

**STUDENT VALUE AND AFFORDABILITY WORKING GROUP
EXECUTIVE SUMMARY AND REPORT**

Submitted Friday, February 01, 2013 by
the Student Value and Affordability Working Group for the President's Vision Effort

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Acknowledgement

The Working Group extends our appreciation to **Dr. Kris Smith** for her highly professional work and always cheerful willingness to help others with their work.

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EXECUTIVE SUMMARY

Higher education has become a front-burner national issue. Even as the economy is demanding more college graduates, and the college wage premium is rising, the percent of young Americans who complete a college degree has leveled off. One big reason is the cost. Over the last decade in particular, the cost of a college education has increased faster than most other costs, and significantly faster than the household incomes of the students, parents and taxpayers who are paying for it. Student and household debt taken on to pay for college has reached disturbing levels. As a result, an increasing number of Americans view a college degree as unaffordable. Some have even begun to question its value.

George Mason is already a low-cost, low-priced institution when compared with other Virginia universities or similar public and private universities nationally. Over the last decade, the cost of educating a student at Mason has increased a modest 6 percent after adjustment for inflation. The near doubling of the average tuition charge over that period is largely the result of a 50 percent cut in state funding. Higher costs have also been driven by the rapid growth of the student body, the expansion and upgrade of facilities across three campuses and the successful effort to establish Mason as a top-tier research university.

Despite these higher costs, a Mason degree is still considered a good value by those who have it, based largely on the quality of the educational experience and the enhanced jobs prospects and higher earning potential of its graduates. But given the financial constraints likely to be imposed on us by students, parents and taxpayers, we believe the right strategy is for Mason to take timely, pro-active steps to control its destiny rather than waiting for economic, political or competitive forces to dictate our future.

To that end, we recommend that Mason commit itself to:

- (1) Limit growth in annual tuition and required fees to the annual growth in household incomes in Virginia.
- (2) Achieve a meaningful reduction in current per-student costs through a combination of: more efficient use of the university's facilities; increased efficiency of administration and non-instructional services; increased instructional productivity; and elimination of low-impact and overlapping programs.
- (3) Reallocate those "savings" in roughly equal measure to: increase faculty pay; increase the number of students served; and increase financial aid.
- (4) Take concrete steps to enhance the value of a Mason degree in the eyes of its students, parents, employers and taxpayers including improving the completion rate and average number of years to completion.

We believe it is vital for the university to continue to stress that annual state funding per FTE at Mason is about \$4,050, or roughly 25 percent below the state average for other doctoral institutions in the Commonwealth. Accordingly, in order for Mason to be able to make commitments, such as those outlined above, in a fiscally responsible manner, we believe that Mason should ask the Governor and General Assembly to make two long-term commitments to Mason:

- (1) Increase annual funding in line with the growth in household incomes in Virginia; and
- (2) Close the considerable per-student funding gap of more than \$1,600 per year that now exists between Mason and the Commonwealth's other public research universities. In return, Mason would commit itself to using some of that one-time increase in funding to lower tuition for in-state students.

FOREWORD

The issues that have been addressed by our Working Group are some of the most compelling and difficult challenges facing American higher education today. They are complex and sensitive and do not lend themselves to easy or “quick fix” solutions. However, colleges and universities, including Mason, that do not address the issues in a timely and effective manner will place their institutions in a perilous situation.

In line with the President's charge to our Working Group, we have identified what we consider to be the major issues in the area of student value and affordability. Our Working Group has worked diligently to address these issues in a frank, intellectually honest, and respectful manner. The recommendations in this report have received majority support from our committee members, but we have clearly not achieved a consensus on some of the issues.

We believe our report will provide a platform for further discussion by the Visioning Steering Committee, through Mason's strategic planning process and other forums as identified by the President. We can state with great confidence that although there are significant differences of opinion on some of the issues, each member of our Working Group has kept the best interests of Mason and its many stakeholders as the focus of our work.

SECTION 1 – AFFORDABILITY AND ACCESS

- * The cost of higher education is becoming unaffordable for a large segment of Virginia's lower and middle-income families.
- * Significant annual increases in tuition and fees are no longer possible, for competitive and political reasons.
- * The prospect of debt loads associated with a college education limit student choices about whether to attend college, which college to attend and which careers to pursue.

- * The cost of supporting their children’s education is imposing debt burdens on middle-class households that have significant negative impact on their economic and retirement security.
- * The doubling of Mason’s tuition and required fees over the last decade—to \$9500—has largely been driven by a 50 percent reduction in state funding. (See Appendix, Charts 1 and 2)
- * Annual state funding per student at Mason is about \$4,050 per FTE, or roughly 25 percent below the state average for other doctoral institutions in the Commonwealth.

