THE GEORGE WASHINGTON UNIVERSITY
Washington, D.C.

MINUTES OF THE REGULAR MEETING OF THE FACULTY SENATE HELD ON DECEMBER 9, 2011, IN THE STATE ROOM

Present: Registrar Amundson and Parliamentarian Charnovitz; Deans Dolling, Feuer, Goldman, and Johnson; Professors Barnhill, Brand-Ballard, Casey, Castleberry, Cordes, Dickson, Fairfax, Garris, Greenberg, Harrington, Helgert, Klaren, Ku, McAleavey, Newcomer, Price, Rehman, Simon, Wilmarth, Wirtz, and Yezer

Absent: President Knapp and Provost Lerman; Interim Dean Akman, Deans Barratt, Berman, Brown, Burke, and Guthrie; Professors Galston, Hotez, Kessmann, Lipscomb, Parsons, Shesser, and Williams

CALL TO ORDER

The meeting was called to order by Professor Castleberry at 2:15 p.m.

APPROVAL OF THE MINUTES

The minutes of the meeting held on November 11, 2011 were approved as distributed.

INTRODUCTION OF RESOLUTIONS

No resolutions were introduced.

UPDATE ON DEBT RESTRUCTURING AND THE FINANCING OF NEW CONSTRUCTION (SCIENCE AND ENGINEERING HALL, SCHOOL OF PUBLIC HEALTH AND HEALTH SERVICES, AND THE TEXTILE/GW MUSEUM)

Professor Castleberry asked Executive Vice President and Treasurer Katz if he would like to present his entire report before entertaining questions, and Vice President Katz responded that he thought it would be beneficial to have questions posed at any point where the report prompted them.

Vice President Katz noted that he had made a similar presentation recently to the Senate Committee on Fiscal Planning and Budgeting, and following that discussion, his office had prepared appropriate exhibits to demonstrate how the University's overall debt is structured and how various capital projects are funded. He distributed copies of these exhibits entitled "Science and Engineering Hall Funding Discussion" and noted that while the document was labeled "Confidential Draft, Discussion Purposes Only" the information is a public document. (The document is included with these minutes.)

Page two of the update provides a copy of the University's audited balance sheets for the Fiscal Years ending June 30, 2010 and June 30, 2011. He noted that most items on the balance sheet, except for investments, are valued at depreciated cost, rather than market value. The investment portfolio is marked to market on a regular basis. Thus, the actual value of the institution if all items were priced at market value is higher than that reflected on the balance sheets.

Most of the University's debt is debt on its balance sheets, and this information is reviewed on a regular basis. The institution's debt level is evaluated along with other pertinent factors, such as the level of student demand and the likelihood of a growing revenue stream in future years. A second critical piece of the University's financial picture is its cash flow and overall liquidity. Because the institution's cash position is strong and its debt levels are not excessive, GW did not experience the same difficulties as other educational institutions have in the past several years, when the value of endowments and the revenue from these dropped. At the same time there was a decline in capital markets. GW did not have to liquidate assets to meet current obligations as a number of other institutions did. The update indicates that, at the end of the current fiscal year, it is projected that GW will have a cash balance in excess of $200 million. The current cost of capital to the institution is approximately 4.53% and the estimate is that ten-year new money could be obtained for approximately 3.75%.

Page four of the update provides information about the University's overall debt management and includes data on both external debt service and debt service funding sources for internal and external debt. Three categories of debt service are detailed in three categories: tax-exempt, taxable, and non-recourse debt. Unlike many other educational institutions, GW has very little tax-exempt debt; for FY 12 it amounts to $3 million of a total $62.2 million external debt service total. Tax-exempt debt is literally authorized by the federal government and the rules and regulations pertaining to it are quite complex. In addition, in the District of Columbia, it is also necessary to comply with D.C. rules beyond normal zoning and permitting requirements, which means additional costs are incurred in connection with issuing this sort of debt. In theory, the cost of tax-exempt debt should be lower than that of taxable debt, but in practice that is no longer the case.

For FY 12, the University's total taxable external debt service is approximately $45.3 million. Non-recourse debt of $14 million is taxable debt that represents debt on specific properties which are used as collateral. Thus, if the University for some reason found itself in a position where it was unable to repay a debt, it would have to give up the property, but there would be no further financial burden beyond that on the institution.

Discussion followed. Professor Barnhill inquired about calculation of the debt service funding sources, and whether those figures were derived by totaling revenues, subtracting operating expenses, and arriving at a figure which would be the amount available to service external debt service. Vice President Katz said that full information concerning the University's debt position is available online and that he would be happy to share it with the Fiscal Planning and Budgeting Committee at another meeting. Most of the University's debt does not have required amortization, but is rather based on ten-year financing. Interest only is paid during the term of the debt and at the end of the ten-year period, the debt is refinanced or paid off. The University also finances many of its projects through internal financing, and amortizes all of its projects over the useful life, whether it is fifteen years or twenty, and, rarely, over thirty. Thus, the University charges itself principal and interest on these debts, whether or not all of that is paid to an external body. This builds up the cash position of the institution and makes money available to finance future

projects. Vice President Katz said that when he arrived at GW 21 years ago, the University did not utilize internal financing. Currently, over $400 million in internal financing is in place. In terms of the University's cash position, with $200 million on hand at the end of this fiscal year, had this internal financing not been in place, the University would have had some $600 million in external debt.

Professor Barnhill said it would be useful to him to see both what the University is required to pay to external debt service and a simple description of the net cash flows that are available to make the payments. Vice President Katz responded that this information could be provided.

Discussion followed about external and internal debt financing. Vice President Katz said the preference is for the institution to borrow from itself rather than from external sources. For an institution such as GW, which has the discipline to pay itself back over the useful life of a capital project, this means the University's funds are replenished over time and there is new money to lend on future projects. This also helps to keep external debt costs low, because the capital markets and credit-rating agencies look very favorably on the institution's balanced budgets and its positive cash flow, along with student demand, which continues to be very strong.

Pages five through seven of the update provide information about the University's capital budgets. Page five details the combined capital budgets for the University approved last May by the Board of Trustees. The FY 12 Proposed Capital Budget laid out on page six for new construction and major renovations excludes information on the Medical Center and capitalized interest. Page seven provides information for FY12 – FY 15 on capital budgets for new construction and major renovations for the Medical Center. Beginning this fiscal year, the Medical Center is no longer organized as a separate entity and the capital budgets will be combined going forward. Vice President Katz drew the Senate's attention to the largest project on page seven which shows expected expenses for Site 39A for FY 12-15 Site 39A is the site of the new building for the School of Public Health and Health Services.

