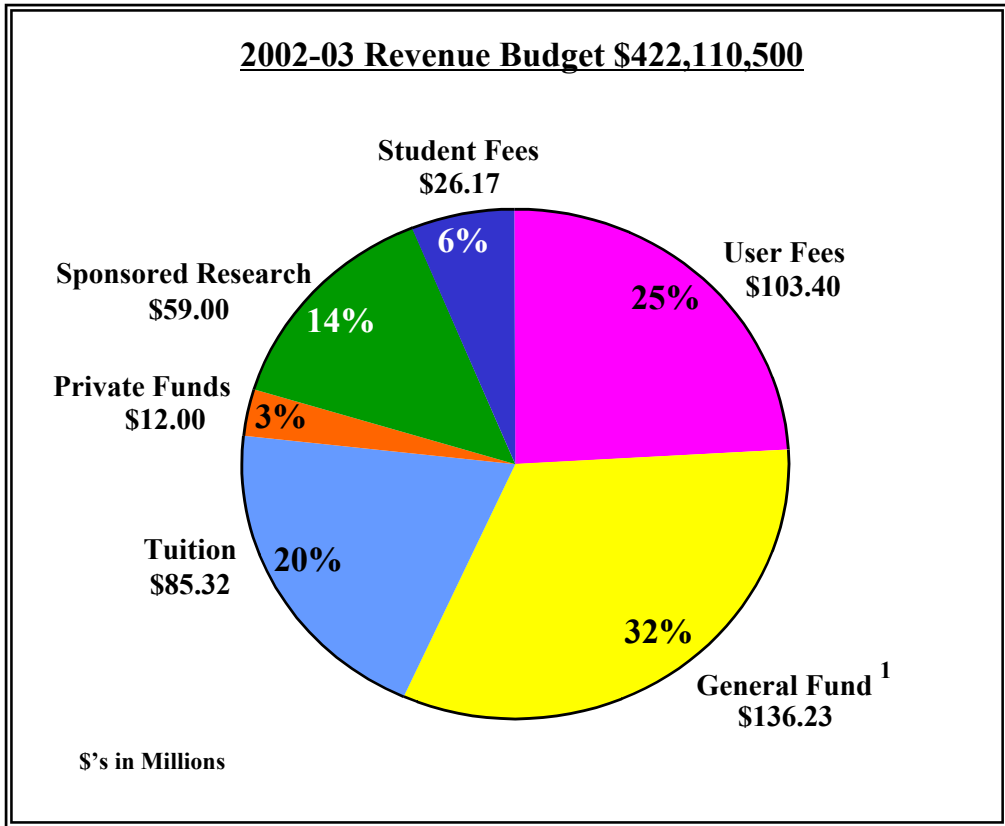
ANNUAL CHANGE: ALL PROGRAMS

This Executive Summary 2003 summarizes the Educational & General (E&G) and Auxiliary Enterprise budget plans for FY 2003. Every effort has been made to provide sufficient information to not only understand the priorities of the institution, but to also be able to ascertain where new additional resources for FY 2003 have been allocated. Additionally, since there is no growth in the Educational & General program the narrative focuses on the reallocation of resources in FY 2003. Although the total University budget for FY 2003 represents a 6% increase over the FY 2002 budget (see table below), the major increases occur primarily in capital outlay spending and sponsored research.

PROGRAM	BUDGET FY 2002	BUDGET FY 2003	PERCENT CHANGE
Education & General	\$215.5M	\$214.1M	<0.7%>
Auxiliary Enterprises	90.2M	95.4M	5.9%
Sponsored Research	52.0M	59.0M	13.5%
Capital Outlay	33.4M	46.3M	38.7%
Student Financial Aid	7.0M	7.3M	3.9%
TOTAL	\$398.0M	\$422.1M	6.0%

REVENUE: ALL FUNDS – ALL SOURCES

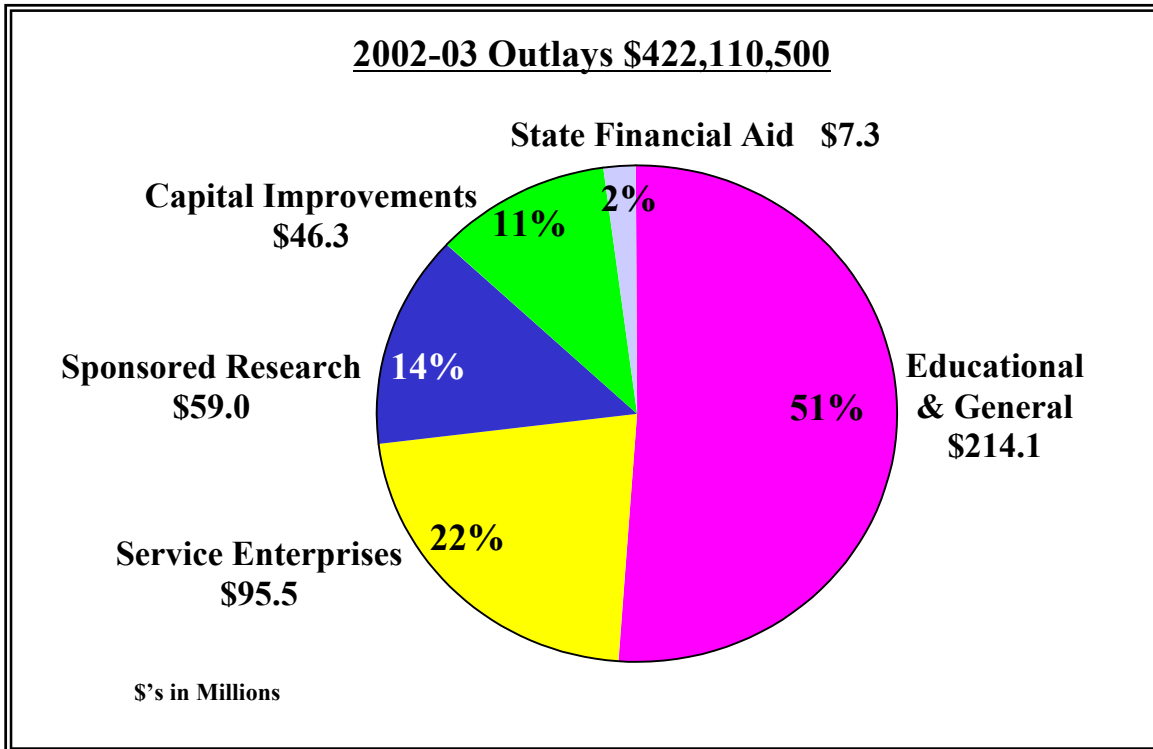
The total 2002-2003 budget for George Mason University (GMU) is projected to generate \$422.1 million of revenue. The revenue that supports the GMU budget is derived from six major sources. Revenue (in accordance with Federal/State financial and accounting practices) is only reported to the extent of actual expenditures in the programs of Sponsored Research and Capital Outlay.



¹ Includes Educational & General (\$104.5M), Equipment Trust Fund (\$2.0M), State Financial Assistance (\$7.3M), and Capital Outlay (\$22.4M).

OUTLAYS: ALL FUNDS – ALL USES

The 2002-2003 spending plan is also established at \$422,110,500 since it is anticipated that all revenues will be expended for operating costs or allocated to reserves for facility depreciation. Funds are expended within five programs.



INSTITUTIONAL PRIORITIES

The Board of Visitors adopted several institutional priorities, and those served as the framework for the allocation of the additional new funds in FY 2002 as well as the reallocation of funds in FY 2003. The following themes of the Board of Visitors, which were aimed at achieving academic excellence, guided budget development.

BOARD OF VISITORS

• Capital Campaign	• Public Policy Programs
• General Education	• Technology
• Law School	• Student Life - Housing
• Marketing and Public Relations	• Student Life - Customer Service, Security, Parking
• Performance Measures	• Faculty Rewards & Incentives
• Economics Programs	• Master Plan Review
• Graduate School of Education	• School of Management
• Selective Enrollment Growth	

Another key factor in the allocation of new funds is the linkage of the proposal for funding to the institutional priorities identified in the University's Institutional Performance Agreement (IPA). Although the six year proposed agreement included over 60 performance measures, the following nine initiatives captured the essence of the six year operating plan.

INSTITUTIONAL PERFORMANCE AGREEMENT

• Equip all students to succeed in Information Age
• Build strong graduate/professional programs to promote continuous learning
• Strengthen science research and education to meet state and national needs
• Educate all students to be technologically literate
• Expand policy research and education to meet state and national needs
• Meet the educational demands of a growing region
• Integrate students' academic/experiential life
• Use all resources efficiently and effectively
• Enhance excellence through private giving

EDUCATIONAL & GENERAL

PROGRAM DEFINITION

The Educational & General (E&G) program is the largest program within the University. The E&G budget represents 51% of the University's total operation, and it is comprised of seven subprograms. These subprograms directly support the University's mission of teaching, research, and public service.

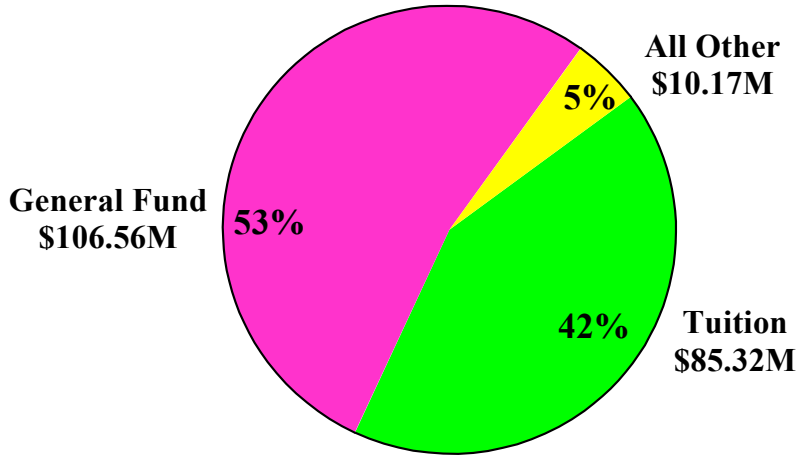
SUBPROGRAM	MAJOR ACTIVITIES
Instruction	Instructional faculty, departmental costs
Academic Support	Deans and Directors, school level costs
Libraries	Professional librarians, library reference materials
Technology	University computing – academic/administrative – new systems
Student Services	Registrar, Admissions, Financial Aid, Placement, Career Services, etc.
Institutional Support	Executive Management, Purchasing, Payroll, Police, Fiscal Services
Physical Plant	Building maintenance, plant personnel, utilities, property rental

PROGRAM REVENUES

Total E&G revenues for FY 2003 are projected at \$202.0M which is approximately \$1.5M less than the FY 2002 budget of \$203.5M. The University will support a student enrollment of 19,300 FTE students in FY 2003 as compared to an enrollment of 18,700 FTE in FY 2002.

In 2002-03, the General Fund will provide nearly 53% of the support of George Mason's E&G operation. Tuition and other sources of revenue will provide the remaining 47%. The percentage of General Fund support in FY 2003 is nine percent less than in FY 2002. This reverses the trend between 1996 - 2002 when the General Fund percentage of support was increasing each year.

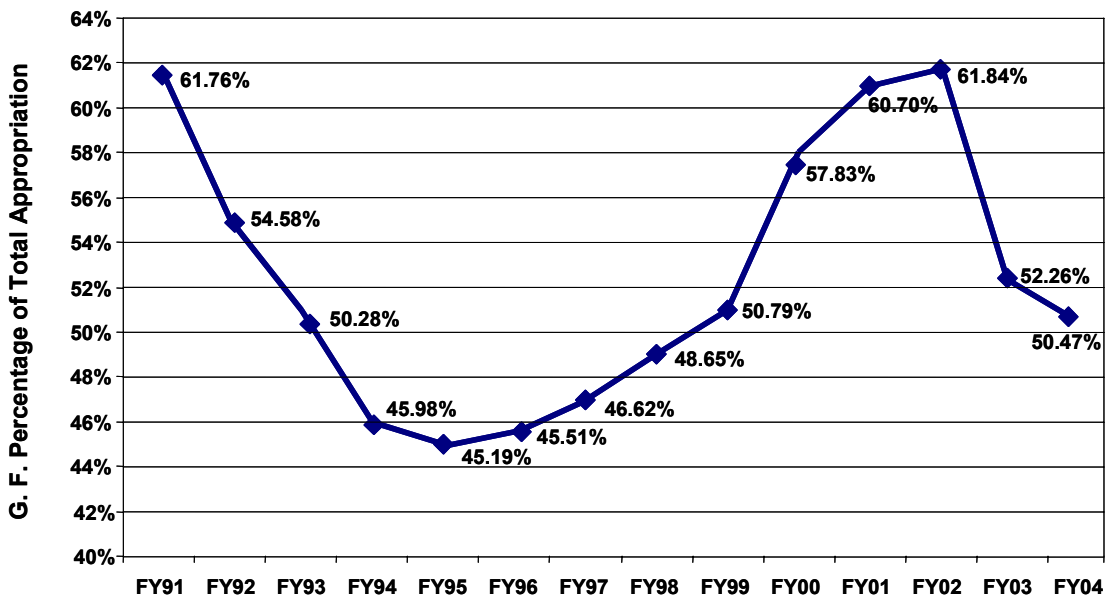
Source of Funds – Total E&G Revenue \$202,054,800



Note: Excludes \$12M Private Funds

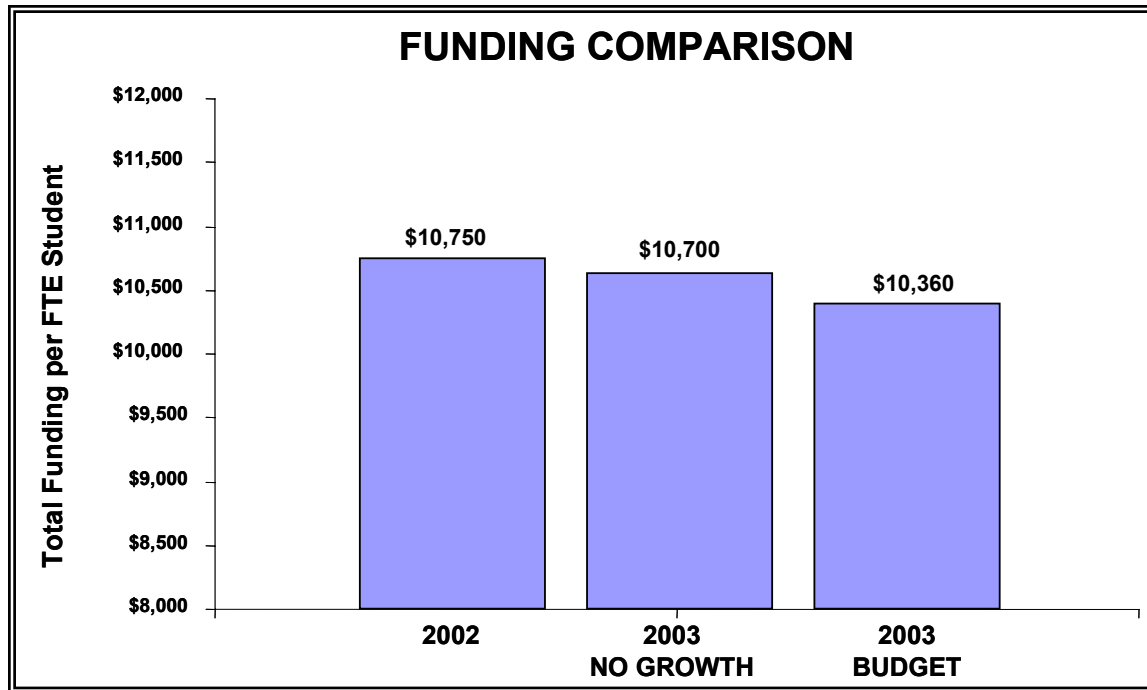
General Fund Trend Analysis

Twelve years ago in 1990-91, the General Fund provided approximately 62% of the funding for George Mason University’s E&G operation. The General Fund support then dropped for five consecutive years through 1995-96, when the General Fund provided only 45% of the E&G funding. The past seven years, however, saw the General Fund percentage increase back to 62% in 2001-02 (see graph below). Due to budget reductions from the state, in 2002-03 the General Fund support will decrease to 52.26%. With the additional General Fund budget reduction of \$3.6M FY04, the General Fund percentage will decrease to 50.47%.



