MINUTES OF THE REGULAR SENATE MEETING
HELD ON OCTOBER 14, 2022
VIA WEBEX

Present: President Wrighton, Provost Bracey; Faculty Senate Executive Committee Chair Tielsch; Parliamentarian Binder; Registrar Amundson; Deputy Registrar Cloud; Senate Office Staff Liz Carlson and Jenna Chaojareon; Deans Bass, Feuer, Goldman, Henry, Lach, Mehrotra, and Riddle; Interim Dean Slaven-Lee; Professors Anenberg, Bamford, Briggs, Callier, Clarke, Cordes, Eakle, El-Ghazawi, Gore, Griesshammer, Grynaviski, Gupta, Gutman, Johnson, Kay, Kieff, Kulp, Marotta-Walters, McHugh, Mylonas, Olesen, Orti, Pittman, Roddis, Sarkar, Schultheiss, Schwindt, von Barghahn, Vyas, Wagner, Wilson, Wirtz, Yezer, and Zeman.

Absent: Deans Ayres and Wahlbeck; Professors Agnew, Borm, Joubin, Mazhari, Pittman, and Vonortas.

CALL TO ORDER

The meeting was called to order at 2:00p.m.

APPROVAL OF THE MINUTES

The minutes of the September 9, 2022, Faculty Senate meeting were approved by unanimous consent.

PRESIDENT'S REPORT (Mark Wrighton, President)

The President expressed in grave disappointment with some incidents taking place on campus over the past several days. Profane posters were placed on GW and public property late last week; the university immediately removed those on GW property and received approval from the District to remove the ones on public property. On Tuesday evening, a vigorous protest took place at the GW Hillel site in response to a speaker inside the building. Speakers at the protest were very intimidating, and many students in the Hillel felt singled out because they are Jewish. Many Hillel members in the building during the protest felt fear and serious intimidation, particularly as social media postings about the protest indicated that the protesters would do "whatever is necessary" to remove the speaker. President Wrighton stated that this kind of fear tactic is inappropriate at a university like GW; he underscored and reiterated that the university strongly condemns anti-Semitism, hatred, discrimination, and bias in all forms, and he hoped that all would show respect for each other even when disagreeing. He stated that he remains committed to an environment free of harassment and discrimination while upholding an atmosphere of free speech and peaceful protest. He expressed his hope that the university will be able to mend some of the hurt and pain arising from this event. He indicated that he would continue to work with Dean of Students Colette Coleman, Vice Provost for Diversity, Equity, and Community Engagement Caroline Laguerre-Brown, and Provost Chris Bracey to do all possible to overcome this current challenge. He stated his intention to strive to work with all the groups involved in this disagreement and hoped to find a path where people can disagree respectfully. He noted that the co-authored statement to the university community on this matter was not perceived as effective for those feeling afraid and intimidated following this incident.

President Wrighton also referenced his message of support for the Iranian community at GW regarding the very troubling events unfolding in that country, including the suspension of internet services nationwide.

The President referenced several exciting events on campus that he had the privilege of attending. He participated in the launch of the Equity Institute Initiative, led by Law School Dean Dayna Bowen Matthew, and recognized the numerous faculty involved in university-wide, cross-disciplinary collaboration on an institute dedicated to community-engaged research on racial and ethnic inequality. This endeavor adds a unique element to the university's initiative in connection with the Penn-West Equity and Innovation District as many Institute activities will take place in this area.

In addition, an Institute for Data Democracy and Politics event, convened by the School of Media & Public Affairs (SMPA), focused on disinformation and misinformation in elections. The President also introduced Senator Tom Carper (D-Del) at the first in-person meeting of the Climate and Health Institute.

While in New York recently, the President attended the premier of the documentary *To Bigotry No Sanction* from Professor Samuel Goldman, the Director of the John L. Loeb, Jr. Institute for Religious Freedom in the Columbian College of Arts & Sciences (CCAS). The documentary title comes from words penned by George Washington in 1790 to the Jewish community in Rhode Island.

In addition, the President attended a celebration last Friday of Professor Maida Withers's 50-year engagement in teaching and performing dance at GW.

Despite the weather, the President reported that Alumni & Families Weekend was a very fun series of events, and he enjoyed engaging with numerous alumni, students, and family members over the course of the weekend.

President Wrighton reported that three GW scholars received awards from the American Association of University Women (AAUW): Sampada Dhakal, Deniece Dortch, and Pyik That Nwe-Kissig. AAUW grants and fellowships aim to erode barriers in education.

The annual Faculty Honors Ceremony will take place on October 18, and the President noted he is looking forward to participating in this tradition together with the Provost and his team.

Finally, the President looked forward to participating in an October 20 event celebrating the 25th anniversary of the founding of the Milken Institute School of Public Health (GWSPH).

Professor Johnson asked whether the protesters at the GW Hillel event were identified and whether they are affiliated with GW. President Wrighton responded that he did not know the identities or composition of the protesting group but that it was a safe assumption that some of the protesters are members of the GW community.

RESOLUTION 23/2: Of Appreciation for Elizabeth Amundson (Professor Phil Wirtz)

Professor Wirtz read the attached resolution into the record. As a point of personal privilege, he noted that it has been an honor to serve with Beth over the years. She is, he stated, one of the most faithful people to the university he has ever met, and she will be missed at GW. The resolution honoring Registrar Amundson's long service to the university and the Senate was approved by unanimous consent.

UPDATE: Presidential Search (Jim Tielsch, Vice Chair, Presidential Search Committee & Kim Roddis, Chair, Faculty Consultative Committee)

Professor Tielsch updated the Senate on current activities within the Presidential Search Committee (PSC). The PSC was formed by Board of Trustees Chair Grace Speights several months ago and has been actively engaged in search activities since this the summer. The Board hired a search firm—Education Executives—to assist with the search process; the firm has been a tremendous help in supporting the search committee's work. Many staff, faculty, and students provided input and feedback to the PSC at town halls designed to gather information about what the community would like to see by way of characteristics of a new president as well as the most important agenda items for the first few years of a new president's tenure. Academic and administrative leadership also provided input, and the resulting presidential profile was. published this week. PSC representatives have also met with the Faculty Senate Executive Committee (FSEC) and the Faculty Consultative Committee (FCC). With the release of the presidential profile this week, the process is entering an acutely confidential phase; the PSC will continue to work hard to examine the nominees and move forward in the process of identifying the most capable set of individuals for this prestigious position. Professor Tielsch noted that nominations will remain open until the very final stages of the search process.

Professor Roddis reported that the FCC reached out in the spring to faculty in all of the schools and, participating in the June retreat, reported the information they received to the PSC. This work resulted in clear input from the faculty on what they are seeking in new president; all six of these points were incorporated in full into the presidential profile:

1. Support and facilitate the mission, vision, and values of The George Washington University to all audiences;
2. Promote the principles of shared governance among all of the University's stakeholders: faculty, staff, students, administration, and the Board of Trustees;
3. Grow GW's endowment to ensure our financial stability, expand our scholarship funds, invest in our facilities, and explore new research/education opportunities in the future;
4. Build relationships with local, national, and international entities that will help increase the stature and visibility of GW, its alumni, students, and faculty;

5. Embrace and encourage diversity in all its forms, and across all academic departments and programs; and
6. Ensure that GW's organizational and budgetary systems are robust, sensible, and sustainable for our long-term health, growth, and aspirations.

Professor Roddis noted that four FCC members serve on the PSC. These individuals are robustly participating in the process and are active, vocal advocates for the faculty constituency at GW. In addition to these four faculty members, Professor Tielsch is serving as the PSC Vice Chair.

At this point, Professor Roddis confirmed, the FCC has no official outstanding tasks. She noted that the group will continue to make information available so that those serving on the PSC have access to faculty discussions. She emphasized that, although this is the confidential phase of the search, the web portal is still open and active, and individuals may continue to make suggestions about candidates and provide input into the process.

Professor Wilson asked what a nominator should do following suggesting a name and what happens with a nomination once it has been submitted. Professor Tielsch responded that the nominator has no responsibility after making the nomination but is welcome to make comments in the portal. The suggested name would enter the list of nominees the PSC is considering.

President Wrighton noted that he is very enthusiastic about the prospects of attracting an outstanding individual to lead GW. He stated that he has indicated to the Board that he will continue to be focused on preparing for his successor by continuing to build the leadership team, recruit and retain outstanding faculty and students, build resources for the university, and bring forward new initiatives that will be interesting and important for the whole university.

REPORT: New Medical Faculty Associates Agreement

- Neena Ali, University Controller
- Bruno Fernandes, Vice President, Treasurer, & Chief Financial Officer
- Joe Cordes & Susan Kulp, Co-Chairs, Senate Fiscal Planning & Budgeting Committee

The President introduced this agenda item by recalling for the Senate that part of the work he was brought to GW to accomplish during his tenure was to advance the academic medical initiative at the university. He underscored his hope that, while this issue has been somewhat divisive, the discussion today would be respectful despite differences. The $54 million for 14 endowed professorships announced at last month's Senate meeting was the first tangible part of the university's new agreement around the Medical Faculty Associates (MFA) and University Health Services (UHS). The President noted that he is pleased with the opportunity this provides; a strong faculty is essential to progress in any initiative, and the university is fortunate to have this substantial resource to devote to faculty recruitment.