A. Analysis

Almost every day now, there is a new report about the rising cost of attending college and the inability of federal, state and family resources to keep pace with those costs. College tuition and fees have always been a challenge for low-income households. Now they are squeezing the middle class as well. (See Appendix, Charts 3 and 4)

Affordability is directly affected not only by substantial annual tuition increases, but also by the declining median income, the declining family savings rate, the inability of parents to borrow against their homes, and the limitations on government-funded financial aid. In terms of student liabilities, the average Mason student now graduates about \$23,000 in debt, slightly below the national average of \$24,296. (See Appendix, Charts 5 through 12)

Traditionally, the federal government has been the main source of financial aid for low-income students. Although the Pell Grant program continues to grow, it is no longer able to keep pace with the costs of attending college or with the growth in the number of eligible students. The government has also begun to limit aid to no more than six years. (See Appendix, Charts 13 and 14)

In addition to federal funding, Mason uses state funds to provide financial assistance to lower income middle class families with high financial need. There is no government assistance, however, for middle-class households with incomes above that level, which has now begun to provide a serious financial challenge to many middle class Virginia students. Mason uses its limited pool of institutional aid to try to assist these academically qualified middle-class students. Going forward, we propose that any increase in institutional aid be targeted at this group, even as we maintain current funding levels for low-income students.

We are also mindful of Mason’s desire to continue to improve the academic preparation of its student body by attracting high-performing students from around the United States and world. Merit aid now represents slightly more than 13 percent of all financial aid at Mason. We would propose using a portion of any increase in aid funding to increase that percentage. (See Appendix, Charts 15 through 18)

To provide additional funding for financial aid, we propose that a significant portion of the cost-savings envisioned elsewhere in this report be reinvested in financial aid initiatives.

The best and surest way to improve access and affordability at Mason, of course, is for the university to limit future increases in tuition to increases in the incomes of the households who are paying for it. We propose that Mason make such a commitment. This will only be possible, however, if the Commonwealth also commits itself to maintaining the current level of annual funding and increasing it annually by the same percentage.

We are also mindful of the 25 percent gap that exists in annual state funding for Mason compared to other research universities in the Commonwealth, due largely to funding formulas relied on by Commonwealth officials. The difference amounts to \$1,600 per student per year. We urge the university to work with the Northern Virginia delegation to close this historic and inequitable funding gap, with a commitment to utilize some of such an increase to lower tuition.

Affordability problems tend to increase the length of time it takes students to complete their degrees. Students who stretch out their education in order to work full or part-time often wind up paying more in tuition and fees while postponing their ability to earn the higher salary that comes with graduation.

B. Proposed Commitments:

- (1) Mason will offer to limit annual increases in tuition and required fees to the annual growth in nominal household income in Virginia, as long as the Commonwealth commits itself to similar increases in annual state funding.
- (2) In order to make such a commitment as detailed in item one, in a fiscally responsible manner, Mason must also seek from the governor and General Assembly state funding per student equal to that of the average of other doctoral institutions in the state. Some of such an increase will be used to lower tuitions.
- (3) Mason will allocate a significant portion of any cost-savings achieved by the university under its new strategic plan to improve accessibility by increasing financial aid.
- (4) Mason will maintain need-based financial aid for low-income students at current levels.
- (5) Mason will allocate most of any additional financial aid funds for middle-income, students with very strong academic records who do not qualify for federal assistance.
- (6) Mason will increase the percentage of financial aid for merit-aid to the high-performing students, particularly those who have a locational preference for Mason.
- (7) Mason will launch an initiative to assist and encourage students to complete their degrees within four years.

C. Competitive Analysis

Improving affordability through restrained tuition increases and increased aid are the most effective steps the university could take to attract and retain students and insure they complete their degrees.

Because of a limited pool of merit aid, Mason has struggled to compete for the highest-performing students with aid offers from other schools. Targeting additional aid funding for this purpose will enhance the university's ability to compete for these students and continue to improve the academic preparation of the student body.

D. Tradeoffs

With increasing economic pressures on all but the wealthiest households, tensions are inevitable between those who want to restrict financial aid to low-income students and those who favor using discretionary funds for more merit-based aid. With state and federal aid targeted to low-income students, the sting of rising tuitions has been felt most acutely by middle-income students in recent years. Our recommendation going forward is to tilt the merit aid portfolio slightly in that direction.