Funding per FTE Student

With the reduction of total funding and the increased student enrollment, the total funding per FTE student will decrease by 3.7% in FY 2003. Through reallocations, George Mason University has taken several actions to mitigate the impact upon classroom/laboratory activities. The loss of funding, however, is not insignificant as the decrease in funding of \$390 per FTE student on an enrollment of over 19,300 in 2003 equates to more than seven million dollars.



Strength Of Student Applications/Enrollment

Freshmen applications have grown (10%) over last year, academic credentials are higher, and the University will attain the targeted projected enrollment for 2002-03 of 25,500 (headcount), or 19,300 FTE students. The entering class will reflect higher GPA's and higher SAT scores.

The projected FY 2003 enrollment of 19,300 FTE represents an increase of 600 FTE, or 3.2% over the actual student enrollment of 18,700 in 2001-02. The 2001-02 actual enrollment of 18,700 was 400 FTE higher than the original target for FY 2002.

Annual Change in Funding Sources

The proposed budget for E&G in 2002-2003 is \$202,054,800, and this represents a decrease of \$1,481,200 from the 2001-2002 E&G budget. Despite a 600 FTE student enrollment growth the total E&G budget of 2002-2003 represents a -0.7% decrease from the 2001-2002 E&G budget. The General Fund decrease of approximately \$14.7M is partially offset by the tuition increases and enrollment growth projected for 2002-03.

SOURCE	AMOUNT	% INCREASE
General Fund	- \$14,683,300	- 12.1%
Tuition, et al		16.0%
Enrollment Growth	2,002,100	
<u>Tuition Rate Increase</u>	<u>11,202,000</u>	
Subtotal	13,202,100	
TOTAL	- \$1,481,200	- 0.7%

REALLOCATIONS - OVERVIEW

REALLOCATIONS

George Mason University reallocated \$10.95M during the FY 2003 budget process as it realigned resources to maximize the effective use of the limited resources available in FY 2003 to support 19,300 FTE students.

EDUCATIONAL & GENERAL ANNUAL BUDGET CHANGES REALLOCATIONS OF FY 2003		
FINAL BUDGET, FY 2002		\$203.50M
<u>Reallocations - Adds</u>		
• Restructuring/Reorganization	\$.34M	
• Program Enhancement	1.14M	
• Enrollment Growth	4.62M	
• Unavoidable/Mandatory *	.40M	
• Inflation	.45M	
• Restoration of Budget Cuts	4.00M	
TOTAL REALLOCATIONS - ADDS		\$10.95M
<u>Reallocations - Deducts</u>		
• Restructuring/Reorganization	(.34M)	
• Nonrecurring Adjustments	(3.01M)	
• Budget Reductions	(7.60M)	
• Equip Trust Fund Reduction	(1.50M)	
TOTAL REALLOCATIONS - DEDUCTS		(\$12.45M)
PROPOSED BUDGET, FY 2003		\$202.00M

* Funding allocated to cover pricing increases in photo duplicating (\$200,000) and support for telecommunications infrastructure (\$200,000).

Result of Reallocations

Through the FY 2003 E&G budget process (in what could be identified as a no-funding growth year) approximately twelve million dollars have been reallocated. This reallocation has increased the percentage of funding available to instruction with decreasing percentages available for technology, general administration and physical plant. The proposed budget does establish a central reserve of one million dollars.

PERCENTAGE OF FUNDING BY MAJOR PROGRAM			
	FY 2002	FY 2003	CHANGE
Instruction	53.23%	54.79%	1.57%
Equipment Trust Fund	1.78%	1.00%	-0.78%
Library	6.33%	6.16%	-0.16%
Academic Support	5.54%	5.63%	0.09%
Student Services	5.12%	5.50%	0.38%
Technology	9.18%	8.58%	-0.60%
Institutional Support	10.64%	9.91%	-0.73%
Plant	7.96%	7.48%	-0.48%
Central	0.24%	0.95%	0.71%
TOTAL	100.00%	100.00%	0.00%

Specific details of these reallocations by academic and administrative unit is provided on the following pages.

Student Enrollment Growth

This projected enrollment for FY 2003 is 1,000 FTE greater than the target for FY 2002, which was the basis for resource allocations in FY 2002. Although George Mason University only experienced marginal growth from 1996 through 2001, the enrollment growth of FY 2002 was similar to the significant growth years of 1988-1995.

Nearly \$4.6 million of the Reallocation for Prior Commitments allocated 2002-03 has been earmarked for enrollment growth support. This funding supports the growth beyond the original target in 2001-02, as well as the anticipated growth in 2002-03. Funding is allocated to academic units as well as academic support units. Other allocations support unavoidable costs such as inflation for library reference materials and information technology contracts, as well as additional commitments for space contracted for in 2001-02.

Selected academic units are experiencing enrollment growth which cannot be supported within the current base budgets. Funding is allocated to academic units to support enrollment growth from the 2001-02 overall target of 18,300 FTE students to the 19,300 FTE student enrollment target for 2002-03. The units with the largest enrollment increases are Public Policy, Visual and Performing Arts, Information Technology and Engineering, Arts & Sciences, Nursing and Health Sciences, and Summer.

The enrollment targets for each academic unit total 19,526 FTE students, which exceeds the FY 2003 revenue budget enrollment target by 226 FTE students (see table, page 11). This strategy has been implemented to offset potential shortfalls in any academic unit experiencing difficulty in meeting their original enrollment target. If the actual university-wide enrollment for FY 2003 exceeds 19,300 FTE students or if any academic unit significantly exceeds their enrollment target, the academic units exceeding their original enrollment targets will receive consideration for additional funding.

Summer Session Enrollment

A major part of the University’s enrollment is from summer term enrollment. As shown in the table below, George Mason University’s summer enrollment is the largest in the state. It is anticipated that the headcount will reach 11,300 students for the 2002 summer term. This headcount will generate approximately 2,000 FTE student enrollment, of which 250 FTE are from contract activity.

<i>2001 SUMMER HEADCOUNT ENROLLMENT (ON AND OFF CAMPUS) FROM SELECTED VIRGINIA INSTITUTIONS</i>	
George Mason University	10,769
Old Dominion University	10,610
Virginia Commonwealth University	8,679
University of Virginia	7,833
Virginia Tech	7,759
James Madison University	5,408

Regular Session Enrollment

The two tables on the following page summarize recent student enrollment trends as well as the academic units with the most substantial student enrollment growth.

**INSERT STUDENT ENROLLMENT (FTE) BY COURSE REGISTRATION TABLE
HERE**

REALLOCATIONS - MAJOR UNITS

I. Instruction

College of Arts & Sciences

Net Change \$899,300

➤ **Restructuring/Reorganization**

\$97,700

This change is the net of funding returned from the College of Visual and Performing Arts for one-time use for part-time in FY02, promotion and tenure funding for FY02, salary adjustments for instructional faculty for retention, offset by a transfer of funding to Admissions for Graduate Admissions.

□ **Program Enhancement**

\$85,100

Funding is allocated to support the Math Literacy program for testing and support in Mathematics, as well as support staff for the Life Sciences program.

◆ **Enrollment Growth/Prior Commitments**

\$1,399,400

Funding in the amount of \$1,399,400 is allocated to the College of Arts & Sciences to provide support for new programs, support enhancement of programs transferred into the unit, and enrollment growth. \$120,000 is allocated to continue the funding required for the new General Education program for the university. Funding in the amount of \$179,400 is allocated for the Community College Doctoral program for a new director and faculty support. Funding in the amount of \$350,000 is allocated for the new Masters in Social Work program. This funding will support faculty and staff required to implement the graduate program. Funding in the amount of \$750,000 is allocated for enrollment growth support. *The CAS enrollment will grow from a 2001-02 target of 8,970 FTE students to a 2002-03 target of 9,425 FTE students. This is a 5.1% increase in enrollment.* During FY02, the CAS actual enrollment was 9,368. The funding is allocated across units such as English, Physics, Math, Modern and Classical Languages, and Communication for instructional faculty positions. A portion of the allocation will support enhancing the part-time faculty matrix to be more competitive in paying adjunct faculty, as well as supporting the establishment of three classified support staff.

✓ **Original Budget Reduction Plan**

(\$1,292,900)

The original budget reduction identified for the College of Arts and Sciences was \$1,292,900. In order to cover this reduction the unit would have to eliminate and hold vacant 12.00 faculty positions. The result would be smaller class size and elimination of some course sections. Additionally the reduction would require total cuts in non-personnel and wages budgets of \$600,000.

★ **Partial Restoration of Funding**

\$610,000

Funding in the amount of \$100,000 is allocated to the College of Arts & Sciences to ensure that class size for undergraduate courses will not be adversely impacted. A total of \$160,000 is allocated to support the non-personnel needs of the college. This includes \$60,000 allocated for the lab sciences to avoid an increase in lab fees and \$100,000 for all other non-personnel support. \$300,000 is allocated for personnel and equipment for the new Biosciences initiative within the College of Arts & Sciences.

College of Nursing & Health Science

Net Change \$313,200

➤ **Restructuring/Reorganization**

\$17,600

This change is funding for promotion and tenure funding for FY02, and salary adjustments for staff.

◆ **Enrollment Growth/Prior Commitments**

\$461,800

Funding in the amount of \$250,000 is allocated to support enrollment growth in the college. *The CNHS enrollment will grow from a 2001-02 target of 446 FTE students to a target of 525 FTE students in 2002-03. This is an increase in enrollment of 17.7%.* The additional funding will allow the unit to hire 3.00 additional full-time faculty, 1.50 part-time faculty, as well as non-personnel support to meet the enrollment demands anticipated in 2002-03. Funding is also provided as the former dean moves to instructional faculty and a new dean is hired for the College.

✓ **Original Budget Reduction Plan**

(\$166,200)

The original budget reduction identified for the College of Nursing and Health Science was \$166,200. In order to cover this reduction the unit would have to eliminate/hold vacant 1.00 faculty position and 1.00 administrative faculty position. Additionally the reduction would require some cuts in non-personnel.

College of Visual and Performing Arts

Net Change \$228,500

➤ **Restructuring/Reorganization**

(\$18,600)

This change is the net of funding returned to the College of Arts and Sciences for one-time use for part-time in FY02, offset by promotion and tenure funding for FY02, and salary adjustments for instructional faculty for retention.

◆ **Enrollment Growth/Prior Commitments**

\$174,400

Funding in the amount of \$174,400 is allocated to support enrollment growth in the college. *The CVPA enrollment will grow from a 2001-02 target of 730 FTE students to a target of 880 FTE*

students in 2002-03. This is an increase in enrollment of 20.5%. The actual enrollment within CVPA in 2001-02 was 841 FTE students. The additional funding for FY03 will allow the unit to hire 2.00 additional full-time faculty, as well as 1.60 part-time faculty to meet the enrollment demands anticipated in 2002-03.

✓ **Original Budget Reduction Plan** **(\$137,300)**

The original budget reduction identified for the College of Visual and Performing Arts was \$137,300. In order to cover this reduction the unit would have to eliminate/hold vacant 1.50 faculty positions and 1.00 support staff position. This would impact the unit's ability to support the enrollment level within the college.

★ **Partial Restoration of Funding** **\$210,000**

Funding is allocated to restore budget reductions to ensure that faculty support is available for the enrollment level anticipated within the college. Funding in the amount of \$210,000 is allocated to hire adequate staff for the enrollment and to ensure that equipment, supplies and other non-personnel support is adequate for the college. \$60,000 of the increase is allocated to avoid a new lab fee and to hold down the cost of supplies for students.

Graduate School of Education

Net Change (\$62,100)

➤ **Restructuring/Reorganization** **\$27,400**

This change is the net of promotion and tenure funding for FY02, and salary adjustments for instructional faculty for summer activities.

◆ **Enrollment Growth/Prior Commitments** **\$230,000**

Funding in the amount of \$230,000 is allocated to support the new program of Travel and Tourism within the Graduate School of Education. The additional funding will allow the unit to hire 2.00 additional full-time faculty, and provide some part-time faculty and non-personnel support.

✓ **Original Budget Reduction Plan** **(\$319,500)**

The original budget reduction identified for the Graduate School of Education was \$319,500. In order to cover this reduction the unit would have to eliminate/hold vacant 3.50 faculty positions, as well as graduate assistant positions. This would impact the unit's ability to support the enrollment level within the college.

Institute for Conflict Analysis & Resolution**Net Change \$26,300**

- **Restructuring/Reorganization** **\$3,300**

This change is promotion and tenure funding for FY02.

- ◆ **Enrollment Growth/Prior Commitments** **\$73,000**

Funding in the amount of \$73,000 is allocated to support enrollment growth in the institute. This funding will allow the school to hire one full-time faculty position. *The ICAR enrollment will grow from a 2001-02 target of 85 FTE students to a target of 104 FTE students in 2002-03. This is an increase in enrollment of 22.4%. The actual enrollment in 2001-02 was 89 FTE students.*

- ✓ **Original Budget Reduction Plan** **(\$50,000)**

The original budget reduction identified for the Institute for Conflict Analysis & Resolution was \$50,000. In order to cover this reduction the unit would have to restructure some instructional faculty and administrative positions, as well as reduce non-personnel funds.

Krasnow Institute**Net Change \$200,000**

- **Restructuring/Reorganization** **\$200,000**

Funding in the amount of \$200,000 is allocated to support the administrative requirements of the Institute with its transfer to the University. This is partial support for the Institute, which will continue to be supported primarily through private funds, indirect earnings and research grant activity.

School of Computational Sciences**Net Change (\$102,300)**

- **Restructuring/Reorganization** **(\$218,900)**

This change is the net of additional funds for promotion and tenure and graduate assistant funding for FY02, offset by a re-allocation of an instructional faculty position as the previous dean goes back to instructional faculty in the School of Information Technology and Engineering. Additionally, there is a reduction in funding as a reduction in some self-generated revenue activity is anticipated.

- ◆ **Enrollment Growth/Prior Commitments** **\$200,000**

Funding in the amount of \$200,000 is allocated to establish a world-class doctoral program and center of excellence in Climate Dynamics in collaboration with the Center for Ocean-Land-Atmosphere Studies (COLA). This funding would allow the university to hire select COLA scientists on faculty appointments at GMU. This funding would allow SCS to hire 2.00 FTE

faculty, as well as providing some support for equipment and non-personnel. Additional enrollment will also be supported through this allocation. *The SCS enrollment will grow from a 2001-02 target of 70 FTE students to a target of 87 FTE students in 2002-03. This is an increase in enrollment of 24.3%. During 2001-02 the actual enrollment for the school was 78 FTE students.*

✓ **Original Budget Reduction Plan** **(\$111,400)**

The original budget reduction identified for the School of Computational Science was \$111,400. In order to cover this reduction the unit would have to eliminate/hold vacant some instructional faculty as well as use other grant sources to cover some staff. Additionally, there would be some reduction in adjunct faculty in the school.

★ **Partial Restoration of Funding** **\$91,000**

Restoration of budget reduction funding is allocated in the amount of \$91,000 to support faculty costs within the school. This will ensure the staffing level required for instruction and research within the school.

School of Information Technology & Engineering

Net Change \$367,000

➤ **Restructuring/Reorganization** **\$263,900**

This change is the net of funding allocated for promotion and tenure and graduate assistant funding for FY02, as well as the allocation of funding as staff previously in other schools move back to the School of Information Technology & Engineering. One of the positions restructured is from the School of Computational Science and the other is from the School of Public Policy.

◆ **Enrollment Growth/Prior Commitments** **\$400,000**

Funding in the amount of \$400,000 is allocated to the School of Information Technology & Engineering to provide support for new programs, and enrollment growth. This allocation will support the funding required for the new BS IT program as well as additional enrollment overall. This funding will allow the school to hire four full-time faculty and 2.50 part-time faculty. *The IT&E enrollment will grow from a 2001-02 target of 1,770 FTE students to a target of 2,050 FTE students in 2002-03. This is an increase in enrollment of 15.8%. In 2001-02 the actual enrollment in IT&E is 1,923 FTE students.*

✓ **Original Budget Reduction Plan** **(\$421,900)**

The original budget reduction identified for the School of Information Technology & Engineering was \$421,900. In order to cover this reduction the unit would have to eliminate and hold vacant 4.00 faculty positions, as well as some graduate assistant positions. Additionally, there would be some reduction in adjunct faculty. This would impact greatly the unit's ability to meet the enrollment demands of the School. The result would be smaller class size and elimination of some course sections.