Pages eight and nine provide information about the funding for the Science and Engineering Hall (SEH). There will be three funding sources, the first being ground rent from Square 54 (now referred to as The Avenue). According to the report, current annual Square 54 ground rent receipts would support $150 million of amortizing 30 year debt. The second funding source is the University's fundraising goal of $100 million, and the third source is a projected net increase of $55 million in Indirect Cost Recoveries (ICR) from Research. Presently the projected total of these sources is $336 million, substantially more than the original estimated cost of $275 million for the project.

The largest funding source for the SEH will be ground rent payments from Square 54. By the end of FY 12, it is expected that $31 million of these ground rent receipts will have been expended for initial costs connected with the SEH project, including development and legal expenses, demolition of the Old GW Hospital building, and other costs.

Professor Simon said he thought the figures in the update show a very impressive increase in projected ICR– between $75 and $80 million gross. He said he thought these costs were based on the expectation that 50 new faculty members would bring in $.5 million

each year in Indirect Costs, for a total of $25 million. Professor Simon asked where the other $50 million would come from. Vice President Katz said the figures are based on conservative assumptions about the cumulative cash effect from FY 12 through FY 22. It is also assumed that there will be an increase in ICR not only from new faculty but from existing faculty as well.

Professor Helgert said that for a long while, it looked as if only a portion of the ground rent receipts from Square 54 would be dedicated to the SEH. He asked if this has changed so that in future all of these monies would go to this project. Vice President Katz observed that the SEH is the Board's highest priority and it has determined that at least in the initial years, funding for the SEH will come from this source. The certainty of this revenue stream is the catalyst that allowed the University to decide to go forward with this project in a way that would avoid negatively impacting the academic operating budgets of the institution. Vice President Katz added that the Administration believes it will be successful in reaching the fundraising goals and obtaining additional funds from ICR. Should revenue from these sources exceed projections, the Board might decide to redirect some of the Square 54 revenues for other academic purposes at the University.

Vice President Katz then reviewed the information contained on page nine of the update which provides detailed data about the cash funding for the SEH. By the end of FY 12, $30.7 million will have been expended from Square 54 ground rent revenue toward the direct costs of the project. From FY 12 through FY 14, the annual revenue stream from this source will be dedicated to support approximately $150 million in amortized 30 year debt. Projections are included for fundraising flows and increased ICR. For FY 12, $1 million in fundraising (in cash, not pledges) and an additional $ .6 million in ICR is expected. According to the projections, most of the revenue from these two sources is expected to reach a significant level after the SEH construction is complete; by the end of FY 16, it is expected that a total of $14 million will come from these two sources. At the end of FY 14, even though the SEH is for the most part paid for, the University would show an overall negative cash position of $43 million, which would increase to a negative $77 million in FY 15 and continue, in decreasing amounts, through the end of FY 18. According to the report, these negative cash flow balances may be funded by internal advances for which no borrowing costs are assumed.

Professor Wilmarth asked if estimates are available for the cost of furnishings and equipment for the SEH, as well as the expected cost of recruiting new faculty. Vice President Katz responded that anything attached to the SEH building itself is included in the $275 million construction cost estimate. It is expected that some equipment in the building will be funded by grants. Provost Lerman is leading the effort to continue planning concerning the various equipment needs of the project, as well as the task force looking into the various recruitment programs for new faculty. Some of these plans will continue to be developed in concert with the new Academic Strategic Plan. Vice President Katz added that, although he works very closely with the Provost, Dr. Lerman would be the best person to provide specific information on the development of these plans. Professor Yezer asked if these additional equipment costs would be funded as part of the capital budget, or come from the operating budget. Vice President Katz said these costs were not part of the construction budget. Professor Yezer expressed the opinion that, when looking at a stream of revenue to be received over a period of years, it would be useful to make near term costs and long term revenues comparable by future revenues and costs back to a present value. This provides a more accurate picture than simply adding up cash flows from different years and treating them as equivalent.

Professor Yezer also said that it appears the University's operating surplus is decreasing over time, and he asked if this will stabilize, or fall further, and if so, how far. Vice President Katz confirmed that the margin operating surplus is getting narrower, which he attributed to the funds the University expends on student financial aid. This is a trend, he said, that would probably continue for the foreseeable future. The rate of growth of the increase in financial aid has been stabilized and on an overall basis, Vice President Katz said he did not expect this to change. At the same time, to stay on the safe side, the University is looking at how it can operate more efficiently. The Innovation Task Force has had great success in looking at the expenses and revenues of the institution and coming up with additional savings that can be directed to academic purposes, including costs for new faculty recruitment, and furnishings and equipment for the SEH. Overall, the University is in a sound financial position, particularly because it has not followed a pattern of deficit spending as many other educational institutions have done.

Discussion followed. Professor Castleberry asked what sort of adverse effect on the operating budget would occur during the years of negative cumulative cash flow balances [FY14 – FY 18]. Vice President Katz said the Administration believes there will be no impact on the schools themselves, because the gap will be filled by increases in ICR and cash received from fundraising. He noted that that the balance sheets of each of the schools is healthy, with growing reserves and increased fundraising by the deans at the school level. On an aggregate basis, the balance sheet of the University is improving and almost all of the schools of the institution on a year over year basis continue to improve. The Administration believes that its forecasts are reasonable and that there is adequate cushion (or margin) in all of the estimates to allow the financial model to be successful, even if the timing of every piece of it does not happen exactly as projected.

Professor Brand-Ballard asked how common the funding model of the University is in higher education institutions. As the author of this model, Vice President Katz said he thought it unique, but that question should really be answered by others. It has been very positively received by the entities that purchase the University's debt. The model is a very long-term strategy started at the institution before the current Administration came to the University, and it continues to be successful given the location of the institution in Washington, D.C. Vice President Katz further noted that it would surprise no one that the University's peer group institutions have much more vibrant fundraising programs than GW. The Administration is doing everything possible to change that. The notion of creating and utilizing internal debt pools is fairly unique in higher education, although it is becoming more common. Without state or federal funding sources, it has been the only way that the University has been able to reach its goals – by financing projects itself. The Square 54 project was really the lever that persuaded the city and the Foggy Bottom community to support additional density rights for the University in Foggy Bottom as part of its Campus Plan. That project provides revenue to the University, tax receipts to the District of Columbia, and amenities desired by the surrounding community.