Today's presentation was scheduled after calls for a great deal of information on this topic. In introducing the presenters, the President noted that all of the FY22 financial statements are available, with the audited statements having been reviewed and accepted by the Board.

University Controller Neena Ali reviewed the attached audited financial statements. She provided a brief background of the audit process, which includes both GW and the MFA. The MFA's auditors are experts in health care and GW's in higher education. The audits for each are done separately, testing every single transaction. The statements are then consolidated and audited as well. She confirmed that the $79 million loan to the MFA is a true loan/note receivable, for which the university receives interest on a monthly basis. Were these funds not a loan, the auditors would have had the university write off the $79 million.

In reviewing the statements, Ms. Ali observed that, in several areas, investment losses are due to poorer market performance this year as compared to the year prior. She pointed out that there is a new line item for "operating leases." Previously, these leases were included in "other assets" and were making that line item very large. Expenses are higher than in FY21 due to the resumption of normal operations across the board as the university emerged from the height of the pandemic. She added that the university's liquidity position is strong, and that there are not concerns in that area. These funds are intended for emergency purposes, and the university remains focused on spending only what it earns. In addition, the MFA received $2 million in FEMA funding at the end of FY22 related to the pandemic.

Vice President Fernandes opened his report by noting that GW had another clean audit this year, and he thanked Ms. Ali and entire CFO team for all their hard work; consolidating the financials over the past couple of years has been very challenging. Referencing the attached slides, Mr. Fernandes began with overviews of the MFA, UHS, and the GW Hospital. He then reviewed the new arrangement with UHS, which became effective on August 22, 2022.

In reviewing the MFA financial summary since FY19, Mr. Fernandes noted that, had the new restructuring agreement been in place prior to the pandemic, the MFA would have experienced improved financial results. Through that time, however, sharing any adjusted information would disclose details of the agreement that are confidential. He noted, though, that the results of a review by his office of several years of activity prior to the pandemic reflected that the new agreement would have supported consistently positive operating margins during those years. (Over the past couple of years, the national picture in academic medicine has reflected similar challenges to those faced at the MFA.)

He added that the current plan, reflecting a break-even year, assumed an earlier start to the agreement. instead, the MFA and university operated for the first two months of FY23 under the old arrangement. Based on some early trends, he expected that the MFA will most likely require some additional liquidity before stabilization occurs from the new agreement along with some of the other operational and financial incentives that are now being fully implemented. He expected that stabilization will probably occur around the fourth quarter of FY23, with eventual profitability at some point late in FY24—caveating this by noting that the FY24 planning process has not yet begun.

Mr. Fernandes reviewed the background of the GW credit facility to MFA. The university extended a $140 million line of credit to the MFA. Of that, the MFA has borrowed around $120 million; the university and the MFA agreed to term out that $120 million for 15 years with a repayment schedule that allows the MFA flexibility to continue making investments at the same time ensuring the university can plan for repayments. He noted that the university providing a loan to the MFA has no impact on the university's revenue, expenses, or margins. It is purely a balance sheet transaction that provides cash in exchange for a note receivable. Loan repayments made by the MFA—with interest—positively impact the university revenue and will provide margin improvements to the university, which the university has used in the current fiscal year to support the school operating margins.

In reviewing the MFA's debts, Mr. Fernandes noted that some of the external debt has been swapped from floating to fixed rate interest, which provides protection against rising interest rates.

Mr. Fernandes concluded his report by noting that the university's bond ratings are strong; GW has a very strong consolidated balance sheet and is poised to continue to make additional investments. The university is very well positioned to emerge from the pandemic stronger and better prepared to service its students, faculty, staff, and the community as a whole.

Speaking as the Co-Chair of the Senate Finance & Budget Planning (FPB) committee, Professor Kulp thanked Ms. Ali and Mr. Fernandes for their extraordinarily helpful reports. She responded to the reports by first noting that she was not trying to "shoot the messengers" or take a formal position on what the university should do in this area but would speak as an accountant interpreting numbers and in the interest of working together to reach a desired outcome.

She began by relaying requests she and Professor Cordes have received, both of which relate to rest of the current fiscal year. She relayed that it would be very helpful to receive quarterly updates on MFA financial performance as well as on the university as whole. Quarterly performance could then be compared to the plan to assess whether performance is moving according to the plan or not. As an example of the rationale for this, she noted that the presentation today indicated that Q1 was "weak," but there were no details on how weak it was. The report also indicated that the MFA would not see stabilization until Q4 of the current fiscal year; how, therefore, will a break-even result be achieved? She stated that not achieving this goal in FY23 may be acceptable given certain circumstances but that the Senate is interested in transparency and where a turning point can be expected. She asked how more information might be regularly shared as the university and MFA move forward under the new agreement.

President Wrighton noted that FSEC and the Board of Trustees Executive Committee (BoTEC) held their first joint meeting on October 6; those participating had the opportunity there to ask some questions on this matter.

Dean Bass thanked everyone for their patience as this situation is addressed. She stated that the answer to the MFA's future is August 22, 2022, the date that the new agreement took effect, adding that there was no go-forward position for the MFA as a clinical enterprise without a reset to the relationship with UHS. The old arrangement with District Hospital Partners (DHP, a subsidiary of UHS) was an agreement launched in 1997 with a lifespan of 75 years. The health care system has changed dramatically over the past 27 years, rendering the old agreement untenable for sustaining the MFA and advancing clinical medicine at GW.

She reviewed the old agreement, noting that DHP gave GW a minority interest in a for-profit hospital. GW faculty worked at the hospital for 27 years and helped turn profit there. The agreement limited the MFA's ability to engage in any foundational operation facility services (e.g., imaging centers) that would generate the revenue to support the MFA financial position. At the end of each quarter, GW—as a 20% ownership partner—was allocated 20% of the margin for that quarter, but of the bottom-line margin as influenced by other investments, including capital acquisitions, not the top-line revenue. This bottom-line number often shrank to near-nothing by the time it made its way to the School of Medicine and Health Sciences (SMHS) and the MFA. The old agreement also had a very unusual arrangement around graduate medical education financial practices that ensured a positive margin to the hospital partner.

Dean Bass continued by noting that, in March 2021—after months of COVID-19 when the activity and revenues of the MFA had dropped by 30-40% (approximately $100m)—it was clear that the MFA did not have a go-forward position without a complete revision of the DHP/UHS relationship that had been established in 1997. As the MFA faculty are essential to the educational mission of SMHS, closure of the MFA would have eliminated the ability of the SMHS to continue MD programs. The university and UHS signed an agreement then to negotiate a new agreement. The hope was that this would take three months, but, given the challenging issues to resolve, the new agreement was not completed until 19 months later–August 22, 2022. During the 19 months, ongoing waves of COVID led to nationwide crises in healthcare delivery and financial stability: a lack of health care ancillary workforce, escalating expenses, patient reluctance to seek elective healthcare, loss of the commuters who previously received their health care in DC due to telework for the federal and other workforces, and other stressors. The MFA was very much like every other faculty practice across the country except for one important point: CARES funds were disproportionately allocated to hospitals across the nation but, as a free-standing physician multispecialty group, CARES funding was modest to the MFA. Further, most academic faculty practices across the nation aligned with their affiliated teaching hospitals, benefitted from transfer of CARES funding to their faculty practice groups to sustain the financial stability of the faculty practice group. In the case of the MFA, there was minimal funds transfer throughout the pandemic crisis. In fact, healthcare has yet to return to full volume and financial stability throughout the nation and the DMV.

The MFA board is comprised of a highly experienced group of health care executives, who have guided healthcare enterprises through crises in the past, albeit the impact of the COVID pandemic is unprecedented. It was this professional group who have been instrumental in advising university leadership in the reset of the UHS agreement which was achieved with closing of the new relationship on August 22 202.

Beyond what Mr. Fernandes relayed, Dean Bass noted that the new agreement that took effect on August 22, 2022, is transformative for the MFA, SMHS, and the research enterprise and educational programs there, which are financed by clinical revenues. Clinical revenues are now accessible through a modern funds-flow arrangement related to top-line revenue, rather than bottom line margin. This roughly triples the funds flow to the MFA in the early years compared to baseline. In addition, the university now has an opportunity to expand its academic medical footprint and partner with UHS in the DC area, including the Cedar Hill development.

With regard to graduate medical education funding, the new arrangement will now fully pay residents' and trainees' salaries with the correct infusion of support from the site where they are training. Some money is pass-through funding from the government, but additional normal expenses are now reimbursed as well. In addition, the agreement has built into it quality standards that, for example, address the investments UHS must make in infrastructure to ensure that the hospital meets the quality standards that GW requires; these requirements are clearly articulated in the new agreement. Dean Bass added that she receives a report each month on quality and appreciates the work being done by the first-ever Chief Quality Officer; quality is steadily moving in a positive direction.

Dean Bass noted that three centers of excellence (neuroscience and neurological disorders, cardiovascular disease, and cancer) are also involved in this endeavor. She anticipated that these centers will become destination-worthy sites for healthcare over the next five to ten years, making GW and the District—for the first time—a premiere destination for healthcare.