★ **Partial Restoration of Funding** **\$125,000**

Budget reduction restoration funding in the amount of \$125,000 is allocated to ensure that faculty support is available for the enrollment level anticipated within the school.

School of Law

Net Change \$25,300

✓ **Original Budget Reduction Plan** **(\$300,000)**

The original budget reduction identified for the School of Law was \$300,000. In order to cover this reduction the unit would have to eliminate/hold vacant 2.00 positions. Additionally, there would be some reduction in non-personnel.

★ **Partial Restoration of Funding** **\$325,000**

Budget reduction restoration funding is allocated in the amount of \$325,000 to help sustain the Tier 1 ranking of the School of Law. This funding totally offsets the budget reduction and will ensure that no funding will need to be diverted from faculty salaries to cover non-personnel costs in 2002-03. *No student enrollment growth is projected for FY 2003.*

School of Management

Net Change (\$831,400)

➤ **Restructuring/Reorganization** **(\$620,200)**

This change is the net of funding allocated for promotion and tenure for FY02, as well as a reduction in funding as the result of the elimination of some self-generated revenue activity. The contract for some special programs structured for business and government entities will expire. These may be replaced by other programs initiated during the year, and the budget will be revised as appropriate.

✓ **Original Budget Reduction Plan** **(\$311,200)**

The original budget reduction identified for the School of Management was \$311,200. In order to cover this reduction the unit would reduce all university support for two programs within the school. This would reduce the flexibility within the programs and necessitate an increase in the pricing structure of the programs.

★ **Partial Restoration of Funding** **\$100,000**

Funding in the amount of \$100,000 is allocated in a reserve within the School of Management to support additional salary costs as the school fills vacant positions with high quality faculty to support the enhancement of the school's programs. The release of the funding will be dependent on the school achieving the enrollment level set for 2002-03. If the enrollment level is not met, the funding will revert back to the central university.

School of Public Policy**Net Change \$125,700****➤ Restructuring/Reorganization (\$59,700)**

This change is the net of funding allocated for promotion and tenure and graduate assistant funding for FY02, as well as the re-allocation of funding as staff move back to the School of Information Technology & Engineering.

◆ Enrollment Growth/Prior Commitments \$143,000

Funding in the amount of \$143,000 is allocated to support enrollment growth in the school. This funding will allow the school to hire two junior level positions. *The SPP enrollment will grow from a 2001-02 target of 245 FTE students to 325 FTE students in 2002-03. This is an increase in enrollment of 32.7% which is the largest percentage increase in the University. In 2001-02 the actual enrollment is 297 FTE students.*

✓ Original Budget Reduction Plan (\$167,600)

The original budget reduction identified for the School of Public Policy was \$167,600. In order to cover this reduction the unit would have to eliminate/hold vacant 1.00 faculty position, as well as some adjunct faculty. Additionally, there would be some reduction in non-personnel and wages. This would greatly impact the unit's ability to meet the enrollment demands of the School.

★ Partial Restoration of Funding \$210,000

Budget reduction restoration funding is allocated in the amount of \$210,000 to ensure that faculty support is available for the enrollment level anticipated within the college.

Summer Term**Net Change \$21,500****➤ Restructuring/Reorganization (\$21,100)**

This change is funding re-allocated to the Graduate School of Education for summer term activities of one faculty member.

◆ Enrollment Growth/Prior Commitments \$136,600

Funding in the amount of \$136,600 is allocated to support enrollment growth in the summer term. This funding will support additional courses to be offered during the summer. *The Summer Term enrollment will grow from a 2001-02 target of 1,600 FTE students to 1,700 FTE students in 2002-03. This is an increase in enrollment of 6.3%. In 2001-02 the actual summer term enrollment is 1660 FTE students.*

✓ **Original Budget Reduction Plan** **(\$109,200)**

The original budget reduction identified for the Summer Term was \$109,200. In order to cover this reduction the unit would have to reduce the funding available to support summer term courses. This would impact greatly the unit's ability to meet the enrollment demands of the Summer term.

★ **Partial Restoration of Funding** **\$15,200**

Budget reduction restoration funding is allocated in the amount of \$15,200 to support faculty for courses in the summer term.

Provost Instruction

Net Change \$268,400

➤ **Restructuring/Reorganization** **(\$92,100)**

This change is the net of funding re-allocated to other academic units for promotion and tenure and graduate allocations for FY02, as well as salary adjustments for instructional faculty.

◆ **Enrollment Growth/Prior Commitments** **\$260,500**

Funding is allocated to support new programs, and faculty promotion and tenure. Funding in the amount of \$100,000 is allocated for the Interdisciplinary Center for Economic Science (ICES) to further the development of this new center at GMU. Funding in the amount of \$100,000 is provided for faculty support in Computational Social Science for the development of this interdisciplinary program. \$60,500 is allocated to support the cost of promotion and tenure for instructional faculty. This funding will be re-allocated to instructional units as the promotion and tenure decisions are finalized and approved.

★ **Partial Restoration of Funding** **\$100,000**

Funding in the amount of \$100,000 is allocated to ensure that sufficient support is available for the new ICES programs and research activity.

II. Academic Support

Provost Administration

Net Change (\$201,700)

✓ **Original Budget Reduction Plan** **(\$251,700)**

The original budget reduction identified for the Academic Administration was \$251,700. In order to cover this reduction the unit would have to use all reserve funding available in FY03. This includes positions held in reserve and the Provost's share of contract course revenues.

◆ **Enrollment Growth/Prior Commitments** **\$50,000**

An allocation of \$50,000 will support the new requirements for competency testing as required by SCHEV.

Enrollment Services**Net Change \$415,000****➤ Restructuring/Reorganization \$50,700**

This change is funding re-allocated between Enrollment Services and the College of Arts & Sciences for support related to graduate admissions and other enrollment services.

◆ Enrollment Growth/Prior Commitments \$398,700

Funding in the amount of \$398,700 is allocated to allow the offices within Enrollment Services to hire additional staff to support the increased enrollment level anticipated for 2002-03. Funding is identified to support new positions within the Registrar's Office (2.00 FTE), Financial Aid (1.00 FTE), and Student Academic Affairs (1.00 FTE). The positions within the Registrar's Office will support degree audit and technology. Additional funding is allocated to the Admissions Office to support 2.00 FTE positions. One of the positions was advanced in 2001-02 for Graduate Admissions and the other position is for support at the Arlington Campus. An allocation is provided which is to be administered jointly between Admissions and University Relations to enhance the marketing efforts at the university.

✓ Original Budget Reduction Plan (\$119,200)

The original budget reduction identified for Enrollment Services was \$119,200. In order to cover this reduction the unit would have to eliminate/hold vacant four FTE positions. This would negatively impact the services that would be provided to students in areas such as Financial Aid, Registrar, Admissions and Student Academic Affairs. This would be compounded by the enrollment growth from the current fiscal year as well as the growth planned for FY03.

★ Partial Restoration of Funding \$85,000

Funding in the amount of \$85,000 is allocated to allow the offices of Financial Aid and Advising to fill vacant positions and support the level of students anticipated to enroll in 2002-03.

Student Financial Aid**Net Change \$850,000****◆ Enrollment Growth/Prior Commitments \$350,000**

Funding in the amount of \$350,000 is allocated to support additional financial aid requirements in 2002-03. Of the total funding, \$150,000 is allocated to support need-based tuition requirements for out-of-state students. This funding is administered through the Financial Aid Office. Funding in the amount of \$200,000 is allocated to support the additional cost of high potential graduate students, with support for students across all academic units.

★ Partial Restoration of Funding \$500,000

Funding is added to supplement the original allocation for financial aid and to offset the increase in tuition for in-state undergraduate students.

III. Libraries

Library

Net Change \$74,700

➤ **Restructuring/Reorganization** **\$1,800**

This change is an allocation for promotion and tenure funding for FY02.

▪ **Inflation** **\$250,000**

Funding in the amount of \$250,000 is allocated to address the issue of inflation in the maintenance of library reference materials.

✓ **Original Budget Reduction Plan** **(\$327,100)**

The original budget reduction identified for the Library was \$327,100. In order to cover this reduction the unit would have to eliminate/hold vacant six FTE positions. Additionally, there would be a reduction in wage and non-personnel support. All of these actions would greatly impact the service level provided to students, faculty and staff. There would be some service reductions in library services.

★ **Partial Restoration of Funding** **\$150,000**

Funding in the amount of \$150,000 is allocated to allow the Library to fill vacant reference librarian positions and support the reference and research needs of the students and faculty in 2002-03.

IV. Technology

Information Technology Unit

Net Change (\$553,200)

➤ **Restructuring/Reorganization** **(\$801,600)**

This change is the net of funding adjustments for one-time funding offset of \$141,000 by new ongoing commitments. A reduction as the one-time funding for the network infrastructure project (\$700,000) is completed and one-time funding for maintenance contracts (\$141,000) are offset by an allocation commitment for training funds and central compensation funds.

▪ **Inflation** **\$115,000**

Funding in the amount of \$115,000 is allocated to address the issue of inflation for hardware and software maintenance agreements.

◆ **Enrollment Growth/Prior Commitments** **\$270,000**

Funding is provided to support requirements to maintain the university's infrastructure and systems, as well as additional costs for software and hardware contracts due to increases in the numbers of students, faculty and staff and growth in sponsored research activity.

✓ **Original Budget Reduction Plan** **(\$436,600)**

In order to cover this reduction the unit would have to eliminate/hold vacant five FTE positions. Additionally, there would be a reduction in wage and non-personnel support. All of these actions would greatly impact the service level provided to students, faculty and staff. There would be some service reductions in computer labs and e-classroom support.

★ **Partial Restoration of Funding** **\$300,000**

Funding is allocated to allow the Information Technology Units to fill vacant positions and support the needs of faculty and students with technology in the classroom and labs. This funding will allow the unit to fill positions as well as cover non-personnel requirements related to supporting information technology in the classrooms and labs.

V. University Life

University Life

Net Change \$50,800

➤ **Restructuring/Reorganization** **\$19,800**

This change is the net amount for central compensation adjustments as well as additional College Work Study funding.

◆ **Enrollment Growth/Prior Commitments** **\$130,000**

Funding in the amount of \$130,000 is allocated to support staffing in International Programs and Services and the Counseling Center, as well as non-personnel support in the Diversity Programs and Services office.

✓ **Original Budget Reduction Plan** **(\$143,000)**

The original budget reduction identified for University Life was \$143,000. In order to cover this reduction the unit would have to eliminate/hold vacant three FTE positions. Additionally, there would be a reduction in wage and non-personnel support. All of these actions would greatly impact the service level provided to students, faculty and staff, and be compounded by the enrollment growth being experienced at the university.

★ **Partial Restoration of Funding** **\$44,000**

Funding in the amount of \$44,000 is allocated to allow the University Life offices to ensure that support to students in the Counseling and Career Services offices is not interrupted during 2002-03.

VI. Institutional Support

Finance & Planning

Net Change (\$165,500)

◆ **Enrollment Growth/Prior Commitments** **\$85,000**

Funding in the amount of \$35,000 is allocated to the Human Resources department in 2002-03 as a base budget adjustment to cover non-personnel requirements such as telephone, printing and supplies. Funding in the amount of \$50,000 is allocated to support high priority compensation adjustments for classified staff across the university in 2002-03. These funds are initially allocated and administered by the Human Resources Department but will be allocated to individual units as the amounts are identified.

✓ **Original Budget Reduction Plan** **(\$285,000)**

This unit includes the functions of Fiscal Services, Human Resources, Budget and Institutional Research, Senior Vice President and Legal. In order to cover this reduction the unit must eliminate/hold vacant seven positions. Some restructuring of positions is currently being reviewed for implementation during the 2002-03 fiscal year. Additionally, some non-personnel and wages funding must be reduced to address the reduction.

★ **Partial Restoration of Funding** **\$60,000**

Funding in the amount of \$35,000 is allocated to allow the Human Resources Department to fill a vacant position vital to the support of the Human Resources system conversion and to ensure accurate payroll processing. Funding in the amount of \$20,000 is allocated to support non-personnel needs in the offices of Fiscal Services and the Budget office.

Operations

Net Change \$282,600

▪ **Inflation** **\$15,000**

Funding in the amount of \$15,000 is allocated to address the issue of inflation for current mail services contractual agreements.

◆ **Enrollment Growth/Prior Commitments** **\$416,000**

Funding is allocated within the Operations unit to support critical needs at all campuses. \$121,000 and one FTE is allocated to support a new position at the Prince William campus to serve as Prince William Campus Manager and be a liaison between all units and the other campuses. Funding (\$195,000) is allocated for three FTE positions to support safety operations across all campuses. Funding in the amount of \$50,000 is allocated to replace Police vehicles and \$50,000 for the Police & Cadet program.

✓ **Original Budget Reduction Plan** **(\$285,000)**

This unit includes the functions of Safety, Insurance, Police, Arlington Operations, Prince William Operations. In order to cover this reduction the units will reduce wages and non-personnel funding.

★ **Partial Restoration of Funding** **\$85,000**

Funding in the amount of \$50,000 is allocated to support critical needs for a campus dispatcher and security at Prince William campus. Non-personnel needs at Arlington, Prince William and Fairfax operations are addressed with an allocation of \$35,000.

Executive Administration

Net Change (\$50,600)

➤ **Restructuring/Reorganization** **(\$28,600)**

This change is the net of funding adjustments with restructuring of positions.

✓ **Original Budget Reduction Plan** **(\$69,000)**

This unit includes the functions of President, Board of Visitors, Internal Audit and VP University Equity. In order to cover this reduction the unit will have to eliminate/hold vacant two FTE positions and reduce wages and non-personnel funding.

★ **Partial Restoration of Funding** **\$47,000**

Funding in the amount of \$47,000 is allocated to the offices of Internal Audit and VP Equity to provide sufficient funding to fill previously approved, but underfunded positions within the offices.

University Development

Net Change (\$47,300)

✓ **Original Budget Reduction Plan** **(\$47,300)**

The budget reduction for University Development is \$47,300. In order to cover the reduction this unit must reduce non-personnel costs and generate additional resources from external activities.

University Relations

Net Change (\$44,800)

➤ **Restructuring/Reorganization** **\$11,900**

This change is additional funding adjustments for College Work Study funding.

◆ **Enrollment Growth/Prior Commitments** **\$37,500**

Funding is allocated to support Marketing efforts at the University. An additional \$37,500 is allocated within Enrollment Services for marketing and the two offices will work together to coordinate marketing efforts of the university. This funding is combined with \$30,000 allocated in 2001-02 for marketing efforts. With the 2002-03 total allocations, the amount of university funds allocated for marketing is \$105,000.

✓ **Original Budget Reduction Plan** **(\$94,200)**

The original budget reduction for University Relations was \$94,200. In order to cover the reduction this unit must reduce non-personnel costs and generate additional resources from external activities.

VII. Plant/Facilities

Physical Plant/Facilities

Net Change (\$623,300)

➤ **Restructuring/Reorganization** **(\$332,900)**

This change is the net of funding adjustments for one-time funding offset by new ongoing commitments. The reduction is possible since the one-time funding for the master plan (\$350,000) is completed. There is a small allocation for plant personnel compensation adjustments.

▪ **Inflation** **\$35,000**

Funding in the amount of \$35,000 is allocated to address the issue of inflation for housekeeping contractual agreements.

◆ **Enrollment Growth/Prior Commitments** **\$90,000**

Funding in the amount of \$90,000 is allocated to support Housekeeping across campus. The funding is allocated to return to the standards of the Housekeeping that were in place prior to the last rounds of budget reductions.