Professor Cordes followed up on Professor Castleberry's remarks by saying that, with respect to the negative cash flow balances projected for future years, even in a worst case scenario where the fundraising and Indirect Cost Recovery targets did not materialize, there would one of two consequences. The first could be that the University would not elect to replenish the internal funds used to fill the funding gap; the University operating budget would not be affected, but further opportunities for use of the internal funds would be foregone. The second alternative would be that the University would attempt to replenish the internal funds in which case there would be consequences for the operating budget. Both the fundraising and Indirect Cost Recovery goals are quite important to the SEH project.

Vice President Katz concurred with Professor Cordes' observations and his picture of a worst case scenario, but added that if this came to pass, there could be a middle of the road scenario for dealing with the situation as well.

Professor Ku observed that the biggest challenge would come in FY 14 and 15, when annual funding deficits of $42.9 and $34.5 million are projected. Vice President Katz said that the University would continue to monitor its overall financial position as well as look for opportunities in the debt market. Replenishing the University's cash position could improve the overall liquidity of the institution, and this is an option if the University continues to do well and the capital market for borrowing remains favorable. In addition, as rates are favorable, for the last five years, the University has locked in all of the debt it has issued over a ten year period going forward (to 2022).

Professor Ku said that researchers at the University had hoped over the years that it would be made possible for funds generated by Increased Cost Recoveries to be distributed to the schools and their researchers. He said he understood that this was not true for the School of Public Health and Health Services (SPHHS). Dean of the SPHHS Lynn Goldman confirmed that this had been true until the first of July, 2011, and that the School was the only one in the country that did not receive some of these funds. Vice President Katz confirmed that the policy has now changed and added he thought that people would be pleased at the changes that have been made.

Professor Yezer, Chair of the Senate Research Committee said the Committee would report to the Senate during the spring semester on this topic, as there is confusion among the faculty regarding recent changes in the ICR policy.

Professor Barnhill renewed his request for a detailed operating budget for the SEH, to include revenues the project is expected to generate, as well as expenses, including the cost of staff and furnishings. This should include a projection of net operating revenues. Vice President Katz said there were multiple reasons why this information has not yet been provided. A chief reason is that those decisions are embedded in negotiations with the schools involved in the project. Some of these negotiations have already occurred, and others are underway or will occur in the future. In addition, there are multiple funding mechanisms that can be used for these items. The information provided to the Senate in the update is the budget for the building portion of the project only. It should also be noted that the University will not initially build out the entire SEH building; approximately 100,000 square feet will be constructed as shell space for future development.

Professor Yezer said he supported the idea of borrowing ten-year money while interest rates are low. He added that he would like to see as much equipment as possible included in the capital budget. Vice President Katz observed that there are accounting rules that address what belongs in the operating or capital budgets. He assured the Senate that the University would allocate costs associated with the SEH appropriately as the project goes forward.

Professor Price inquired about the entries on the balance sheet which include the endowment monies, and also the liabilities portion which includes approximately $1 billion in bonds. Vice President Katz confirmed that the endowment funds are included in the investment line under assets, and that the University's debt in included in the bonds and notes payable line. As of the end of Y 11, the endowment amounted to approximately $1.7 billion (net of approximately $250 million of debt).

GENERAL BUSINESS

I. REPORT OF THE EXECUTIVE COMMITTEE

Professor Castleberry presented the report, which is included with these minutes.

II. INTERIM REPORTS OF SENATE STANDING COMMITTEES

The interim report of the Committee on Appointment, Salary and Promotion Policies was distributed to Senate members before the meeting and is included with these minutes.

III. PROVOST'S REMARKS

Provost Lerman was absent from the meeting and submitted no remarks.

IV. CHAIR'S REMARKS

President Knapp was absent from the meeting and submitted no remarks.

BRIEF STATEMENTS (AND QUESTIONS)

There were none.

ADJOURNMENT

There being no further business before the Senate, the meeting was adjourned at 3:50 p.m.

Elizabeth A. Amundson
Elizabeth A. Amundson
Secretary

Science and Engineering Hall
Funding Discussion

Confidential Draft
Discussion Purposes Only

December 9, 2011

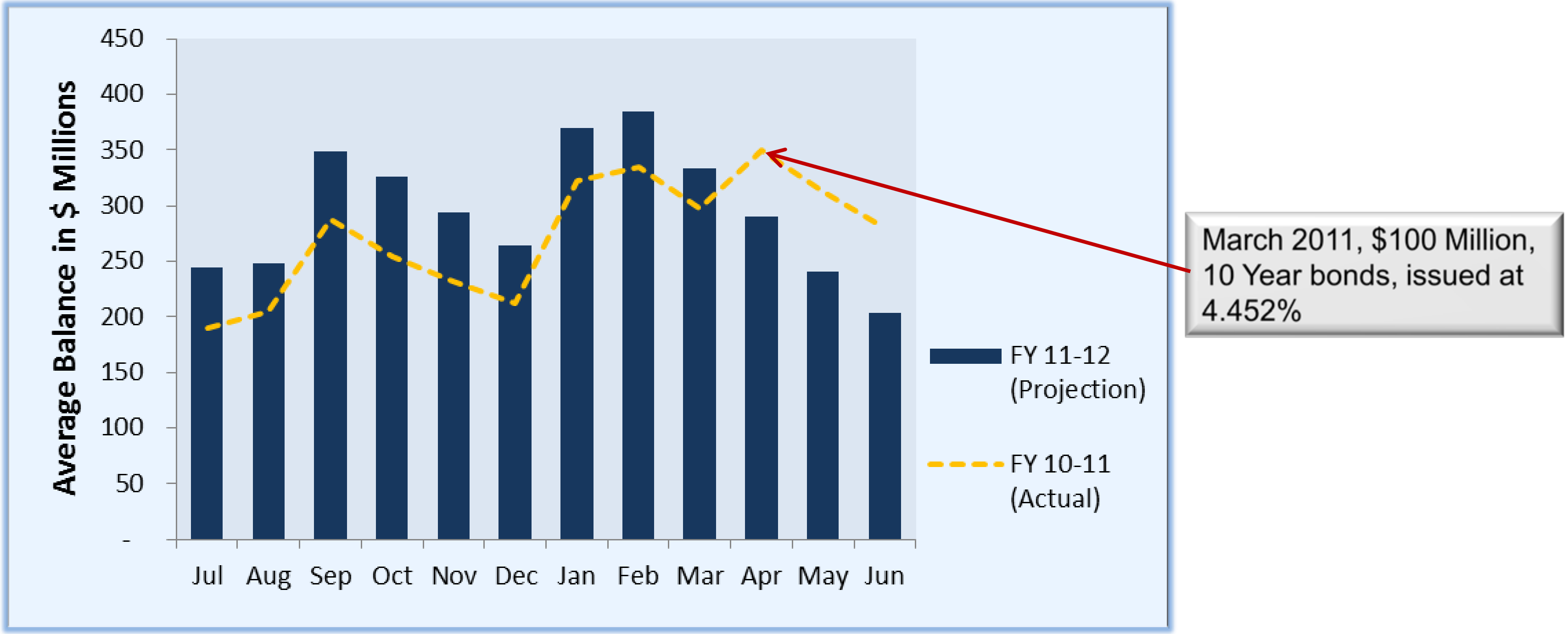
- The University has continued to expand its base of solid financial resources through strong investment returns, positive operating results and strategic borrowings and investments in infrastructure.

