



**MINUTES OF THE REGULAR FACULTY SENATE MEETING
HELD ON SEPTEMBER 13, 2019
AT 1957 E STREET NW/STATE ROOM**

Present: President LeBlanc, Provost Maltzman, and Parliamentarian Charnovitz; Deans Feuer, Goldman, and Mehrotra; Interim Dean Bracey; Executive Committee Chair Marotta-Walters; Registrar Amundson; Professors Agnew, Briscoe, Brown, Cordes, Costello, Dugan, Eleftherianos, Gupta, Gutman, Harrington, Hill, Khilji, Markus, McHugh, Mylonas, Orti, Pintz, Rain, Rao, Rehman, Roddis, Sarkar, Schumann, Schwartz, Sidawy, Swaine, Tekleselassie, Tielsch, Wagner, Wilson, Yezer, and Zara.

Absent: Deans Akman, Brigety, Henry, Jeffries, and Lach; Interim Deans Deering and Wahlbeck; Professors Cottrol, Johnson, Perry, Subiaul, Vonortas, and Wirtz.

CALL TO ORDER

The meeting was called to order at 2:18 p.m. The President welcomed new Senate members who were not present at the May 2019 meeting.

APPROVAL OF THE MINUTES

The minutes of the May 10, 2019, Faculty Senate meeting were approved unanimously without comment.

REPORT: School of Business Update/Strategic Directions (Anuj Mehrotra, Dean, GW School of Business)

Dean Mehrotra presented the attached slides, which outline the personnel and programmatic structure of the GW School of Business (GWSB) and provide information on rankings, finances, and the school's mission, vision, and values. He noted that the vision is an internal statement with measurable metrics over a five-year period.

The Dean also discussed opportunities and challenges facing the school, which are both external and internal. As students seek shorter, more specialized learning across all degree programs, the United States MBA market has changed. This more specialized learning in turn creates a need for faculty expansion. Internally, the school's fundraising pipeline is weak, but the school is well positioned for a transformative gift.

The school is thinking about its different sets of students and in terms of a lifelong learning when it reimagines its graduate programs portfolio: those coming in directly from undergraduate work and without much work experience; those coming for career transformation; and those coming for upskilling and reskilling within their existing careers. The challenge to the school is to serve all three

populations without overextending itself; this is where the increase in graduate certificates and specialized master's degrees comes into play. The Dean noted that the school can today say that it has the most customizable, most flexible, and most accessible set of graduate business programs in the world; this will not last as other programs adopt this model of graduate business education.

To increase communication and engagement, the school has begun a regular series of speakers (on campus and via livestream) in a "George Talks Business" series as part of a broader effort to increase engagement with students and alumni online. The Fowler Career Center is also working to connect students with experiential, innovative experiences via mentors and internships.

Professor Rao asked whether there is a risk that offering so many certificates could lead to brand dilution. Dean Mehrotra responded that all of the school's twenty-four certificate offerings are in response to market demand and that increased certificate offerings are a trend seen across business schools, including the top programs in the country. Professor Gupta followed up by noting that the school would require a lot of courses to offer these certificates; he asked whether these are existing or new courses and what types of faculty are teaching them. The Dean responded that the school's certificates are supported by the faculty who want to teach them. Many courses were already in existence, and the school has added some courses taught by its regular full-time faculty supplemented by adjunct faculty to fill gaps in faculty skill sets if necessary.

Professor Yezer asked whether the school is doing anything related to Amazon's imminent arrival in the DC area. Dean Mehrotra responded that the university has an Amazon task force that includes GWSB representation. In addition, the Dean's Corporate Council also invites outside experts to advise the school on what types of offerings will best serve Amazon and the additional needs created by Amazon's presence in the area. Thus far, this has been a university-wide effort, but the schools are also seeking information about what types of work would be most valuable.

Professor Sidawy noted that many medical school faculty members are pursuing master's degrees at GWSB. He suggested that the two schools should look at putting programs together that cover a clear need and desire for the joint work currently happening more informally. Dean Mehrotra responded that this absolutely should happen.

Professor Khilji asked whether the school has considered trying to get ahead of and shaping the market that is driving the creation of certificate programs rather than or in addition to responding to its demands. The Dean responded that, at this point, GWSB has done this by becoming extremely flexible and customizable. The important question is whether the school is leading the market correctly; the Dean's Corporate Council is providing important insights in this regard. This question is even more interesting at the undergraduate level as the school considers additional possibilities for interdisciplinary work.

Professor Dugan asked whether there are measures of student success that will be applied beyond market-driven student placement. The Dean responded that placement is one of many metrics that the school uses; these are required by the school's accrediting body. He noted that this goes beyond curriculum as business schools have become an inclusive experience for students, and the school needs to pay close attention to its co-curricular programs as well. He noted that the development of new metrics will require careful work to be sure the school is benchmarking itself appropriately. Professor Dugan followed up by emphasizing that interdisciplinary connections can and do extend to the humanities and social sciences as well as to medicine and STEM fields.

REPORT: Annual Fiscal Planning & University Budget Report (Joe Cordes, Chair, Faculty Senate Fiscal Planning & Budgeting Committee)

Professor Cordes reviewed the attached slides, which provide information on the university's finances as well as numerous highlights concerning the FY2020 budget. Professor Cordes thanked the Senate Fiscal Planning & Budgeting Committee, the Office of the Provost, and Executive Vice President and Chief Financial Officer Mark Diaz for valuable feedback on the report.

Professor Cordes noted that the university's budget now explicitly accounts for depreciation in expenses; previously, this accounting was included within the amortization line. The budget now provides a unified approach to the operating and capital budgets. Both budgets, of course, existed previously but were presented separately; they now appear in the same budget plan. The university is now also budgeting for contingencies and much more explicitly for deferred maintenance issues. Future cost and revenue drivers include this budgeting shift as well as costs associated with the GW Hospital and the revenue effects of strategic enrollment initiatives. All these changes have led to improved clarity in the presentation of budget results.

The operating and capital budget bottom line for FY20 is \$1.2 billion. He noted that more and more universities are adopting the Generally Accepted Accounting Principles (GAAP) approach that GW now uses; this is done in the interest of transparency around the budget.

The FY20 budget parameters include a plan for admitting 2550 first-year students this year; this is part of the strategic effort to reduce undergraduate enrollment over the next four years by almost 20% while increasing the share of STEM majors in the undergraduate population. This plan includes both benefits and costs (outlined in the attached slides) and necessarily requires an assessment of revenue and cost adjustments to address the revenue implications of reducing undergraduate enrollment. Professor Cordes noted his opinion that the university should work through revenue adjustment options before moving to expense adjustments and then take a targeted approach to reducing expenses. He presented hypothetical revenue impacts of the proposed changes in the level and mix of undergraduate enrollment (also available in the attached slides).

Professor Costello asked how many departments and programs are paying for rental space because there isn't available GW space for them. Professor Cordes noted that GW's newest acquisitions will allow for some of these programs to be brought on campus. Provost Maltzman noted that the School of Medicine and Health Sciences, the School of Nursing, the College of Professional Studies, and the Milken Institute School of Public Health are the only schools still renting meaningful amounts of off-campus space. President LeBlanc noted that bringing programs back onto GW's campus will free up operating dollars previously needed for rent to offset the capital expenditures on space acquisition. The university wants to bring as many programs as possible back onto its campus.

Professor Yezer noted that, under the variable tuition plan, tuition increases 3% each year. He drew a parallel between the fixed-rate tuition plan and fixed-rate mortgages, noting that more people opt for fixed-rate mortgages despite the fact that they are more costly. This suggests that families will pay more for certainty, which is why GW went to a fixed rate plan years ago. The President responded that the fixed rate plan, now in place for fifteen years, held a student's first-year tuition flat for four years. The motivations for the plan were to provide certainty to families and to counter the negative publicity around being the most expensive university in the country. The latter is no

longer true (GW is now ranked 59th in terms of the first-year cost of attendance), and the former was not being realized as families' overall cost of attendance was going up due to increasing costs in housing and other non-tuition expenses. GW is no longer realizing the value of this policy.

Professor Yezer added that the presented graph illustrating the revenue effects from moving to a variable tuition plan neglects to consider that increases in the annual tuition rate under the fixed-tuition plan could accomplish the same revenue goals.

Professor Swaine asked whether the higher volatility in revenue resulting from an increasing share of total revenue from graduate program enrollments (noted on the "Benefits and Costs" slide) represents the assumption of a need for an absolute increase in graduate enrollments in order to increase revenues. Professor Cordes responded that more graduate revenue from higher enrollments could be planned, as lower undergraduate enrollments could free up space under the cap. The President noted that graduate tuition is a marketplace. Programs now are reasonably looking at their markets and setting tuition accordingly. Decisions about enrollment should be made to give discretion to the school, not to solve this particular revenue challenge.

Professor Gupta asked what the total four-year undergraduate cost of attendance is at GW. The President responded that \$280,000 is the undiscounted, round-number answer (based on an annual cost of attendance of \$70,000). GW's first-year tuition in its peer-school set is third-highest, and the four-year cost ranks ninth.

Professor Wilson noted that, if tuition increases, the university can't assume that other related elements will remain fixed. For example, an increase in the discount rate should be assumed as families struggle to meet higher costs. He also noted that getting ahead of the expected undergraduate drought seems to imply the university assumes it will have a constant market share of students. Program quality would seem to be a better point of focus for drawing strong students to GW.

The President thanked Professor Cordes for his careful analysis, noting that he is putting the right questions on the table. He commented that, when thinking about STEM majors, the university includes second majors in the discussion. The analysis therefore shouldn't assume a STEM-only discount rate in all of the financial implications. The discount rate is a function of 1) the demonstrated need in GW's applicant pool; 2) the merit aid the university chooses to allocate for the purposes of attracting high caliber students; and 3) the value proposition GW presents to the applicant pool to come to GW at the price including financial aid. The university only owns and controls the last two but needs to think carefully about all three. The university's ultimate success around its STEM strategy depends on its ability to change value proposition of STEM to the applicant pool, and becoming more attractive as a STEM school will help the university grow its application base.