At the same time, Dean Bass reported that there is ongoing and overdue foundational, operational work being done at the MFA, despite issues complicating operations related to COVID-19. The MFA now has a mission-based compensation plan for faculty based on educational, research, and clinical activities that aligns with revenues in SMHS. In addition, the MFA has implemented a state-of-the-art electronic health record, which is vital to being part of a dynamic and efficient healthcare system. The MFA also continue to work on building IT structures and hiring physician faculty members.

In closing, Dean Bass noted that she optimistic that, with these operational, funds flow, and structural changes, the MFA will have a net zero balance sheet a year from now.

President Wrighton recalled his time at Washington University in St. Louis (WUSTL), noting that he learned there the importance of having a strong clinical program from their enterprise, which is an order of magnitude large than that at GW, in driving strong research infrastructure. Citing several examples involving cross-disciplinary collaboration, he reiterated that broader successes there stemmed in no small part from a strong clinical practice. He emphasized that GW's goal is to be the best place for high quality clinicians.

Professor El-Ghazawi asked whether the 14 endowed chairs will be entirely new hires or will go in part to existing GW faculty. He also asked whether some of the funding for these professorships might be used to encourage more endowed chairs through philanthropy and matching opportunities. President Wrighton responded that one professorship has already been named (in honor of Trustee Ellen Zane, who worked for a very long time to rework the MFA/UHS relationship. He anticipated that the deans and relevant department heads will work collaboratively to recruit new faculty into these chairs. He posited that GW needs to develop visibility in the academic community that is relevant to advancing academic medicine at the university. Drawing people who are successful and happy in their current positions to GW will be very important in achieving this goal. With regard to the idea of matching funds through philanthropy, the President noted that he is always happy to speak with anyone who would like to contribute to endowed professorships at GW.

Professor Gore asked two questions about the financials reports presented. With regard to liquidity, she asked whether there is a target GW looks to meet in terms of the number of months of operating expenses it wants to hold in cash. Second, and acknowledging the large scope of this question, she asked what GW is doing to try and minimize the effects of inflation on its investments and investment profile. Mr. Fernandes responded that the university has around 200 days of operating cash (without tapping its credit facility). He noted that he feels comfortable with this level, which would get the university through ¾ of the year. He indicated that his division is monitoring inflation closely and can provide additional information on investment work. He expected that the university would do well on interest this year and may see some benefit from interest rate increases because of its strong balance sheet. Professor Gore suggested that this might be addressed in more detail in FBP.

Professor Gupta noted that, under the previous partnership, GW earned 20% of profits and was not liable for losses. However, as Dean Bass pointed out, 20% of almost nothing is almost nothing; he asked how much GW received for the ground lease. Dean Bass responded that the original agreement specified $1/year for the ground lease, which clearly did not serve GW well. The new ground lease will begin in year nine of the new agreement and is at fair market value.

Professor Wagner appreciated the information provided in the meeting about the new MFA agreement, adding that she was heartened to hear that there is more confidence about "where we're going," in Dr. Bass's words.

As one of the Faculty Senators representing CCAS, she shared how this looks from the perspective of CCAS—or "where we are now:"

- A central financial administration that's understaffed and poorly managed, which on the faculty end means delays in hiring student researchers and running research projects, exacerbated by a disconnect between accounts payable and the Office of the Vice President for Research (OVPR).
- On the student side of the financial administration, graduate student stipend and salary payments are regularly delayed; the reimbursement culture forces students to carry debt for not weeks but months.
- From her own department: "Inadequate financial support has had a devastating impact on this department. It essentially means that it is almost impossible for us to run grants and do any kind of research efficiently. It has been a spectacular stress on the department administration and staff." And: "People who have brought huge amounts of money to the university in the past are actively seeking ways to have their grants run through other institutions."
- CCAS's core mission of teaching undercut by increased enrollment caps (larger classes), an inability to hire adjunct instructors because compensation levels aren't adequate, and the fact that CCAS has had to cut writing tutors.
- Anemic research funds ($1,250 for faculty; $600 for grad students)—a sum that is easily eaten up by one conference, with its membership, registration, travel, and accommodation expenses.

As Co-Chair of the Educational Policy and Technology (EPT), she also shared how this looks from the perspective of this committee:

- IT support, though improving under Geneva Henry's leadership, continues to be far from adequate, adversely affecting faculty, staff, and students' ability to learn, teach, research, and work.
- Critical student services: there is not enough staffing support in Disability Support Services (DSS) or Counseling and Psychological Services (CAPS); there are not enough advisors for undergraduates, especially for first-year students (appointments are weeks out, so often at the moment of need there is no support). Much is asked of the Office for Diversity, Equity, and Community Engagement, but fall short in funding them fully, in helping them grow to match the increasing needs of the students.

- Library budget has been cut further and further since 2019.

She noted that, at the same time faculty are facing these constraints that undercut their ability to thrive in their fundamental educational mission, they learn of the resources that have been poured into the MFA despite its alarming record of loss. Last month, the faculty learned that nine of fourteen newly appointed positions will go to SMHS. There was no consultation about that decision let alone the apportionment of those positions. As a representative of CCAS, she asked:

- When will the administration stop asking CCAS, and the other units, to sacrifice while the MFA benefits? (How is that even fair to begin with?)
- When will the faculty see equal prioritization of the fundamental services and support systems for the units in this university that are currently carrying the MFA on their backs?

President Wrighton responded that he appreciated Professor Wagner's direct expression of these concerns. He noted that he met yesterday with three faculty colleagues working in an area that is not generously supported and that he was very surprised at the very low level of discretionary resources available for new endeavors. He stated that responsibility for the decision around the allocation of the new endowed professorships rested with him but emphasized that the $54 million funding these professorships came from the sale of GW's stake in the hospital, not, for example, from the sale of rare books or art. He added that these decisions are driven by setting priorities and that he came in as president with the priority having already been set—as conveyed to him—to focus on building the academic medicine initiative and to build research, in particular in biomedical sciences and allied areas. He noted that he is proud to be at institution that has aspirations to make a lot of improvements and affirmed that there is the prospect of building the institution across the board. He added that he would like to work with the Provost and all ten deans to develop plans for improvement in all areas, adding that every area should have plans to improve.

Professor Clarke referred to Mr. Fernandes's mention of the line of credit extended to the MFA by the university (page 7, 4th bullet). He asked what it means that the university "termed out" $120 million of the $140 million line of credit for 15 years. Mr. Fernandes clarified that this means the university took the used portion of the line of credit ($120 million) and fixed its repayment term to 15 years, creating a principal repayment schedule for the MFA (with additional principal payment structures at years 5, 10, and 15). In 15 years, that loan is paid off (plus interest). In the meantime, the line of credit holds at the remaining available $20 million; no additional line of credit to the MFA exists at this point.

Professor Grynaviski thanked the presenters for their transparency and reports today. He echoed Professor Wagner's comments, noting examples of faculty buying their own dry erase markers, departments canceling birthday celebrations, and departments asking undergraduate assistants to reduce their hours from ten to seven per week to achieve an overall university reduction in hours worked in key areas such as the undergraduate preceptor program. He stated that it consequently feels like funds aren't being used to support the mission of undergraduate education, noting that several priorities in this area that would make an enormous difference in student retention could be completely funded by dollars provided instead to the MFA. He expressed the concern that funds are being loaned to the MFA and that only forecasts have been returned, not an actual plan (including how the MFA will navigate the competitive environment in and around the District).

He asked how the MFA expects to achieve the forecast of a $70 million turnaround given that past increases in the MFA and the hospital have never come anywhere close to this. He asked whether the one-time $54 million is included in the MFA's projected FY23 revenue. He expressed concern about the MFA forecasts, recalling that the Senate has been told each year that the MFA will break even but has not done so. He asked whether the MFA's forecasts are audited or evaluated independently and whether they are regularly revised as new information becomes available. He noted that many faculty no longer trust these forecasts. He added that the Senate keeps hearing that the MFA is paying debt back to the university and asked where this is reflected, given that there are no increases in non-compensation expenses in the statements shared today; he asked whether specific repayment amounts can be shared and clearly articulated in the financials. Finally, he expressed his concern that the university continuing to lend money to cover the MFA's operating expenses is a poor use of funds that doesn't fuel expansion and success, and he asked whether there is a redline at which point "enough is enough."

President Wrighton responded that the Board and university leadership have not discussed a redline but noted that two GW trustees are on the MFA board, as is Mr. Fernandes. Prudent consideration of all these issues is taking place there, and he remains confident that the university is not at substantial risk in connection with its work to develop academic medicine.

Professor Grynaviski asked whether the Senate might see the current, revised MFA forecast and how it has been compiled, noting that shifting forecasts have been a big cause for skepticism in the Senate. Dean Bass noted that there is daily oversight of revenue to expenses and that the rolling forecast is reviewed on a monthly basis with the MFA administration and quarterly with the MFA board, adding that one of the projections came in the period between the Delta and Omicron waves, resulting in more uncertainty. She noted that it is only since August 22 of this year that the MFA can have a substantial new funds flow stream that wasn't there under the previous agreement; this will make a substantial difference in the MFA's finances. She added that the MFA is the largest provider of health care to Medicaid insurance patients in the District and, as such, is a major contributor to health equity in the District.