- The proportion of unrestricted net assets to restricted net assets is very favorable and underscores the University's ability to further leverage the balance sheet if necessary.

- Approximately $250.7 Million of the university's debt is allocated to and funded by investment real estate.

Balance Sheets **In $000's**	FY Ending June 30, 2010	FY Ending June 30, 2011
ASSETS		
Cash and cash equivalents	$ 200,478	$ 257,182
Deposits with trustees	2,075	3,032
Accounts receivable, net	45,819	67,658
Inventory and prepaid expenses	11,762	10,018
Pledges receivable, net	36,022	45,400
Investments	1,504,526	1,703,944
Loans and notes receivable, net	29,486	28,728
Physical properties, net:		
Land and buildings	958,537	982,041
Furniture and equipment	79,570	78,578
Other assets	28,997	33,611
Total Assets	$ 2,897,272	$ 3,210,192
LIABILITIES		
Accounts payable and accrued expenses	$ 144,576	170,152
Deferred Revenue:		
Tuition and other deposits	31,420	28,640
Grants and contract payments	10,922	14,065
Insurance reserves	8,013	6,373
Bonds and notes payable	1,013,878	1,102,119
Funds advanced for student loans	27,857	28,199
Total Liabilities	1,236,666	1,349,548
NET ASSETS		
Total unrestricted	1,251,989	1,390,478
Temporarily restricted	193,243	248,976
Permanently restricted	215,374	221,190
Total Net Assets	1,660,606	1,860,644
Total Liabilities and Net Assets	$ 2,897,272	$ 3,210,192

University Cash Flow



- Current projections indicate that the university will end the fiscal year with a cash balance in excess of $200 million.

- Currently, the university's cost of capital is approximately 4.53%. Due to favorable market conditions, we estimate that interest rates for taxable, 10-year, new money would be approximately 3.75%.

University Debt Management

(in $ Millions)

External Debt Service	**FY 12**	**FY 13**	**FY 14**	**FY 15**
Tax-exempt	$ 3.0	$ 5.6	$ 5.6	$ 5.6
Taxable	45.3	46.9	49.2	49.3
Non-recourse	14.0	14.0	13.9	13.1
Total	**$ 62.2**	**$ 66.5**	**$ 68.7**	**$ 68.0**

Debt Service Funding Sources[1]	**FY 12**	**FY 13**	**FY 14**	**FY 15**
Auxiliary	$ 33.9	$ 35.9	$ 36.2	$ 36.0
General	24.6	32.1	40.4	47.3
Endowment	15.0	15.1	15.1	14.9
Total	**$ 73.5**	**$ 83.0**	**$ 91.8**	**$ 98.2**

[1] ***Represents funding for internal and external debt.***

Combined Capital Budgets

(in $ Millions)

	FY12	FY13	FY14	FY15
Total Capital Budget	$ 117.5	$ 207.7	$ 152.0	$ 52.5

FY 12 Proposed Capital Budget
New Construction & Major Renovations
(Excluding the Medical Center and Capitalized Interest)
University (Dollars in thousands)

Building	Description	FY12	FY13	FY14	FY15	Total FY12 to FY15
Academic Facilities						
Ames Hall	Renovations and Additions	7,000	5,341	-		12,341
Science and Engineering Complex	New Construction	30,000	105,000	90,000	42,344	267,344
Law Clinic - 2000/2002/2004 G St	Renovation	3,700	2,000			5,700
Sq 103 Law School	New Construction (Academic LL1)	1,000	4,500	500		6,000
Foggy Bottom & VSTC	GW Museum	1,000	8,000	13,000		22,000
Gelman Library	**Renovation and Learning Center**	**1,000**	**10,000**	**5,000**		**16,000**
VSTC	**Academic/Incubation Space [1]**	**500**	**3,500**	**500**		**4,500**
Total Academic Facilities		**44,200**	**138,341**	**109,000**	**42,344**	**333,885**
Student Housing and Student Life						
Lafayette Hall	Renovation	5,163				5,163
Smith Center	Renovation	3,803				3,803
Marvin Center	**Student Services Center (5th Floor)**	**800**	**1,200**			**2,000**
Total Student Housing and Student Life		**9,766**	**1,200**	**-**	**-**	**10,966**
Sustainability Projects						
SEC & Ross Hall	**Cogeneration [2]**	**1,000**	**3,500**	**2,000**	**350**	**6,850**
VSTC	**Campus Vision Plan - Solar Walk**	**500**				**500**
Total Sustainability Projects		**1,500**	**3,500**	**2,000**	**350**	**7,350**
Other Projects						
Sq 103 Law School	New Construction (Garage only)	15,500	7,332			22,832
Foggy Bottom Campus	**Space Migration**	**925**				**925**
Science & Engineering Complex	New Construction - SEC Parking (Garage only)	16,000	10,000	2,200		28,200
VSTC	**Expansion and Upgrade to Data Center - Phase 1**	**2,200**				**2,200**
VSTC	**45155 Research Place - Infrastructure & Migration**	**3,000**				**3,000**
Total Other Projects		**37,625**	**17,332**	**2,200**	**-**	**57,157**
Total New Construction and Major Renovations		**93,091**	**160,373**	**113,200**	**42,694**	**409,358**

Note: Projects in bold above indicate new projects for FY 12..