Professor Tekleselassie noted that excellence in the undergraduate experience requires strong facilities and faculty and smaller class sizes; he asked what GW's expectations are for these elements with a smaller undergraduate student body. Professor Cordes responded that more micro data is required to fully answer this; student body reductions could mean fewer classes. The President added that a smaller freshman class would likely not lead to significant savings through reductions in, for example, financial aid and advising staff. A student body size reduction might take this staff group to parity, but that is due to the fact that they are completely overwhelmed at current levels.

However, 500 fewer first-year students might mean that the university doesn't require the same number of sections of all first-year courses, even among those courses with small caps on enrollment. Each year will bring new data, and lessons from them can be applied each year, allowing models to be refined. He noted that improving the applicant pool and yield by making GW an attractive place to be will protect it against outside forces, e.g., the undergraduate drought.

Provost Maltzman thanked Professor Cordes for bringing these issues to the Senate and stated that there is an argument to be made that GW's students are tight on space and that in some areas student services suffer as a result of the staff/faculty to student ratio. Clearly, the number of students can have an impact on the student experience and that as the President has suggested, reducing the size of the student body can improve the student experience. He noted that it is appropriate for the Senate to play a central role in thinking about how to grapple with the financial implications associated with the decision to reduce the size of the student body and that this debate should also be informed by concern about the student experience. He elaborated that it was important for the Senate to recognize that another element impacting the student experience is the fact that many GW students feel tremendous financial stress and that this should not come as a surprise because the university does not meet full need. He noted that the sort of cuts to aid that Professor Cordes outlined as a way one could cover the lost revenue would inevitably impact the student experience. He noted that this concern with the student experience is why other private institutions including a number in GW's market basket meet full need or at least come closer to meeting it than GW. GW's ability to meet the financial need of its students is critical to attracting an academically gifted and diverse student body, to retaining and graduating them, and ultimately to the university's ranking and reputation. He also noted that GW currently manages to a discount rate that is about 42%, and this is during a period when the economy is very strong. If there is a recession, he suggested that the university should expect financial need to become greater and financial aid discount rates to increase. The feasibility of the cuts Professor Cordes suggested were being contemplated would depend upon the state of the national economy.

Professor Cordes closed by thanking Provost Maltzman and Associate Provost Cheryl Beil, noting that it would have been impossible to attempt a sensible analysis of these concepts as recently as ten years ago. He noted that this data-heavy exercise is possible because of their work to make the data organized and usable.

INTRODUCTION OF RESOLUTIONS

None.

GENERAL BUSINESS

- I. Nominations for election of new members to Senate standing committees
The attached Senate standing committee nominations were approved by unanimous consent.
- II. Approval of 2019-2020 Joint Committee of Faculty & Students roster
The attached faculty appointments were approved by unanimous consent.
- III. Reports of the Standing Committees
None.

IV. Report of the Executive Committee: Professor Sylvia Marotta-Walters, Chair

The full report of the Executive Committee is attached to these minutes. Professor Marotta-Walters highlighted the following items:

- Professor Cordes's budget report was placed earlier in the Senate year to provide more familiarity with the university's financial information and budget as the strategic planning process gets underway. The expectation is that the strategic planning committees will dig deeper into these data as they undertake their work, and faculty are encouraged to use this presented information as they participate in the strategic planning committees.
- The Senate had a busy summer, including participating in the Provost search (the Faculty Senate Executive Committee (FSEC) served as the faculty consultative group on this search) and participating in the Board of Trustees June retreat (the FSEC Chair attended these meetings, at which the pillars of the strategic planning process were crafted).
- Also this summer, the FSEC deliberated on five nonconcurrence cases, sending recommendations to the Provost before the end of July.
- Senators are strongly encouraged to participate in the strategic planning process as well as the ongoing research assessment and culture initiative.
- Two grievances are currently in early stages (one each in CCAS & GWSB).

V. Provost's Remarks:

- Ed Gillis has joined GW as the Interim Vice Provost of Enrollment following Laurie Koehler's departure; he is working wonderfully with a very talented team.
- Dean John Lach has joined the School of Engineering & Applied Science; he brings great energy to the school.
- Highlighting an example of the importance of the Senate's work, the Provost noted that, earlier this month, a School of Media and Public Affairs faculty member was called out on Twitter by a *New York Times* columnist for exercising his freedom of speech. The Senate adopted a policy protecting the faculty's freedom of speech rights. The Provost contacted the faculty member and assured him his speech was protected under this policy. A panel discussion on social media etiquette involving both parties is planned for this fall at GW. This demonstrates that these policies adopted by the Senate have real implications.
- GW's new student orientation was revamped this year into a single event held just prior to the start of classes. The event went very well, and the Provost noted his gratitude to those who led the orientation.
- Demand for GW remains extremely strong, with 67,552 applications (undergraduate applications were over 27,000), exceeding the prior year's numbers.
- The US News & World Report rankings are out. GW's graduation rate is stronger, due in large part to the work of the faculty and the Senate Educational Policy & Technology committee.

VI. President's Remarks:

- The campus has been spruced up in visible as well as important infrastructure ways following the Board's approval of a request for an additional \$10 million in capital to put into the campus.
- A GW faculty proposal to the Knight Foundation was funded following a nationwide competition, with GW receiving one of five \$5 million grants. This award will fund a new interdisciplinary institute for data democracy and politics. This award demonstrates a clear niche in which GW can compete against the best universities and come out ahead.
- The President has hosted two faculty receptions thus far this semester—one for new faculty and one for newly tenured/promoted faculty. At the latter, he encouraged faculty to continue to pay attention to their career trajectory toward full professor.
- The President noted a very strong class vibe among the incoming class of first-year students during orientation and move-in.
- There will be chances to meet some newly-arrived GW leadership over the next few months, including Dana Bradley (Chief People Officer), Scott Burnotes (Associate Vice President for Safety & Security), Jared Abramson (Vice President for Financial Planning & Operations), Cissy Petty (Vice President for Student Affairs & Dean of Students), Barbara Lee Bass (Vice President for Health Affairs & Dean of SMHS, arriving January 15, 2020). The President extended his thanks to Professor Sidawy for chairing the search committee that brought Dr. Bass back to GW.
- Colonials Weekend will take place next weekend, with activities for students, family, and alumni.
- Leadership for each of the strategic planning committees has been selected, and faculty are encouraged to engage with the process and the committees. The Strategic Plan website is <https://strategicplan.gwu.edu/>, and committee leadership is as follows:
 - World-Class Faculty: Scott Kieff (Chair), Nancy Gaba (Vice Chair)
 - High-Quality Undergraduate Education: Gayle Wald (Chair), Jason Zara (Vice Chair)
 - Distinguished and Distinctive Graduate Education: Carol Sigelman (Chair), Liesl Riddle (Vice Chair)
 - High-Impact Research: Alan Greenberg (Chair), Diana Burley (Vice Chair)

BRIEF STATEMENTS AND QUESTIONS

Professor Costello asked who will oversee the student health center and counseling service with Dean Petty's transition into a new role. She noted that hours for graduate student counseling are reduced due to counselor attrition and asked how this will be addressed. The President responded that Dean Petty will oversee student health and will be working to fill an open leadership position in this area.

Professor Tielsch noted that most faculty in his school report seeing no changes in the research initiative Phase 1 issues and asked where work on this stands. The President asked that an upcoming Senate agenda include a report from Vice President for Research Miller on this initiative.

Professor Yezer asked whether, as the university looks at increasing its STEM majors, GW can add components to existing departments or programs to enhance STEM offerings, such as data work related to STEM fields. The President encouraged departments to think creatively in this area, noting that the STEM initiative shouldn't just be about more physics majors. Rather, it should be a way of talking about the intellectual discourse on campus and quantitative skills in the student body as well as an increased number of traditional STEM field majors. For comparative purposes, universities have agreed to use the Department of Homeland Security definition of STEM, which categorizes visa applicants. This definition of STEM permits universities to compare their STEM numbers and activities and includes areas that may not have been traditionally thought of as STEM (e.g., experimental psychology). The President expressed his opinion that reaching a goal of 30% STEM majors simply by adding an existing GW field to the group based on this definition does not truly expand STEM at GW. That goal is better reached by having more qualitative discourse and activity around STEM issues as opposed to more quantitative skills and discourse. He expressed his desire that every student at GW have access to the skills necessary for the quantitative analysis of data using technology; this is now a fundamental skill in the world. Counting the majors will be necessary, but the university shouldn't lose sight of the ultimate academic goal.

Professor Wagner observed that a lot of work in the run-up to the strategic planning process has been done by academic leadership; she noted that many of her colleagues share a concern that they don't know who this leadership is and would like to understand this. Alongside this is a concern from faculty who are not risk-averse and who take the charge to improve GW seriously that decisions about changes are made in a sound way. She asked what mechanisms are being built into the process to ensure faculty have avenues to raise concerns and be involved in the process. The President responded that the academic leadership at GW is the President, the Provost, and the deans. He noted that the discussion around strategic planning among this group has been ongoing for a long time. He recommended working through the strategic planning committees to have a voice in the process. He noted that leadership reserves the right to be rational and will correct its course when needed. The committees are made up of faculty nominated by the FSEC, the deans, and the Provost, and the President has asked the committee chairs to hold forums for appropriate feedback and input.

Professor Orti asked how faculty can engage with the committees. The President responded that the committee chairs are not overly constrained in their committee activities. The committees are made up of faculty, and all the chairs have been asked to conduct outreach. The committees can also bring updates to the Senate. The President is meeting with departmental faculty across GW to discuss this process.

ADJOURNMENT

The meeting was adjourned at 4:42 pm.