✓ **Original Budget Reduction Plan** **(\$655,400)**

In order to cover this reduction the unit would have to eliminate/hold vacant six FTE positions. Additionally, there would be a reduction in wage and non-personnel support, especially in the areas of housekeeping, classroom upgrades, and maintenance. Of the total budget reduction, \$300,000 is identified to be recovered through maintenance reserve funding. This portion of the reduction would reduce building maintenance within the E&G funding and use the maintenance reserve funding to temporarily replace these expenses. All of these actions would greatly impact the service level provided to students, faculty and staff, and be compounded by the enrollment growth being experienced at the university.

★ **Partial Restoration of Funding** **\$240,000**

Funding is allocated to support functions within Physical Plant such as housekeeping (\$50,000); carpeting/painting/building maintenance (\$30,000); vehicle replacement (\$20,000); and campus plat study (\$60,000). Additionally, the funding (\$60,000) will allow Physical Plant to fill two vacant positions to support building maintenance and locksmith operations, as well as \$20,000 for wages support for the Office of Space Management.

Utilities**Net Change (\$300,000)**

- ✓ **Original Budget Reduction Plan** (\$300,000)

The budget reduction identified for Utilities is \$300,000. In order to cover this reduction the use of energy in 2002-03 must be incurred at a cost lower than incurred during the current fiscal year. This will be accomplished through energy conservation measures and contractual arrangements for natural gas and electricity.

Property Rental**Net Change \$430,500**

- **Inflation** \$30,100

Funding is allocated to address inflation for current property rental contractual agreements.

- ◆ **Enrollment Growth/Prior Commitments** \$387,200

Funding is allocated to support the requirements of property/space rentals. This funding covers the cost of new space rentals in Fairfax and Arlington which were begun in 2001-02, but covered from other sources of funds for the first year. Additionally, the funding (\$100,000) covers a portion of the commitment which is required for the space which Educational & General operations use within Auxiliary Enterprise facilities.

- ✓ **Original Budget Reduction Plan** (\$71,800)

The budget reduction for Property Rental is \$71,800. In order to cover this reduction some planned expansion of property rental must be delayed for future years.

- ★ **Partial Restoration of Funding** \$85,000

Funding is allocated to support additional space rental (4,000 s.f.) for research space in Fairfax City. This will allow the university to continue supporting vital research activity primarily in the School of Information Technology & Engineering and the School of Computational Sciences.

VIII. Central**University Reserve****Net Change \$700,000**

- ★ **Partial Restoration of Funding** \$700,000

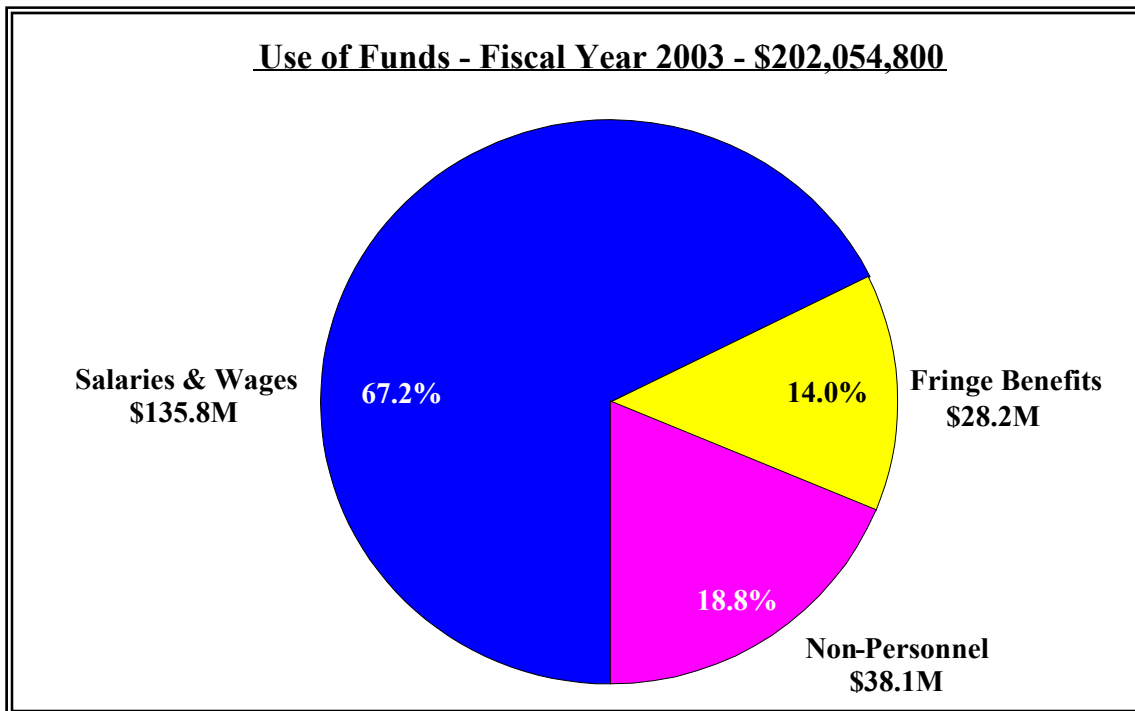
Funding is allocated to the University Reserve to set aside funding for any unanticipated expenses in 2002-03. This funding will be added to the originally established reserve of \$300,000 to create a \$1.0M University Reserve. This reserve will be set aside as an escrow account in the event of any enrollment or revenue shortfalls in 2002-03. Assuming that enrollment levels are met, this funding will not be expended in 2002-03 but will be carried forward with the rest of the FY 2003 reserve to partially offset the projected \$3,600,000 increased budget reduction requirement in FY04.

USE OF FUNDS

PROGRAM EXPENSES

Personnel General

- No salary increases were given in 2001-02. While no salary increases will be given in 2002-03, the FY03 state budget includes funding for a 2.50% bonus to be given in 2002-03. *Although these bonuses will indeed be provided, the funding for the bonuses is not included in this proposed FY 2003 E&G operating budget. George Mason University's funding for this bonus plan will be transferred to GMU from Richmond during the first quarter of the 2002-03 fiscal year.*
- The 2002-2003 budget allocates approximately 81% of the E&G funds for personnel costs, which include salaries, wages, and fringe benefits.

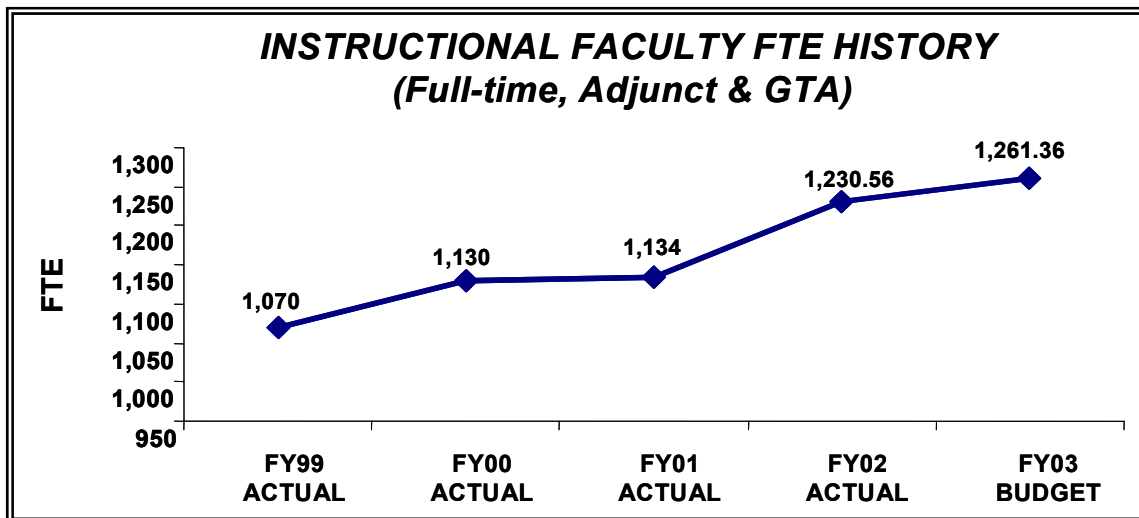


- The major expense within personnel is the compensation for instructional faculty. Approximately 55% of the cost of personnel covers the compensation paid the teaching faculty. (Budget amounts include salary and fringe benefits.)

PERSONNEL TYPE	PROPOSED BUDGET	% OF PERSONNEL
Teaching Faculty	\$90.0M	54.7%
Admin Faculty	26.9M	16.4%
Classified Staff	41.8M	25.4%
Wages/Student Wages	5.8M	3.5%
TOTAL PERSONNEL EXPENSE	\$164.5M	100.0%

Actual spending in FY 2002 reflected an increased use of adjunct faculty and grad assistants. The budget for FY 2003 projects increased utilization of full-time faculty. The actual use of the different types of teaching faculty will be influenced by the success in attracting and retaining full-time faculty. It is anticipated that actual full-time faculty FY 2003 expenditures will be less than budgeted while adjunct expenditures will exceed the budget shown below.

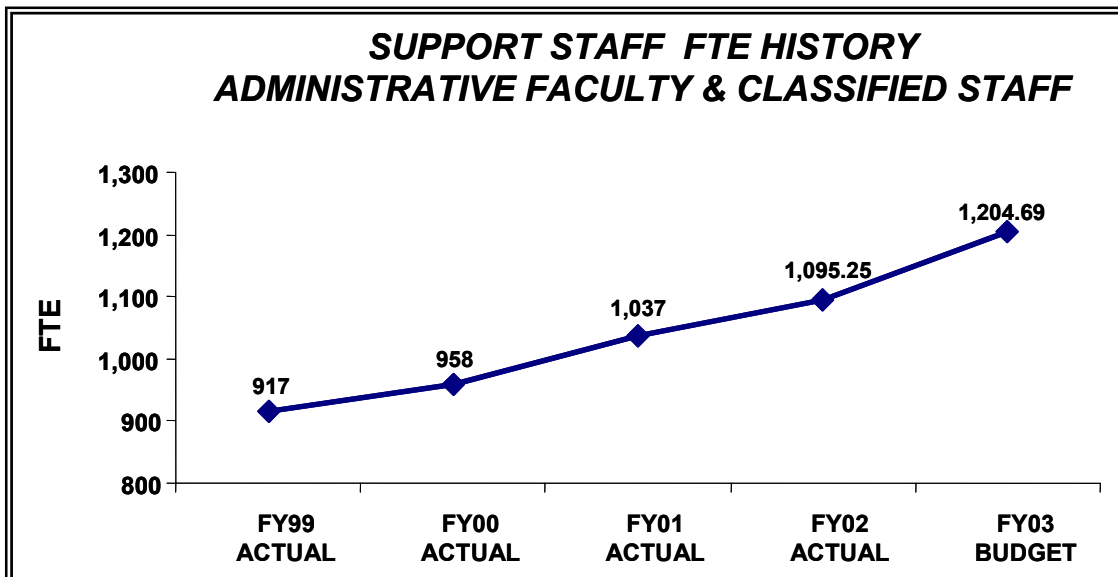
INSTRUCTIONAL FACULTY SALARY AND FTE HISTORY					
	FY99 ACTUAL	FY00 ACTUAL	FY01 ACTUAL	FY02 ACTUAL	FY03 BUDGET
FT Faculty	\$48,296,947	\$51,729,692	\$57,751,195	\$57,709,842	\$63,488,800
PT Faculty	9,496,021	10,322,459	11,192,716	11,765,893	8,747,500
Grad Assistants	2,369,359	2,689,191	3,077,250	3,467,912	3,137,600
TOTAL FACULTY	\$60,162,327	\$64,741,342	\$69,021,161	\$72,943,647	\$75,373,900



Administrative Support Staff

The budgeted salaries and FTE for FY 2003 assumes that over \$1.8M spent last year on wages (see bottom table) will be spent on filling approximately 60 permanent positions that were vacant in FY 2002.

SUPPORT STAFF SALARY AND FTE HISTORY					
	FY99 ACTUAL	FY00 ACTUAL	FY01 ACTUAL	FY02 ACTUAL	FY03 BUDGET
Admin Faculty	\$14,606,121	\$16,425,534	\$18,455,788	\$20,131,296	\$21,702,400
Classified	23,734,806	26,360,835	28,605,541	30,507,321	32,907,000
TOTAL SUPPORT STAFF	\$38,340,927	\$42,786,369	\$47,061,329	\$50,638,617	\$54,609,400



Note: Actual is the average filled FTE for FY 2002.

WAGES SALARY HISTORY					
	FY99 ACTUAL	FY00 ACTUAL	FY01 ACTUAL	FY02 ACTUAL	FY03 BUDGET
Wages	\$4,244,772	\$4,800,415	\$4,944,497	\$4,939,095	\$3,188,300
Student Wages	1,925,360	1,890,020	1,991,922	1,874,626	1,900,000
CWS	559,077	649,497	501,670	583,333	612,800
TOTAL WAGES	\$6,729,209	\$7,339,932	\$7,438,089	\$7,397,054	\$5,701,100

The actual use of wages and student wages has been stable for the past three years, and these temporary staff equate to between 250 - 300 FTE positions. Although the original budgets for FY 2003 for temporary staff equal only about 75-80% of the prior year level of spending, it is anticipated that permanent staff vacancies and turnovers will result in departmental reallocations of funds to temporary staff hires. Actual wage spending in FY03 will reflect prior year spending.

INSERT DONNA'S FULL-TIME EQUIVALENT POSITIONS BY MAJOR UNIT
TABLE HERE

Non-Personnel Requirements

- Approximately 19% of the E&G budget is expended on non-personnel expenditures. This is consistent with previous years. There are significant differences between subprograms.
- Due to the state imposed budget restrictions, the 2002-2003 budget is \$1.8M less than the estimated non-personnel spending for 2001-2002.

E&G SUBPROGRAM BUDGET PERSONNEL/NON-PERSONNEL 2002 – 2003					
SUBPROGRAM	PERSONNEL SERVICES		NON-PERSONNEL		TOTAL BUDGET
	BUDGET	% TOTAL	BUDGET	%TOTAL	
Instruction	\$102,404,800	89.4%	\$12,279,200	10.6%	\$114,584,000
Academic Support	10,616,700	93.4%	752,900	6.6%	11,369,600
Libraries	6,381,600	51.3%	6,070,100	48.7%	12,451,700
Technology	10,456,500	60.3%	6,880,000	39.7%	17,336,500
Student Services	9,639,300	86.8%	1,470,900	13.2%	11,110,200
Institutional Support	17,081,500	85.0%	3,010,200	15.0%	20,091,700
Plant	7,358,400	48.7%	7,752,700	51.3%	15,111,100
TOTAL	\$163,938,800	81.1%	\$38,116,000	18.9%	\$202,054,800

Non-Personnel Increases

Non-personnel costs, often referred to as other than personal services (OTPS), are budgeted \$1.8M less in FY 2003 than the 2001-2002 actual spending estimate. The major changes in non-personnel budgets consist of a few increases: student financial support (\$.80 million), library materials to cover inflation (\$.25 million), and the University reserve (\$.70 million). These increases are more than offset by decreases for Equipment Trust Fund (\$1.50M), the telecommunications infrastructure (\$.80 million), one-time support for computing contractual payments (\$.14 million), one-time funding for the master plan (\$.35 million), utilities (\$.30M), and other smaller adjustments as units cover budget reductions by reducing non-personnel spending.

Non-Personnel Profile

Within the non-personnel budget, fifteen major categories of expense make up 86% of the total budget. In 2002-2003, the top E&G expense category within non-personnel is projected to still be library reference materials.

The original 2001-2002 budget for non-personnel was \$38.5 million, it is anticipated that total non-personnel expense for FY02 will be approximately \$41.5 million. This increase results from reallocation of salary savings funds and increased self-generated revenue. The original budget for non-personnel for 2002-2003 is \$38.1 million.