Other states and universities have attempted to deal with the affordability problem by various methods. Georgia, Florida, Tennessee, New Mexico and Minnesota have all launched a special scholarship initiative for high-performing low- and moderate-income families. Many state schools have increased their percentage of out of state students paying higher tuitions in order to provide additional aid to in-state students. We considered all of these ideas before selecting our recommendations.

The committee was divided on the issue of what to do with additional funds allocated by the state to close the funding gap between Mason and other universities. A bare majority believed that the only realistic way to win such an increase in state support would be to give it to students and parents in the form of tuition relief after years of substantial increases. Other committee members felt that the additional funds would be better used to improve accessibility and educational quality.

SECTION II – COST

- * Higher education in general, much like health care, has largely escaped the productivity revolution that has lowered costs and improved quality in nearly every other sector of the economy by leveraging new technology and re-engineering the way work is done.
- * *The people of the Commonwealth of Virginia, however, are receiving an excellent return on their investment in Mason.* This observation is supported by the data and charts referenced throughout this report.

- * The cost of educating a Mason student is roughly \$15,000, about 60 percent of the cost at a peer group of public and private research universities. Over the last decade, this cost (as distinct from the price) has increased 6 percent after adjustment for inflation. (See Appendix, Chart 19)
- * In an environment of constrained state funding and limited tuition increases, it will be difficult if not impossible for Mason to continue to fulfill its mandate to serve more students and improve access to low and moderate-income Virginia residents without a change in its cost structure.

A. Analysis

There is considerable debate on the causes of the cost and price escalation of higher education. At the national level, various people may attribute the cost increase in college and university tuition to the following cost drivers: 1) a spending arms race among institutions to attract the best students and faculty; 2) excessive government subsidy; 3) administrative costs; 4) excessive compensation for top administrators; 5) overly restrictive accreditation standards; 6) increasing academic specialization; 7) decreasing faculty teaching loads; 8) burdensome government regulations; 9) the absence of measured outcomes; 10) weak management; (11) faculty and staff resistance to change; and 12) the failure to make effective use of new technology.

In fact, the cost and affordability of a college education is complex and nuanced and the Working Group did not have sufficient time to examine these issues to their fullest. We call attention to an outstanding study of these issues by Robert S. Archibald and David H Feldman in a study commissioned by The College Board. A copy of the report, “The Anatomy of College Tuition,” is included in the Appendix, Item 20.

We also call attention to another very informative report: “Spending: Where Does the Money Go?” The report was written by Steven Hurlburt and Rita J. Kirshstein for the Delta Cost Project at the American Institutes for Research. The URL for this report is: <http://www.deltacostproject.org/resources/pdf/Delta-Spending-Trends-Production.pdf>. This report includes a great deal of data relevant to our Working Group’s report including:

- A list of “Where the Money Goes: Standard Expense Categories” (See Appendix, Chart 21)
- A chart of the spending per FTE student by public research institutions (by standard expense categories) AY2000-2010 (in 2010 dollars) is included below:

Spending per FTE student by standard expense categories, AY 2000-2010 (in 2010 dollars)								
	2000	2005	2009	2010	10-year change		2009-2010 change	
					\$	%	\$	%
Public research								
Instruction	\$9,354	\$9,389	\$10,080	\$10,139	\$785	8.4%	\$59	0.6%
Research	\$5,090	\$5,715	\$5,854	\$6,130	\$1,040	20.4%	\$275	4.7%
Student services	\$1,193	\$1,249	\$1,378	\$1,395	\$202	16.9%	\$17	1.2%
Public service	\$1,867	\$1,982	\$1,993	\$2,052	\$185	9.9%	\$59	2.9%
Academic support	\$2,626	\$2,448	\$2,872	\$2,943	\$317	12.1%	\$71	2.5%
Institutional support	\$2,236	\$2,202	\$2,518	\$2,508	\$272	12.1%	-\$10	-0.4%
Operation and maintenance	\$1,812	\$2,059	\$2,154	\$1,804	-\$9	-0.5%	-\$351	-16.3%

As the above chart indicates, in 2010, the largest expense categories by public research institutions, were (in descending order):

- Instruction
- Research
- Academic Support
- Institution Support
- Public Service
- Operation and Maintenance
- Student Services

As a labor-intensive service industry with highly skilled workers, higher education certainly suffers from the same “cost disease” as health care. Higher education is also one of those status goods in which a higher price tag is often perceived as a signal of higher quality—a reality that tends to dampen and discourage price competition.