DEAN'S REPORT

ANUJ MEHROTRA
SCHOOL OF BUSINESS

Faculty Senate Meeting – September 13, 2019

THE GEORGE WASHINGTON UNIVERSITY
WASHINGTON, DC



GW Business

GWSB PROFILE

2

GWSB Profile



Faculty/Staff

| | | | |
|------------------------|------------------------|-----------------------------|---|
| Faculty: 122 | Tenured: 55% | Tenure Track: 20% | Special Service + Visiting: 25% |
|------------------------|------------------------|-----------------------------|---|

Staff: 108



12 Specialized Master's Degree Programs:

- Master of Accountancy
- MS in Applied Finance*
- MS in Business Analytics
- MS in Finance
- Master of Human Resource Management
- MS in Information Systems Technology
- Master of Interdisciplinary Business Studies*
- MS in International Business*
- Master's in Management*
- MS in Project Management
- MS in Sport Management
- Master of Tourism Administration



Student Enrollment

| | | | | |
|--------------------------------|---------------------------|-------------------|--------------------|-------------------|
| Undergraduate: 1,788 | Graduate: 1,588 | MS: 871 | MBA: 628 | PhD: 29 |
|--------------------------------|---------------------------|-------------------|--------------------|-------------------|



Undergraduate Degree Programs:

- Bachelor of Accountancy
- Bachelor of Business Administration
- Bachelor of Science in Finance

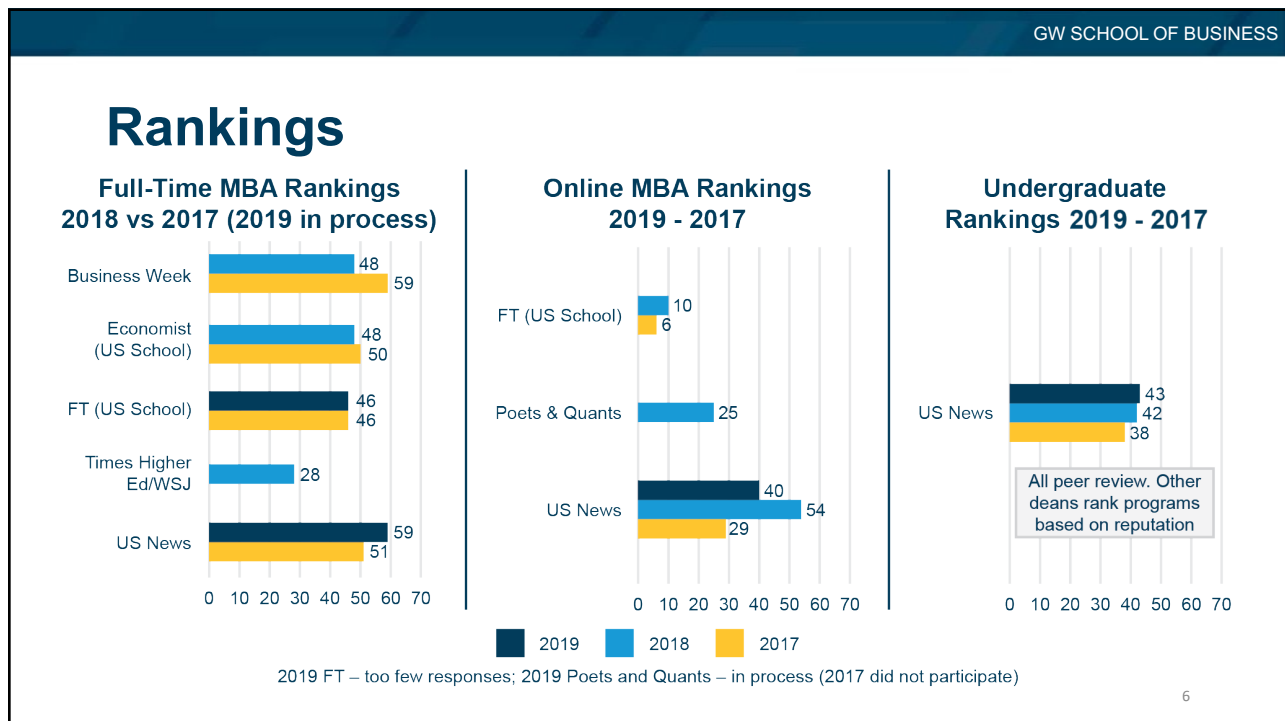


5 MBA Formats:

- Global MBA (full-time)
- Professional MBA (part-time)
- Accelerated MBA (full-time and part-time options)
- Online MBA (part-time)
- Online Healthcare MBA (part-time)

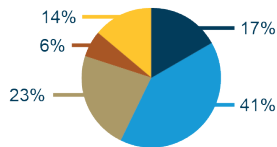
Graduate Certificates Fall 2019

| | | |
|---|---|--|
| Accountancy | Financial Management | Management, Technology & Innovation |
| Artificial Intelligence* | Global Management* | Managing the Digital Organization* |
| Business Analytics | Governmental & Nonprofit Accountancy* | Marketing & Brand Management |
| Business Foundations | Hospitality Management | Project Management |
| Capital Markets | Human Capital | Sport Management |
| Cloud, Applications and Information Technology* | Innovation, Creativity & Entrepreneurship | Strategic Management* |
| Corporate Responsibility* | Investments & Portfolio Management | Tourism Management* |
| Digital Marketing & Communication | Management Leadership | Walkable Urban Real Estate Development |

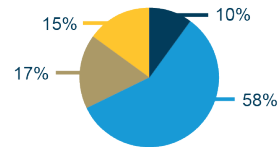


Financial Results and Outlook FY19-20

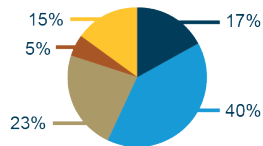
FY19 Actuals - Sources
(\$60.2 M)



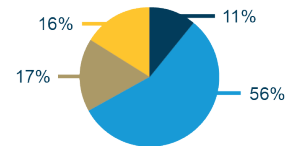
FY19 Actuals - Uses
(\$60.2 M)



FY20 Budget - Sources
(\$64.0 M)



FY20 Budget - Uses
(\$64.0 M)



■ UG ■ Grad ■ Online
■ Summer/Non-Degree ■ Other

■ Merit aid ■ Faculty ■ Staff ■ Non-Comp



Mission

To lead in scholarship and innovative programs to educate business leaders who change the world.



Vision



Lifelong success of our students and alumni



Faculty scholarly productivity



Recognition as thought leaders in a select set of areas



Values

The statement of our values is captured by the acronym “**SP**IRIT.”

We always place **S**tudents first

We work continually to improve our students' **P**lacement outcomes

We are **I**nternational in people, programs, and practice

We continue to enhance our **R**esearch reputation

We are leaders in educational **I**nnovation

We achieve our mission **T**ogether

Pathway to Realizing Vision

Student Success

World-Class Faculty/Thought Leadership

Technology Infrastructure/Branding and Communications



Leveraging D.C. Location

Engagement

Metrics to Watch

1. Placement
 - Internships
 - Full time employment
 - Salary
2. Fundraising
 - Donor count
 - Donor retention
 - Power & Promise
3. Engagement
 - Social media stats
 - Presentations at Deans Forums
 - Number of meetings with employers
4. Admissions Metrics
 - Applications
 - Selectivity
 - Enrollments
5. Research & Impact
 - UTD/FT Publications
 - Number of editorships
 - Citations – media and journals
 - Corporate and Foundation Funding

Opportunities/Challenges

- External:
 - Students seeking shorter, more specialized learning across all degree programs
 - MBA applications decline but GWSB has reimagined graduate education
 - Specialized masters/graduate certificates create need for expansion of faculty & staff
 - Market volatility and increasing competition
 - Trapped in the middle in a market – rankings, placement, brand
- Internal:
 - Pipeline for fundraising is weak but school is well positioned for transformational gift
 - Staff turnover
 - International Student Placement
 - Expenses increasing at a higher rate than revenues
 - Infrastructure – physical and technological needs upgrade
 - Opportunity for interdisciplinary undergraduate focus and improved rankings

GWSB Strategic Response

GW SCHOOL OF BUSINESS

Lifelong Learning Graduate Programs Portfolio

Pre-Experience

- 4+1 Programs
- MiM (*with graduate certificate*)
- MS degrees (*with/without graduate certificates*)

Career Transformation

- MBA (full-time, part-time, AMBA, OMBA/HC MBA with/without graduate certificates)
- Dual degrees
- (for some) MS degrees (*with/without graduate certificates*)

Upskilling/Reskilling, “Unicorn” KSAs

- 24+ Graduate Certificates
- Master in Interdisciplinary Business Studies
- Executive Education

Graduate Certificates Fall 2019

24 Graduate Certificates



12 Specialized Master Degrees



5 MBA Formats



George Talks Business



Spring 2018 Speakers

Manoj Saxena
Former First General Manager, IBM Watson

Kristalina Georgieva
CEO, The World Bank

Christine Lagarde
Managing Director, The International Monetary Fund (IMF)

Fall 2019 Speakers

Mark D. Lerner
Managing Principal Owner, Vice Chairman, Washington Nationals Baseball Club

Nelson A. Carbonell, Jr.
Chair emeritus of the George Washington University Board of Trustees

David M. Rubenstein
Co-Founder and Co-Executive Chairman, The Carlyle Group

David P. Paul
President and COO, JBG SMITH

Tom Cortese
Co-Founder and COO, Peloton

Charles R. Bendit
Co-CEO, Taconic Investment Partners

Muriel Bowser
Mayor of the District of Columbia



GW SCHOOL OF BUSINESS

F. David Fowler Career Center

Communities of Practice (CoP) (MIPC, REFA)

- Highly experiential, innovative, student-centric ecosystems
- Mentorship, deep industry knowledge, best practices and practical hands-on experience
- Interview, employer, and market ready
~100 percent internship placement

Thank you!