E&G NON-PERSONNEL BUDGET 2002-2003				
ITEM	1999-00 ACTUAL	2000-01 ACTUAL	2001-02 ESTIMATE	2002-03 BUDGET
Library Materials	\$4,920,399	\$4,890,246	\$5,050,000	\$5,300,000
Supplies/Equipment	5,790,316	6,252,012	5,300,000	5,000,000
Utilities	3,730,269	4,143,096	3,800,000	3,700,000
Computer Supplies/Services	3,355,573	2,492,413	2,600,000	2,500,000
Property Rental	1,993,616	2,469,564	2,500,000*	2,800,000*
New Administrative System	0	0	2,900,000	2,600,000
Travel	1,865,966	1,911,092	1,950,000	1,800,000
Telephone	1,576,934	1,800,375	1,600,000	1,600,000
Maintenance/Repair	1,501,388	1,663,376	1,600,000	1,400,000
Printing/Duplicating	1,495,934	1,570,630	1,400,000	1,400,000
Study Abroad Travel	1,376,536	1,379,409	1,130,000	1,150,000
Custodial	743,605	1,024,366	1,100,000	1,000,000
Postal/Messenger	937,043	1,036,560	800,000	800,000
Computer Equipment	1,557,691	869,537	798,011	750,000
Insurance	713,224	707,749	700,000	700,000
Equipment Trust Fund Lease	2,481,542	0**	0**	0**
Infrastructure Costs	1,200,000	1,200,000	500,000	0
Subtotal	\$35,240,036	\$33,410,425	\$33,730,000	32,500,000
Percentage	82%	84%	81%	85%
All Other	\$4,136,969	5,530,288	\$4,333,008	\$3,583,279
Percentage	10%	9%	10%	10%
Equipment Trust Fund	\$3,360,697	\$2,981,620	\$3,481,620	\$2,016,721
Percentage	8%	7%	8%	5%
GRAND TOTAL	\$42,737,702	\$39,922,333	\$41,544,628	\$38,100,000

* This amount includes \$200,000 for the lease/purchase over five years of North & South Chesapeake modules for the Fairfax Campus.

* Equipment Trust Fund lease payments are funded by and expensed at the State level. FY00 was the last year those expenses were incurred on the University's books.

Note: While the original non-personnel budget for 2002-03 is \$38,100,000, it is anticipated that, as in prior years, salary savings will be used to supplement the original budget. Budget reductions for 2002-03 have impacted the overall funds available for non-personnel budgets. The total expenses for non-personnel in 2002-03 are projected to be the lowest that have been incurred in four years.

INSERT DONNA'S BUDGET BY MAJOR CATEGORY OF EXPENSE CHART HERE

PROGRAM PERFORMANCE MEASURES

A “Best Practice” or “In Jeopardy”

George Mason University continues to have the lowest level of E&G funding per FTE student among all the schools in its national peer group. These twenty-four institutions were selected several years ago by university and state officials as the schools most similar to George Mason University.

Although a “best practice” can be defined as the most output (FTE students) with the fewest resources (dollars, space and positions) the lingering issue is one of funding adequacy. Can the quality and effectiveness of instruction and operational oversight be maintained with this level of resource support?

To maximize the use of limited resources, George Mason University allocates a greater percentage of its resources directly to instruction - its core mission - than any of the other institutions within its peer group.

Total E&G Funding per In-State FTE Student

The sum of General Fund Support and Tuition approximates the total funding available to teach a full time student. Each doctoral institution within the Commonwealth of Virginia has a unique mission, so funding comparisons are not conclusive. The following table however illustrates both the institutional difference in total funding within the Commonwealth of Virginia and the relationship between tuition and General Fund support at the Virginia doctoral universities. In terms of total funding, George Mason University operates with about 80% of the resources (on average) available to the other doctoral universities.

EDUCATIONAL & GENERAL TOTAL FUNDING PER IN-STATE FTE STUDENT, 2002-2003			
DOCTORAL INSTITUTIONS	GENERAL FUND	IN-STATE TUITION	TOTAL
University of Virginia	\$10,300	\$3,247	\$13,547
Virginia Commonwealth	9,143	2,757	11,900
William & Mary	9,013	2,502	11,515
Virginia Tech	8,810	3,082	11,892
Old Dominion	6,525	2,422	8,947
Doctoral Average	\$8,758	\$2,802	\$11,560
GEORGE MASON	\$6,221	\$3,018	\$9,239
GMU % of Average	71%	108%	80%

General Fund Per In-State FTE Student

GMU continues to receive less General Fund support per FTE student than the average of the other doctoral institutions. In the early 1990's, George Mason University was only receiving 60% of the doctoral average – and by 2001-02 George Mason University was receiving nearly 80%. In 2002-03 George Mason University will receive approximately 71% of the doctoral average (see below).

INSTITUTION	2002	2003
University of Virginia	\$10,223	\$10,300
VA Commonwealth Univ.	8,669	9,143
William & Mary	9,943	9,013
Virginia Tech	9,380	8,810
Old Dominion	6,923	6,525
Doctoral Average	8,965	8,758
GEORGE MASON UNIVERSITY	7,047	6,221
GMU % of Average	78.6%	71.0%

Allocation To Core Mission

George Mason University takes great pride in the high percentage of its limited resources that are allocated to its core mission. This philosophy has maximized resource effectiveness and continues to illustrate the commitment and focus of GMU's allocation of resources.

- According to a SCHEV report, GMU allocates a greater percentage of its resources to instruction and libraries than any university within its twenty-four institution national peer group.

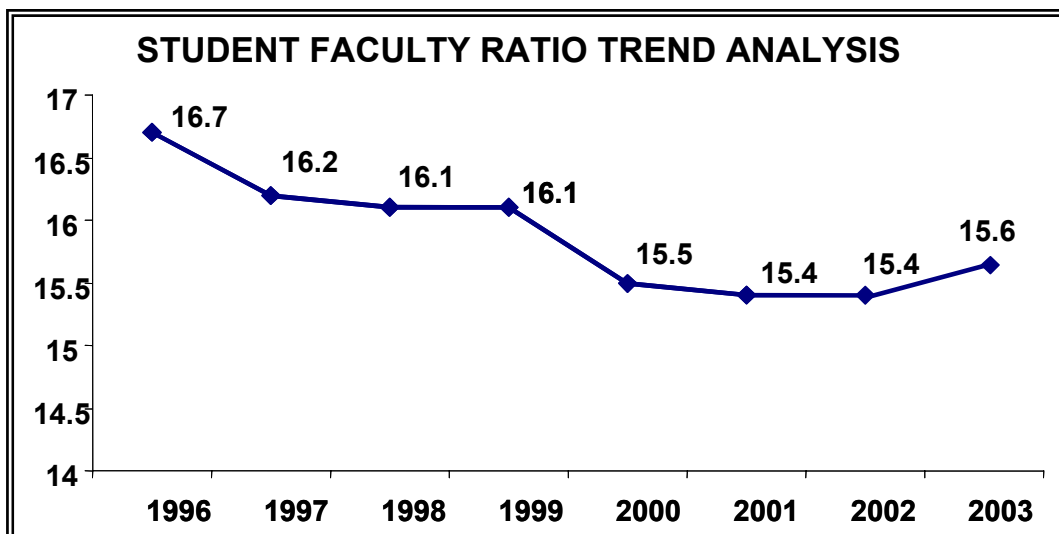
RANK	SELECTED INSTITUTIONS	ACADEMIC BUDGET AS PERCENT OF BUDGET
1 st	GEORGE MASON UNIVERSITY	50.7%
3 rd	Loyola – Chicago	39.1%
6 th	SUNY – Buffalo	43.7%
8 th	Temple	45.1%
12 th	University of Cincinnati	42.3%
15 th	Univ. South Florida	38.3%
	PEER GROUP AVERAGE	37.4%

Student/Faculty Staff Ratios

- The number of students (FTE) supported by the total number of faculty/staff positions (FTE) is a national benchmark for institutional effectiveness. The George Mason University ratio remains far leaner than the existing ratios at the other doctoral institutions in Virginia. The difference between the GMU number of total faculty/staff positions and the doctoral average is 350 positions.

DOCTORAL INSTITUTIONS	STUDENTS (FTE) PER FACULTY/ STAFF POSITIONS
University of Virginia	6.3
VA Comm. University	6.6
William & Mary	7.1
Old Dominion	7.4
Virginia Tech	7.4
Doctoral Average	6.9
GEORGE MASON UNIVERSITY	7.8

- An equally impressive ratio is the relationship of non-teaching positions to teaching positions. The 2002-2003 budget for George Mason University establishes this ratio of 1,256 non-teaching to 1,195 teaching positions equals a 0.95:1 ratio. This is one of the leanest ratios in a national benchmarking survey of over 140 institutions conducted by Coopers Lybrand and the National Association of College and University Business Officers. While the average national ratio is more than two non-teaching positions per every one teaching position, GMU operates with less than one non-teaching position per every teaching position.
- Maintain Low Faculty/Student Ratio: The number of faculty provided in 2002-03 result in the University's faculty/student ratio of 1:15.6. This ratio is worsened due to the higher enrollment level with no state funding provided to support the growth.



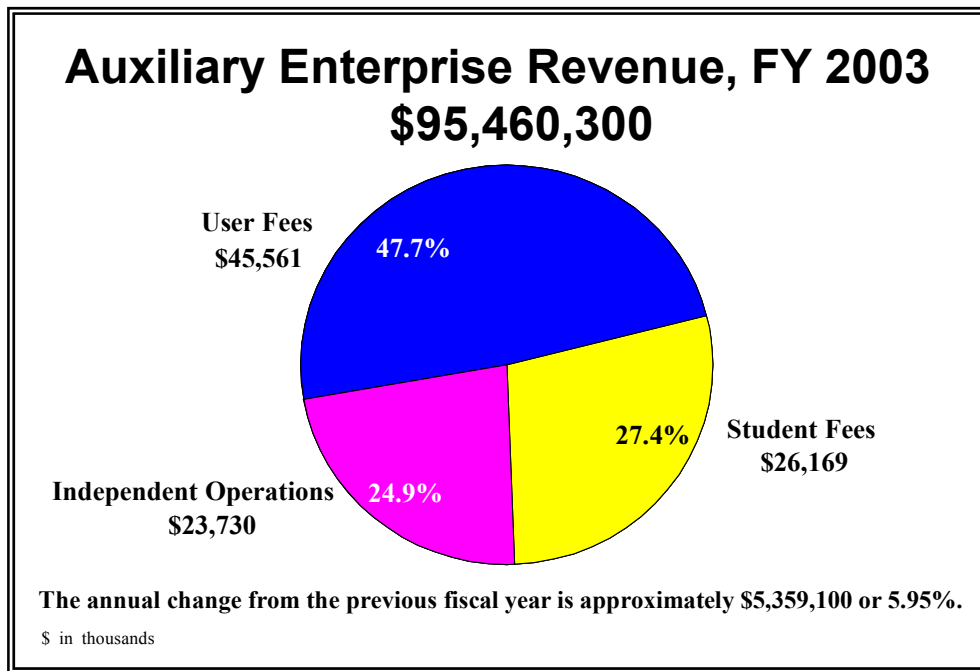
AUXILIARY ENTERPRISES/SERVICE ENTERPRISES

PROGRAM REVENUES

The activity of Auxiliary Enterprises is the second largest program of the University's operation. The projected Auxiliary Enterprise revenue for 2002-03 represents approximately 23% of the University's \$422.1 million total revenue budget. The Auxiliary Enterprise program includes activities that are ancillary to the University's central mission of instruction, service, and research. The Auxiliary Enterprises include operations and activities that are: a) self-supporting through revenues that they generate; b) supported by revenues that they generate and student fees; and c) activities that are funded exclusively through student fees.

The Auxiliary Enterprise revenues (inclusive of all independent operations) are budgeted at \$95,460,400 in 2002-03. This represents nearly a 6% revenue growth over FY 2002.

Graphically, the Auxiliary Enterprise revenue looks like shown below:



For 2002-03 the revenue growth in all of the Auxiliary Enterprises is projected to approach \$5.4M.. Of this total growth, \$1.8M is from independent operations, while \$2.3M is generated from user fees and \$1.3M is from increased student fee revenues. Within the independent operations, almost all of the growth is in the Bookstore operation. This is a result of the impact of increased enrollment, as well as strong marketing and administrative efforts to increase the purchase and sale of used books. Additionally, a second off-campus store closed in the past year, driving more customers on-campus.

- Within user fees activities, the three units generating the largest increases in revenues are Campus Access (Parking) (\$.59M), Student Board (\$.53M), and Print Services (\$.33M).
- The student fee revenue increases with additional revenue from increased enrollment of 600 FTE students (\$.84M), and from an annual student fee rate increase of \$24 (\$.45M).

AUXILIARY ENTERPRISES ANNUAL REVENUE CHANGE FY 2003 & FY 2003				
SOURCE	2001-02	2002-03	AMOUNT CHANGE	% INCREASE
Student Fees	\$24,881,700	\$26,169,300	\$1,287,600	5.17%
User Fees	43,299,000	45,560,600	2,261,600	5.22%
Independent Operations	21,920,500	23,730,400	1,809,900	8.26%
TOTALS	\$90,101,200	\$95,460,300	\$5,359,100	5.95%

The table below identifies the nine largest programs and activities included within the program of Auxiliary Enterprises, and they represent nearly 70% of the Auxiliary Enterprise revenue.

ACTIVITY	INDEPENDENT OPERATION	USER FEE REVENUE	STUDENT FEES	TOTAL REVENUE
Student Housing	0	\$11,038,700	0	\$11,038,700
Food Service	\$10,353,000	0	0	10,353,000
Bookstore	10,482,000	0	0	10,482,000
Intercollegiate Athletics	0	2,042,000	\$6,371,000	8,423,600
Campus Access	0	5,016,000	40,000	5,056,900
Center for the Arts (CVPA)	0	1,766,000	3,229,700	4,995,700
Freedom Aquatic Fitness Center	0	4,635,500	16,300	4,651,800
Patriot Center	2,894,400	45,000	1,600,000	4,541,000
Unions/JC Center	0	775,500	2,658,900	3,434,400

Independent Operations

Auxiliary Enterprises include three independent operations (food service, bookstore, and arena management) where a third party manages each operation through their own corporate financial and accounting system. The total budget for these three programs is \$23,730,400 and includes \$2.8 million of commissions which are returned to George Mason University in exchange for the vendor's exclusive right to provide the service on campus. The University provides oversight and guidance for these operations, conducts regular audits, and receives annual commissions. The University's projected commission from each of these service providers in FY 2003 is shown on the following table. *These commissions are used to support Auxiliary Enterprise operations and activities and thereby reduce the University's dependence upon student fees.*

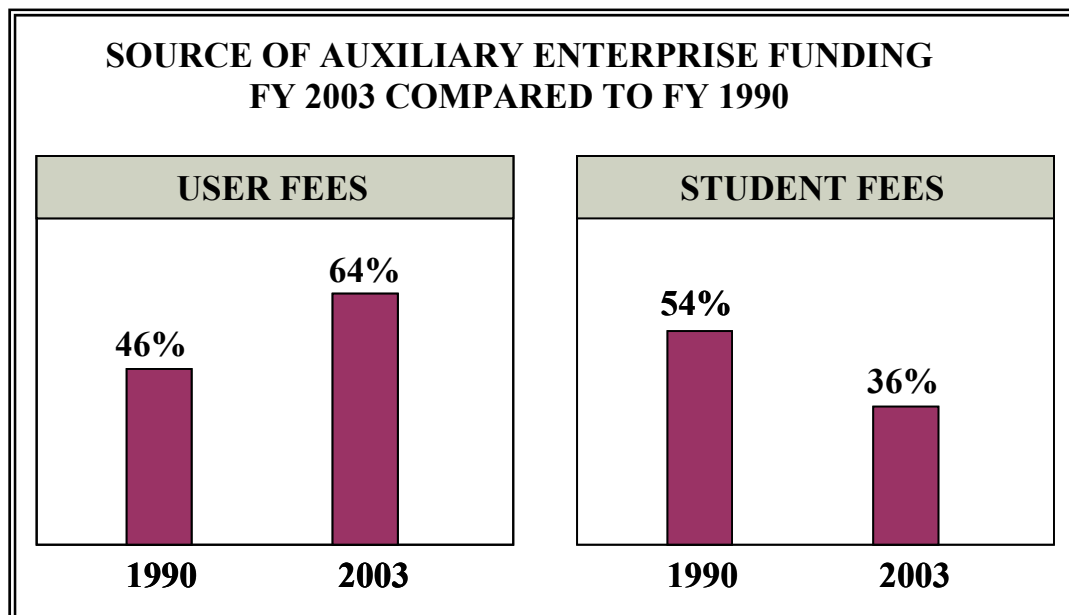
ACTIVITY	OPERATING BUDGET	GEORGE MASON COMMISSION
Bookstore	\$10,482,000	\$1,200,000
Food Service	10,353,000	1,000,000
Arena Management	2,895,400	600,000
TOTAL	\$23,730,400	\$2,800,000

Other Major Revenue Sources

As a program, Auxiliary Enterprises (exclusive of independent operations) are budgeted for revenue at \$71,729,900. This revenue source is achieved through self-generated user fees, while 36% of the program is funded by student fees.