(1) Assumes addition of approximately 30,000 sf of academic/incubation space as an incremental addition to the planned VSTC museum conservation facility developed as part of the GW Museum project.

(2) Total cost for cogeneration is $13,700,000. This is split 50/50 between the University and Medical Center capital plans.

Proposed FY 12 – FY 15 Capital Budget
New Construction and Major Renovations
(Dollars in Thousands)
Medical Center

Building	Description	FY 12	FY 13	FY 14	FY 15	Total FY 12 -15
Academic Facilities						
Ross Hall	Renovation - CLASS	$100	$2,500	$2,500	$0	$5,100
Ross Hall	Renovation - CoGen	500	1,750	1,000	175	3,425
Site 39A	New Construction	6,000	24,000	32,000	9,478	71,478
Total Academic Facilities		**6,600**	**28,250**	**35,500**	**9,653**	**80,003**
Research						
Ross Hall	Renovation - CoGen	500	1,750	1,000	175	3,425
Ross Hall	Renovation - CO6	17,300	17,300	2,322	0	36,922
Total Research		**17,800**	**19,050**	**3,322**	**175**	**40,347**
Total New Construction and Major Renovations		**$24,400**	**$47,300**	**$38,822**	**$9,828**	**$120,350**

Funding for Science and Engineering Hall

Source	Amount (in $ millions)
Square 54 ground rent – direct [1]	$ 31
Square 54 ground rent – debt [2]	150
Square 54 ground rent – Subtotal	**$ 181**
Fundraising goal	100
Net increase in indirect cost recoveries[3]	55
Total expected available funding	**$ 336**

[1] *Square 54 ground rent received to date has been used to fund initial costs of the S.E. Hall. It is expected that approximately $31 Million of Square 54 ground rent receipts will be used for this purpose by the end of FY12.*

[2] *The current annual Square 54 ground rent receipts would support approximately $150 million of amortizing 30 year debt.*

[3] *Assumes 75% of projected increase in indirect cost recoveries would be allocated to fund S.E. Hall project.*

S.E. Hall Cash Funding

(in $ Millions)	FY11 + Prior	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	Totals
Square 54 ground rents - Direct [1]	$ 21.5	$ 9.2	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 30.7
Square 54 ground rents - Debt [2]	-	6.1	101.8	42.1	-	-	-	-	-	-	-	-	150.0
Fundraising cash flows [3]	-	1.0	2.0	3.0	4.0	10.0	20.0	15.0	15.0	10.0	10.0	10.0	100.0
Increase indirect cost recoveries	-	0.6	1.3	2.0	3.0	4.0	5.0	6.0	7.0	7.9	8.7	9.5	55.0
Subtotal funding available	**21.5**	**16.9**	**105.1**	**47.1**	**7.0**	**14.0**	**25.0**	**21.0**	**22.0**	**17.9**	**18.7**	**19.5**	**335.7**
S.E.Hall construction costs	**8.5**	**30.0**	**105.0**	**90.0**	**41.5**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**275.0**
Annual funding surplus/(Deficit)	**13.0**	**(13.1)**	**0.1**	**(42.9)**	**(34.5)**	**14.0**	**25.0**	**21.0**	**22.0**	**17.9**	**18.7**	**19.5**	**60.7**
Cumulative cash flow balance [4]	$ 13.0	$ (0.0)	$ 0.0	$ (42.9)	$ (77.4)	$ (63.5)	$ (38.5)	$ (17.5)	$ 4.6	$ 22.5	$ 41.2	$ 60.7	$ 60.7

1 FY11 and FY12 represent actual cash flows from Square 54. To date, approximately $7.2 Million has been invested in a quasi endowment, and is available as needed. All Square 54 receipts during and after FY13 will be used for the debt service.

2 The current annual Square 54 receipts would support approximately $150 million of amortizing 30 year debt.

3 Fundraising receipts are projections of <u>expected cash flows</u>. Amounts and timing are dependent on multiple factors.

4 Negative cash flow balances may be funded by internal advances. For this analysis, no borrowing costs are assumed for internal advances.

Faculty Senate
Appointment, Salary, and Promotion Policies (ASPP) Committee
Interim Report
December 7, 2011

The committee met three times in fall 2011 semester and considered the following topics:

Report on BAC (Benefits Advisory Committee): There have been several meetings of BAC this year, several over the summer. Different options were considered and it was decided that in 2012 the co-payments and deductibles would remain the same although monthly premiums would increase. At the request of the faculty members of BAC, a special meeting was held where the University's methodology for forecasting the faculty/staff portion of the health care premiums was discussed. University consultants to the process presented a description of the methodology, process, and assumptions used to determine contributions. It is noted that while GW premiums have gone up 6.8% on average, this increase is low relative to increases in health care costs across the nation.

Review of proposed health care benefits information for 2012: Teresa Wolken and Jennifer Lopez provided information on the proposed 2012 health care benefits. The average growth in employee premiums nationwide is expected to average 8.5% for the next year. The trend is to have employees pick up more of costs nationally. At GW, the increase of premiums will be 6.8% and there will be no changes to copayments and deductibles. Increase to dental premiums will be 2.3% approximately. GW has introduced a new Health Advocate (at no cost to employees) who began in October. This Advocate will help individuals better navigate the healthcare system.

The providers not in-network will continue to be covered in full by UHC (this applies to the providers who were seen by the employees in 2010). In 2013 Flexible Spending Accounts (FSAs) for health care will change from $5000 to $2500 due to the change in federal law; there is no change for 2012. Most employees (64%) are in the Choice Plus Blue plan; this is the plan for low use of healthcare by employees and their premiums will increase by 2.4%. Choice Plus Buff plan has 20% of the employees and their premiums will increase by 9.2%. The Choice plan is chosen by 16% of the employees and their premiums will increase by 15%. The overall costs increase by 6.8% of which the employees continue to pay 26% ($9.3m) and GW pays 74% ($26m).

Short Term Disability. There is no change to the voluntary short term disability (STD) program available to faculty with less than two years of service at GW. Also, there is no change for faculty with two or more years of service, and one month or less disability. New proposal: FT faculty with more than one month disability and more than 2 years service is currently funded by the departments; the funding will now come from the fringe benefits account. Current application process varies and, if the Provost approves, up to five months is paid. The change is to take the private medical info out of the department hands. Process of applying for STD benefits is that the employee applies to Unum, Unum recommends a decision to GW Provost, and GW provides the money. Medical management applies which means treatment is monitored. There is an appeal process to Unum's decision. The revisions to the management of short term disability went into effect on December 1, 2011.

