

**GEORGE MASON UNIVERSITY
BOARD OF VISITORS MEETING**

**MINUTES
May 13, 1998
Mason Hall, Board Room**

PRESENT: Rector Murray, Vice Rector Hammad, Secretary Cooper; Visitors Bedell, Brown, DiGennaro, Feulner, Fink, Hazel, Kristol, Lauterberg, McGeary, Meese, Olson; Student Representative Robinson and Student Alternate Sutton; President Merten; Vice Presidents Ackerman, Edwards, Ingram, Perry, Rosenblum, Scherrens; Assistant Vice President of Legal Affairs Brandwine, and Secretary to the Board, Patricia Roney.

ABSENT: Visitors Dobriansky and Golec.

The Rector called the meeting to order at 4:15 p.m. in Mason Hall in the Board Room.

The Rector recognized and introduced the following new student government leaders for the 1998-99 school year: John Butler, Student Government President; Keith Graffius, Senate Chair; Megan Rose, Senate Vice Chair; and Palwasha Saleh, President of the Federation for Off-Campus Students.

APPROVAL OF MINUTES:

Visitor Meese requested that the minutes from March 25 be amended to reflect Dr. John P. Soder's correct title, Associate Professor Emeritus. It was **MOVED** by Vice Rector Hammad and **SECONDED** by Visitor Meese that the admendment be passed and the minutes of the March 25th meeting be approved to reflect the correction. **MOTION CARRIED UNANIMOUSLY.**

APPROVAL OF AGENDA

The Rector announced the revised agenda which added a new business item and an executive session to review legal issues. It was **MOVED** by Vice Rector Hammad and **SECONDED** by Visitor Fink that the revised agenda be approved. **MOTION CARRIED UNANIMOUSLY.**

PRESENTATION OF EIP GRADUATES

The Rector introduced the Director of the Early Identification Program, Hortensia Cadenas. Ms. Cadenas introduced the 1998 graduates of the Early Identification Program. Latoya Farrell, who earned a Bachelor of Science in Urban Systems Engineering degree spoke on behalf of the graduates. Ms. Farrell explained that being a part of the Early Identification Program was like being part of a nurturing family. She thanked Ms. Cadenas for her supporting role, and George

Mason University for presenting the opportunity to participate in the EIP program.

STUDENT REPRESENTATIVE AWARDS

The Rector and Vice Rector presented awards to the Student Representative, Mr. Ronald Robinson and Student Alternate Representative, Mr. Adam Sutton for their distinguished service to the Board of Visitors during the 1997-98 year.

AWARDS COMMITTEE REPORT

ACTION ITEM #1 -- It was **MOVED** by Rector Murray and **SECONDED** by Visitor Feulner that the following awards be approved and presented at graduation: Honorary Law Degree for Governor Gilmore, Honorary Law Degree for Judge Giles Sutherland Rich, and the GMU Mason Medal to Dr. Richard Ernst. **MOTION CARRIED UNANIMOUSLY.**

RECTOR'S REPORT

1. Rector Murray welcomed everyone to the last regular board meeting of the academic year. He announced that this would be his last meeting as Rector and he thanked Dr. Larry Czarda and the Board secretary pro tem, Trish Roney, for their help in accomplishing the university's business.
2. The Rector thanked President Merten for his work during the past two years. He noted that they have agreed upon many issues affecting George Mason, including the direction the university should move, steps to increase academic rigor, the inclusion of the computer literacy component in general education requirements, and more responsibility placed on Deans and Institute Directors for the financial well-being of their organizations.
3. Rector Murray thanked the present and former Board of Visitors who have volunteered their time to George Mason University.

PRESIDENT'S REPORT

1. Dr. Merten commented that it had been a pleasure working with Rector Murray on the issues facing George Mason University and he looks forward to the continuation of that working relationship.
2. Dr. Merten reported on academic restructuring and the strategic planning process known as Engaging the Future. He explained that the opportunity in 1997-98 to focus on past and present activities of the University has allowed George Mason to move ahead on what is important for the future. Dr. Merten expressed his appreciation for Provost Potter's work in leading the academic restructuring effort. He also thanked Dean Struppa for his involvement with restructuring units.