Report on University Finances

Faculty Senate Fiscal Planning and Budgeting Committee

Fall 2019

Outline

- Fiscal 2019
- Fiscal 2020
- Debt Management
- Endowment
- Development
- Other developments
- Revenue Effects of Proposed Strategic Initiatives

3Q 2019 Forecast

(Dollars in thousands)

| | FY 2018 Actual | FY 2019 Approved | FY 2019 2Q Forecast | FY 2019 3Q Forecast | FY19 3Q Forecast to FY19 2Q Forecast variance favorable/(unfavorable) | | FY19 3Q Forecast to FY19 Approved variance favorable/(unfavorable) | |
|---|-------------------|---------------------|------------------------|------------------------|---|-------------|--|---------------|
| | | | | | \$ | % | \$ | % |
| REVENUES | | | | | | | | |
| Student Tuition & Fees | 1,067,678 | 1,103,841 | 1,110,441 | 1,107,741 | (2,701) | -0.2% | 3,899 | 0.4% |
| Less: University Funded Scholars Net Student Tuition & Fees | (304,345) | (315,496) | (331,282) | (331,169) | 113 | 0.0% | (15,673) | 5.0% |
| Indirect Cost Recoveries | 763,334 | 788,345 | 779,160 | 776,571 | (2,588) | -0.3% | (11,774) | -1.5% |
| Auxiliary Enterprises | 31,362 | 30,232 | 31,500 | 31,500 | (2,165) | 0.0% | 1,268 | 4.2% |
| Endowment Support | 118,733 | 119,641 | 123,462 | 121,297 | 596 | -1.8% | 1,656 | 1.4% |
| Contributions Net | 76,861 | 79,716 | 84,404 | 85,000 | 1,862 | 0.7% | 5,284 | 6.6% |
| Medical Education Agreements Other Income | 38,011 | 30,745 | 32,338 | 34,200 | 1,063 | 5.8% | 3,455 | 11.2% |
| | 64,814 | 67,797 | 66,493 | 67,556 | 1,232 | 1.6% | (241) | -0.4% |
| Total Revenues | 47,250 | 45,796 | 47,906 | 49,139 | | 2.6% | 3,343 | 7.3% |
| | 1,140,365 | 1,162,272 | 1,165,263 | 1,165,263 | - | 0.0% | 2,992 | 0.3% |
| EXPENSES | | | | | | | | |
| Salaries & Benefits | 634,050 | 669,464 | 653,384 | 653,384 | (0) | 0.0% | 16,080 | 2.4% |
| Purchased Services | 178,577 | 178,988 | 184,101 | 188,207 | (4,106) | -2.2% | (9,219) | -5.2% |
| Depreciation Interest Expense | 84,594 | 84,952 | 84,952 | 84,952 | - | 0.0% | - | 0.0% |
| | 60,807 | 66,749 | 66,749 | 66,749 | - 783 | 0.0% | - 783 | 0.0% |
| Scholarships & Fellowships | 14,797 | 15,319 | 15,319 | 14,536 | (1,579) | 5.1% | (534) | 5.1% |
| Occupancy | 48,007 | 48,832 | 47,787 | 49,366 | 4,903 | -3.3% | 7,045 | -1.1% |
| Other* | 87,064 | 95,778 | 93,636 | 88,733 | | 5.2% | | 7.4% |
| Total Expenses | | | | | | | | |
| | 1,107,896 | 1,160,082 | 1,145,927 | 1,145,927 | - | 0.0% | 14,154 | 1.2% |
| NET OPERATING RESULTS | 32,469 | 2,190 | 19,336 | 19,336 | - | 0.0% | 17,146 | 782.9% |
| *Note: Other consists of Travel & Training, Communications, Equipment, Supplies, Bad Debt and Miscellaneous. | | | | | | | | |
| Operating Margin % | 2.8% | 0.2% | 1.7% | 1.7% | - | 0.0% | - | - |
| EBIT | 93,276 | 68,939 | 86,085 | 86,085 | - | 0.0% | 17,146 | 24.9% |
| EBITDA | 177,870 | 153,891 | 171,036 | 171,036 | - | 0.0% | 17,146 | 11.1% |

George Washington University
FY 2020 Financial Plan - Detail
 [\$ in millions]

| Statement of Operations | FY 2019 | FY 2019 | FY 2020 | Favorable (Unfavorable) | | Variance from: | |
|---|----------------|----------------|----------------|-------------------------|---------------|------------------|----------------|
| | Plan | Projection | Plan | PY Plan | % | PY Projection | % |
| | | | | \$ | % | \$ | % |
| OPERATING PLAN | | | | | | | |
| Revenue | | | | | | | |
| Tuition and Fees - Net | \$ 788.30 | \$ 779.20 | \$ 807.40 | \$ 19.1 | 2.4% | \$ 28.2 | 3.6% |
| Indirect Cost Recoveries | 30.2 | 31.5 | 34.5 | 4.3 | 14.2% | 3.0 | 9.5% |
| Medical Education Agreements | 67.8 | 66.5 | 69.1 | 1.3 | 1.9% | 2.6 | 3.9% |
| Contributions, net | 30.7 | 32.3 | 31.5 | 0.8 | 2.6% | (0.8) | (2.5%) |
| Endowment Support | 79.7 | 84.4 | 86.1 | 6.4 | 8.0% | 1.7 | 2.0% |
| Interest Income | 13.3 | 15.6 | 17.4 | 4.1 | 30.8% | 1.8 | 11.5% |
| Auxiliaries | 119.6 | 123.5 | 116.1 | (3.5) | (2.9%) | (7.4) | (6.0%) |
| Other | 32.5 | 32.3 | 31.1 | (1.4) | (4.3%) | (1.2) | (3.7%) |
| Total - Revenue | 1,162.1 | 1,165.3 | 1,193.2 | 31.1 | 2.7% | 27.9 | 2.4% |
| Expenses | | | | | | | |
| Compensation and Benefits | 669.5 | 653.4 | 691.6 | (22.1) | (3.3%) | (38.2) | (5.8%) |
| Purchased Services | 179.0 | 184.1 | 185.8 | (6.8) | (3.8%) | (1.7) | (0.9%) |
| Depreciation and Amortization | 85.0 | 85.0 | 81.4 | 3.6 | 4.2% | 3.6 | 4.2% |
| Occupancy | 48.8 | 47.8 | 48.1 | 0.7 | 1.4% | (0.3) | (0.6%) |
| Interest | 66.7 | 66.7 | 66.7 | - | 0.0% | - | 0.0% |
| Other | 111.1 | 108.9 | 114.6 | (3.5) | (3.2%) | (5.7) | (5.2%) |
| Total - Expenses | 1,160.1 | 1,145.9 | 1,188.2 | (28.1) | (2.4%) | (42.3) | (3.7%) |
| Operating Margin | \$ 2.0 | \$ 19.4 | \$ 5.0 | \$ 3.0 | 150.0% | \$ (14.4) | (74.2%) |
| Revenue Enhancements | - | - | - | - | 0.0% | - | 0.0% |
| Expense Reductions | - | - | 6.0 | (6.0) | 0.0% | (6.0) | 0.0% |
| Operating Margin | \$ 2.0 | \$ 19.4 | \$ 11.0 | \$ 9.0 | 450.0% | \$ (8.4) | (43.3%) |
| Margin % | 0.2% | 1.7% | 0.9% | | | | |
| STRATEGIC INITIATIVES | | | | | | | |
| Revenue | | | | | | | |
| Gifts to fund Strategic Initiatives | - | - | - | - | 0.0% | - | 0.0% |
| Expenses | | | | | | | |
| Expenses - Strategic Initiatives | - | - | - | - | 0.0% | - | 0.0% |
| Operating Margin after Initiatives | \$ 2.0 | \$ 19.4 | \$ 11.0 | \$ 9.0 | 450.0% | \$ (8.4) | (43.3%) |
| Margin % | 0.2% | 1.7% | 0.9% | | | | |
| CAPITAL | | | | | | | |
| Funding Source | | | | | | | |
| Philanthropy | \$ 3.6 | \$ 3.6 | \$ - | \$ 3.6 | 100.0% | \$ 3.6 | 100.0% |
| Debt | 26.3 | 26.3 | 47.4 | (21.1) | (80.2%) | (21.1) | (80.2%) |
| Cash | 33.4 | 33.7 | 35.8 | (2.4) | (7.2%) | (2.1) | (6.2%) |
| Total - Funding Sources | \$ 63.3 | \$ 63.6 | \$ 83.2 | \$ 19.9 | 31.4% | \$ 19.6 | 30.8% |
| Capital Expenditures | | | | | | | |
| Projects > \$3.5M | 23.2 | 23.2 | 41.0 | (17.8) | (76.7%) | (17.8) | (76.7%) |
| Projects ≤ \$3.5M | 18.0 | 18.0 | 16.9 | 1.1 | 6.1% | 1.1 | 6.1% |
| Minor Capital Expenditures | 10.1 | 10.4 | 11.2 | (1.1) | (10.9%) | (0.8) | (7.7%) |
| Infrastructure | | | | | | | |
| DM - Facilities | 12.0 | 12.0 | 12.1 | (0.1) | (0.8%) | (0.1) | (0.8%) |
| DM - IT | - | - | 2.0 | (2.0) | 0.0% | (2.0) | 0.0% |
| Total - Capital Expenditures | \$ 63.3 | \$ 63.6 | \$ 83.2 | \$ 19.9 | 31.4% | \$ 19.6 | 30.8% |
| ADJUSTMENTS FOR CASH | | | | | | | |
| Deduct | | | | | | | |
| Principal | (48.3) | (48.3) | (51.9) | | | | |
| Capital funded from cash | (33.4) | (33.7) | (35.8) | | | | |
| Add | | | | | | | |
| Depreciation | 85.0 | 85.0 | 81.4 | | | | |
| Adjustments - Net | 3.3 | 3.0 | (6.3) | | | | |
| Cash Flow | \$ 5.3 | \$ 22.4 | \$ 4.7 | | | | |

FY 2020 Budget – Parameters: Revenue

(Refer to attached financial plan)

Undergraduate Enrollment Projections

[\$ in millions unless otherwise noted]

| | |
|---|--------|
| New Freshman | 2,550 |
| Transfers | 215 |
| Total Undergraduate (including continuing students) | 10,515 |

Graduate Enrollment Projections

| | |
|------------|-------|
| Online | 5,550 |
| On campus | 8,068 |
| Off campus | 2,506 |

Rates

| | |
|--------------------------------------|----------|
| Institutional Aid (Tuition Discount) | 42.3% |
| Tuition Rates (\$ as stated) | |
| Undergraduate | \$56,845 |
| Graduate | \$1,620 |
| Room Rate (\$ as stated) | \$9,550 |
| Dining Rate (\$ as stated) | \$4,750 |
| Cost of Attendance (\$ as stated) | \$71,235 |

Philanthropy

| | |
|--------------------------------|--------|
| Unrestricted | \$17.3 |
| Endowment Support / Restricted | \$86.1 |