It must be emphasized that while Mason’s tuition may be impacted by some of the national factors listed above, it operates at a relatively efficient cost level despite the challenges it faces with declining state support. ***The people of the Commonwealth of Virginia are receiving an excellent return on their investment in Mason.*** This observation is supported by the data and charts referenced throughout this report. (See Appendix, Chart 22)

Nationally, there is widespread belief that rising administrative expenses have been the primary driver of increasing costs. At Mason, outlays for instruction have grown faster than non-institutional costs, despite non-instructional cost increases associated with rapid growth in the university’s student body and facilities and the creation of a residential campus in Fairfax.

At the same time, instructional costs per student have also increased as the university is making the transition to becoming a competitive, top tier research institution, with a more distinguished tenure-track faculty spending relatively less time on teaching and more on research. To the degree that faculty spends less than full-time teaching and more time on their research that research can be thought of as university funded, even though it does not show up in the official research statistics. Student-faculty ratios have remained relatively steady over the last 20 years at about 16:1, but in recent years more of the teaching has been shifted to lower-cost adjuncts and full-time term faculty who do not conduct research.

Even if we could definitively answer the question of whether administrative or instructional costs have been the main factors in rising costs in the past, it would not necessarily tell us how to most effectively reduce per-student costs going forward. We believe such cost savings should be achieved in all areas, not by squeezing travel budgets and turning off lights, but by structural changes that change the way work is done and eliminate activities that are not essential.

Facilities. Better utilization of Mason’s facilities would allow the university to continue to serve more students without the cost of adding additional classrooms, offices and residence halls. Like most universities, many of Mason’s facilities are underutilized during the summer, on weekends and at non-peak times during the week. Even when time for scheduled maintenance, or use of space for non-academic functions (conferences, meetings, etc.), is considered, there is still capacity. Compared with other Virginia universities, Mason has high utilization rates, particularly at Fairfax, but there is room for improvement, especially at Arlington and Prince William where we see lower utilization rates. We estimate the amount of underutilization at between 15 and 20 percent. (See Appendix, Chart 23)

We believe changing the university calendar to a trimester system could improve the efficient use of these expensive assets. Although the university currently runs a summer program, demand is weak. To make it work, however, it would probably be necessary to require students and faculty to participate, on rotation, in the summer trimester. Because of the complexity of Mason, such a change would likely require a long lead-time.

According to Commonwealth guidelines, Mason has approximately half the research space it warrants based on currently funded research. Without significant capital investment, however, new research space is unlikely. The university must explore ways to use its existing research space more productively. Currently, there is no mechanism for assessing how effective research facilities are used—once assigned, researchers seldom have to relinquish their space even when research funding has lapsed. While there are some units at Mason that do manage their inventory of research space and reassign space to meet needs for new funded research, not all units follow the same process. A new mechanism is required for rationalizing the use of this scarce resource on an ongoing basis and to encourage all units to develop an internal system for space reassignments as grant terms end and new research funding is received. (See Appendix, Chart 24)

Faculty and administrators often perceive space as “free.” This is probably not due to a cavalier attitude toward the cost of space at Mason. It likely results from Mason’s policy that the cost of space is generally not charged to academic and administrative unit budgets but to other accounts. *As stated above, some units have processes in place to manage their inventory of space to meet new needs, whether they are academic/instructional or research related.* However, a new budgeting approach is needed to change the “space is free” culture and encourage better utilization by all units.

Under such a system, faculty could be offered financial incentives to give up permanent offices in favor of drop-in/plug-in alternatives. Open collaborative work areas could be provided in lieu of private offices as options for student/faculty interactions and mentoring. This option may not

work for all faculty members, but it may work for some. In addition, administrative units would have an incentive to add their conference and meeting space to the university wide scheduling system, so it could be made available to other (paying!) users. Such reforms will reduce pressure to build more office and meeting space.

Administrative costs.

Harvey Pearlstein, the University of Nebraska's Chancellor, offers his assessment of the role of administrators: "There's a conception among some that administrators aren't doing anything...The problem is if its work that has to be done, and then somebody's going to do it. That could mean anything from taking out the trash to making sure the university complies with research regulations. If administrators aren't there to do it...the burden of the work falls on the faculty."¹

By various measures, somewhere between 55 and 65 percent of the per-student cost at Mason goes toward direct instruction, with the rest going to institutional and academic support and student services. While this ratio is equal to, or higher than, most other research universities, we believe the goal should be to raise it even further. Such a goal would insure that a disproportionate share of the burden from cost reduction comes from administrative and non-instructional activity. It would also reinforce Mason's reputation for delivering high value to students and taxpayers. (See Appendix, Charts 25, 26, 27)

The percentage of Mason's Educational & General expenditures for the FY2011-12 were:

- Instruction 57.2%
- Institutional Support 13.5%
- Physical Plant 10.1%
- Academic Support 8.6%
- Libraries 5.4%
- Student Services 4.9%
- Public Service 0.6%²

Room and board charges are currently established to cover all of the direct expenses of providing those services. But the rapid increase in the number of residential students has also created increased demand for other student services that are used disproportionately by residential students. We believe the university should consider shifting the costs of providing those services from tuition/required fees to room and board charges.