3. Dr. Merten commented that the processes known as academic restructuring and Engaging the Future are vital to laying out the Capital Campaign. The report distributed to the BOV on Engaging the Future will help determine what kind of financial support George Mason needs from the Commonwealth and from the private sector.
4. Dr. Merten explained that 1997-98 had been a tough budget year because the budget and allocation of resources were impacted by the operation of three campuses: Fairfax, Arlington and Prince William. Historically, in addition to the Law School, the Fairfax Campus had been the only fully operational campus at George Mason.
5. The development of the GMU leadership team was recognized by Dr. Merten. He expressed his pleasure in having the opportunity to work with various members such as: the Dean of the Graduate School of Education, Gary Galluzzo; the Dean of the Law School, Mark Grady; and the Vice President for Information Technology, Joy Hughes.
6. In commenting on research activities at the university, Dr. Merten mentioned the recent ranking of the Institute for Public Policy as second in the nation with respect to its acquisition of federal funds. At the recent legislative session, Dr. Merten reported that George Mason will be one of the universities designated to work with Newport News Shipbuilding in the design of the research program and facility that is involved in the creation of aircraft carriers of the future. He stated that this is an opportunity for George Mason to be involved on a research project outside of Northern Virginia in cooperation with other universities while using state and federal funds. Dr. Merten concluded that George Mason is an exciting place, and that he has enjoyed the last two years at the university.

JOINT REPORT FROM STUDENT AFFAIRS/ FINANCE AND RESOURCE DEVELOPMENT

Committee Chair of the Task Force on Football, Visitor Lauterberg, distributed the final report of the task force on football (see exhibit A). After explaining about student fees and community fundraising, Visitor Lauterberg **MOVED** that the Board accept the committee's recommendation to adopt the 10-year funding plan to establish one AA scholarship football with play to begin in 2002. Visitor Cooper **SECONDED** the motion.

The Rector called on the President to present the administration's statement. Dr. Merten read from a report distributed to Board members (see exhibit B) that expressed the administration's view that football does not fit the goals of the university at this time.

Each Visitor was invited by the Rector to make a statement and place a vote for or against football. The votes totalled 6/6 with one abstention. The Rector voted to break the tie making the final count, six in favor and seven not in favor of football. **MOTION FAILED.** (see exhibit C, roll call vote)

**GMU Football Funding Subcommittee
Report to the Board of Visitors
May 13, 1998**

Subcommittee Mission: To recommend a funding plan, in the event GMU establishes NCAA I-AA football, in order to determine the:

- Impact on student fees during the phase-in period
- Level of community fundraising support required

Assumptions

- The subcommittee made no changes in the revenue and expense assumptions made by Carr Associates and the Football Task Force for Option A.
- Inflation was factored-in at an annual rate of 2.5% per year.
- Community fundraising will be coordinated through the GMU Capital Campaign. All proceeds will be deposited into a non-state scholarship endowment, with net annual earnings of 7.0%.
- The recommended student fee increase will be earmarked for football and gender equity-related operating costs. Earmarked student fee revenues not needed in the current year will be deposited into a state-managed start-up fund, with net annual earnings of 5.0%.

Use of Student Fees for Football

- Student fees are an appropriate source of funding for a football program.
- Student fee revenues may not be used for Education and General (academic) programs.
- Student fees are paid by students for student activities.
- Football is a student activity favored by 68-76% of GMU students, but only if costs are reasonable.

Impact on Student Fees

- Tuition and fees are currently \$179 per semester hour for non-residential, in-state students.
- The subcommittee's analysis indicates student fees will need to be raised by \$2.00 (1.1%) per semester hour per year in each of years 1-3; and \$1.00 (0.5%) per semester hour in year 4. The percentage increase will be less for residential and out-of-state students.
- No further increase will be required over the ten-year planning period.
- Debt retirement will free up at least \$940,000 in revenues that may be applied to football and gender equity program costs beginning in FY 2003. No existing fee-supported activities need be impacted by the establishment of I-AA football.