FY 2020 Budget – Parameters: Expense & Other

(Refer to attached financial plan)

| <u>Compensation</u> | [\$ in millions unless otherwise noted] |
|--------------------------------------|---|
| Salary Adjustment | 3.0% |
| Fringe Benefits | |
| Full-time | 26.3% |
| Part-time | 8.8% |
| <u>Non-compensation</u> | |
| University Contingency | \$2.0 |
| <i>Operating Margin %</i> | 0.4% |
| <u>Balance Sheet</u> | |
| Working Capital | N/A |
| Debt to EBIDA or operating cash flow | |
| <u>Capital Funding</u> | |
| Debt | \$47.4 |
| Philanthropy | \$ - |
| Cash (Operations and/or Reserves) | \$35.8 |



FY 2020 Revenue Highlights

Revenue –  \$27.9M (or 2.4%)

- Undergraduate and graduate net tuition –  \$28.2M
- Average rate increases of 3.1% and 3.5%, respectively
- Strategic enrollment reduction of 100 first year students
- Auxiliaries revenue –  \$7.4M
 - Dining rates and housing rate increases of ~3.0%
 - Offset by volume decrement due to reduced enrollment and housing rate concessions related to Thurston renovation project 

FY 2020 Expense Highlights

Expense –  \$42.3M (or 3.7%)

- Salaries and Benefits –  \$38.2M
 - Merit adjustment – 3.0%
 - Filling vacant positions in targeted areas such as Development and Alumni Relations
 - Vacancy rate – 2.4% (or \$14.1M)
- Non-compensation –  \$4.1M
 - Continued investments in online programs

FY 2020 Other Highlights

- Formal contingency planning – \$2.0M
- Investment in Big Data initiative – \$1.8M
- Eliminated or significantly reduced laundry, printing, and space rental costs for students – \$1.0M
- Funding for previously unfunded positions in HRMD and Finance (BMAG) – \$850K
- University-wide professional and organizational development and training apparatus – \$700K
- Increased number of Resident Assistants – \$450K

FY 2020 Capital Highlights

- The five year Capital Plan includes capital and infrastructure projects with a total estimated cost of approximately \$424.2M.
- The FY 2020 Capital Budget represents approximately \$83.2M (or 19.6%) of the anticipated cash outlay outlined in the five year Capital Plan.
- The FY 2020 Capital Budget includes funding for the following major projects and infrastructure expenditures:

Major Projects (>\$3.5M)

| | |
|---|---------|
| Thurston Hall | \$21.0M |
| Residential Hall Enhancements | \$10.0M |
| Corcoran/Flagg Building Roof & Envelope | \$8.0M |

Deferred Maintenance (DM) and Capital Renewal

| | |
|-----------------------------|--------|
| DM – Facilities-related | \$7.2M |
| DM – Information Technology | \$2.0M |

Other Developments

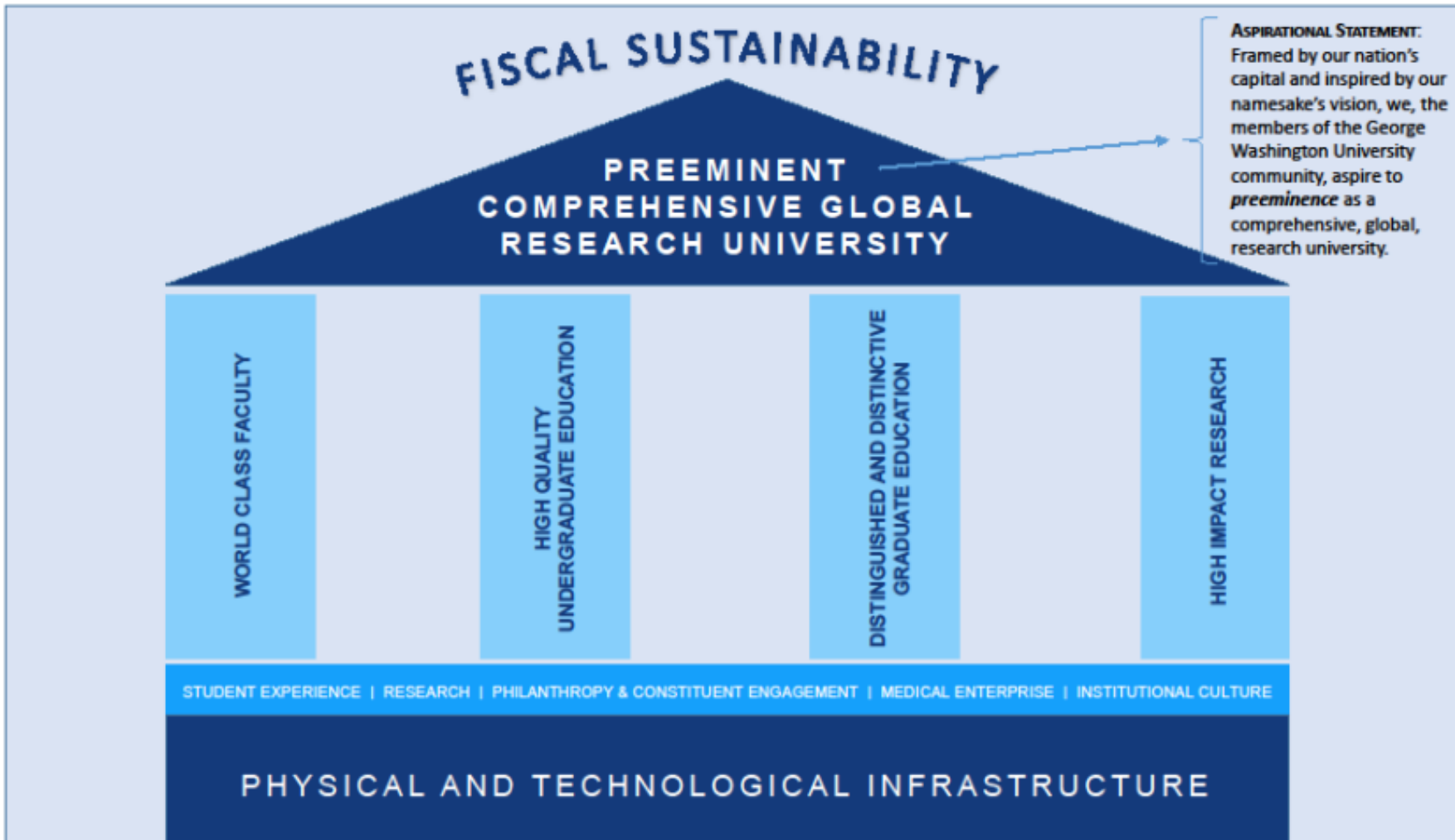
- Purchase of building owned by Hospital for Sick Children Foundation (building with large glass windows on alley way next to MPA building) for \$23 million. (Consistent with campus plan).
- Campus enhancements: <https://gwtoday.gwu.edu/new-campus-enhancements-prioritize-community-health-safety>
- Partial sale of patent rights to new drug for lump sum of \$20 million
- Development of 2100 Pennsylvania
 - Private developer assumes costs of development, owns the building for 75 years
 - GWU gets revenue from ground lease
 - Square 54 developed using similar arrangement. GWU currently receives ground lease revenue of \approx \$9 million per year from Square 54.

Some Future Cost and Revenue Drivers

- Explicit budgeting for contingencies
- Increased yearly budgets for deferred maintenance
- Costs associated with GW hospital
- Revenue effects of strategic enrollment initiatives

Strategic Planning Framework

MISSION STATEMENT: The mission of the George Washington University is to educate individuals in liberal arts, languages, sciences, learned professions, and other courses and subjects of study, and to conduct scholarly research and publish the findings of such research.



Strategic Undergraduate Enrollment Initiatives

- Reduce undergraduate enrollment by $\approx 20\%$
 - Reduce current undergraduate admissions from current target level of 2550 to 2110
- Increase share of stem majors in undergraduate enrollment
 - Increase share of stem majors from current level of $\approx 20\%$ to 30%

Benefits and Costs

- Benefits
 - Lower Undergraduate Enrollment
 - Room under the DC cap
 - Get ahead of the “undergraduate drought”
 - Better match between GWU capacity and enrollment/improve undergraduate experience
 - Increase share of STEM majors
 - Make GWU more comparable with other (higher-ranked) institutions
 - Better position GWU to respond to digital “revolution”
- Costs
 - Lost revenue
 - Fewer undergraduates
 - Higher STEM discount rate
 - Budgetary Adjustment Costs
 - Need to reduce expenses
 - Impacts on individual schools and majors of fewer undergraduate students
 - Costs of accommodating more STEM majors
 - Higher revenue volatility from increasing share of total revenue from graduate programs

Possible Revenue and Cost Adjustments

- Revenue Adjustments
 - **Replace Fixed with Variable Tuition (already scheduled)**
 - **Reduce Undergraduate Tuition Discount Rate**
 - Increased giving
 - Replace lost auxiliary revenue (housing)
 - Increase On-line and/or Off-Campus Enrollment
 - Increase enrollment in Master's programs
 - Increase endowment payout rate
- Expense Adjustments
 - Cost efficiencies
 - faculty/staff hiring
 - Attrition
 - Downsizing
 - Downsize existing programs

Some Hypothetical Revenue Impacts of Proposed Changes in Level and Mix of Undergraduate Enrollment