Professor Wilson thanked the group for providing a great deal of useful information. He observed that revenue is projected to increase by 20% in the MFA forecast but that provider compensation is essentially flat, which seems unusual. He asked whether inflation impacts are captured in this forecast, and he asked to what extent increased revenue reflects new facilities (e.g., Cedar Hill). Finally, he noted that many doctors avoid Medicaid patients because of the low physician compensation rates. Dean Bass confirmed that many physicians in private practice do prefer commercially insured patients. However, she noted, GW has made a commitment to the community, which includes a core value to provide complex care regardless of ability to pay. The change in compensation reflects the new compensation plan as well as bonuses for productivity. With regard to new facilities, she added, Cedar Hill is slated to open in 2024 and will provide a new revenue stream.

Professor Yezer asked:

(1) Some debt is based on LIBOR (the London Inter-Bank Offered Rate), which expires this year. What will happen to this cost? Mr. Fernandes responded that the transition to SOFR (the other index, Secured Overnight Financing Rate) will not make much of a difference. The majority of debt at the MFA was swapped (with some moving from floating to fixed rates), with substantial benefit: a gain of close to $6 million now. He stated that he is not

concerned about the change in index or increase in interest rates because the majority of debt was already swapped out for more beneficial terms.

(2) How profitable was the hospital? What was GW's 20% on average before COVID-19, and how is this income being replaced? Dean Bass responded that GW's 20% was a portion of the bottom line. For the first 15 years of the agreement, this payment was $0. It then moved up a bit and had a peak year in 1997 at about $12 million. Last year, GW's share was $2 million, which she described as fairly typical. This income will be replaced with net patient revenue (top line) going forward. President Wrighton noted that this question edges into sensitive information, stating that the university shouldn't be sharing so publicly where it stands in terms of profitability as this can put the university at a competitive disadvantage. Professor Yezer noted that claiming to make a gain when selling a bond paying $2 million/year, for $40 million is not correct as the result is getting $40 million instead of a stream of $2 million a year capitalized at 5%. This does not provide any additional resources for the institution and should not be treated as a gain that justifies additional expenditure.

(3) The MFA currently occupies substantial space in university owned buildings. The opportunity cost of this space is about $60 per square foot per year. How much of this cost is being paid by the MFA? How much will be charged to the MFA in the future accounting for the costs of MFA operation? This question was not addressed in the current discussion.

Professor Griesshammer noted his skepticism of how the new MFA and hospital structure can generate additional revenue on the order of $90 million, which accounts for the current loss as well as loan repayment. In addition, the ground lease payment won't kick in until year nine of the new agreement, and an ambulatory care center, if it is indeed built, will only be up and running in a decade as well. He also wondered if competition from excellent medical centers at Hopkins and MedStar has been underestimated, noting that they are stronger competitors than has been framed in today's discussion. He urged the leadership to be very careful about not again overpromising and underperforming, which has been the story of the MFA for the past few years. He expressed concern that nothing has been shared about the MFA's business plan, market research, or the exploration of alternatives beyond the extreme of closing the enterprise.

Professor Griesshammer also worried about the characterization he read in the audit that separated the loan and interest payment information into a paragraph apart from the audited statement itself. He asked whether the auditors were comfortable with the statement on loan being presented in this way. He recalled that Moody's gave a fairly direct assessment in their 2020 report of concerns around whether restructuring the MFA and its relationship with the hospital might represent potential mission misalignment, referring to page 2 of that report. He hoped that the university would be extremely straightforward with the rating agencies to avoid a sudden plummet in GW's rating and the cost associated with increased interest as a result.

Finally, Professor Griesshammer noted that he was pleased to see that more detailed and substantive information was available at today's meeting as opposed to the joint FSEC and Board of Trustees Executive Committee meeting last week. However, he noted there was limited time for questions in that meeting, and the responses were not as substantive as he had hoped. He expressed that there are mechanisms to manage the confidential nature of some of this information; for example, the FSEC could appoint a couple of people (perhaps the FPB co-chairs) to engage in discussion around more sensitive information, in particular on quarterly forecasts and whether targets and milestones have been met. This step would go a long way toward increasing trust on this topic, and, he added, in all his time at GW, there has never been a leak of confidential information from FSEC or anywhere in the Senate structure. He noted that FSEC handles faculty nonconcurrences, which require the highest levels of confidentiality and discretion.

Dean Bass responded that the MFA board carefully tracks the forecast metrics. Professor Griesshammer asked what Moody's has to say about the restructuring. Mr. Fernandes responded that Moody's is going through its review process now. He confirmed that the university has shared all information with Moody's (as it did with Standard & Poor's), and he added that Moody's has been extremely positive and supportive to this point.

(At this point, Vice Provost Laguerre-Brown had to depart the meeting due to a prior commitment; her update on Title IX regulations will be placed on the Senate's November agenda.)

Professor Johnson noted that the value of the medical school to GW is huge (as is the value of other key professional schools, such as the Law School) and wondered how many undergraduates come to GW because of these programs. He asked how much the financials take into account the teaching function of MFA faculty and whether the clinical income from residency programs is factored into the equation. President Wrighton responded that, in his experience at WUSTL, about 50% of the entering students in the arts & sciences college expressed some interested in medicine and related fields.

Professor Wirtz noted that he did not believe anyone was at the point of talking about curtailing the MFA; there are a lot of good things that come from the new agreement. He stated that there are universities that do very well without a medical school, but he would not encourage GW to go that route. It is important for the leadership to understand, however, that the Senate is asking what the price is of maintaining the MFA. He referred to earlier questions and asked again whether MFA quarterly reports will be shared with Senate (including earnings forecasts and profit & loss reports—nothing of a proprietary nature) for the next eight quarters so the Senate can rest assured it is no longer being put in the position of learning after the fact that it hasn't received full and accurate information. President Wrighton responded that the leadership is providing as much information as any academic medical center ever does and will continue to be forthcoming with information as it unfolds. He noted that he hasn't yet had the opportunity to update the MFA board yet; that meeting is in early November, and it would not be appropriate to share that information until it has been shared with the MFA board. Professor Wirtz responded that receiving information after it has been shared with the MFA board would be perfectly acceptable; the point is to avoid the previous and ongoing concerns stemming from the Senate being told the MFA will break even and then receiving numbers well after the fact indicating steep losses. The President responded that he would need to consult with the MFA board with respect to how much will be shared in a public setting and will report back.

Professor Wagner observed that the Senate is presently at a moment where it has struggled over the last three to four years to establish a relationship of trust around shared governance. The Senate frequently feels caught by surprise when they learn of ongoing priorities they weren't aware existed (e.g., the heavy focus on medical enterprise) and have deep-seated fears around the financial structure of the university due to the points she raised earlier; this speaks to why there is anxiety and frustration around these issues. This anxiety predates President Wrighton's arrival and is likely what is making things more fraught. She added that concrete numbers do help assuage fears.

President Wrighton responded that he has been communicating in his divisional meetings around the university that GW is not struggling to survive; rather, it is struggling to thrive as a university working with a modest surplus in its operating revenue. He expressed his disappointment that faculty in certain programs have so little in the way of financial flexibility that they cannot execute new initiatives. He noted that the university has committed to and budgeted for a significant number of new hires and that the situation with the MFA has not at all compromised the prospects of the other schools.

He emphasized the need for additional philanthropic support, particularly around financial aid. This provides tuition revenue, which is the only controllable revenue stream the university has. In terms of undergraduate recruiting, he noted that GW's focus is on quality, diversity, and affordability. Affordability is often discussed in terms of the student and the student's family, but it is also important to talk about the affordability by the institution for quality and diversity. GW needs to fulfill the expectations of its students and their families for a place that has such a high sticker price. He hoped that philanthropy would be heavily weighted toward financial aid and endowed professorships to draw the best students and faculty to the university.

Finally, the President stated that he would like to provide the opportunity for every program at the university to plan for improvement. Academic medicine has been a priority for the Board of Trustees, he has been told, for many years, predating his predecessor at GW.

INTRODUCTION OF RESOLUTIONS TO BE REFERRED TO COMMITTEE

No new resolutions were introduced at the meeting.

GENERAL BUSINESS

I. Nominations for Membership to Senate Standing Committees
The attached slate of committee nominations was approved by unanimous consent.

II. Senate Standing Committee Annual Reports Received
No reports were received ahead of today's meeting.

III. Report of the Executive Committee: Professor Jim Tielsch, Chair
Professor Tielsch's FSEC report is attached.

IV. Provost's Remarks
The Provost's remarks are attached.

BRIEF STATEMENTS AND QUESTIONS

Professor Griesshammer noted that he wholeheartedly supports the activities and initiatives the Provost just reviewed and that a lot of good work is being done at GW. However, he expressed his concern over support for undergraduate events that are incredibly meaningful to students and faculty. He noted that the GW chapter of the Society of Physics Students was recently billed $1500 for a meeting in Corcoran Hall this past Friday night. This meeting was part of a conference the chapter organized celebrating the centennial of Sigma Pi Sigma; the group—the honor society for physics and astronomy—holds a meeting every three years and is billed as the largest gathering of Physics undergraduates worldwide, attracting some 1200 people. He noted that this event would have been a big opportunity for GW to talk not just about Physics but about STEM at GW, and to attract prospective graduate students in many STEM areas, but support from the university was very limited. The advising faculty had to create their own write-up for GW Today, and the Sigma Pi Sigma student chapter was billed $1500 for the use of rooms on a Friday night that would otherwise have stood empty. He stated that this is shocking and just one example of what lengths other student organizations and faculty have to go to at GW, volunteering their time (and, now, money) to support. He strongly urged the administration to support these events, both in terms of publicity and space.