Given the wide variety of administrative functions—from security to alumni relations to building maintenance—we are not able to offer any broad recommendations for improving administrative efficiency, other than to mention those used widely in other sectors: outsourcing to lower-cost service providers, more aggressive use of technology, reduction in the number of top and mid-level managers and elimination of less-than-vital functions.

In pursuing such efficiencies, the university should be guided by new approaches and metrics for improving administrative and service outcomes. One of Mason's administrative leaders has

developed a nationally recognized blueprint for achieving this in his book, *Managing for Outcomes: Shifting from Process-Centric to Results-Oriented Operations*.³

Elimination of Overlapping and Low-Impact Programs. The university should consider reducing the number of degrees, certificates and academic programs it offers. Although that number is already fewer than most other large research universities, we believe that some strategic pruning and reorganization is possible after years of entrepreneurial growth. Criteria for making such decisions should include cost and revenue per student, enrollment trends, competitive and reputation factors, the needs of the Virginia economy and the impact on society.

As much as possible, professionally-oriented graduate programs should be consolidated at the Arlington campus, where greater use should be made of common core courses and joint faculty appointments.

Instructional productivity. To increase instructional productivity, the university should consider two strategies.

The first would be to lower the per-student cost of almost all general education and foundational courses through the extensive use of online educational technology and pedagogical techniques. Our view is that Mason should develop many of these online courses itself, or in collaboration with other Virginia universities, using a combination of video lectures, interactive software and in-person discussions, laboratory and other hands-on activities, collaborative learning and tutorials.

Once developed, these courses could be marketed aggressively to non-degree students and other institutions around the world. The university should ask the Commonwealth to invest in the considerable up-front cost of developing such courses. Because of such costs, the university might consider reducing the number of general education courses.

While such efforts would have the effect of increasing the average size of general education classes, the university should also commit itself to maintaining the current average size of seminars and upper-level courses.

Instructional productivity could also be enhanced by continuing to increase the percent of full-time faculty who are focused primarily on teaching. This is nothing new: already, teaching-only faculty account for about 27 percent of instructional FTEs at Mason. We would recommend further increasing that percentage over time.

To accomplish that goal, the university could continue to increase its use of term and adjunct faculty. Or, as the Provost has suggested, the university could encourage a teaching-only or teaching-heavy career path for more of its tenure-track faculty. We would recommend some combination of the two, acknowledging that different strategies may be required for different colleges. The increase in teaching-only faculty should make it possible for the teaching load and research time of other tenure-track faculty to remain unchanged.

Colleges should also establish mechanisms for regular, independent evaluation of the productivity and quality of university-funded faculty research.

B. Proposed Commitments

Mason will commit itself to achieving a meaningful reduction in the average cost per student through a combination of more efficient use of fixed assets, increased administrative efficiency, elimination of low impact and overlapping programs and increased instructional productivity.

More Efficient Use of Facilities

- (1) Mason will consider converting its academic calendar to a trimester system.
- (2) Mason will adjust class schedules to insure full utilization of classrooms on Fridays.
- (3) All colleges at Mason will consider offering more weekend classes.
- (4) To encourage efficient use of classrooms, offices, research space and meeting space, Mason will explore options to current budget practices so that off-campus leased space and on-campus assigned spaces are accounted for similarly in the budget model.

Increased Administrative Efficiency

- (1) To reduce pressure on tuition and required fees, Mason will set room and board charges to cover all direct as well as indirect expenses associated with the operation of a residential campus, including student services used primarily by residential students. Parking and transportation fees will cover all direct and indirect expenses associated with parking and transportation services.
- (2) Mason will modestly increase the percent of total spending going to direct instruction. This will insure that the burden of reducing total cost per student will fall disproportionately on administrative and other non-instructional expenses.
- (3) Mason will institute a system for systematically measuring the outcomes of its administrative services and functions.