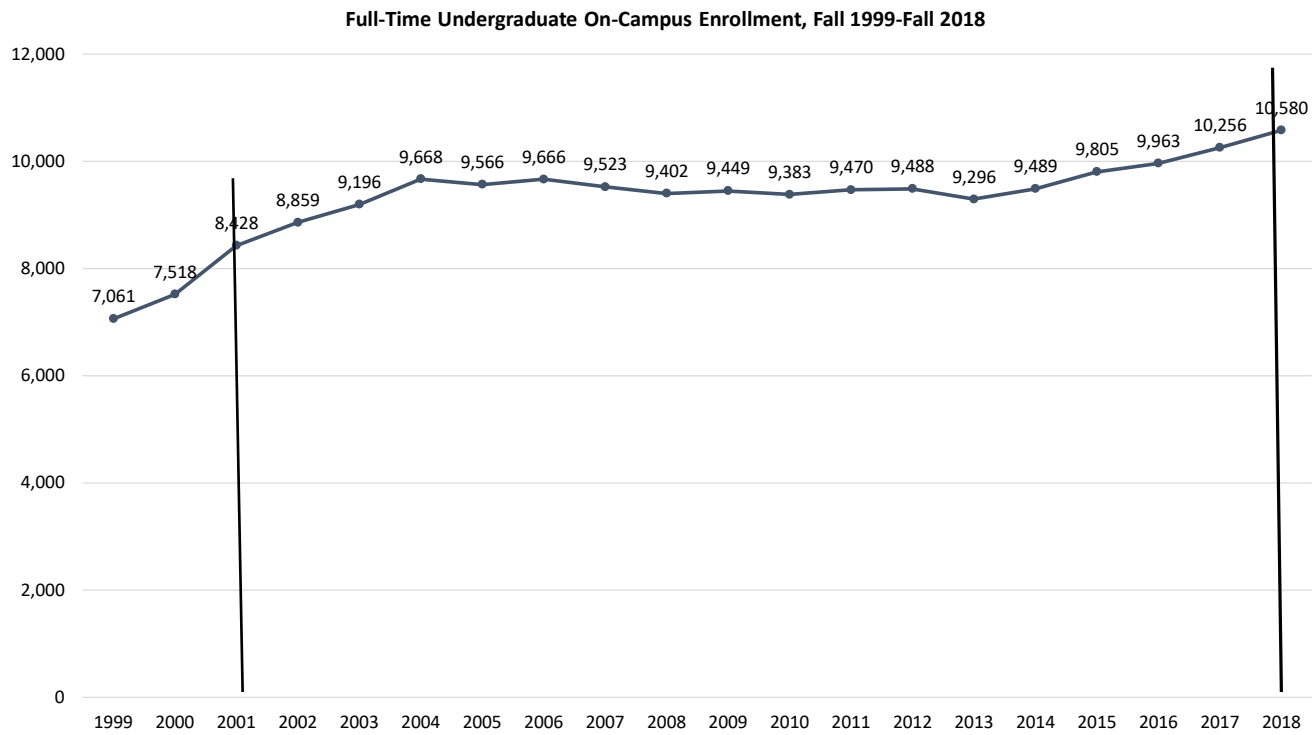
Current Policy (Baseline)

- Yearly 1st yr. Ugrad Enrollment: 2550
- Non-stem: \approx 80%; Stem: \approx 20%
- 2020-21 Tuition: 58,550
- Annual Tuition Increase: 3%*
- Fixed Tuition
- Avg. Non-Stem Discount: \approx 40%
- Stem Discount: \approx 51%
- Housing (room only): \approx \$10,000
- * Assumption

Scenario Assumptions

- Yearly 1st yr. Ugrad Enrollment: 2110
- Non-stem: 70%; Stem: 30%*
- 2020-21 Tuition: 58,550
- Annual Tuition Increase: 3%*
- Variable Tuition
- Avg. Non-Stem Discount: 35%*
- Stem Discount: $>$ 51%*
- Housing (room only): \approx \$10,000
- * Assumption

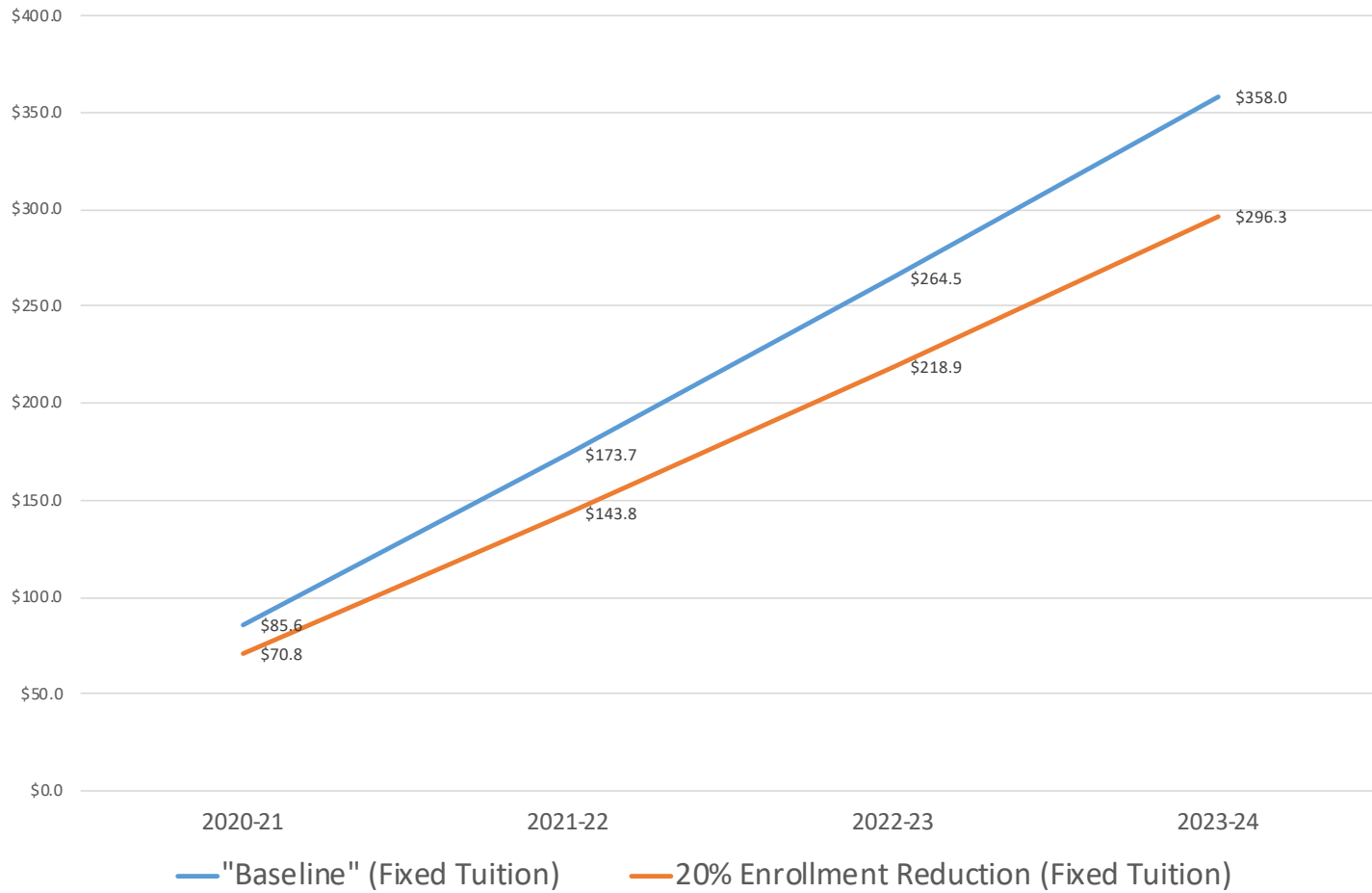
Undergraduate Enrollment Trends



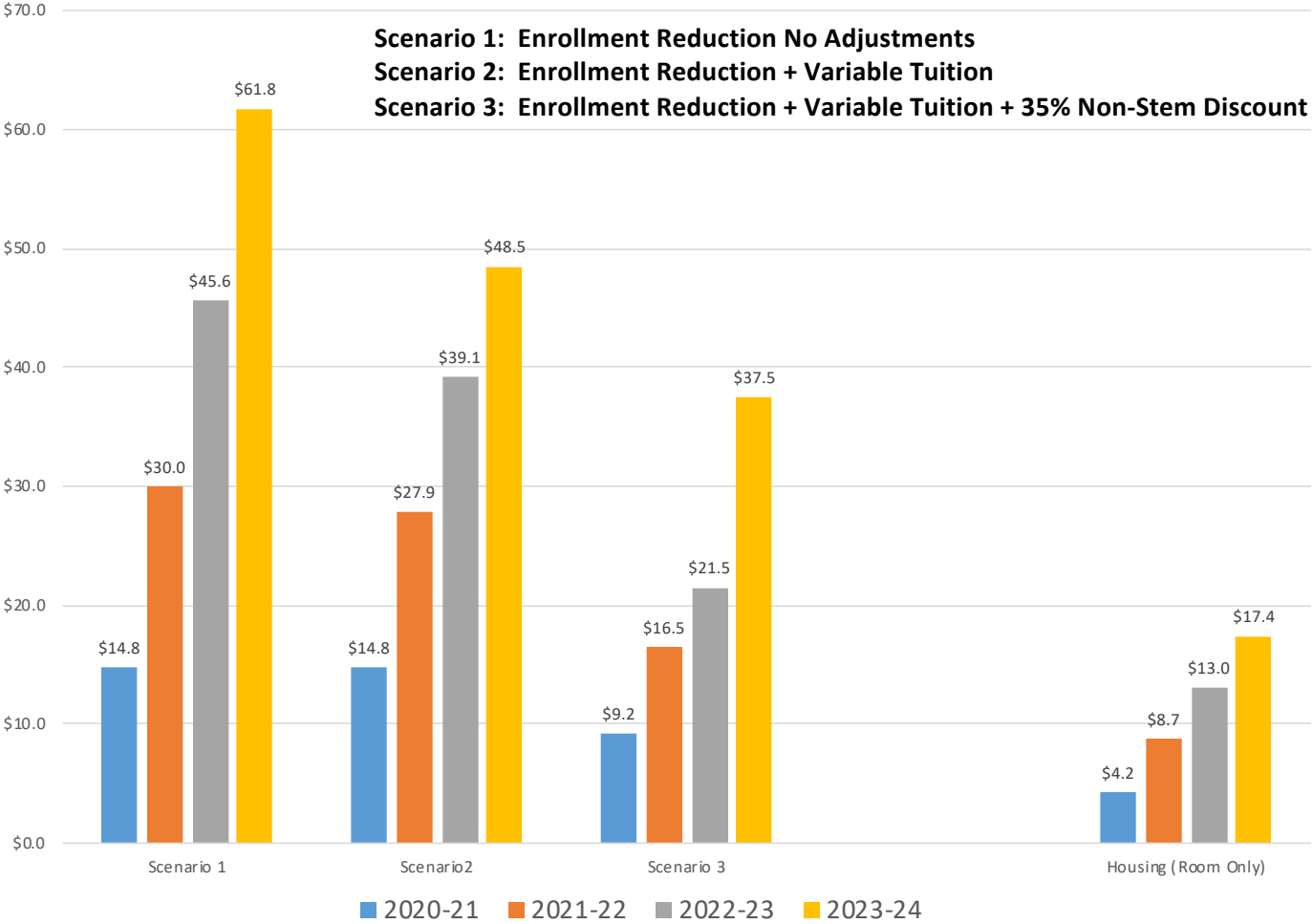


- The scenarios presented below are meant to illustrate orders of magnitude of possible effects.
- The actual fiscal impact will depend on the precise elements of the plans that are adopted.
 - Four committees formed to implement strategic initiatives
 - Consider revenue adjustments before expense adjustments
 - Take targeted approach to making cuts

Net Tuition Revenue Streams Under Current Policy vs. 20% Enrollment Reduction (\$ Millions)



Strategic Initiative Revenue Gap (\$ Millions)



What About Stem?