Professor Yezer noted that the Consumer Financial Protection Bureau (CFPB) recently issued a best practices letter and report for colleges regarding the handling of student financial balances. As short-term interest rates increase, the potential gain associated with these balances will become significant. He hoped that GW would comply with these best practices. As someone serving on the Academic Research Council of the CFPB, he especially hoped that GW would be in compliance with these best practices. Mr. Fernandes responded that he received a similar notice and that his division is monitoring this to be sure it doesn't become an issue.

President Wrighton noted that he happened to see in the chat that someone posted a link noting that the GW Hospital has a one-star rating. He noted that no hospital in the District is a strong hospital. This is GW's for the taking, and this is the aspiration GW has in this area: to be the premiere institution serving the District and its surrounding areas. He stated that it is embarrassing that there is not a premiere medical center in the District. GW is the best university in the region and will be better by having a very strong academic medical center.

ADJOURNMENT

The meeting was adjourned at 5:10pm.

GW | Faculty Senate

A RESOLUTION OF APPRECIATION FOR ELIZABETH AMUNDSON (23/2)

WHEREAS, University Registrar Elizabeth A. ("Beth") Amundson has with great skill served as Secretary of The George Washington University Faculty Senate since December 2004; and

WHEREAS, Registrar Amundson recently announced her departure from the University on November 4, 2022; and

WHEREAS, Registrar Amundson is widely recognized as an exemplary leader who goes to extraordinary lengths to resolve issues and introduce new processes to better support the needs of students, staff, and faculty; and

WHEREAS, Registrar Amundson has been a central figure in numerous major University initiatives, including (to name just a few) express transcript services allowing students and alumni to obtain documents 24/7; conversion of 3-digit course codes to 4-digit course codes; and the DegreeMap system with which students can complete degree audits and track their academic trajectory; and

WHEREAS, Registrar Amundson's extraordinary contributions to the GW community were underscored by the awarding in 2016 of the prestigious GW Award, for which she was nominated by many GW community members for her commitment to improving the university; and

WHEREAS, The GW Faculty Senate is particularly appreciative of Registrar Amundson's active role in converting the Faculty Assembly and Faculty Senate meetings to an online modality in response to COVID-19, taking on a major role in facilitating meeting logistics, in displaying presentations and in real-time redlining of Senate resolutions;

NOW, THEREFORE, BE IT RESOLVED
BY THE FACULTY SENATE OF THE GEORGE WASHINGTON UNIVERSITY
THAT THE FOLLOWING STATEMENT OF APPRECIATION BE ISSUED:

University Registrar Beth Amundson has provided extraordinary service as Secretary of the Faculty Senate since 2004 for which the Senate is profoundly grateful; the Senate wishes to convey its deepest appreciation, respect, and best wishes to our close associate and friend Beth in all of her future endeavors.

Faculty Senate Executive Committee
September 30, 2022

Financial Results Review

Office of the University Controller

For the year ended June 30, 2022

THE GEORGE WASHINGTON UNIVERSITY
WASHINGTON, DC

GW Finance Division

Balance Sheet Highlights - Consolidated
As of June 30, 2022

Assets

- **Consolidated total assets of $5.0 billion (decrease of $283 million (5%))**
- GW total assets decreased $198 million (4%) due to liquidating $100 million of investments, plus a $71 million decline in the value of the endowment, driven by pooled endowment performance. GW loaned MFA $79 million during the fiscal year, which contributed to a decrease in GW's cash balance.
- MFA total assets decreased $14 million (5%) due primarily to using excess cash on hand at the end of FY21 to pay down external debt and to fund FY22 operations.
- Intercompany assets eliminated in consolidation increased $71 million (106%) due primarily to the additional loan from GW to MFA

Liabilities

- **Consolidated liabilities of $2.5 billion (decrease of $146 million (5%))**
- GW liabilities decreased $140 million (6%) due to repaying the $125 million term loan and due to paying $12M of FICA taxes previously deferred under the CARES Act.
- MFA liabilities increased $65 million (18%) due to GW loaning MFA $79 million during the fiscal year. This increase was offset by recoupment of an advance payment (deferred revenue) from the Centers for Medicare and Medicaid Services and a decrease in external debt.
- Intercompany liabilities eliminated in consolidation increased $71 million (111%) due primarily to the additional loan from GW to MFA

FY22 Consolidated Change in Net Assets of $(136,893)

Consolidated Balance Sheets As of June 30, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	$ 123,102	$ 280,147
Accounts receivable, net	127,556	140,756
Contributions receivable, net	40,146	31,382
Investments	2,748,456	2,920,432
Loans and notes receivable, net	12,475	16,440
Property, plant, and equipment, net	1,779,469	1,753,682
Operating lease right of use assets, net	103,299	75,032
Other assets	39,611	39,251
Total assets	$ 4,974,114	$ 5,257,122
LIABILITIES		
Accounts payable and accrued expenses	$ 320,971	$ 351,999
Deferred revenue and deposits	111,157	116,426
Operating lease liability	115,831	88,353
Long-term debt, net	1,983,741	2,116,017
Funds advanced for student loans	14,976	19,996
Total liabilities	2,546,676	2,692,791
NET ASSETS		
Without donor restrictions	1,585,883	1,693,529
With donor restrictions	841,555	870,802
Total net assets	2,427,438	2,564,331
Total liabilities and net assets	$ 4,974,114	$ 5,257,122

GW Investments

(in thousands)

	As of Jun-22	As of Jun-21	Change	% change
Total Investment Balance per Financial Statements	**$2,708,609**	**$2,880,195**	**($171,586)**	**-6%**
Total Endowment Investments per Financial Statements	**$2,340,361**	**$2,411,272**	**($70,911)**	**-3%**

	FY22	FY21	Change
<u>Change in Endowment Investments, net of allocated debt:</u>			
Gifts and internal funds transfers	$ 43,607	$ 44,638	$ (1,031)
Reinvested payout	7,829	6,750	1,079
Real estate valuation	19,400	32,560	(13,160)
Gain on sale of One Washington Circle Hotel	12,049	-	12,049
Investment rental income	29,102	14,291	14,811
Pooled & nonpooled endowment income (loss)	(83,914)	312,603	(396,517)
Changes in endowment debt *	-	296,447	(296,447)
Admin expenses	(22)	867	(889)
Payout	(98,962)	(99,540)	578
Net activity YTD	$ (70,911)	$ 608,616	$ (679,527)
<u>Endowment Investment Performance Summary (net of fees):</u>			
Total Pooled Endowment ex RE & nonpooled - FYTD	**-7.5%**	**30.8%**	**-38.3%**
Pooled Endowment Benchmark - FYTD	**-11.4%**	**27.6%**	**-39.0%**

** Effective June 30, 2021, the University has reclassified internal debt previously allocated to quasi endowment investment real estate properties.*

Endowment
(in thousands)

	As of Jun-22	As of Jun-21	Change	% change
Pooled Endowment[1]	$ 1,230,761	$ 1,285,772	$ (55,011)	
Endowment Real Estate[1]	1,109,600	1,125,500	(15,900)	
Fair Value of Endowment	**$ 2,340,361**	**$ 2,411,272**	**$ (70,911)**	**-3%**
Annual Payout (including Real Estate)	$ 98,962	$ 99,540	$ (578)	
Payout Rate[2]	4.2%	4.7%	-0.6%	
FTEs - Fall	22,211	22,298	(87)	
Endowment per FTE (whole dollars)	**$ 105,369**	**$ 108,138**	**$ (2,769)**	**-3%**

[1] *As of June 30, 2022, the Pooled Endowment represents 53% of the Endowment and Real Estate represents 47% of the Endowment. As of June 30, 2021, these figures were also 53% and 47%, respectively.*

[2] *Annual Payout divided by YTD Average Market Value*

Consolidated Statement of Activities – Operating
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
Student tuition and fees, net of $353,057 University funded scholarships	$ 770,217	$ -	$ 770,217
Patient care, net	309,954	-	309,954
Grants and contracts including indirect cost recoveries	221,787	-	221,787
Auxiliary enterprises, net	99,251	-	99,251
Endowment income distributed for operations	91,461	-	91,461
Medical education agreements	60,960	-	60,960
Contributions	21,174	-	21,174
Investment income used in operations	1,951	-	1,951
Net assets released from restrictions	7,593	-	7,593
Other	45,823	-	45,823
Total operating revenue	1,630,171	-	1,630,171
OPERATING EXPENSES			
Salaries and benefits	972,302	-	972,302
Purchased services	293,405	-	293,405
Depreciation	92,723	-	92,723
Interest	79,489	-	79,489
Scholarships and fellowships	30,061	-	30,061
Other	225,678	-	225,678
Total operating expenses	1,693,658	-	1,693,658
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(63,487)	-	(63,487)