Community Fundraising

- The subcommittee recommends a fundraising goal for athletic scholarships at the following level:

FY 1999	\$ 500,000
FY 2000	\$ 750,000
FY 2001	\$1,000,000
FY 2002	\$1,000,000
FY 2003	
and thereafter	\$ 750,000

- The University of South Florida set an initial fundraising goal of \$5 million when it established football. GMU's five year goal totals \$4 million.
- The College of William & Mary (CWM) raised \$1.7 million in contributions and gifts for intercollegiate athletic programs in FY 1997, of which \$814,000 was designated for football, \$320,000 for basketball, and \$514,000 for other sports. CWM has 7,600 students, one-third the number of GMU.
- There is very little risk in this fundraising assumption. Should GMU raise only one-half of this amount, student fees would have to be raised by 30 cents per semester hour to compensate for the lost revenues.

Recommendation

Adopt the 10-year funding plan to establish NCAA I-AA scholarship football, with play beginning in FY 2002.

OPTION A Financing Plan
FY1999 - FY2003

	1998-99 Club	1999-00 Club/ NCAA Prep.	2000-01 No Competition	2001-02 NCAA Scholarship	2002-03 NCAA Scholarship
Inflation factor:	2.50%	5.06%	7.69%	10.38%	13.14%

REVENUE

Gate receipts	0	0	0	198,686	226,282
Guarantees	0	0	0	110,381	113,141
Sponsorship, TV, Radio, etc.	0	0	0	38,633	56,570
Fundraising					
Patriot Club	0	0	0	55,191	113,141
Endowment to be applied	0	0	79,975	122,500	192,500
TOTAL REVENUE	0	0	79,975	525,392	701,634

EXPENSES

Direct costs:					
Fin. aid / scholarships	0	0	312,083	650,896	1,068,753
Other direct costs	76,875	525,313	667,672	1,219,713	1,250,206
Total direct costs	76,875	525,313	979,755	1,870,610	2,318,959
Indirect costs	0	0	635,365	651,250	667,531
Gender-equity costs	0	42,025	551,153	1,042,750	1,506,608
Facility expense	0	0	600,000	600,000	600,000
TOTAL EXPENSES	76,875	567,338	2,766,273	4,164,609	5,093,098
BAL BEFORE STUDENT FEES	(76,875)	(567,338)	(2,686,298)	(3,639,217)	(4,391,464)
Amt to be paid by student fees	76,875	567,338	2,686,298	3,639,217	4,391,464

Annual fundraising goal	\$500,000	\$750,000	\$1,000,000	\$1,000,000	\$750,000
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GMU scholarship endowment @ 7.0%

Beginning balance	0	517,500	1,250,000	2,250,000	3,250,000
Endowment annual fundraising	500,000	750,000	1,000,000	1,000,000	750,000
Other additions	0	0	0	0	0
Endowment earnings	17,500	62,475	122,500	192,500	253,750
Earnings transferred @ yr end	0	(79,975)	(122,500)	(192,500)	(253,750)
TOTAL ENDOWMENT	517,500	1,250,000	2,250,000	3,250,000	4,000,000

Annual student fee incr / sem hr	\$2	\$2	\$2	\$1	\$0
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GMU football start-up fund @ 5.0%

Beginning balance	0	792,453	2,019,192	2,059,447	1,620,887
Additional student fee revenue	850,000	1,725,500	2,627,074	3,110,893	3,157,557
Existing, non-designated revs.	0	0	0	0	939,749
Applied in current year	(76,875)	(567,338)	(2,686,298)	(3,639,217)	(4,391,464)
Start-up fund earnings	19,328	68,577	99,479	89,764	66,336
Start-up fund balance - yr end	792,453	2,019,192	2,059,447	1,620,887	1,393,064