Elimination of Overlapping and Low-Impact Programs

- (1) Mason will require all schools and colleges to run, at a minimum, on a break-even basis.
- (2) Colleges with higher-than-average costs, whose instructors and graduates earn higher-than-average salaries, will be encouraged to consider charging a higher tuition, consistent with competitive realities. There would not be a differential price in courses but in the overall tuition charged to the students in specific colleges at Mason. While this option holds the

potential of creating a “have” and “have not” situation, because of fiscal and market realities, it is being adopted at some public universities.

- (3) Mason will reduce the number of degrees and academic programs it offers.
- (4) Professionally oriented graduate programs will be consolidated at the Arlington campus.

Increased Instructional Productivity and Salaries

- (1) Mason will increase the percentage of faculty who concentrate almost exclusively on teaching. Teaching loads for remaining faculty will remain unchanged.
- (2) Where feasible, Mason will make use of online education technology and instruction for all general education and foundational courses.
- (3) Mason will allocate a significant portion of any cost-savings achieved by the university under its new strategic plan to increase faculty salaries.

C. Competitive Analysis

The proposed trimester system fits in well with the commitment in Section III for a required internship while at Mason, since it will make it easier for students to secure internships in the spring and fall when there is less competition.

The expansion of weekend classes will enable the university to attract students who work full-time during the week.

Mason’s national and international reputation will be enhanced if it succeeds in developing and marketing a full range of online general education courses that can be sold to other universities and non-degree students.

The increased emphasis on full-time teaching has appeal to many students and faculty, as well as taxpayers, many of whom are more willing to pay for teaching than faculty research. This would enhance Mason’s reputation for good value, as would the commitment to maintain the relatively small size of upper-division classes.

Depending on student acceptance, reliance on more online courses for general education could either hurt or enhance Mason’s reputation for value.

Reducing the number of programs and degrees will certainly reduce Mason’s usefulness to those students who prefer or require programs and degrees that are eliminated.

Consolidation of graduate programs at Arlington would make those programs more accessible to students and faculty who live and work in the District of Columbia, and elevate the visibility of Arlington to the Washington policy community.

Increasing faculty compensation is crucial to the continuing effort to improve the quality of Mason faculty and provides incentive for faculty to embrace difficult change.

D. Tradeoffs

The shift to a trimester system, with its greater reliance on required summer classes, may face some resistance from students and faculty. It is anticipated that people will eventually get used to it and come to enjoy the more relaxed atmosphere and camaraderie of a summer session. Students should find they can more easily secure internships, study-abroad opportunities and jobs in the spring and fall, while faculty come to see the advantage of traveling or doing research during those seasons.

The committee acknowledges that a trimester system raises issues with current accreditation rules and state funding formulas that, while not insurmountable, would need to be resolved.

There are two basic ways to improve instructional productivity: increase class size or increase teaching loads. We opted for a bit of both, but with a twist designed to minimize the impact on both students and faculty.

We limited the increase in class size only to general education and foundational courses, and believe that it should be accompanied by new methods of teaching and learning. These courses already tend to be large lecture classes, with material well-suited to “flipped” classrooms and interactive, online instruction.

We would expect this technology initiative to take place in the context of a general re-thinking about the purpose and content of the general education program. The increased productivity in these courses could help ensure that the size of other, upper-level courses remains unchanged.

In terms of faculty teaching loads, we decided not to recommend an increase in the now-standard “two-and-two” teaching load for tenure-track faculty. Such a change would have had an impact on almost all tenure-track faculty and would have also made it more difficult to compete for faculty with other prestigious universities.

At the same time, to focus on instruction, our recommendation is to create more institutional support for faculty who excel at teaching.

Important Notes:

Our committee did not have a consensus on this issue. Several faculty and other committee members noted, correctly, that it would reduce the share of overall faculty time devoted to research and scholarship, which could lead some to question Mason’s reputation as a research university. Such doubts, they argued, could negatively affect the university’s rankings and its ability to attract top-flight faculty and students.

A majority of the committee, however, felt that this was the least disruptive way to increase instructional productivity with the least possible impact on current tenure-track faculty. Some of the negative impact on recruiting might be mitigated by the increased faculty salaries that are also part of our recommendation.

The committee was unanimous in recommending that the university enlist the Board of Visitors and the Northern Virginia delegation in an effort to close the per student funding gap between George Mason and the Commonwealth's other research universities. However, the committee was divided about how such additional funds should be used. Some felt that any additional funding should be used for high priority educational initiatives. Others argued that negotiating changes in the Commonwealth's funding formula represented such a difficult political challenge that the only way it could win sufficient support would be if voters and elected leaders could be assured that the money would be used to lower tuitions after years of outsized increases. We also recognize the challenge of sustaining such a commitment from the Commonwealth given its one-term governor system and periodic changes in the composition of Virginia's General Assembly.