Consolidated Statement of Activities – Operating
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
Student tuition and fees, net of $323,230 University funded scholarships	$ 722,702	$ -	$ 722,702
Patient care, net	345,637	-	345,637
Grants and contracts including indirect cost recoveries	228,755	-	228,755
Auxiliary enterprises, net	15,911	-	15,911
Endowment income distributed for operations	90,813	-	90,813
Medical education agreements	62,150	-	62,150
Contributions	18,631	-	18,631
Investment income used in operations	14,760	-	14,760
Net assets released from restrictions	7,977	-	7,977
Other	67,208	-	67,208
Total operating revenue	1,574,544	-	1,574,544
OPERATING EXPENSES			
Salaries and benefits	954,845	-	954,845
Purchased services	270,831	-	270,831
Depreciation	90,900	-	90,900
Interest	76,954	-	76,954
Scholarships and fellowships	22,509	-	22,509
Other	199,964	-	199,964
Total operating expenses	1,616,003	-	1,616,003
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(41,459)	-	(41,459)

Consolidated Statements of Activities – Non-Operating and Change in Net Assets

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
NON-OPERATING ACTIVITIES			
Investment income, net	30,731	(52,707)	(21,976)
Net assets released from restriction	27,735	(35,328)	(7,593)
Contributions, net	-	49,914	49,914
Endowment income distributed for operations	(94,943)	3,482	(91,461)
Other	(7,682)	5,392	(2,290)
Total non-operating activities	(44,159)	(29,247)	(73,406)
CHANGE IN NET ASSETS	(107,646)	(29,247)	(136,893)
NET ASSETS AT THE BEGINNING OF THE YEAR	1,693,529	870,802	2,564,331
NET ASSETS AT THE END OF THE YEAR	$ 1,585,883	$ 841,555	$ 2,427,438

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
NON-OPERATING ACTIVITIES			
Investment income, net	187,523	185,077	372,600
Net assets released from restriction	26,740	(34,717)	(7,977)
Contributions, net	-	30,619	30,619
Endowment income distributed for operations	(94,930)	4,117	(90,813)
Other	6,494	(192)	6,302
Total non-operating activities	125,827	184,904	310,731
CHANGE IN NET ASSETS	84,368	184,904	269,272
NET ASSETS AT THE BEGINNING OF THE YEAR	1,609,161	685,898	2,295,059
NET ASSETS AT THE END OF THE YEAR	$ 1,693,529	$ 870,802	$ 2,564,331

Consolidated Statements of Cash Flows – Operating
Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (136,893)	$ 269,272
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Contributions restricted for long-term investment	(17,120)	(5,839)
Donated assets	(354)	(73)
Depreciation, amortization and accretion expenses	92,629	90,865
Net realized/unrealized loss/(gain) on investments	53,295	(349,392)
Realized gain on sale of real property	-	(1,009)
Fire loss	-	(11,900)
Other non-cash items	5,310	4,636
Changes in operating assets and liabilities:		
Accounts receivable	10,105	(15,549)
Contributions receivable	(8,764)	(2,033)
Operating lease right of use assets, net	(28,267)	17,994
Other assets	(404)	(8,484)
Accounts payable and accrued expenses	(25,589)	42,535
Deferred revenue and deposits	(5,269)	(23,828)
Operating lease liability	27,478	(18,198)
Net cash used in operating activities	(33,843)	(11,003)

Consolidated Statements of Cash Flows – Investing/Financing
Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(950,686)	(1,083,345)
Sales and maturity of investments	1,059,180	855,975
Purchases of property, plant, and equipment	(106,219)	(69,671)
Net proceeds from sale of real property	-	2,790
Insurance proceeds from fire loss	-	11,900
Change in other loans and notes receivable	3,960	4,533
Net cash provided by (used in) investing activities	6,235	(277,818)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term investment	17,120	5,839
Payments of long-term debt	(133,702)	(4,377)
Proceeds from borrowings	5,360	30,000
Net payments of borrowings on lines of credit	(6,535)	(147,566)
Payments of debt issuance costs	-	(735)
Payments of finance lease obligations	(6,660)	(5,688)
Change in refundable government student loan funds	(5,020)	(5,034)
Net cash used in financing activities	(129,437)	(127,561)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(157,045)	(416,382)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	280,147	696,529
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 123,102	$ 280,147

Consolidated Liquidity and Availability of Resources

As of June 30, 2022 and 2021, the following assets could readily be made available within one year to meet general expenses:

	As of June 30, 2022		
(in thousands)	Financial Assets	Unavailable Within One Year	Available for General Expenditure Within One Year
Cash and cash equivalents	$ 123,102	$ 6,404	$ 116,698
Accounts receivable, net	127,556	15,112	112,444
Contributions receivable, net	40,146	39,760	386
Investments - pooled endowment	1,230,761	679,102	551,659
Investments - endowment real estate	1,109,600	1,109,600	-
Investments - other	408,095	240,023	168,072
Loans and notes receivable, net	12,475	12,475	-
	$ 3,051,735	$ 2,102,476	$ 949,259
Liquidity resources - available lines of credit			307,867
Financial assets available for general expenditure within one year			$ 1,257,126

	As of June 30, 2021		
(in thousands)	Financial Assets	Unavailable Within One Year	Available for General Expenditure Within One Year
Cash and cash equivalents	$ 280,147	$ 7,547	$ 272,600
Accounts receivable, net	140,756	16,719	124,037
Contributions receivable, net	31,382	30,958	424
Investments - pooled endowment	1,275,772	727,059	548,713
Investments - endowment real estate	1,125,500	1,125,500	-
Investments - other	519,160	249,364	269,796
Loans and notes receivable, net	16,440	16,440	-
	$ 3,389,157	$ 2,173,587	$ 1,215,570
Liquidity resources - available lines of credit			176,332
Financial assets available for general expenditure within one year			$ 1,391,902

Impact of the COVID-19 Pandemic
Higher Education Emergency Relief Fund

The University received assistance in covering some of the economic impacts of the COVID-19 pandemic through distributions from the Higher Education Emergency Relief Fund (HEERF). The University records HEERF receipts as revenue within Grants and contracts including indirect cost recoveries and amounts distributed to students are expensed within Scholarships and fellowships on the Consolidated Statement of Activities.

	June 30, 2022		June 30, 2021	
(in thousands)	Grants and contracts including indirect cost recoveries	Scholarships and fellowships	Grants and contracts including indirect cost recoveries	Scholarships and fellowships
HEERF I	$ -	$ -	$ 294	$ 294
HEERF II	-	-	13,793	4,559
HEERF III	12,591	12,591	12,473	-
Total	$ 12,591	$ 12,591	$ 26,560	$ 4,853

Consolidating Schedules

For the year ended June 30, 2022

THE GEORGE WASHINGTON UNIVERSITY
WASHINGTON, DC

GW | Finance Division

Consolidating Balance Sheets As of June 30, 2022

	GWU	MFA	Eliminations	Total
ASSETS				
Cash and cash equivalents	$ 101,883	$ 21,219	$ -	$ 123,102
Accounts receivable, net	78,201	55,483	(6,128)	127,556
Contributions receivable, net	40,146	-	-	40,146
Investments	2,708,609	42,956	(3,109)	2,748,456
Loans and notes receivable, net	12,475	-	-	12,475
Loans to MFA	120,958	-	(120,958)	-
Property, plant, and equipment, net	1,703,121	76,348	-	1,779,469
Operating lease right of use assets, net	56,370	55,624	(8,695)	103,299
Other assets	32,820	6,791	-	39,611
Total assets	$ 4,854,583	$ 258,421	$ (138,890)	$ 4,974,114
LIABILITIES				
Accounts payable and accrued expenses	$ 210,381	$ 116,501	$ (5,911)	$ 320,971
Deferred revenue and deposits	110,169	988	-	111,157
Operating lease liability	64,944	59,799	(8,912)	115,831
Long-term debt, net	1,865,675	118,066	-	1,983,741
Loans from GWU	-	120,958	(120,958)	-
Funds advanced for student loans	14,976	-	-	14,976
Total liabilities	2,266,145	416,312	(135,781)	2,546,676
NET ASSETS				
Without donor restrictions	1,746,883	(157,891)	(3,109)	1,585,883
With donor restrictions	841,555	-	-	841,555
Total net assets	2,588,438	(157,891)	(3,109)	2,427,438
Total liabilities and net assets	$ 4,854,583	$ 258,421	$ (138,890)	$ 4,974,114