Salary equity. Steve Tuch provided updates to the committee on the workings of the Salary equity committee. Through the computer based analysis, 141 cases have been identified and Annie Wooldridge is reviewing these. This review is expected to finish by the end of academic year. Phase Two will begin once review identifies those for whom salary adjustment may be warranted.

Faculty buyouts: Dianne Martin brought this issue to the committee. Faculty retirement is a national issue. Goal is to identify retirement factors that influence a decision to retire. Possible plans may be constructed, e.g., phased retirement for half time at 70% salary. Other ideas might be to allow people to retire and come back, and retired regular faculty may become research professors. Some universities do these phases by age rather than time in rank. Policy would be to institutionalize retirement options that are equitable. Dianne Martin and her staff are currently analyzing a variety of options (partial retirement, total retirement, different types of buyout plans, retiree benefits, etc) as opposed to “one-off” negotiations with each retiring faculty member. GW schools are currently experimenting with various plans. For example, 1) the Law school is piloting a 3 year partial retirement plan and 2) GSEHD is looking at a plan for 70% salary over three years for 50% teaching, which would be equivalent to a terminal sabbatical (60% x 1 year). The IRS has very specific rules related to lump sum buyouts.

The committee discussed the challenges of essentially having a contract with an obligatory retirement date versus leaving it more open ended. An open ended contract ties the hands of the department as faculty lines cannot be re-allocated and hiring cannot ensue until the line is vacated by the faculty member. Dianne Martin and her staff are currently completing a cost analysis of various options with the goal of presenting something to Faculty Senate in spring 2012; she hopes to bring this information back to the committee for further discussion in February.

Issue about faculty on partial retirement: Dianne Martin also brought up this issue: Are the faculty on partial retirement contracts eligible for sabbatical and, if so, what should the policy be? Some of these contracts can be as long as 10 years. After discussions with the ASPP committee, the administration has determined that, in general, faculty on partial retirement contracts are ineligible for sabbaticals.

Compilation of Top Administration Salaries; Comparison with Faculty Salaries and Tuition Increases: Murli Gupta has compiled the top administrators’ salaries (W2 and 1099 amounts, excluding “retirement and other deferred compensation” and "nontaxable benefits”) for the tax year ending December 2009 (from IRS filing Form 990) as well as the averages of faculty salaries and new student tuition for the past six years. (This information is enclosed.) Provost Lerman has indicated that the salaries for top GW administrators are 3.7% below the median of those in our market basket schools. It is noted that in 2009, there was a 9% decrease in the average of top administrators’ salaries listed in this compilation.

Respectfully Submitted

Murli M. Gupta
Chair, ASPP Committee

The George Washington University

Compilation of Top Administration Salaries; Comparison with Faculty Salaries and Tuition Increases

November 27, 2011

GW Compensation Data from IRS Form 990 Schedule A (Salaries reported to IRS.)

(The salaries reported below differ from "Total Compensation" as they exclude the "Retirement and other deferred compensation" and "Nontaxable benefits")

President and Vice Presidents		Year Ending Dec-09	Year Ending Dec-08	1 year % Change 12/08-12/09	Year Ending Dec-07	2 year % Change 12/07-12/09	Year Ending Dec-06	3 year % Change 12/06-12/09	Year Ending Dec-04	5 year % Change 12/04-12/09	Year Ending Dec-03	6 year % Change 12/03-12/09
Steven Knapp	President*	**$905,277**	**$895,305**	**1.1%**	$715,627	**26.5%**						
Stephen Joel Trachtenberg	President Emeritus**	**$623,165**	**$789,020**	**-21.0%**	$1,025,875		$691,204		$630,021		$609,837	
John Williams	Provost & VP Health	**$773,705**	**$867,913**	**-10.9%**	$772,500	**0.2%**	$676,584	**14.4%**	$593,516	**30.4%**	$578,616	**33.7%**
Louis Katz	Exec VP & Treasurer	**$740,880**	**$809,733**	**-8.5%**	$618,557	**19.8%**	$544,371	**36.1%**	$503,209	**47.2%**	$496,233	**49.3%**
Robert Chernak	Senior VP SASS	**$539,131**	**$623,957**	**-13.6%**	$450,374	**19.7%**	$403,755	**33.5%**	$341,894	**57.7%**	$331,617	**62.6%**
Don Lehman	Exec VP Acad Affairs	**$598,987**	**$549,675**	**9.0%**	$445,956	**34.3%**	$386,770	**54.9%**	$320,070	**87.1%**	$306,954	**95.1%**
Average Total Senior Administration Increases:			Over 1 year:	**-9.0%**	Over 2 years:	**18.5%**	Over 3 year:	**34.7%**	Over 5 years:	**55.6%**	Over 6 years:	**60.2%**

*** President Knapp joined GWU on 08/01/2007 and was paid $298,178 as salary for 5 months which is annualized and reported above as 2007 salary ($298,178 x 12/5)**

****President Trachtenberg was paid $3,578,566 on retirement (7/31/2007); of this amount $2,980,139 was "payout of deferred compensation and accrued sabbatical leave".**
The difference $598,427 constitutes salary for 7 months which is annualized and reported above as 2007 salary ($598,427 x 12/7)

Tuition and fees (New Undergraduates)
http://www.gwu.edu/~ire/tuition_fees.htm

	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06
	$44,148	$42,905	$41,655	$40,437	$39,240	$37,820	$36,400
Annual Tuition Increase:		**2.90%**	**3.00%**	**3.01%**	**3.05%**	**3.75%**	**3.90%**

Total Increase in Tuition for New Undergraduates over 6 years (2005/06-2011/12)--> 21.29%

Faculty Salaries Data from GW Fact Book (Average Regular Full Time Salaries, excludes School of Medicine)
http://www.gwu.edu/~ire/fsas.htm