- Revenue Impacts of increasing STEM share:
 - Depends on how STEM is defined: DHS definition?
<https://www.ice.gov/sites/default/files/documents/Document/2016/stem-list.pdf>
 - Other definition? (e.g. Natural Sciences and Engineering)
 - Depends on how STEM share is increased
- **Possible scenario**
 - Keep existing stem admissions constant as part of overall enrollment reductions
 - Increases STEM share from $\approx 20\%$ to $\approx 24\%$
 - No need to raise current STEM discount rate
 - No need for added facilities investment
 - Revenue impact the same as Scenario 3 (previous slide)
 - Enrollment reductions in non-STEM undergraduates of more than 20%
 - **Additional increase from 24% to 30%**
 - Likely to require increasing STEM discount rate to ?
 - Likely to require increased facilities investment ?
 - Further reductions in non-STEM undergraduates to meet overall target of 20% reduction
 - Need reduction in non-STEM of $\approx 30\%$ to both boost STEM to 30% while cutting total undergrad enrollment from 2550 to 2110

Appendix 1

FY 2020 Budget – Reserves

What are “Reserves”?

- Remnant of fund accounting
- Internal scorecard to track accumulation and use of cash
- Sometimes (and incorrectly) perceived as a proxy for cash
- **“Cash-backed” retained earnings**
- Serve as an effective internal management tool
- Subject to other resource allocation and planning processes (e.g., budget)

(\$s in millions)

| Unit | FY 2019 Projected | FY 2020 Plan |
|--------------|----------------------|-----------------|
| Schools: | | |
| CCAS | \$ 25.8 | \$ 31.8 |
| CPS | 9.7 | 12.6 |
| ESIA | 8.7 | 9.5 |
| GWSB | (3.0) | (2.3) |
| GSEHD | 4.0 | 3.9 |
| SEAS | 18.5 | 20.5 |
| SON | 9.8 | 12.8 |
| GWSPH | 23.2 | 24.9 |
| LAW | 11.6 | 11.6 |
| SMHS | 106.7 | 88.8 |
| General | (35.4) | (29.9) |
| Total | \$ 179.5 | \$ 184.2 |

George Washington University

FY 2020 Financial Plan

[\$ in millions]

| Statement of Operations | FY 2019 | | FY 2020 | Favorable (Unfavorable) Variance from: | | | |
|---|----------------|----------------|----------------|--|---------------|------------------|----------------|
| | Plan | Projection | Plan | PY Plan | % | PY Projection | % |
| OPERATING PLAN | | | | \$ | % | \$ | % |
| Revenue | \$ 1,162.1 | \$ 1,165.3 | \$ 1,193.2 | \$ 31.1 | 2.7% | \$ 27.9 | 2.4% |
| Expenses | 1,160.1 | 1,145.9 | 1,188.2 | (28.1) | (2.4%) | (42.3) | (3.7%) |
| Operating Margin | \$ 2.0 | \$ 19.4 | \$ 5.0 | \$ 3.0 | 150.0% | \$ (14.4) | (74.2%) |
| Revenue Enhancements | - | - | - | - | 0.0% | - | 0.0% |
| Expense Reductions | - | - | 6.0 | (6.0) | 0.0% | (6.0) | 0.0% |
| Operating Margin | \$ 2.0 | \$ 19.4 | \$ 11.0 | \$ 9.0 | 450.0% | \$ (8.4) | (43.3%) |
| Margin % | 0.2% | 1.7% | 0.9% | | | | |
| STRATEGIC INITIATIVES | | | | | | | |
| Revenue | | | | | | | |
| Gifts to fund Strategic Initiatives | - | - | - | - | 0.0% | - | 0.0% |
| Expenses | | | | | | | |
| Expenses - Strategic Initiatives | - | - | - | - | 0.0% | - | 0.0% |
| Operating Margin after Initiatives | \$ 2.0 | \$ 19.4 | \$ 11.0 | \$ 9.0 | 450.0% | \$ (8.4) | (43.3%) |
| Margin % | 0.2% | 1.7% | 0.9% | | | | |
| CAPITAL | | | | | | | |
| Funding Source | | | | | | | |
| Philanthropy | \$ 3.6 | \$ 3.6 | \$ - | \$ 3.6 | 100.0% | \$ 3.6 | 100.0% |
| Debt | 26.3 | 26.3 | 47.4 | (21.1) | (80.2%) | (21.1) | (80.2%) |
| Cash | 33.4 | 33.7 | 35.8 | (2.4) | (7.2%) | (2.1) | (6.2%) |
| Total - Funding Sources | \$ 63.3 | \$ 63.6 | \$ 83.2 | \$ 19.9 | 31.4% | \$ 19.6 | 30.8% |
| Capital Expenditures | | | | | | | |
| Projects > \$3.5M | 23.2 | 23.2 | 41.0 | (17.8) | (76.7%) | (17.8) | (76.7%) |
| Projects ≤ \$3.5M | 18.0 | 18.0 | 16.9 | 1.1 | 6.1% | 1.1 | 6.1% |
| Minor Capital Expenditures | 10.1 | 10.4 | 11.2 | (1.1) | (10.9%) | (0.8) | (7.7%) |
| Infrastructure | | | | | | | |
| DM - Facilities | 12.0 | 12.0 | 12.1 | (0.1) | (0.8%) | (0.1) | (0.8%) |
| DM - IT | - | - | 2.0 | (2.0) | 0.0% | (2.0) | 0.0% |
| Total - Capital Expenditures | \$ 63.3 | \$ 63.6 | \$ 83.2 | \$ 19.9 | 31.4% | \$ 19.6 | 30.8% |
| ADJUSTMENTS FOR CASH | | | | | | | |
| Deduct | | | | | | | |
| Principal | (48.3) | (48.3) | (51.9) | | | | |
| Capital funded from cash | (33.4) | (33.7) | (35.8) | | | | |
| Add | | | | | | | |
| Depreciation | 85.0 | 85.0 | 81.4 | | | | |
| Adjustments - Net | 3.3 | 3.0 | (6.3) | | | | |
| Cash Flow | \$ 5.3 | \$ 22.4 | \$ 4.7 | | | | |

THE GEORGE WASHINGTON UNIVERSITY

WASHINGTON, DC

Debt Overview as of March 31, 2019 (in thousands)

| | |
|---|-------------|
| Debt Outstanding as of March 31, 2019 | \$1,865,043 |
| Debt Outstanding Excluding Endowment | \$1,600,437 |
| Endowment Debt Outstanding | \$264,606 |
| | |
| FY19 Debt Service | \$77,306 |
| | |
| Weighted Average Cost of Capital* | 4.237% |
| Weighted Average Years to Maturity* | 27.6 Years |
| | |
| Credit Rating (reviewed March 2018): | |
| ❖ Moody's | A1, Stable |
| ❖ Standard & Poor's | A+, Stable |
| | |
| Credit Facilities at PNC Bank** | |
| ❖ \$60M 1-Year, Spread 50 bps + LIBOR, Fee 15 bps, matures Jan 2020 | |
| ❖ \$90M 3-Year, Spread 50 bps + LIBOR, Fee 12.5 bps, matures Oct 2020 | |

**The Weighted Average Cost of Capital (WACC) is calculated using the current interest rate for each debt issuance and weighted based on the current or projected amount outstanding. The Weighted Average Years to Maturity (WAYM) is calculated using the*

THE GEORGE WASHINGTON UNIVERSITY

WASHINGTON, DC

Debt Overview as of March 31, 2019 (in thousands)

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|---|-------------|
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| ❖ \$90M 3-Year, Spread 50 bps + LIBOR, Fee 12.5 bps, matures Oct 2020 | |

**The Weighted Average Cost of Capital (WACC) is calculated using the current interest rate for each debt issuance and weighted based on the current or projected amount outstanding. The Weighted Average Years to Maturity (WAYM) is calculated using the current number of days outstanding for each debt issuance and weighted based on the current or projected amount outstanding.*

***Monthly LIBOR index is used to determine borrowing rate. As of March 31, 2019, monthly LIBOR was 240 bps.*

Outstanding Debt and Debt Service

(in thousands)

| | Maturity Date | Interest Rate as of 3/31/2019 | Amount Issued | Outstanding 3/31/2019 | Projected Annual Debt Service | | |
|---------------------------------|--------------------------|--|--------------------------|----------------------------------|--------------------------------------|---------------|---------------|
| | | | | | FY 19 | FY 20 | FY 21 |
| General Obligation Bonds | | | | | | | |
| 2013 Series | 09/15/2043 | 4.363% | 170,000 | 170,000 | 7,417 | 7,417 | 7,417 |
| 2014 Series | 09/15/2044 | 4.300% | 300,000 | 300,000 | 12,900 | 12,900 | 12,900 |
| 2015 Series | 09/15/2045 | 4.868% | 350,000 | 350,000 | 17,038 | 17,038 | 17,038 |
| 2016 Series | 09/15/2046 | 3.545% | 250,000 | 250,000 | 8,863 | 8,863 | 8,863 |
| 2018 Series | 09/15/2048 | 4.126% | 795,000 | 795,000 | 31,070 | 32,802 | 32,802 |
| Loans & Other | | | | | | | |
| Dept. of Education | 05/01/2021 | 3.000% | 557 | 43 | 18 | 18 | 18 |
| Total Debt | WACC | 4.237% | 1,865,557 | 1,865,043 | 77,306 | 79,038 | 79,038 |

In September 2017, we redeemed the Series 2012A Bonds for \$168M with proceeds from the Series 2015 Bonds.