Consolidating Statement of Activities Year Ended June 30, 2022

	GWU	MFA	Eliminations	Total
OPERATING REVENUE				
Student tuition and fees, net of $353,057 University funded scholarships	$ 770,344	$ -	$ (127)	$ 770,217
Patient care, net	-	309,954	-	309,954
Grants and contracts including indirect cost recoveries	219,242	2,545	-	221,787
Auxiliary enterprises, net	98,124	1,127	-	99,251
Endowment income distributed for operations	91,461	-	-	91,461
Medical education agreements	69,331	19,542	(27,913)	60,960
Contributions	21,174	-	-	21,174
Investment income used in operations	2,232	2,265	(2,546)	1,951
Net assets released from restrictions	7,593	-	-	7,593
Other	41,021	37,962	(33,160)	45,823
Total operating revenue	1,320,522	373,395	(63,746)	1,630,171
OPERATING EXPENSES				
Salaries and benefits	718,946	253,484	(128)	972,302
Purchased services	248,698	87,667	(42,960)	293,405
Depreciation	86,000	6,723	-	92,723
Interest	74,677	7,358	(2,546)	79,489
Scholarships and fellowships	30,057	6	(2)	30,061
Other	146,951	96,837	(18,110)	225,678
Total operating expenses	1,305,329	452,075	(63,746)	1,693,658
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	15,193	(78,680)	-	(63,487)
NON-OPERATING ACTIVITIES				
Investment income, net	(21,976)	-	-	(21,976)
Net assets released from restriction	(7,593)	-	-	(7,593)
Contributions, net	49,914	-	-	49,914
Endowment income distributed for operations	(91,461)	-	-	(91,461)
Other	(2,290)	-	-	(2,290)
Total non-operating activities	(73,406)	-	-	(73,406)
CHANGE IN NET ASSETS	(58,213)	(78,680)	-	(136,893)
NET ASSETS AT THE BEGINNING OF THE YEAR	2,646,651	(79,211)	(3,109)	2,564,331
NET ASSETS AT THE END OF THE YEAR	$ 2,588,438	$ (157,891)	$ (3,109)	$ 2,427,438

THE GEORGE
WASHINGTON
UNIVERSITY
WASHINGTON, DC

MFA Financial Update

October 14, 2022

Medical Faculty Associates (MFA)

- Separate nonprofit corporation that employs physicians and related healthcare professionals (not medical residents, who are employed by SMHS) to provide clinical, research and teaching services in support of the GW's academic medicine mission
- Articles of Incorporation state that the MFA "is organized and shall be operated exclusively for the benefit of" GW and provides "physician services and related health services, including diagnostic and therapeutic procedures and services to patients in the greater Washington, D.C. community."
- All MFA physicians are employed by the MFA and hold regular GW faculty appointments in SMHS. The MFA faculty and ambulatory sites are essential to support the clinical training of SMHS medical students
- Since 2019, GW is the sole corporate member of the MFA and has significant powers under the MFA Bylaws related to governance (includes the appointment or approval of the members of the board of trustees) and financial operations (includes approval of the annual budget)
- Since 2020, GW's Vice President for Health Affairs and Dean of SMHS has also served as the Chief Executive Officer of the MFA, GW's Associate VP for Medical Finance-SMHS has also served as CFO of the MFA, and GW's Chief Financial Officer has served as the Treasurer for both organizations
- GW also provides the MFA with purchased operational support services, including, legal, risk management, and other administrative support
- The finances of the GW and MFA are consolidated for purposes of the annual audited financials
- The Board includes at least three Trustees selected among the academic chairs at GW, the Dean of the School of Medicine, and two current members of the GW Board of Trustees

Universal Health Services (UHS)

- UHS is a publicly traded company on the New York Stock Exchange
- Current market capitalization of ~$7.0 billion and annual revenues of ~$13.0 billion
- One of the largest providers of hospital and healthcare services in the nation with 89,000 employees dedicated to improving people's lives and transforming the delivery of healthcare
- UHS through subsidiaries operates 28 Acute Care hospitals, 335 Behavioral Health inpatient facilities, and 40 outpatient facilities and ambulatory care centers in 39 states in the U.S., Washington, D.C., Puerto Rico and the United Kingdom
- UHS also offers health insurance plans through Prominence Health Plan, and manages a network of physicians through Independence Physician Management

GW Hospital

- A 365 bed facility with an academic medical center featuring a Level I Trauma Center and a Level III NICU
- From 1997 until August 2022, GW Hospital was separately owned and operated by District Hospital Partners (“DHP”)
- DHP is a for profit partnership with a subsidiary of Universal Health Care, Inc. (“UHS”) serving as the general partner and GW serving as a limited partner
- Effective August 22, 2022, GW sold its 20% limited partnership interest to UHS and restructured its relationship with DHP

New Arrangement with UHS

- New structure better aligns the activities of UHS, GW and MFA to achieve the shared goals of clinical service, medical education and research, and to provide increased financial support for academic medicine
- GW received $54 million for the sale of the 20% limited partnership interest
- GW Hospital remains the primary teaching hospital for SMHS
- The MFA continues to provide physicians and other clinical providers to staff the hospital
- There are several agreements establishing the contractual obligations among GW, UHS and the MFA most notably
  - An Operating Academic Affiliation Agreement, a Trademark License Agreement and a Ground Lease
- Agreements provide for annual payments from UHS to GW for academic mission support, trademark royalties and, in the years to come, a fair market value rent payment under the ground lease
- Agreements also address issues of quality of care, staffing, governance, future development, centers of excellence, and related issues

MFA Financial Summary

[$ in millions]	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Plan
Revenue					
New Patient Service Revenue	$ 311.3	$ 273.5	$ 283.3	$ 250.1	$ 301.1
Non-NPSR Revenue	120.5	131.0	142.9	123.3	133.8
Total - Revenue	**431.9**	**404.5**	**426.2**	**373.4**	**434.9**
Expenses					
Physician/Provider Compensation	192.1	181.7	175.4	162.8	161.3
Staff Compensation	80.1	83.8	62.9	58.6	61.4
Total Compensation	**272.3**	**265.5**	**238.3**	**221.4**	**222.7**
Fringes	23.2	32.8	30.2	31.4	29.2
Non-Comp Exp	137.3	137.4	173.9	169.8	169.3
Medical Malpractice	6.8	11.6	14.0	14.6	14.0
Total - Expenses	**439.6**	**447.4**	**456.4**	**437.2**	**435.2**
Net Surplus/(Deficit)	**(7.7)**	**(43.0)**	**(30.2)**	**(63.8)**	**(0.3)**
Non-recurring items			(17.9)	(14.9)	
Operating Margin	**(7.7)**	**(43.0)**	**(48.1)**	**(78.7)**	**(0.3)**

- Leadership actions include:
  - New UHS Agreement and Funds Flow
  - CareFirst & United reimbursement increases
  - 2021 Reduction-in-force
  - FY’23 MFA volume growth of 10% driven by improving patient access and revenue cycle.
  - New physician productivity based compensation plan
  - Restructuring real estate assets and leases
  - GWU services integration
- Risks
  - Pandemic headwinds continue
  - Timing of access initiatives
  - Healthcare Staffing shortages
- FY 23 Plan vs Q1 Trends
  - UHS agreement effective date August 22, 2022
  - MFA may require additional liquidity before stabilization as numerous operational and financial initiatives are implemented

Background of GW Credit Facility to MFA

- In March 2021 (during the pandemic shut down), a line of credit was provided to the MFA by the University in the amount of $50M to assist the MFA in meeting working capital needs
- Earlier this year the line of the credit to the MFA was increased from $50M to $140M
- At the end of FY 2022, the amount borrowed under the line by the MFA was approximately $120M
- Termed out $120M of the line of credit for 15 years with a repayment schedule that allows the MFA flexibility to continue making investments at the same time ensuring that the university can plan for repayments
- Loan is for a 15-year term at an interest rate equivalent to the University's Weighted Average Cost of Capital
- Amortization/repayment table requires annual principal payments with additional principal payments being made in years 5~~,~~ and 10 and a final balloon payment in year 15
- Remaining part of the line of credit approximately $20M will remain in place for the MFA to use for working capital needs

MFA Debt Balances

Loan	Rate	FY2021	FY2022	Variance
Eagle Bank Line of Credit	LIBOR+1.45%	48.7	42.1	(6.5)
EB Term Loan Real Estate	LIBOR+2.375%	33.5	32.7	(0.8)
EB Term Loan Health Record System	LIBOR+2.375%	28.9	24.3	(4.5)
Term Loan- EPIC	2.79% to 3.5%		4.3	4.3
Total Debt- External		111.0	103.5	(7.5)
GW Term Loan	4.075%	40.7	119.8	79.1
Loan	LIBOR+6.0%	1.4	1.2	(0.2)
DHP	LIBOR+6.0%	14.0	11.7	(2.3)
Total Debt- Related Parties		56.1	132.6	76.6
	Total	167.1	236.1	69.0

- Unlocking value from the balance sheet, provides deleverage and additional liquidity opportunities
- Real estate and health records system debt has been swapped to fixed rates
- Mark to market gain on Swaps was $4.7M in FY 22
- Plan on negotiating new Eagle Bank facility terms more in-line with GW’s credit facility terms negotiated in June 2022

GW Credit Agreements

In June 2022, GW and PNC Bank as Administrative Agent finalized a $300 million Revolving Line of Credit Amendment:

