



GMU Compliance with Level 3 Management Agreement

Compliance review requirement

- JLARC shall review the level of compliance with the management agreement terms
- George Mason University management agreement effective July 1, 2021

§23.1-1007.C

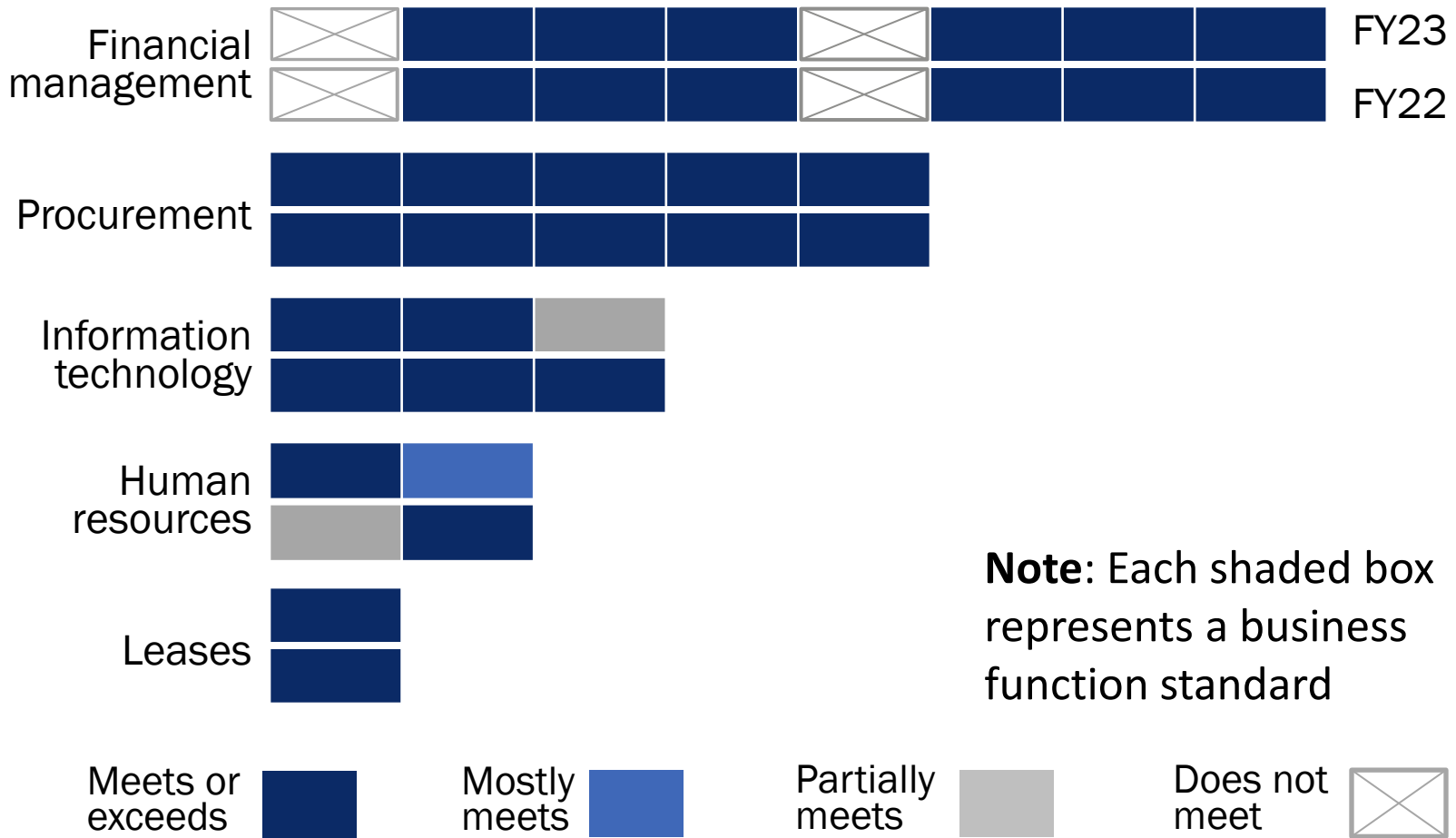
Institutions can enter into management agreements and achieve Level 3 status

- Restructuring Act allows institutions that achieve Level 3 status to obtain autonomy for 6 business functions
 - financial management
 - procurement
 - information technology
 - capital projects
 - leases
 - human resources
- In return for this autonomy, institution is required to meet certain academic and operational standards

GMU is in compliance with its management agreement

- ✓ Operates business functions consistent with management agreement terms
- ✓ Met most of the business function performance standards
- ✓ Received a “passed” rating from SCHEV on relevant academic standards

GMU is meeting most of the relevant business function performance standards



Background on financial management standards not fully met

- Rate of return
 - Below benchmark, but GMU does not manage and invest most of its cash
 - Recently initiated the “Patriot Investment Fund” to more actively invest cash it can retain
- Accounts receivable % recovered
 - Below benchmark but largely because of GMU temporarily relaxing its collection efforts during the pandemic

Background on IT and HR standards not fully met

- IT security audits
 - APA found deficiency related to IT risk management and contingency planning in FY23
 - GMU acknowledged deficiency and in process of addressing issues
- HR: voluntary staff turnover and internal staff progression
 - Below benchmark in one of the two years assessed for each measure
 - Partially due to pandemic-related hiring freeze

GMU was one of only 5 of the four-year institutions SCHEV assigned a “passed” rating

Institution	PM 1	PM2	PM 3	PM4	PM5	PM 6	Recommendation
CNU	P	P	P	P	F	F	Feedback Only
W&M	P	P	P	P	P	P	Passed
GMU	P	P	P	P	P	P	Passed
JMU	P	P	P	P	F	P	Feedback Only
LU	F1&F2	P	P	P	F	F	Remediation Plan
NSU	P	P	P	P	P	F	Feedback Only
ODU	P	P	P	P	F	F	Feedback Only
RU	P	P	P	P	F	F	Feedback Only
UMW	P	P	P	P	F	P	Feedback Only
UVA	P	P	P	P	P	P	Passed
UVA-W	P	F1&F2	F1&F2	P	F	F	Remediation Plan
VCU	P	P	P	P	F	F	Feedback Only
VMI	P	P	P	P	P	P*	Passed
VSU	P	F1&F2	P	P	F	F	Remediation Plan
VT	P	P	P	P	P	P	Passed
VCCS	P	P	P	N/A	F	N/A	Feedback Only
RBC	F1&F2	P	P	N/A	F	N/A	Feedback Only

P = Pass F = Fail (F1 = Fail first year, 2021-22, and F2 = Fail second year, 2022-23)

Several aspects of JLARC's compliance role should change

- Code references performance standards no longer used by institutions and SCHEV
- Code contemplates cost savings and impacts less likely for future institutions entering into management agreements
- Changes to JLARC's compliance role should be addressed through technical amendment to Code of Virginia or clarification in Appropriation Act language

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JLARC staff for this report

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