OPTION A Financing Plan
FY2004 - FY 2008

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	2003-04 NCAA Scholarship	2004-05 NCAA Scholarship	2005-06 NCAA Scholarship	2006-07 NCAA Scholarship	2007-08 NCAA Scholarship
Inflation factor:	15.97%	18.87%	21.84%	24.89%	28.01%
REVENUE					
Gate receipts	231,939	237,737	243,681	249,773	256,017
Guarantees	115,969	118,869	121,840	124,886	128,008
Sponsorship, TV, Radio, etc.	57,985	59,434	60,920	62,443	64,004
Fundraising					
Patriot Club	115,969	118,869	121,840	124,886	128,008
Endowment to be applied	253,750	306,250	358,750	411,250	463,750
TOTAL REVENUE	775,612	841,159	907,031	973,238	1,039,788
EXPENSES					
Direct costs:					
Fin. aid / scholarships	1,095,472	1,122,859	1,150,930	1,179,703	1,209,196
Other direct costs	1,281,461	1,313,498	1,346,335	1,379,994	1,414,493
Total direct costs	2,376,933	2,436,356	2,497,265	2,559,697	2,623,689
Indirect costs	684,219	701,325	718,858	736,829	755,250
Gender-equity costs	1,544,273	1,582,880	1,622,452	1,663,013	1,704,589
Facility expense	600,000	600,000	600,000	600,000	600,000
TOTAL EXPENSES	5,205,426	5,320,561	5,438,575	5,559,540	5,683,528
BAL BEFORE STUDENT FEES	(4,429,813)	(4,479,403)	(4,531,544)	(4,586,301)	(4,643,740)
Amt to be paid by student fees	4,429,813	4,479,403	4,531,544	4,586,301	4,643,740

Annual fundraising goal	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
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GMU scholarship endowment @					
Beginning balance	4,000,000	4,750,000	5,500,000	6,250,000	7,000,000
Endowment annual fundraising	750,000	750,000	750,000	750,000	750,000
Other additions	0	0	0	0	0
Endowment earnings	306,250	358,750	411,250	463,750	516,250
Earnings transferred @ yr end	(306,250)	(358,750)	(411,250)	(463,750)	(516,250)
TOTAL ENDOWMENT	4,750,000	5,500,000	6,250,000	7,000,000	7,750,000

Annual student fee incr / sem hr	\$0	\$0	\$0	\$0	\$0
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GMU football start-up fund @					
Beginning balance	1,393,064	1,178,117	965,854	754,712	542,999
Additional student fee revenue	3,204,920	3,252,994	3,301,789	3,351,315	3,401,585
Existing, non-designated revs.	953,845	968,153	982,675	997,415	1,012,377
Applied in current year	(4,429,813)	(4,479,403)	(4,531,544)	(4,586,301)	(4,643,740)
Start-up fund earnings	56,101	45,993	35,939	25,857	15,661
Start-up fund balance - yr end	1,178,117	965,854	754,712	542,999	328,882

What is the impact of the student fee increase?

	1998-99	1999-00	2000-01	2001-02	2002-03
STUDENT FEE ONLY					
Existing student fee	\$1,320	\$1,368	\$1,416	\$1,464	\$1,488
Increase required (annual)	\$48	\$48	\$48	\$24	\$0
% Increase (annual)	3.6%	3.5%	3.4%	1.6%	0.0%
NON-RESIDENTIAL STUDENT					
Tuition and fees (per hour)					
In-state	\$179	\$181	\$183	\$185	\$186
Fee increase required	\$2	\$2	\$2	\$1	\$0
% Increase / tuition & fees	1.1%	1.1%	1.1%	0.5%	0.0%
Out-of-state	\$510	\$512	\$514	\$516	\$517
Fee increase required	\$2	\$2	\$2	\$1	\$0
% Increase / tuition & fees	0.4%	0.4%	0.4%	0.2%	0.0%
RESIDENTIAL STUDENT					
Tuition and fees (annual)	\$4,296	\$4,344	\$4,392	\$4,440	\$4,464
Room and board (annual)	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800
Fee increase required	\$48	\$48	\$48	\$24	\$0
% Increase / tuition & fees	0.5%	0.5%	0.5%	0.3%	0.0%

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George Mason University

MEMORANDUM

To: Members of the George Mason University Board of Visitors
From: Alan G. Merten
Subject: Some Additional Implications Regarding Football
Date: May 13, 1998

The decision on football, based on the funding plan presented by the football funding subcommittee, has some significant implications for George Mason.