	Average Salaries 2010/11	Average Salaries 2009/10	1 year % Change 6/09-6/10	Average Salaries 2008/09	2 year % Change 6/09-6/11	Average Salaries 2007/08	3 year % Change 6/08-6/11	Average Salaries 2006/07	4 year % Change 6/07-6/11	Average Salaries 2005/06	5 year % Change 6/06-6/11	Average Salaries 2004/05	6 year % Change 6/05-6/11
Professor	$146,400	$142,900	**2.4%**	$134,788	**8.6%**	$128,500	**13.9%**	$123,936	**18.1%**	$118,802	**23.2%**	$110,288	**32.7%**
Associate Professor	$100,200	$98,600	**1.6%**	$97,025	**3.3%**	$92,600	**8.2%**	$89,450	**12.0%**	$84,307	**18.9%**	$80,677	**24.2%**
Assistant Professor	$82,100	$81,000	**1.4%**	$78,764	**4.2%**	$75,100	**9.3%**	$72,132	**13.8%**	$69,306	**18.5%**	$63,157	**30.0%**
al Faculty Increases over time period:		**1 year:**	**1.8%**	**2 years:**	**5.4%**	**3 years:**	**10.5%**	**4 years:**	**14.7%**	**5 years:**	**20.2%**	**6 years:**	**29.0%**

SCHEDULE J-2 (Form 990)

Department of the Treasury
Internal Revenue Service

Continuation Sheet for Form 990

▶ Attach to Form 990 to list additional information for Form 990, Part VII, Section A, line 1a.
▶ See the Instructions for Form 990.

OMB No. 1545-0047

2009

Open to Public Inspection

Name of the Organization: THE GEORGE WASHINGTON UNIVERSITY

Employer Identification number: 53-0196584

Part I Continuation of Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name and title	(B) Average hours per week	(C) Position (check all that apply): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
ROBERT K. TANENBAUM TRUSTEE/COMM CHAIR	3.00	X						0.	0.	0.
CYNTHIA STEELE VANCE TRUSTEE	2.00	X						0.	0.	0.
SUNIL WADHWANI TRUSTEE	2.00	X						0.	0.	0.
OMAR WOODWARD TRUSTEE	2.00	X						0.	0.	0.
STEVEN KNAPP PRESIDENT - EX OFFICIO	50.00	X		X				905,277.	0.	146,807.
JOHN F. WILLIAMS, M.D. SR V PROV. & VP HLTH AFF	50.00			X				773,705.	0.	46,242.
LOUIS H. KATZ EXEC VP & TREASURER	50.00			X				740,880.	0.	47,665.
DONALD R. LEHMAN EXEC VP ACADEMIC AFFAIRS	50.00			X				598,987.	0.	28,412.
ROBERT A. CHERNAK SR VP SAAS	50.00			X				539,131.	0.	55,883.
BETH NOLAN SR VP & GENERAL COUNSEL	50.00			X				460,469.	0.	49,405.
LEO CHALUPA VP FOR RESEARCH	50.00				X			246,410.	0.	31,127.
LAUREL PRICE JONES VP FOR DEVELOPMENT	50.00				X			654,298.	0.	27,536.
JOHN KUDLESS INTERIM VP FOR DEV	50.00				X			266,374.	0.	31,955.
DONALD W. LINDSEY CHIEF INVESTMENT OFFICER	50.00				X			509,484.	0.	41,021.
RONALD C. BONIG VP & CIO	50.00				X			385,487.	0.	10,949.
DAVID P. STEINOUR CIO	50.00				X			253,968.	0.	28,905.
MARGUERITE E. BARRATT DEAN, COL COLL OF SCI	50.00				X			304,960.	0.	24,500.
FREDERICK F. LAWRENCE DEAN, LAW SCHOOL	50.00				X			459,298.	0.	40,389.
JAMES L. SCOTT, M.D. DEAN, SCHOOL OF MED&HLTH	50.00				X			442,784.	0.	36,628.
SHAHRAM SARKANI DIR & PROF OF EMSE	50.00					X		749,045.	0.	42,921.

SCHEDULE J-2
(Form 990)

Department of the Treasury
Internal Revenue Service

Continuation Sheet for Form 990

▶ Attach to Form 990 to list additional information for Form 990, Part VII, Section A, line 1a.
▶ See the Instructions for Form 990.

OMB No. 1545-0047

2009

Open to Public Inspection

Name of the Organization: THE GEORGE WASHINGTON UNIVERSITY

Employer Identification number: 53-0196584

Part I Continuation of Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name and title	(B) Average hours per week	(C) Position (check all that apply): Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
KARL B. HOBBS MEN'S BASKETBALL COACH	50.00					X		535,984.	0.	60,930.
THOMAS A. MAZZUCHI CHAIR, DEPT. OF ENGG	50.00					X		493,396.	0.	50,775.
VAL M. BERRY CHIEF HR OFFICER	50.00					X		497,986.	0.	8,960.
JOHN E. KVANCZ EXEC. DIR. ATH & REC	50.00					X		395,259.	0.	24,500.
STEPHEN J. TRACHTENBERG PROF & PRES EMER	40.00						X	623,165.	0.	37,002.
MICHAEL G. FREEDMAN VP FOR COMM, FRMR OFCR*	40.00						X	271,919.	0.	33,002.
HELENE D. INTERLANDI ASST PRES EM, FRMR OFCR*	40.00						X	165,515.	0.	24,340.

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a.

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
STEVEN KNAPP	(i)	691,462.	97,500.	116,315.	53,500.	94,859.	1,053,636.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
JOHN F. WILLIAMS, M.D.	(i)	721,141.	0.	52,564.	24,500.	23,294.	821,499.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
LOUIS H. KATZ	(i)	595,000.	99,750.	46,130.	42,665.	7,962.	791,507.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
DONALD R. LEHMAN	(i)	480,380.	66,700.	51,907.	24,500.	5,464.	628,951.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
ROBERT A. CHERNAK	(i)	433,810.	68,800.	36,521.	42,381.	15,876.	597,388.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
BETH NOLAN	(i)	377,408.	64,750.	18,311.	40,000.	10,788.	511,257.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
LEO CHALUPA	(i)	228,247.	0.	18,163.	24,750.	6,798.	277,958.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
LAUREL PRICE JONES	(i)	225,312.	45,900.	383,086.	23,800.	4,608.	682,706.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
JOHN KUDLESS	(i)	248,762.	0.	17,612.	26,948.	6,160.	299,482.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
DONALD W. LINDSEY	(i)	423,073.	64,500.	21,911.	24,500.	17,955.	551,939.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
RONALD C. BONIG	(i)	85,912.	48,125.	251,450.	9,318.	2,035.	396,840.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
DAVID P. STEINOUR	(i)	248,032.	5,000.	936.	24,500.	5,455.	283,923.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
MARGUERITE E. BARRATT	(i)	297,480.	0.	7,480.	24,500.	1,211.	330,671.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
FREDERICK F. LAWRENCE	(i)	441,694.	0.	17,604.	28,500.	13,356.	501,154.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
JAMES L. SCOTT, M.D.	(i)	406,735.	0.	36,049.	24,500.	13,561.	480,845.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
SHAHRAM SARKANI	(i)	703,186.	0.	45,859.	24,500.	19,946.	793,491.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.