SOURCE OF FUNDING 2002-2003	
Student Fees	\$26,169,300
Self-Generated User Fees	45,560,600
TOTAL FUNDS	\$71,729,900

George Mason University continues to generate an increasing percentage of revenue through user fees, thereby reducing the dependency of student fees. The change in the source of funding over the past thirteen years is shown below:



Revenue Changes

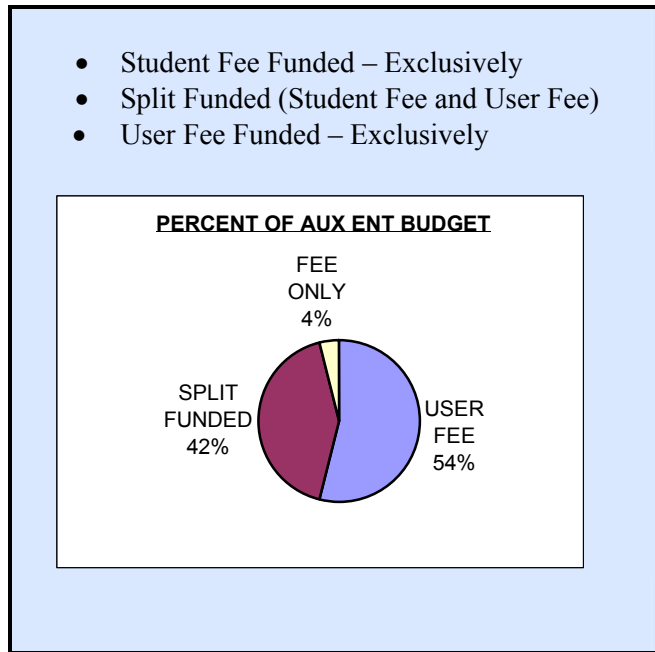
The projected increase in student fee revenue for FY 2003 is \$1.2M which reflects additional student enrollment and a \$24 annual fee increase. The user fee increases are projected to total \$2.3M (see following table).

AUXILIARY ENTERPRISE FY03 REVENUE BUDGET CHANGES IN REVENUE FY03 OVER FY02					
AUXILIARY	FY02 TOTAL REVENUE	FY03 TOTAL REVENUE	CHANGES IN REVENUE, FY03		
			STUDENT FEES	SELF-GEN REVENUE	TOTAL CHANGE
Indirect Cost	1,600,000	2,490,500	890,500	0	\$890,500
AE Central Reserve	(268,500)	371,900	640,400	0	640,400
Student Board	4,760,900	5,350,000	0	589,100	589,100
Campus Access	4,531,400	5,056,900	40,000	525,500	565,500
Print Services	1,812,700	2,146,400	0	333,700	333,700
Facility Reserves	700,000	900,000	200,000	0	200,000
University Life	3,257,200	3,427,200	55,000	115,000	170,000
Student Housing	\$10,871,100	\$11,038,700	\$ 0	\$167,600	167,600
CVPA/Center for the Arts	4,830,700	4,995,700	100,000	65,000	165,000
Hemlock Overlook	1,300,000	1,444,700	0	144,700	144,700
Recreation Sports Clubs	190,700	310,300	113,300	0	113,300
Athletic Facility Improvement	100,000	200,000	100,000	0	100,000
Telecommunications	3,311,800	3,411,800	100,000	0	100,000
Intercollegiate Athletics	8,333,500	8,423,600	56,200	33,900	90,100
Student Health Services	1,455,000	1,533,400	45,000	33,400	78,400
Freedom Aquatic & Fitness Ctr	4,600,000	4,651,800	0	51,800	51,800
Child Development Center	420,200	466,500	0	46,300	46,300
Salary Increases	263,600	294,100	30,500	0	30,500
"All-University Card" System	270,600	299,500	0	28,900	28,900
Fairfax Aquatic Center	2,227,000	2,254,700	(900)	28,600	27,700
Patriot Center	1,633,200	1,645,600	(32,600)	45,000	12,400
Computer Store	1,625,000	1,625,000	0	0	0
GMU Pay Phones	45,000	45,000	0	0	0
University Scholars	440,000	440,000	0	0	0
Warehouse/Police Building	282,600	255,300	0	(27,300)	(27,300)
University Services	569,200	529,200	(40,000)	0	(40,000)
Telecom Infrastructure	578,900	512,200	(66,700)	0	(66,700)
Interest Income	900,000	800,000	0	(100,000)	(100,000)
Student Unions/Johnson Center	5,632,000	5,434,400	(452,100)	254,500	(197,600)
Recreation Sports Complex	1,946,400	1,375,500	(569,500)	0	(569,500)
TOTAL AUX. ENT. REVENUE BUDGET	\$68,220,200	\$71,729,900	\$1,209,100	\$2,335,700	\$3,544,800

The specific details for all revenue changes are provided in the enterprise-specific section.

TYPES OF PROGRAMS

There are three types of Auxiliary Enterprises, and they can be distinguished by their source of funding.



I. Programs/Activities Funded Exclusively By Student Fees

- The intramural/recreation program, recreational/athletic field improvements, and Auxiliary Enterprise facility renovation program are all funded exclusively through student fees.
- The Auxiliary Enterprise administrative staff is funded exclusively through student fees.
- Approximately 15% of the student fee is allocated to these few programs that are funded exclusively by student fee (see below).

ACTIVITY	FEE
Recreation Sports Complex	\$1,374,100
Facility Depreciation Fund	900,000
General Administration	522,000
Telecomm Infrastructure	512,200
Recreation/Athletic Field Improvements	200,000
TOTAL	\$3,508,300

II. Split Funded Auxiliary Enterprises

- Several Auxiliary Enterprises receive support from multiple sources, including student fees and self-generated revenues. University Life organizations, including most student organizations, depend upon both student fees and self-generated revenue. Intercollegiate Athletics receives 76% of its funding from student fees while also being supported by nearly \$2 million annually of self-generated revenue. A nearly self-supporting activity is the student newspaper, Broadside, which receives only 6% (\$16,000) of its funding from student fees.
- The largest split funded Auxiliary Enterprises are shown below, and they receive the remaining 85% of the student fee allocation.
- The Auxiliary Enterprises earn interest income (\$800,000) and this is combined with a student fee allocation (\$1,700,000) to pay for the indirect cost charge (\$2.5 million per year) due to E&G. This indirect cost calculation is conducted in accordance with generally accepted accounting principles and is approved by the State Council of Higher Education (SCHEV).

ENTERPRISE	FY03 STUDENT FEE BUDGET	FY03 SELF-GEN BUDGET	FY03 BASE REVISED BUDGET
Intercollegiate Athletics	\$6,371,100	\$2,052,500	\$8,423,600
Student Unions/GWJ Center	2,658,900	2,775,500	5,434,400
Campus Access	40,000	5,016,900	5,056,900
CVPA/Center for the Arts	3,229,700	1,766,000	4,995,700
Freedom Aquatic & Fitness Center	16,300	4,635,500	4,651,800
University Life	2,430,900	996,300	3,427,200
Telecommunications	100,000	3,311,800	3,411,800
Fairfax Aquatic Center	1,382,300	872,400	2,254,700
Patriot Center *	1,645,600	0	1,645,600
Student Health Services	959,400	574,000	1,533,400
University Scholars	235,000	205,000	440,000
Rec Sports Clubs	289,000	21,300	310,300
“All-University Card” System	191,300	108,200	299,500
TOTAL AE REVENUE BUDGET	\$19,549,500	\$22,335,400	\$41,884,900

* This is an independent operation for management purposes, but the University provides student fee support to cover the debt service and some facility renovation related costs.

III. User-Fee Auxiliary Enterprises

The change in the revenues for user-fee auxiliary enterprises in 2002-03 is projected to be \$2.3M. Much of this change is the result of increased student enrollment, but some units have rate increases which impact the revenue to be generated in FY03. Some of the largest Auxiliary Enterprises receive either no student fee support or a very nominal amount of student fee support. These Auxiliary Enterprises cover all of their operating expenses through the generation of user-fee revenue. The following nine enterprises are the largest operations funded predominantly through user revenue:

Student Housing	\$11,038,700
Bookstore	10,482,000
Food Service	10,353,000
Campus Access (Parking)	5,056,900
Freedom Aquatic & Fitness Center	4,651,800
Print Services	2,146,400
Computer Store	1,625,000
Hemlock Overlook	1,444,700
Child Development Center	466,500

In FY 2003, these enterprises which will generate most of the projected \$2.3M revenue growth will also be realizing significant annual percentage increases (see below).

	SELF-GEN REVENUE	% INCREASE
Food Service	\$ 589,100	12.4%
Campus Access	525,500	11.6%
Print Services	333,700	18.4%
Johnson Center	255,000	10.0%
Housing	167,600	1.5%
Hemlock Overlook	144,700	11.1%
TOTAL	\$2,015,600	N/A

Food Service revenues will increase with additional student enrollment, as well as from an increase in the board rate approved in January, 2002 to cover additional costs for labor and food. Within the Campus Access operation revenues will increase as a result of increased enrollment, as well as with a decal rate increase of \$20 for an annual decal and \$10 for a semester decal. The revenues generated in the Print Services operation are from chargebacks to departments for photocopying. The rate charged by the copy centers will increase in 2002-03 by 1 cent per copy to cover the increases in inflation for labor, supplies and equipment. This is the first per copy increase in 17 years.

NEW STUDENT FEE REQUIREMENTS

In 2002-2003, Auxiliary Enterprises that are funded by student fees will incur increased costs, thereby requiring additional student fee support.

Note: *Since funding was set aside in FY 2002 for a staff salary increase that did not materialize, that same funding source is available in FY 2003 to cover the cost of staff bonus payments.*

REASONS FOR INCREASED STUDENT FEE, 2002-2003

- To improve University Life related programs and activities, including Friday Night activities, student travel, cinema support, International student support services, student legal services, and diversity programs services. **[\$100,000]**
- To provide support for increased enrollment and weekend activities, an additional \$100,000 is allocated to Unions/Johnson Center to fund programming and support for the Johnson Center to be open until 2 am. **[\$100,000]**
- To support an equipment depreciation and facility renovation escrow for the Center for the Arts. **[\$100,000]**
- To support the facility/building deferred maintenance accounts for the Johnson Center and Center for the Arts. **[\$200,000]**
- To support the university's information technology infrastructure systems for students. **[\$100,000]**
- To replace a portion of the previously reduced annual allocation for recreational/athletic fields improvements. **[\$100,000]**
- To support the first year interest only debt service on Sub I and II renovations. **[\$100,000]**
- To offset a decrease in interest income used to support the Auxiliary Indirect cost to E&G operations. This decrease in interest income is directly related to the lower interest being earned by the Commonwealth of Virginia. **[\$100,000]**
- To support the increased cost assessed Auxiliary Enterprises for E&G support. Based upon the SCHEV approved indirect cost rate, the Auxiliary Enterprises have an increased payment to be made to E&G for services rendered. **[\$800,000]**
- To address NCAA gender equity issues. This is the second year of a four year phase-in program. **[\$30,000]**
- To offset the FY 2002 allocation deficit in the distribution of the Auxiliary Enterprise student fee. This had been unfunded in the FY 2002 Auxiliary Enterprise plan. **[\$268,500]**
- The state approved 2.5% bonus plan for 2002-03. The funding required for this will be covered by previously budgeted salary increase funds which were not required.

STUDENT FEE REQUIREMENTS	\$2,000,000
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Funding Through Reallocation

To address the increased fee requirements across the auxiliary enterprise units, a reallocation of funds will cover over 82% of these funding needs. The additional requirement is covered from the \$24 student fee increase in 2002-03. This student fee increase allows the university to retain some unallocated funds to address unforeseen or emergency situations within the Auxiliary Enterprises operation.

INTERNAL REALLOCATIONS TO REDUCE FEE REQUIREMENT	
Increased Student Enrollment	\$840,000
Debt Retirement Savings	1,123,300
Student Fee Rate Increase (\$24)	448,000
Total Fee Available	\$2,411,300

A reduction in funding for two facilities is due predominantly to the completion of debt service payments on two major facilities: Student Union II and the Recreation Sports Complex (see table below). These debt service payments had been identified earlier as a source of funds to offset prior year deficits and allow for re-allocation of funds to address other programming and facility needs.

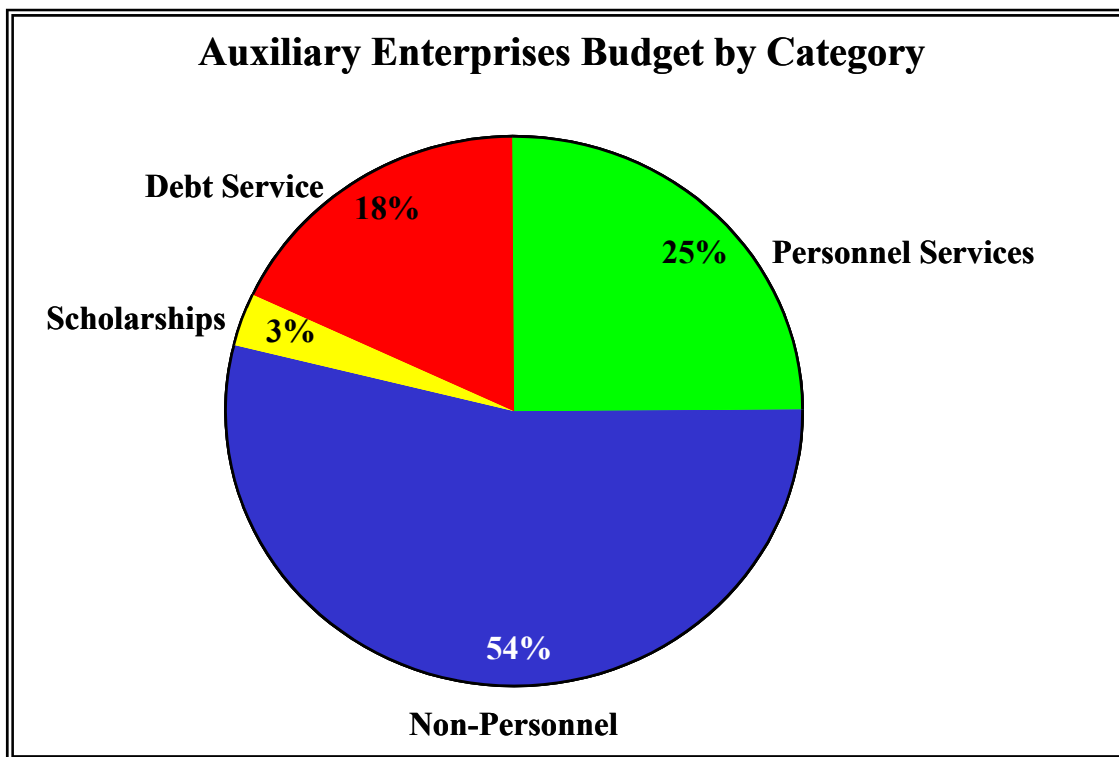
DEBT RETIREMENT SAVINGS	
Student Union II Debt Service	(\$472,200)
Recreation Sports Complex Debt Service	(\$651,100)
TOTAL	(\$1,123,300)

Note: After all reallocations and Reallocation for Prior Commitments allocations for FY 2003 there will remain approximately \$400,000 available in FY 2003 to retain in the reserve.