Since the university has linked a reduction in state support as a major factor leading to recent tuition hikes, it seemed consistent that any significant jump in state support be used to reverse some of those increases. In the spirit of shared sacrifice and shared benefits, the committee opted to recommend that at least some of the money be used for tuition reductions.

The Working Group received a number of very thoughtful and measured comments about an earlier version of this report from Dr. June Tangney, University Professor and Professor of Psychology and Chair of Mason's Faculty Senate. We considered Dr. Tangney's comments very carefully and factored them into our report to the extent we felt appropriate without sacrificing the overall spirit of the report. Because of the absolute centrality of our faculty to Mason's mission and work and because of our respect for Dr. Tangney and her major leadership position at Mason, we have included the entirety of her comments in the appendix of this report. (See Appendix, Item 28)

SECTION III - VALUE

- * Like all universities, Mason will be required to demonstrate a competitive return on investment by students and parents, as measured by job attainment, wage potential and academic achievements.
- * Like all universities, Mason will be required by the federal and state governments to demonstrate a competitive return on investment for the "public good," as measured by economic growth, additional tax revenue, a better educated workforce, and an enlightened citizenry.
- * Some parents, students, and taxpayers remain skeptical of the value of general education.

- * Mason’s current value proposition rests on its favorable tradeoff between cost and quality, its location in the National Capital Region, the career success of its graduates, the diversity of its students and its entrepreneurial, problem-solving culture
- * Mason’s value proposition is challenged by its disappointing 63.6 percent graduation rate after six years for first-time, full-time students, well below the average of its peer institutions in the Commonwealth of Virginia. For example, James Madison University has a six year graduation rate of 81.3 percent.⁴

A. Analysis

In a recent special issue on higher education, *Time* magazine reported that 80 percent of the general population believes that “at many colleges, the education students receive is not worth what they pay for it.” Clearly, there is an imperative for universities to improve their return on investment and do a better job at communicating the returns on investments in higher education.⁵

The *Time* survey attempted to identify the major factors in the value of a college degree. The top responses dealt with economic factors – 40 percent said the most important value was “to gain skills and knowledge for a career,” while 17 percent cited increasing one’s earning power. The non-economic factors included “gaining a well-rounded general education” (14 percent), “learning to think critically” (12 percent), “formulating goals and values for life” (11 percent), and becoming “an informed citizen in a global society” (6 percent).⁶

Obviously the best way to increase the value proposition for a Mason education is to lower the cost and continue to improve the product. We have dealt with strategies to control costs in Section II. The larger and more complex challenge of improving the product lies outside the mandate of our committee. The Working Group is very aware of the danger of taking an already great value represented by Mason’s in-state tuition to the point where we compete on price rather than value. This can seriously damage the Mason brand.

In recent years, Mason has benefited from its reputation as one of the nation’s top up-and-coming universities. Its challenge now is to build on that reputation with a more robust value proposition that it can market internally to its own students, faculty and alumni, and externally to employers, taxpayers and government officials, the national media, potential donors, students, and faculty.

At the fall 2012 Career Fair, Mason alumni were asked, “What about Mason contributed most to your success in the workplace?” The most frequent responses were a combination of economic and non-economic:

- a course of study aligned with career choice;
- the faculty;
- location near Washington, D.C.;
- diversity;
- internships;

- networking;
- juggling multiple projects;
- the ability to work while going to school;
- critical thinking and problem solving; and
- the ability to work in teams

The Mason Career Census reports that 74 percent of recent graduates reported having at least one career-related experience while at Mason (either an internship, a co-op opportunity, study abroad, part-time or full-time job). Fifty-seven percent reported that they were working or had accepted a position—an impressive number in today’s economy. In terms of the pay, a Virginia survey of the wages of graduates from 2005 until 2010 found that Mason alumni had earnings well above the state average and above the average of peer institutions in all degree categories.

Mason’s low cost relative to peer institutions is certainly an important part of its value proposition.

Its location in the National Capital Region is proving to be one of Mason’s greatest attractions, particularly as Washington becomes a “hot” city for young Americans looking for interesting work and an exciting urban lifestyle.

Mason is known for the diversity of its student body, and employers tell the Career Services Office that Mason students are comfortable in diverse workplace settings.

Mason’s entrepreneurial culture and its tradition for growth and change also yields a cultural benefit to its graduates, making them more flexible and adaptive to the constant change that now characterizes most work environments.