Should football be approved under this funding plan, it will be the highest priority for student fees for the next five years. Beginning in 1998, students will pay a fee for a program that will not be available until the year 2001-2. Interest earned on these specific fees will support the football initiative only - not women's sports or any other student project. Fees made available by the retirement of debt on the Field House and Student Union II will also be dedicated to football only.

Much of this money is earmarked for athletic scholarships. While some student fee monies already support scholarships, the Board of Visitors has always felt this situation was undesirable, and has urged the administration to keep it to a minimum. A commitment to funding football and women's sports scholarships (\$2 million by 2002-3) through fees would be a change of policy for the Board.

If we are going to accept the principle of increasing or reallocating student fees, we must ask ourselves whether football is the wisest and most desirable way to spend student fee money. All of us recognize that many of George Mason's students find student life the least satisfactory aspect of their time at the university. This has a variety of repercussions, particularly when it comes to fundraising. By investing all of the proposed student fee increases in football and the necessary increases in women's athletics, we limit our ability to respond to known current and unknown future student life needs.

Based on feedback from students and the staff who work with them, many needs are already identified. Students would like us to improve the job hunting resources we offer them, increase student programming initiatives, provide additional campus security, make more space available for student socializing in the evenings and on weekends, increase office hours to serve evening students, and improve logistical and staff support for student programs. Student fees could also be used to increase the number of computer labs and the access hours.

Finally, to supplement fee support for football, the report assumes a significant increase in private support. There is no rationale given for this assumption, though it was my understanding that one of the main goals of the subcommittee was to research the feasibility of raising significant amounts of money from the community. While we would like to think that there is widespread community support for the university and for football, we have no research or prospect assessment that indicates that this is the case. We must not fall into the trap of substituting desire for data. And should the private funds not be raised, the cost will certainly fall back on the student through fees.

When considering the adoption of football, we must not lose sight of the facts:

1. The adoption of the football proposal means a student fee allocation of \$240 per full-time student, offset only by private dollars. We can play around with this figure in a number of ways, but the bottom line is that the investment requires \$240 of student fee money.
2. It is highly unlikely that football will attract \$800,000 of additional annual private support, as indicated by the subcommittee report. We have been talking about football for the last two years, and over the past couple of months have received considerable publicity. At no time has a single citizen or group of citizens stepped forward to offer any significant financial support. Figures have been cited from one of our fellow Virginia schools, William and Mary. With its 300 year tradition of fundraising, William and Mary raises \$400,000 in support of football. James Madison, a much younger school (but one with proven private support), raises less than \$180,000 annually in support of football.
3. The rationale behind the introduction of football was to improve our students' sense of community and student life experience at George Mason. We have done no assessment to see if this indeed is the most likely way to achieve this goal. We do not know if the introduction of football really reflects our students' wishes where the expenditure of student funds is concerned. All we know is that 76 percent like the idea of football, that 50 percent say they are prepared to pay \$100 per year for the initiative and 26 percent are willing to pay \$240 per year.

But all financial considerations aside, as I said in my March 18 memo to the Board, football does not fit the goals of this university. George Mason has the potential to become a great Virginia institution, contributing far beyond our borders. No one - including the Board, the administration, the faculty, and me - can afford to be sidetracked.

ROLL CALL VOTE FOR BOARD OF VISITORSDate: May 13, 1998

<u>NAME</u>	<u>YES</u>	<u>NO</u>
BEDELL, M. Constance	X	
BROWN, Larry	X	
COOPER, Horace	X	
DiGENNARO, Joann P.	X	
DOBRIANSKY, Paula	absent	
FEULNER, Edwin J.		x
FINK, Richard H.		x
GOLEC, Janice S.	absent	
HAMMAD, Alam E.	ABSTAIN	
HAZEL, James		x
KRISTOL, William		x
LAUTERBERG, Robert	x	
McGEARY, W. Scott	x	
MEESE, Edwin		x
MURRAY, Marvin R.		x tie vote
OLSON, David N.		x

Board Meeting: May full Board meeting; Football IssueMOTION: FAILED to bring Football to GMU

SECONDED: _____