REPORT OF THE EXECUTIVE COMMITTEE
9 December 2011
Michael S. Castleberry, Chair

ACTIONS OF THE EXECUTIVE COMMITTEE

Reports

In the gallery this afternoon is a visitor, Professor Hideto Fukudome, from the University of Hiroshima. He is part of a Higher Education/Education Ministry group examining faculty governance in higher education institutions across the globe. He has heard my view on the University's history of faculty governance and I invite you to greet him and share your views. We are pleased to have him with us this afternoon and I appreciate the decorum show by the membership today in front of our distinguished guest.

We are beginning to receive interim report from Senate Committees and I am impressed and heartened by the work scope of the different Committees. The Executive Committee is continuing to refer matters to Committees for consideration. We will be asking the Admissions Committee to address the implications of enrollment for next year in light of how close we came to reaching the allowable on-campus cap. You will remember that, over the latter part of the summer, there were restrictions on some summer graduate admissions as concerns about exceeding allowable enrollment were addressed. While this did not appear to pose significant problems this year, there is a very different timeline for undergraduate and graduate admissions and a similar situation, or one that occurred earlier in the process, could significantly impact graduate program admission as well as new programs established during the academic year that began to recruit somewhat later than existing programs. We will ask the Admissions Committee to monitor this process as a part of their spring workload.

We will also be asking Educational Policy to investigate concerns over reports that some courses have, possibly, a high incidences of cancelled classes for which they are no make-ups. Faculty members have responsibilities to adhere to the course calendar and follow the contract outlined in the course syllabus. It is expected that classes meet as scheduled and that circumstances that disrupt a normal class schedule would be managed to the full satisfaction of the students. We will be asking you to discuss this with your faculties and report to Ed. Policy any guidelines, issues, or concerns you find.

The Executive Committee appreciates the effort Executive Vice President and Treasurer Katz has expended in his meeting with Fiscal Planning and Budgeting Committee in November and his time with us today. While we do not always agree with him, we acknowledge his skill and commitment to the financial management and well-being of the university. We asked for updates on the SEH and future SPHHS construction projects to understand budgetary implications on the general budget. As you will remember from the conversation here during the consideration of the Resolution to support the construction of the SEH, the opinion of the membership was for financing that would not adversely impact the annual budget of schools and departments and allow for appropriate compensation increases for faculty. The information we have at this time suggests that the University will

be self-financing the initial years of the construction of these and other projects (e.g. the new construction on Pennsylvania Avenue, which will eventually be income-producing, the Textile museum, which may come with substantial funding. etc.). While Development Director Morsberger is confident that we will be productive in our search for donors to support these projects, the time projection for these development efforts extends to a period of eight to ten years. That means that the initial financing basis will be either borrowing monies externally or loaning ourselves money to be repaid with future gifts.

That is neither good nor bad in the life of a great institution that has even higher goals. No one can deny the import of planning to advance the greater good of the institution. At the same time, we balance cost expenditures across all of the goals of the institution and look at the increased demands on faculty for research and scholarly activities while, at the same time, not altering in any significant way the manner in which we assign faculty load, numbers of doctoral dissertations being chaired by a faculty member, and other such issues. Faculty compensation is another issue. We have noted in past years the stellar recruitment of highly qualified new faculty to join the institution and acknowledge that part of our success in attracting these new members of the community has to do with enhanced compensation packages. During this same time period, many faculty, the same faculty that have so significantly contributed to the university's rise in status, have noted to members of the Executive Committee their concerns as to their salary increases at the same time that they are noting their workload increases. This has dramatically increased the amount of contact I have had with faculty since the distribution of appointment letters earlier this month.

The Executive Committee will continue to discuss these matters with the President and the Provost over the coming months. We will be asking ASPP to expand their workscope and look at some of these faculty concerns and we ask for additional information on the way in which monies generated by the Innovation Task Force support faculty initiatives and programs and how responsive they are to expressed faculty needs and requests. There are no easy answers to some of these issues and questions but I remind the members of the Senate that this is why our faculties have sent us here as their representatives. This is work we will need to embrace in order to fulfill our responsibilities to the membership.

We will reschedule Development Director Morsberger due to a scheduling conflict. His rationale is quite a good one as he is meeting with a prospective donor and we wish him great luck in his efforts! We will begin in the spring to invite Senate Committee chairs to report on the work of their Committees and obtain input from the membership on the scope and direction of their efforts. There is a lot going on as we move into the spring semester and we will soon find ourselves in planning for the next academic year. Accordingly, we will invite Vice Provost Scarboro to report on the International Programs Strategic Plan that is now being reviewed by the deans as soon as the final draft is completed, and we will continue to monitor the direction and thrust of the University Strategic Planning process as presented by the Provost at the last meeting of the Senate.

On another matter, we will be asking the Deans of the Medicine, SPHHS, and Nursing to report to us on the status of the changeover from a Medical Center to independent schools. Also, Dean Goldman has requested the Executive Committee to review the school-approved by-laws of SPHHS and the Committee will do so at the December 16th meeting.

The letters to Deans requesting that they hold meetings to elect Senate Representatives to replace Senate members whose terms expire April 30, 2012 will be distributed early next week. Senate members are encouraged to monitor the election process in their schools so as to ensure these are done in a Code-compliant fashion and reported to the Senate Office by March 15, 2012.

PERSONNEL MATTERS

There are no grievances or nonconcurrences to report at this time.

ANNOUNCEMENTS

Next Meeting of the Executive Committee

The next meeting of the Executive Committee is scheduled for 16 December 2011. Please submit resolutions, reports and any other matters for consideration prior to that meeting. The next meeting of the Faculty Senate will be, auspiciously, on Friday the 13th of January, 2012.

The Chair wishes the members of the Senate and particularly the Committee chairs and membership for their efforts during the fall semester. I hope that you have a relaxed and enjoyable holiday season and semester break.