USE OF FUNDS

Budget by Major Category

Within the Auxiliary Enterprises expense budget of \$68.1M, personnel costs total \$17.1M (or 25% of the total) and all non-personnel costs make up the remaining 75% of the budget. Within the \$51.0M non-personnel budget, approximately \$14.6M of the expenses cover scholarships and debt service. The remaining \$36.4M cover other non-personnel costs. Some of the major items within this are food service (\$5.4M), utilities (\$2.8M), repair and maintenance (\$1.9M), contracted management (\$5.3M), and the indirect charge to Auxiliary Enterprises from Educational & General. (Note: These numbers exclude \$3.6M set aside for facility depreciation/renovation reserves.)



Personnel

The Auxiliary Enterprises personnel budget of \$17.1M is based upon an FTE position level of 240 FTE plus wages hourly staff. Of the total FTE positions, 1.55 (0.7%) are for instructional faculty, 106.72 (44.4%) are for administrative faculty, and 131.81 (54.9%) are for classified staff. The total FTE of 240.08 is 5.23 FTE greater than the original budget for 2001-02. The major changes in FTE are for additional support in Student Health (1.75 FTE), University Life (2.50 FTE), Center for the Arts (1.20 FTE), and Hemlock Overlook (1.50 FTE). The increases are offset by a reduction of 1.72 FTE across various Athletic/Recreational activities.

AUXILIARY ENTERPRISES POSITION BUDGET			
	FY 2001-02	FY 2002-03	Variance
Faculty	1.55	1.55	0
Admin Faculty	106.94	106.72	-0.22
Classified	126.36	131.81	5.45
TOTALS	234.85	240.08	5.23

The total personal services personal services budget within Auxiliary Enterprises is \$17.1M. This is approximately 25% of the overall Auxiliary Enterprises budget. Of this total, 71% covers salaries and benefits for permanent staff, while 29% covers salaries and benefits for wages (hourly) workers. The annual level of wage spending is equal to approximately an additional 180 FTE positions. Through the use of wages many supervisors maximize their operational effectiveness by utilizing wage staff to meet the high service demand periods throughout the year.

Auxiliary Enterprises Personal Services Overview				
	Actual FY 01-02		Budget FY 02-03	
Salaries	8,947,197	53.6%	9,757,200	56.9%
Wages	5,074,464	30.4%	4,660,200	27.2%
Fringe Benefits	2,668,243	16.0%	2,725,800	15.9%
TOTAL	16,689,904	100.0%	17,143,200	100.0%

FINANCIAL OUTLOOK

Student Housing The Housing operation will end FY 2003 with a positive current year cash balance of \$668,000 and a cumulative cash balance of \$1.4 million. This positive cash balance will be used to establish a facility reserve fund for renovation projects and begin the installation of a fire sprinkler system, which is currently under design. This is a significant turnaround for an operation that carried a negative cash balance of close to a million dollars through the end of FY98. The accumulation of a facility reserve has been accomplished while continuing an annual renovation program designed to catch up on deferred maintenance, replace worn furniture and carpeting with the goal of maintaining quality facilities for our students.

Demand continues to be strong with a wait list of over 600 students for the Fall of 02. Approximately 80 beds will be added with the return of Carroll Hall to student use and the conversion of 25 singles to doubles.

The University began construction of the Housing V 500-bed unit early in FY 2002 with occupancy planned for Fall 2003. The University is looking at an additional housing facility to be available Fall 2004, to allow the number of students living on campus to increase to 5,000 students by FY 2007. This is vital to recruitment efforts as the university seeks to attract more out-of-region students. This program has eliminated a one million dollar deficit and continues to build funding to establish a significant facility reserve. Timely delivery of Housing V and VI is crucial to the attainment of the 2007 Plan of the University.

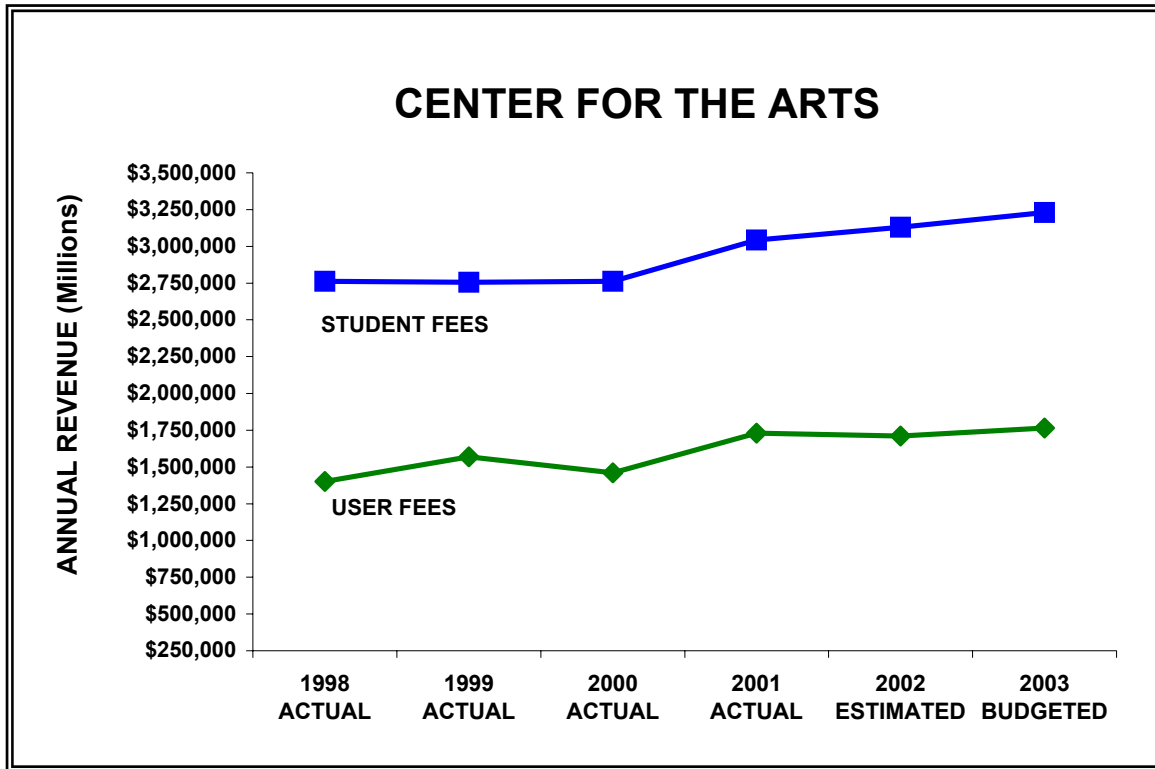
Parking/Campus Access This operation will end FY 2002 with a cumulative negative balance of \$623,500. This is a higher deficit than was originally anticipated for FY 2002. The FY 2003 projected cash balance will improve by over \$250,000 and is estimated to be a deficit of \$371,000 for June 30, 2003. It is projected that as of FY 2004 the enterprise will have a positive cash balance as debt service is retired.

The University has developed a Campus Access strategic three-year plan to stabilize the operation financially while aggressively pursuing customer service improvements. Addressing improved student satisfaction with parking services remains a high priority. During 2002-03 the parking decal rates will increase \$20 for annual decals and \$10 for semester decals. The rates for parking decals for the 2003-04 fiscal year will remain the same as FY03.

CAMPUS ACCESS - YEAR END BALANCE 1998 – 2005	
YEAR	BALANCE
1998 Actual	\$535,700
1999 Actual	(215,000)
2000 Actual	(92,300)
2001 Actual	(382,700)
2002 Projected	(623,500)
2003 Budgeted	(371,000)
2004 Planned	\$468,600

Center for the Arts

The self-generated revenue (user fees) has increased only 12% over the past four years, while the student fee support has increased by 17% over the same period of time. Efforts are being made to increase self-generated revenue through restructuring of events and venues as well as fundraising activities.



The FY 2003 budget anticipates a reduction of the carry-forward operating deficit, and FY 2004 should totally eliminate this operating deficit.

<i>CENTER FOR THE ARTS</i>	
FISCAL YEAR	END OF YEAR BALANCE
1998	\$2,488
1999	\$39,177
2000	(\$711,880)
2001	\$10,322
2002 (Est.)	(\$237,797)
2003 (Budget)	(\$157,800)

Food Service This operation is budgeted to generate \$1,000,000 in food service/cafeteria commissions for George Mason University. These “profits” are allocated to cover the operating costs of the student unions and athletic and academic scholarships thereby reducing the demands upon the student fee.

Prince William Freedom Center The operating costs for this operation are borne by Prince William County and the City of Manassas. George Mason University financed this facility through the issuance of revenue bonds and GMU, under the tripartite agreement, is responsible for the day-to-day operation of this facility. George Mason University provides nominal student fee support. The primary support is from the two local jurisdictions and is set to cover operating expenses.

Hemlock Overlook This outdoor education facility is owned by the Northern Virginia Regional Park Authority (NVRPA) and operated by George Mason University. Primary revenue sources are local school systems and private industry (team leadership training). The net income from these operations (generally less than \$30,000 annually) is split between NVRPA and George Mason University.

Print Services This operation will return to break-even operations in FY2003. In the past, the revenues generated have not kept up with increased operating costs. Every effort has been made to keep copy costs to George Mason University students and George Mason University departments at a minimum. In 2002-03 the University has approved a 1-cent increase in the rate charged for copy center copying. This is the first increase implemented in 17 years and will allow the unit to begin covering the deficit within the activity. It is anticipated that this deficit will be eliminated in 3 to 4 years. Also, a new contract for copiers was signed in 2001-02 and as a result the overall cost for copiers has decreased. The unit is continuing to review areas of restructuring to bring costs down.

Computer Store This is a break-even operation which provides a computer equipment (hardware, software, etc.) alternative to George Mason University students and departments. This is much more than a retail store, as the staff provides technical assistance to all members of the George Mason University family.

Bookstore The University is in the second year of a new partnership with Barnes & Noble, and annual gross sales are projected to approach \$10.5 million with a guaranteed annual commission of \$1.2 million to George Mason University. These funds are used to offset the costs of operating and maintaining the Johnson Center and the Student Unions. This reduces the demand upon the student fee.

Child Development Center This enterprise, which provides child care for the children of George Mason University faculty, staff, and students, has become a self-sufficient operation. In its initial years this center required a subsidy, but this has been eliminated. The center is projected to be a break-even operation.

Intercollegiate Athletics Although a financial model has been established to provide sufficient funding to cover the annual cost of athletic scholarships in 2002-03, the Intercollegiate Athletic department continues to struggle to cover the annual cost and deficit from prior years for athletic scholarships. The recent approval of the large tuition and fee increases for FY 2003 falls heavily upon the intercollegiate athletic department as they must raise the revenue to fund athletic scholarships. The tuition increases will increase athletic scholarship costs by over \$250,000 in FY 2003. The table below illustrates the scholarship debt that the department is working to eliminate. The proposed \$2.3M scholarship budget continues reliance upon a nominal amount of

student fee support. A five-year strategic plan will be completed in FY 2003, which will provide program direction for intercollegiate athletics and incorporate a financial plan to provide adequate student fee support and private funding.

INTERCOLLEGIATE ATHLETIC SCHOLARSHIP DEBT		
YEAR		ENDING BALANCE
1998	ACTUAL	(\$392,367)
1999	ACTUAL	(\$692,741)
2000	ACTUAL	(\$712,740)
2001	ACTUAL	(\$662,547)
2002	ESTIMATE	(\$548,547)
2003	PROJECTED	(\$450,000)
2004	PLAN	(\$400,000)

FINANCIAL INDICATORS

Debt Service

During the 2002-03 fiscal year, the University will make \$12.3M per year in debt service payments for parking, residential, and student activity facilities. This represents 18% of the overall Auxiliary Enterprises expenditure plan. During 2001-02 the University made final debt service payments on two facilities, Student Union II (\$650,000) and the Recreation Sports Complex (\$470,000). In the next five years, nearly 34% of the existing Auxiliary Enterprise debt will be eliminated, thereby reducing the financial burden currently placed upon several programs funded by student fees and user fees. Of the total debt to be reduced approximately \$1.8M is fee funded debt, while \$1.6M is in Parking Facilities and \$0.7M is in Residence Hall facilities. Although other facilities, programs, and activities will undoubtedly become institutional priorities between now and 2008, the importance of the elimination of over \$4 million of debt service payments cannot be overstated.

DEBT SERVICE REDUCTIONS, 2003 - 2008					
LAST YEAR DEBT	DEBT-FINANCED FACILITY	SOURCE OF FUNDING		STUDENT HOUSING	TOTAL DEBT SERVICE ELIMINATED
		STUDENT FEE	CAMPUS ACCESS		
2002-03	Parking Deck		664,700		664,700
2003-04	Parking Lot		77,600		77,600
2004-05	Parking Lot		84,200		84,200
2005-06	Parking Lot		312,900		312,900
2007-08	Parking Lot		479,300		479,300
2004-05	University Commons			199,100	199,100
2005-06	University Commons			523,000	523,000
2004-05	Technology Infrastructure	512,200			512,200
2004-05	Patriot Center	1,245,800			1,245,800
	TOTALS	\$1,758,000	\$1,618,700	\$722,700	\$4,099,400

Facility Renovation/Depreciation

- The State provides no General Fund support for the construction or renovation of Auxiliary Enterprise facilities. Additionally, student tuition cannot be used to support these facilities.
- Annual allocations are made each year to establish sufficient funds to address issues of facility repair, renovation, and deferred maintenance. These funds are utilized for capital improvements as needed with the balance remaining in an escrow account identified as a facility renovation fund.
- The following annual allocations are budgeted for FY 2003, and the table below also shows the projected facility depreciation fund balance as of 6/30/02 and 6/30/03.
- The requirements for repairs and renovation based upon depreciation depend upon the type facility, usage, preventive maintenance and facility age. Generally efforts are made to maintain a facility renovation fund at 5-15% of the cost of the facility.
- The actual fund balance at a particular time may reflect a higher than expected balance due to an upcoming capital improvement (Fieldhouse) or a lower than expected balance due to a just-completed capital improvement (CFA).

FACILITY RENOVATION FUND						
FACILITY	BUILT	COST	PROJECTED BALANCE JUNE 30, 2002	FISCAL YEAR 2003 CONTRIBUTION	PROJECTED BALANCE JUNE 30, 2003	% OF COST
Patriot Center	1985	\$16.1M	\$1,950,000	\$150,000	\$2,100,000	13.0%
Unions/ Johnson Center	1974/1996	48.9M	2,000,000	275,000	2,275,000	4.6%
Fairfax Pool	1998	11.1M	200,000	150,000	350,000	2.7%
Student Housing	1977/1990	44.9M	1,280,000	800,000	2,000,000	4.5%
Center for the Arts	1990	9.5M	125,000	125,000	250,000	2.6%
Field House (RSC)	1982	6.5M	1,100,000	200,000	1,300,000	20.0%
TOTALS		\$137.0M	\$5,565,000	\$940,000	\$6,505,000	4.7%

The following table summarizes the overall budget proposal by major activity for the Auxiliary Operations in 2002-03.