In April 2018, we issued the Series 2018 Bonds for \$795M and used \$540M of the proceeds to redeem the Series 2010, 2011, 2011A and 2012 Bonds and pay applicable make whole premiums. The remaining proceeds will be used for residence hall renovations and academic programming.

The FY18 Debt Service figures above exclude make whole premiums paid as a part of the early redemption of the Series 2010, 2011, 2011A and 2012 Bonds in April 2018.

Debt Funding by Revenue Source

(in thousands)

| | As of 6/30/18 | Est. 6/30/19 | Est. 6/30/20 | Est. 6/30/21 | Est. 6/30/22 | Est. 6/30/23 |
|--|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Funding by Specific Revenue Source | | | | | | |
| Housing | 389,802 | 386,597 | 377,485 | 375,437 | 403,712 | 430,251 |
| Parking | 83,278 | 81,721 | 80,060 | 78,288 | 76,398 | 74,383 |
| Recreational / Student Life | 30,479 | 28,627 | 26,722 | 24,689 | 22,522 | 20,209 |
| Investment Properties | 264,606 | 264,606 | 264,606 | 264,606 | 264,606 | 264,606 |
| SMHS / GWSPH | 185,468 | 178,115 | 168,728 | 159,066 | 149,117 | 138,868 |
| Energy Efficiency | 19,533 | 20,281 | 17,757 | 15,064 | 12,193 | 9,130 |
| SEH Funded by Square 54 | 234,510 | 231,060 | 227,387 | 223,468 | 219,289 | 214,832 |
| Other | 52,838 | 51,813 | 50,726 | 49,573 | 48,351 | 47,056 |
| Total funded by specific revenue sources | 1,260,515 | 1,242,821 | 1,213,470 | 1,190,193 | 1,196,189 | 1,199,336 |
| Held for refinancing and additional liquidity | 295,610 | 343,933 | 365,796 | 391,463 | 419,256 | 480,334 |
| Funded by general revenue | 308,926 | 278,281 | 285,752 | 283,345 | 249,556 | 185,330 |
| Total Outstanding External Debt | \$ 1,865,051 | \$ 1,865,035 | \$ 1,865,018 | \$ 1,865,000 | \$ 1,865,000 | \$ 1,865,000 |
| % of Debt funded by specific revenue source | 67.6% | 66.6% | 65.1% | 63.8% | 64.1% | 64.3% |
| % of Debt held for refinancing and liquidity | 15.8% | 18.4% | 19.6% | 21.0% | 22.5% | 25.8% |
| % of Debt funded by general revenue projects | 16.6% | 14.9% | 15.3% | 15.2% | 13.4% | 9.9% |

"Held for refinancing and additional liquidity" has been reduced by \$30M per year in FY20-22 to reflect the funding of Thurston Hall renovations.

3Q FY2019 Development Report

Reconciliation of Fundraising Activity through March 31, 2019

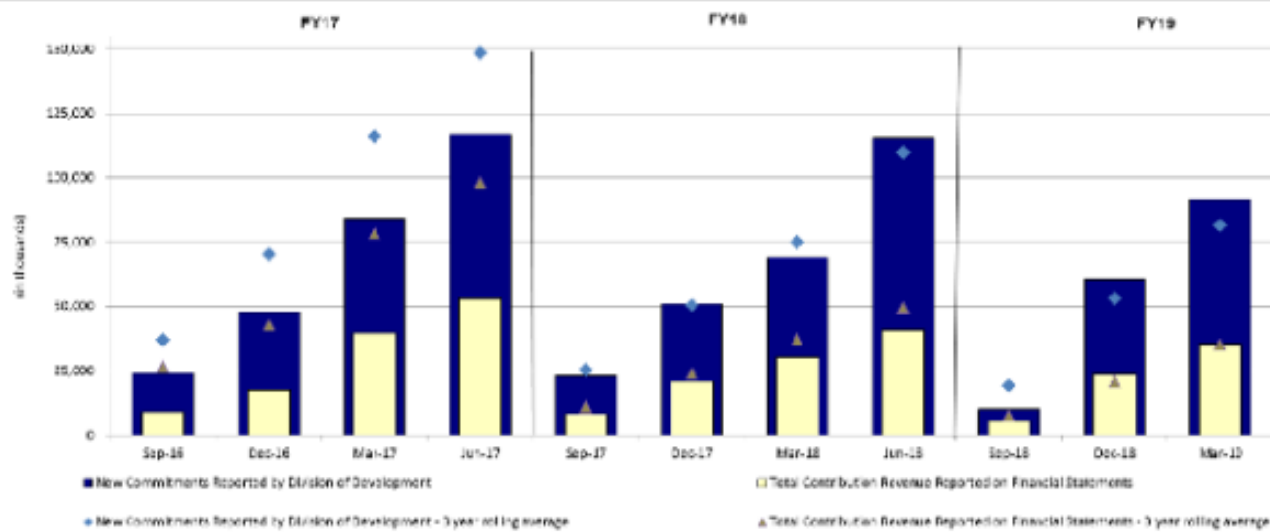
(Dollars in thousands)

| | |
|--|-------------------------|
| New Commitments Reported by Division of Development | \$ 91,392 |
| Less grants for sponsored projects (Categorized on financial statements as revenues from Grants and Contracts when funds are expended) | (26,802) |
| Less bequest intentions (Not recognized on financial statements until received) | (14,951) |
| Gifts of art and collections not recorded on financial statements | (12,840) |
| Timing differences (Contributions recorded in Attainment in one period, recognized on financial statements in another period) | (1,509) |
| Add gifts received from bequest commitments | 1,170 |
| Pledge adjustments and other differences, net | (979) |
| Total Net Contribution Revenue on Financial Statements | <u>\$ 35,481</u> |

THE GEORGE WASHINGTON UNIVERSITY

WASHINGTON, DC

3Q FY2019 Development Report Historical Fundraising Activity through March 31, 2019





Faculty Senate

Standing Committee Nominations September 2019

Educational Policy & Technology

Georgette Edmondson-Wright (Associate Vice Provost for Student Success) *Nonvoting*

Sarah Wagner (CCAS) *Voting*

Research

Evangeline Downie (CCAS) *Nonvoting*

Maxine Freund (GSEHD) *Nonvoting*

Jeanne Geiger-Brown (SON) *Nonvoting*

Kathleen Griffith (SON) *Nonvoting*

Alison Hall (SMHS) *Nonvoting*

Can Korman (SEAS) *Nonvoting*

Sharon Lambert (CCAS) *Voting*

Trudy Mallinson (SMHS) *Nonvoting*

University & Urban Affairs

Oluwatomi Adetunji (SEAS) *Voting*

Amy Cohen (CCAS) *Voting*

Margaret Venske (SON) *Voting*

**Joint Committee of Faculty & Students
Faculty Roster 2019-2020**

David Halliday (GWSB)*

LaTisha Hammond (CCAS)

Jack Davey (ESIA)

Najeebe Danielle Melton (SMHS)

Ashesh Patel (SMHS)

Kathleen Thoma (SMHS)

*Faculty Chair

Report of the Faculty Senate Executive Committee (FSEC)
September 13, 2019
Sylvia A. Marotta-Walters, Chair

Welcome to a New Academic Term

Today is the first meeting of the 2019/2020 academic year. Welcome to all of you who are new, and welcome back to those of you are continuing to serve your schools and the university as a whole, at the Senate level. The faculty's role as one of the pillars of shared governance is crucial to fulfilling our aspiration to become a pre-eminent, global, comprehensive research university. You are encouraged to participate in Senate committees, and to volunteer to participate in informing strategic planning for the next five years, as we define our path to pre-eminence.

Shared Governance

The Faculty Senate Executive Committee (FSEC) served as the Faculty Consultative Committee for the Provost search this summer. I also represented the faculty as a member of the search committee. It was a busy summer.

At the Board of Trustees meeting in May, all the changes to the *Code* that we made through Senate resolutions last year were accepted by the Board. The new *Faculty Code* is posted on the Provost's website.

Actions of the Executive Committee

In June, I participated in the Board retreat, where the strategic planning process was further defined, building on content presented last year as well as this year. The President asked for an early FSEC meeting in August so the faculty could provide feedback to inform the fall rollout of strategic planning. The FSEC also contributed names of faculty to serve on the various planning groups. The working groups on strategic planning are: 1) a world class faculty, b) high quality undergraduate education, c) distinguished/distinctive graduate education, and d) high impact research. Please participate in the events that the work groups are setting up, and send your comments to the website for strategic planning.

Faculty Role on Strategic Initiative on Culture

Next month the Senate will be briefed on the Culture Initiative which is rolling out with leadership training this week. I encourage each of you to sign up for one of the two hour meetings. Changing the Culture is more of a marathon than a sprint and is something that half of our University community who participated in last year's assessment wanted. The Culture Leadership Team worked all summer, holding every other week meetings, with the data you provided to ensure that this training captures the essence of the culture that we, as faculty and staff, aspire to create.

Faculty Role on Strategic Initiative on Research

This fall the second phase of the assessment of the research ecosystem will do its work. Thank you for participating in this key aspect of our role as faculty. I'm sure the assessment will inform the strategic planning process since research is one of the four pillars. As a reminder, the working groups are: Big Data & High Performance Computing and IT support, Workforce Development, Allocation (Financing & Budgeting, Intramural Funding, Space Allocation) and Entrepreneurial Activities & Commercialization. The Senate Committee on research is working closely with administration on the assessment.

Faculty Personnel Matters

Grievances: There is one grievance in the School of Business, and one in the Columbian College.

The FSEC spent most of late spring and summer reviewing five nonconcurrences and the result of the reviews was sent to the Provost.

Calendar

The next meeting of the faculty senate executive committee will be on September 27. As is our custom, all agenda items for the FSEC should be submitted one week prior to the scheduled meeting.