Mason’s large size and breadth allows its students to pursue many interests across a wide spectrum of disciplines. It can also pose a risk, however, that students might get lost.

In terms of its graduation rates, however, Mason has a way to go. Although the six-year graduation rate has increased from the 56 percent measured back in 2000, the current 63.6 percent rate for first-time, full-time freshman still lags behind the 75 percent average for peer institutions. The current campaign to deal with this shortcoming should be strengthened with an early identification and intervention program and improved student advising. (See Appendix, Charts 29, 30, 31, 32)

We believe the value of a Mason education—its return on investment—is greater than now perceived to be by those outside the university. A major new marketing and branding effort is required to close that gap between perception and reality. This effort should begin with enhanced information-gathering about post-graduate employment and compensation, Mason’s impact on the regional economy and its myriad connections to national policy makers. It should also include clearer articulation of the non-economic, non-career values of a Mason education. Most of all, such an effort requires a “wow” factor—probably one that emphasizes Mason’s connection to Washington, the federal government and experiential learning.

B. Proposed Commitments

- (1) Mason will reposition and strengthen its Career Service offices to help give our students a significant competitive advantage in the university-to-work transition.
- (2) Mason will consider making an academically-related, credit-bearing internship a requirement for graduation.
- (3) Mason will launch an aggressive multi-year branding marketing effort to communicate more clearly the university's competitive advantage and its value to students, parents, employers, business leaders, taxpayers and the media.
- (4) Mason will increase its six-year graduation rate to 75 percent within the next decade.

C. Competitive Analysis

This entire section is, by its nature, a competitive analysis. That said, a key Mason competitive advantage warrants special mention:

- The Western Interstate Commission on Higher Education (WICHE) reports that “After about two decades of steady growth in the number of graduates, the country likely peaked at about 3.4 million graduates in 2011 and will see a modest decline over the next few years.” WICHE reports that the “overall decline is driven by a decline in the total number of white students expected to graduate high school, which the report projects to decline by 13 percent between 2008-09 and 2024-25, largely because of declining birthrates. But that trend masks a huge increase in the number of Hispanic and Asian-American/Pacific Islander students. *Given the country's historic challenge enrolling and educating minority students in higher education institutions, the shift will likely require a rethinking of how colleges do business.*” (italics inserted for the purposes of the Working Group report)⁷
- We have already noted that Mason's wonderful diversity translates into many benefits for our students and the institution itself. In the fall 2012 Mason freshman class, 41.9 percent reported their ethnicity as “Non-White” and 51.1 percent indicated “White.” (See Appendix, Chart 33 for detailed information.)
- Mason has been blessed with a major head start on many of our peer institutions in respect to a significant enrollment of minority students. Also, minority students at Mason excel at the same level as the overall University's success rate.
- Mason cannot take this major asset for granted, Mason must continue to reach out to, value and nurture our diverse student body.

D. Tradeoffs

- * An internship requirement will add to an already long list of course requirements for general education, majors and minors that often leave students with little opportunity to take enrichment courses unrelated to professional aspirations.
- * All universities think they offer a good value proposition and think their problem is that they have just not been able to effectively communicate it. Breaking through with a convincing message to an increasingly skeptical public will require skill, ingenuity and a sustained investment of time and money.
- * Improving completion rates has already proven harder than anticipated, despite concerted efforts, and may be made more difficult as a result of Mason's historic mission to educate a large student population with widely varying academic preparation, career aspirations, language and ethnic backgrounds and financial resources.

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- ³ Sigler, Wayne. *Managing for Outcomes: Shifting from Process-Centric to Results-Oriented Operations*, AACRAO, 2007.
- ⁴ “GRS10: Graduation Rates of Virginia Traditional Four-Year Institutions,” <http://research.schev.edu/gradrates/grs10.asp> (See Appendix, Chart 35)
- ⁵ “Reinventing College; A Special Report on Higher Education”, *Time*, October 29, 2012, p39.
- ⁶ “Reinventing College; A Special Report on Higher Education”, *Time*, October 29, 2012, p36.
- ⁷ “WICHE report highlights decline in high school graduates and growing diversity”, *Inside Higher Education*, January 11, 2013.

APPENDICES

- Chart 1: Cost of Education Shifts to In-state Students and Families
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- Chart 33: Fall 2012 Official Census Student Enrollment by Demographic – First Time Freshman
- Chart 35: GRS10: Graduation Rates of Virginia Traditional Four-Year Institutions,”
<http://research.schev.edu/gradrates/grs10.asp>