PROPOSED AUXILIARY ENTERPRISE BUDGET, FY03			
AUXILIARY	FY03 BUDGETED REVENUE	FY03 BUDGETED EXPENSE	FY03 OPERATING BALANCE
Student Housing	\$11,038,700	\$10,067,100	\$971,600 ¹
Intercollegiate Athletics	8,423,600	8,391,600	32,000 ²
Student Unions/GWJC	5,434,400	5,249,900	184,500 ²
CVPA/Center for the Arts	4,995,700	4,995,700	0
Student Board	5,350,000	5,350,000	0
Campus Access	5,056,900	4,839,400	217,500 ²
Freedom Aquatic Center	4,651,800	4,651,800	0 ³
Telecommunications	3,411,800	3,411,800	0
University Life	3,427,200	3,427,200	0
Rec Sports Complex	1,375,500	1,375,500	0
Fairfax Aquatic Center	2,254,700	2,254,700	0
Print Services	2,146,400	2,000,800	145,600 ²
Indirect Cost Charge	3,290,500	2,500,000	790,500 ²
Patriot Center	1,645,600	1,645,600	0
Computer Store	1,625,000	1,625,000	0
Student Health Services	1,553,400	1,533,400	0
Hemlock Overlook	1,444,700	1,440,200	4,500 ³
Facility Reserves	900,000	0	900,000 ¹
Telecommunications Infrastructure	512,200	512,200	0
University Services	529,200	529,200	0
University Scholars	440,000	440,000	0
Child Development Center	466,500	444,400	22,100 ³
Warehouse – Debt	255,300	255,300	0
AUCS/Photo ID	299,500	299,500	0
FY03 Bonus Payments	294,100	294,100	0
Rec Sports Clubs	310,300	310,300	0
Athletic Facility Improvements	200,000	200,000	0
GMU Pay Phones	45,000	45,000	0
AE Central Reserves	371,900	0	371,900 ²
Sub-Total Aux Ent Budget	\$71,729,900	\$68,089,700	\$3,640,200
Independent Operations	\$23,730,400	\$23,730,400	---
GRAND TOTAL	\$95,460,300	\$91,820,100	\$3,640,200

¹ to be transferred to facility depreciation/renovation fund

² to be used to fund existing deficits within the operation

³ to remain with operation

PRICE IMPACT FOR STUDENTS

PRICE IMPACT FOR STUDENTS - TUITION

Tuition Impact Upon Students

- Although only tuition is used to support the E&G program, students are charged a tuition and fee rate for each student credit hour. The student fee portion of the rate is used to support Auxiliary Enterprises while tuition supports E&G activities.
- The approved tuition package for 2002-03 includes the first tuition increase for in-state undergraduate students since 1994-95. The proposed tuition increases for all other students is as shown below. These rates do not include the \$42.00 annual technology fee currently being charged all full-time students.

TYPE STUDENT	TUITION 2001-02	TUITION 2002-03	AMOUNT CHANGE	PERCENT INCREASE
In-State, Undergraduate	\$ 2,376.00	\$ 2,976.00	\$ 600.00	25.25%
In-State, Graduate	3,168.00	3,564.00	396.00	12.50%
Out-of-State Graduate	11,280.00	12,276.00	996.00	8.83%
Out-of-State Undergraduate	11,280.00	12,276.00	996.00	8.83%
In-State, Law	6,685.00	7,688.00	1,003.00	15.00%
Out-of-State, Law	\$17,297.00	\$17,797.00	\$ 500.00	2.89%

Tuition & Fee Rates, Commuting Students

Most George Mason students do not reside on campus, and most students (86%) have an in-state domicile status. The table below illustrates the annual increase for tuition and fees for in-state students throughout the Commonwealth of Virginia. Additionally, the table shows the actual annual tuition and fee charge (\$4,416) at George Mason University as compared to the average price (\$4,191) within the state.

ANNUAL TUITION & FEE INCREASE, FY 2003 UNDERGRADUATE, IN-STATE STUDENTS					
RANK	INSTITUTION	2001-02	2002-03	INCREASE AMOUNT	% CHANGE
1	VMI	\$6,294	\$6,617	323	5.1%
2	William & Mary	4,780	5,092	\$ 312	6.5%
3	Longwood	4,226	4,661	435	10.3%
4	UVA	4,236	4,428	192	4.5%
5	GEORGE MASON	3,792	4,416	624	16.5%
6	James Madison	4,094	4,288	194	4.7%
7	Old Dominion	4,022	4,264	242	6.0%
8	Virginia Tech	3,664	3,936	272	7.4%
9	Mary Washington	3,340	3,934	594	17.8%
10	VCU	3,675	3,918	243	6.6%
11	Univ of Va – Wise	3,470	3,844	374	10.8%
12	CNU	3,152	3,586	434	13.8%
13	VSU	3,312	3,554	242	7.3%
14	Radford	3,069	3,344	275	9.0%
15	Norfolk State	3,124	3,310	186	6.0%
	AVERAGE	\$3,912	\$4,191	\$279	7.1%

ON-CAMPUS, RESIDENTIAL STUDENTS - TOTAL ANNUAL PRICE

Most on campus residential students are undergraduate students. The table below shows the actual total price for both FY 2002 and FY 2003 for both in-state and out-of-state residential undergraduate students. The total price includes tuition, fees, room and board. For in-state students, the annual price increase is \$784, while the out-of-state students will pay \$1,180 more in FY03.

TOTAL ANNUAL PRICE				
	IN-STATE UNDERGRAD		OUT-OF-STATE UNDERGRAD	
	FY02	FY03	FY02	FY03
Tuition/Tech Fee	\$2,418	\$3,018	\$11,322	\$12,318
Fees	1,374	1,398	1,374	1,398
Room	3,280	3,370	3,280	3,370
Board (15 Meal Plan)	2,000	2,070	2,000	2,070
TOTAL	\$9,072	\$9,856	\$17,976	\$19,156

TOTAL PRICE INCREASE (TUITION, FEES, ROOM & BOARD)

The total price increase approved for 2002-03 at George Mason University for on-campus residential students (both in-state and out-of-state) is shown below with a comparison to other schools in the Commonwealth of Virginia.

TOTAL PRICE INCREASE IN-STATE	
INSTITUTION	FY03 % INCREASE
Christopher Newport Univ	11.6%
GEORGE MASON UNIV	8.53%
Virginia Commonwealth	7.07%
Longwood College	6.79%
Univ of Va - Wise	6.50%
Radford	5.83%
College of William & Mary	5.42%
University of Virginia	5.26%
Virginia Military Institute	4.90%
Virginia Tech	4.85%
Old Dominion University	4.03%
Virginia State University	3.84%
Norfolk State University	3.59%
James Madison University	3.18%
Mary Washington College	2.44%

TOTAL PRICE INCREASE OUT-OF-STATE	
INSTITUTION	FY03 % INCREASE
Norfolk State University	12.66%
Christopher Newport Univ	10.71%
Univ of VA at Wise	8.20%
University of Virginia	7.79%
College of William & Mary	7.43%
Virginia Commonwealth	7.43%
Virginia Tech	7.06%
GEORGE MASON UNIV	6.52%
James Madison University	6.08%
Old Dominion University	5.86%
Longwood College	5.55%
Radford	5.49%
Virginia State University	3.59%
Mary Washington College	2.23%
Virginia Military Institute	N/A

GEORGE MASON UNIVERSITY ACADEMIC YEAR, 2002-03 TUITION & FEE RATES ANNUAL RATE				
	CURRENT 2001-02	APPROVED 2002-03	ANNUAL CHANGE	% CHANGE
IN-STATE UNDERGRADUATE:				
Tuition	\$2,376.00	\$2,976.00	\$600.00	25.25%
Technology Fee	42.00	42.00	0.00	0.00%
Fees	1,374.00	1,398.00	24.00	1.75%
Total	\$3,792.00	\$4,416.00	\$624.00	16.46%
IN-STATE GRADUATE:				
Tuition	\$3,168.00	\$3,564.00	\$396.00	12.50%
Technology Fee	42.00	42.00	0.00	0.00%
Fees	1,374.00	1,398.00	24.00	1.75%
Total	\$4,584.00	\$5,004.00	\$420.00	9.16%
OUT-OF-STATE:				
Tuition	\$11,280.00	\$12,276.00	\$996.00	8.83%
Technology Fee	42.00	42.00	0.00	0.00%
Fees	1,374.00	1,398.00	24.00	1.75%
Total	\$12,696.00	\$13,716.00	\$1,020.00	8.03%
LAW, IN-STATE:				
Tuition	\$6,685.00	\$7,688.00	\$1,003.00	15.00%
Technology Fee	42.00	42.00	0.00	0.00%
Fees	1,365.00	1,393.00	28.00	2.05%
Total	\$8,092.00	\$9,123.00	\$1,031.00	12.74%
LAW, OUT-OF-STATE				
Tuition	\$17,297.00	\$17,797.00	\$500.00	2.89%
Technology Fee	42.00	42.00	0.00	0.00%
Fees	1,365.00	1,393.00	28.00	2.05%
Total	\$18,704.00	\$19,232.00	\$528.00	2.82%

GEORGE MASON UNIVERSITY ACADEMIC YEAR, 2002-03 TUITION & FEE RATES HOURLY RATE				
	CURRENT 2001-02	APPROVED 2002-03	HOURLY CHANGE	% CHANGE
IN-STATE UNDERGRADUATE:				
Tuition	\$99.00	\$124.00	\$25.00	25.25%
Technology Fee	1.75	1.75	0.00	0.00%
Fees	57.25	58.25	1.00	1.75%
Total	\$158.00	\$184.00	\$26.00	16.46%
IN-STATE GRADUATE:				
Tuition	\$132.00	\$148.50	\$16.50	12.50%
Technology Fee	1.75	1.75	0.00	0.00%
Fees	57.25	58.25	1.00	1.75%
Total	\$191.00	\$208.50	\$17.50	9.16%
OUT-OF-STATE:				
Tuition	\$470.00	\$511.50	\$41.50	8.83%
Technology Fee	1.75	1.75	0.00	0.00%
Fees	57.25	58.25	1.00	1.75%
Total	\$529.00	\$571.50	\$42.50	8.03%
LAW, IN-STATE:				
Tuition	\$238.75	\$274.57	\$35.82	15.00%
Technology Fee	1.50	1.50	0.00	0.00%
Fees	48.75	49.75	1.00	2.05%
Total	\$289.00	\$325.82	\$36.82	12.74%
LAW, OUT-OF-STATE				
Tuition	\$617.75	\$635.61	\$17.86	2.89%
Technology Fee	1.50	1.50	0.00	0.00%
Fees	48.75	49.75	1.00	2.05%
Total	\$668.00	\$686.86	\$18.86	2.82%

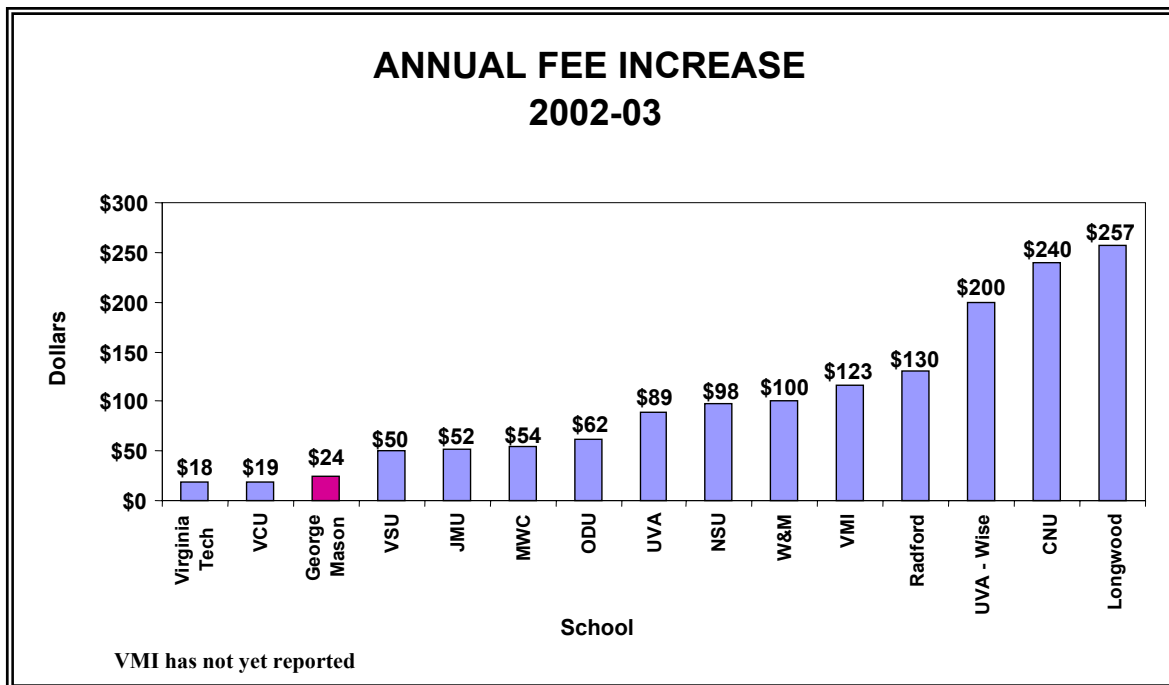
PRICE IMPACT FOR STUDENTS – STUDENT FEES

Student Fee Proposal

George Mason University approved a \$24.00 annual increase in student fee to generate \$448,000. This raises the annual student fee for full-time students from \$1,374 to \$1,398. Part-time students see a fee increase of \$1.00 per student credit hour from \$57.25 per student credit hour to \$58.25 per student credit hour.

Student Fee Increase – State Comparison

This approved \$24.00 per year increase represents a 1.75% increase over the current student fee which will be the third smallest student fee increase among all the state supported colleges and universities.



Total Student Fee – State Comparison

George Mason University has dropped from having the fifth highest student fee in 1985 to now being in the 11th position among fifteen state supported colleges and universities in FY 2003.

ANNUAL STUDENT FEE, FY 2003		
RANK	SCHOOL	AMOUNT
1	Virginia Military Institute	\$3,457
2	James Madison	2,560
3	William & Mary	2,528
4	Longwood	2,471
5	Old Dominion	1,842
6	Virginia State	1,774
7	University of Virginia – Wise	1,740
8	Norfolk State	1,683
9	Radford	1,570
10	Christopher Newport	1,440
11	GEORGE MASON	1,398
12	Mary Washington	1,248
13	University of Virginia	1,181
14	Virginia Commonwealth	1,161
15	Virginia Tech	854

STUDENT FEE, FY 2003 % Increase		
RANK	SCHOOL	% INCR
1	Virginia Commonwealth	1.66%
2	GEORGE MASON	1.75%
3	James Madison	2.07%
4	Virginia Tech	2.15%
5	Virginia State	2.90%
6	Old Dominion	3.48%
7	Virginia Military Institute	3.70%
8	William & Mary	4.12%
9	Mary Washington College	4.52%
10	Norfolk State	6.18%
11	University of Virginia	8.15%
12	Radford	9.03%
13	Longwood	11.61%
14	University of Virginia - Wise	12.99%
15	Christopher Newport	20.00%

Student Fee Increases – Five Year Trend/Comparison

This approved increase for FY 2003 is consistent with the efforts of past years to keep the annual student fee increase at George Mason University as one of the lowest in the Commonwealth of Virginia (see below).

UNIVERSITY	AVERAGE ANNUAL STUDENT FEE INCREASE SINCE 1998
GEORGE MASON UNIVERSITY	1.09%
Virginia Tech	2.21%
James Madison	2.52%
College of William & Mary	2.59%
Virginia Commonwealth University	2.85%
AVERAGE FOR ALL SCHOOLS	4.42%

CAPITAL OUTLAY

BACKGROUND

George Mason University has approximately 75% of the E&G space provided the other doctoral institutions in the Commonwealth of Virginia (see table below). Approved funding for the construction of new facilities at George Mason University should improve this situation in the near future.

DOCTORAL INSTITUTION	E&G SPACE PER FTE STUDENT
University of Virginia	115 s.f.
William & Mary	110 s.f.
VA Commonwealth Univ.	93 s.f.
Virginia Tech	88 s.f.
Old Dominion	70 s.f.
Doctoral Average	93 s.f.
GEORGE MASON	69 s.f.

PLANNED ACTIVITY, 2002-2003

The University is currently involved in several major capital outlay projects. The following projects, which are currently approved will continue to incur costs in FY03 as noted:

• HOUSING V, FAIRFAX	Construction	\$19.0M
• ACADEMIC IV, FAIRFAX	Construction	10.5M
• PRINCE WILLIAM IIIA	Construction	8.1M
• FAIRFAX AQUATIC CENTER	Addition	2.5M
• STUDENT HOUSING RENOVATIONS	Renovation	1.0M
• MAINTENANCE RESERVE		1.1M
• ADA		0.2M

The following projects are currently in the General Obligation Bond (GOB) Referendum to be voted on November 2002. The University anticipates that planning expenses will be incurred on the following projects during 2002-03:

PROJECT	TYPE EXPENSE	PROJECTED FY03 EXPENSES
• ARLINGTON II	Planning	\$1.0M
• FAIRFAX RESEARCH	Planning	\$0.8M
• UTILITY INFRASTRUCTURE	Planning/Construction	\$1.5M

The University expended more on capital projects in calendar year 2002 than in any year in the history of the University. If the GOB passes in November 2002, the University will break that record in calendar year 2003.