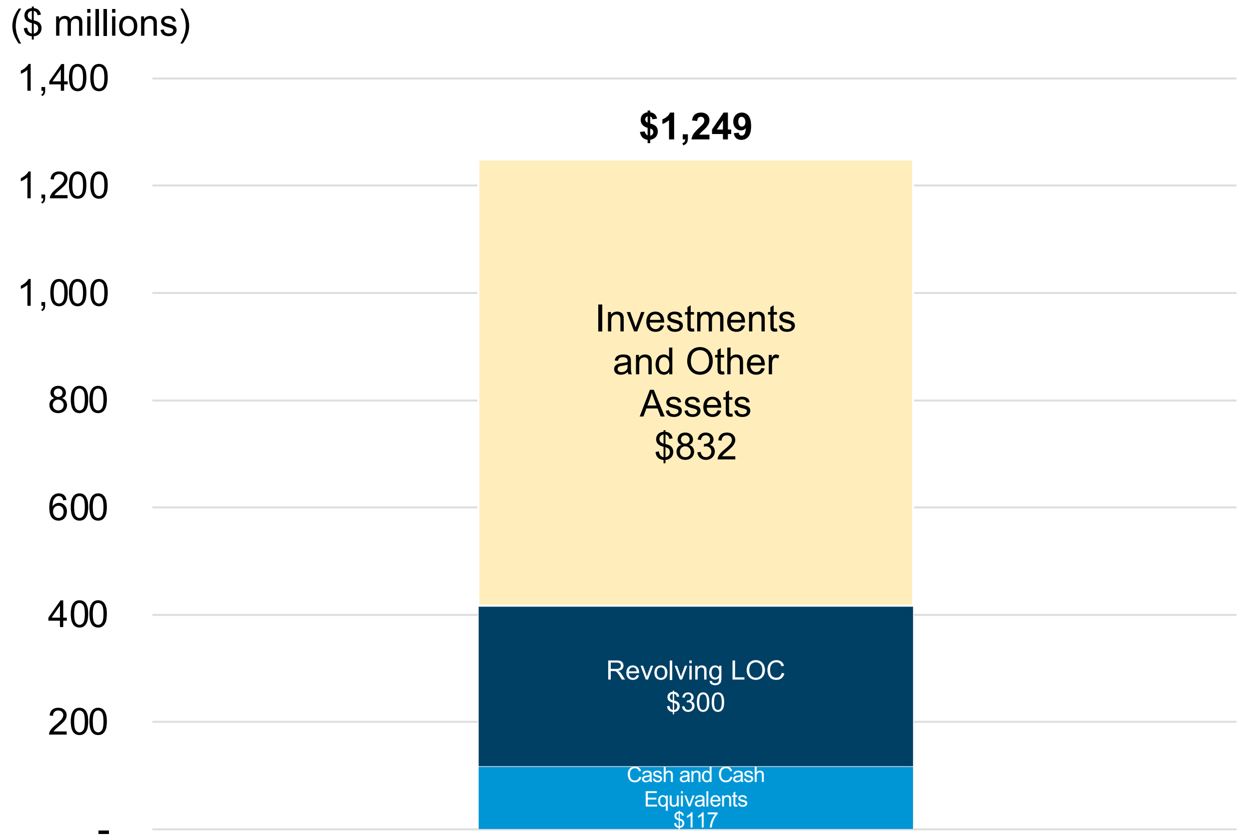
- Committed Revolving Line of Credit, increased from $175M to $300M, 5 year term
- University paid back the $125M term loan in FY2022
- Pricing for the Line of Credit was 1M LIBOR+150bps. Pricing was renegotiated to 1M BSBY+45bps
- New Line of Credit at full utilization will provide over $3M in annual savings
- Undrawn pricing for the Line of Credit is 8bps if usage is above 50%, otherwise it is 12.5bps
- The Credit Agreement is unsecured, pari passu with the existing bond issuances, and does not have any financial maintenance covenants
- The University has not drawn on the line of credit to date

GW's Liquidity

As of June 30, 2022, GW maintained approximately $1.25 billion in operating liquidity.

- The University regularly monitors liquidity required to meet its operating needs and commitments while striving to maximize the investment of available funds.
- The revolving line of credit with PNC provides ample liquidity ($300M) to meet operating and capital needs.
- The University implemented a Working Capital Policy to guide how the additional funds are managed in order to preserve capital and maximize our return.
- Integration of financial, investment and capital strategies will further strengthen liquidity going forward.

Operating Liquidity as of June 30, 2022



THE GEORGE WASHINGTON UNIVERSITY
WASHINGTON, DC

THE GEORGE WASHINGTON UNIVERSITY

WASHINGTON, DC

GW | Faculty Senate

Nominations to Standing Committees
(voting)

Research: James Wade/GWSB

Appointments to Standing Committees
(non-voting)

Athletics & Recreation: Beverly Westerman/NCAA Representative
Christian Zidouemba/GW Student Association (GWSA)

Educational Policy & Technology: Chante Clarkson/Office of Student Success
Katie Cloud/Interim Registrar
Candice Johnson/SMHS Associate Dean
Edward Rastgoo/GWSA

Fiscal Planning and Budgeting: Ian Cheng/GWSA

Physical Facilities: Demetrius Apostolis/GWSA
Katie Cloud/Interim Registrar
Colette Coleman/Associate Provost & Dean of Students

Professional Ethics and Academic Freedom: Henry Deng/GWSA
Research: Kimaya Sharda/GWSA

University and Urban Affairs: Christian Williams/GWSA

Report of the Faculty Senate Executive Committee (FSEC)
October 14, 2022
Jim Tielsch, Chair

Board Meetings

The Board of Trustees Committee on Academic Affairs met on September 23, 2022, and received a report on Senate activities since the May meetings.

In accordance with the recommendations included in the Statement of Principles and Recommended Mechanisms to Strengthen Shared Governance at the George Washington University that was approved by the Board at its May 2022 meeting, FSEC met with the Board's Executive Committee on October 6. After introductory comments by Chair Speights and introductions, the focus of this first meeting was the financial situation of the Medical Faculty Associates (MFA). Trustees Chichester and former Trustee Lawrence, both of whom serve on the MFA board, provided some background material on the changes in the medical/financial landscape over the past years that resulted in, first, lawsuits and, then, negotiations with Universal Health Services (UHS) about changes in a set of formal and informal agreements between UHS, the MFA, and the School of Medicine and Health Sciences (SMHS). The new agreement was officially signed on August 22, 2022. Vice President, Chief Financial Officer, and Treasurer Bruno Fernandes provided a presentation on the financial status of the MFA, which the Senate has heard in more detail today. This joint meeting of the Board and Faculty Executive Committees will continue each time the Board holds it regular meetings.

Presidential Search

FSEC was briefed by Chair Roslyn Brock of the Presidential Search Committee, and representatives of Education Executives (EE) on the current status of the presidential search. Chair Brock and the EE representatives expressed appreciation for the response to the town halls held with faculty, staff, and students. They also met with academic and administrative leadership to receive feedback on the characteristics desired in the next president and, more specifically, what these various stakeholders would like to see the next president accomplish during her/his first few years in office. A similar meeting was held with the Faculty Consultative Committee (FCC) as well. Input from these stakeholder meetings and that received from the FCC greatly informed the development of the presidential profile which was released publicly this week. Nominations are still coming in for the search committee to consider; this process will stay open until the very final stages of the search process. With the release this week of the presidential profile, the search is entering its "quiet phase," where confidentiality is paramount to encouraging those most qualified nominees to put their names forward for consideration.

Faculty Assembly

The Faculty Assembly is scheduled for Monday, October 24, at 4pm; the meeting agenda has been posted to the Senate website and communicated by email to the faculty.

An ad hoc group was formed to consider revisions to the section of the Faculty Organization Plan (FOP) that describes eligibility for membership in the Faculty Assembly. The group held its first meeting and set an agenda for collection of the necessary information for developing a proposal to the Senate Professional Ethics and Academic Freedom (PEAF) committee for incorporation into their proposed updates to the FOP. This group is still collecting the necessary information to move forward with the development of this proposal.

Upcoming Senate Reports

FSEC currently expects to place two reports on the November Senate agenda:

- The annual enrollment update from Vice Provost Goff; and
- An update from the Medical Advisory Group on its future configuration and work.

Personnel Actions

The grievance in the Graduate School of Education & Human Development has been withdrawn; there are no active grievances at the university.

Calendar

The next regularly scheduled meeting of the Faculty Senate Executive Committee is October 28, 2022. Draft resolutions and any other possible Senate agenda items should be forwarded to Liz Carlson in the Senate office with as much advance notice as possible to assist with the timely compilation of the FSEC meeting agenda, ideally by October 21, 2022. The next regularly scheduled Faculty Senate meeting is November 11, 2022.

Faculty Senate
Provost Bracey Remarks
Friday, October 14, 2022

Leadership Updates

Last month, we announced Mei R. Fu as the new dean of the School of Nursing. Mei is a prominent researcher who comes to us from the School of Nursing at Rutgers-Camden. We are very excited about her arrival in January. In the meantime, Interim Dean Pam Slaven-Lee has graciously agreed to remain in place until Mei's arrival in January, so the School of Nursing remains in good hands.

Last week, we announced Michael Glatzer as the new vice provost for budget and finance. He joins us from Howard University, where he recently served as assistant vice president of finance and project management and acting deputy chief financial officer for Howard and its academic medical system. His first day is Monday. This was a national search conducted by a search firm with support from our colleagues Terry Murphy, Joe Cordes, and Susan Kulp.

Board Meetings

As always, we had a series of meetings with the Board of Trustees in the leadup to last week's regular session on October 7.

In the Committee on Strategic Planning and Enrollment, Jay Goff and I gave a presentation on student enrollments, highlighting in particular our very impressive first-year class. We subsequently met with the Board as a whole to highlight our successful approach to enrolling strong, academically talented students using a strategy that focuses on quality (recruiting the highest quality students from around the world), diversity (recruiting a class that is diverse in every way—intellectually, culturally, geographically, etc.), and affordability (both in terms of providing tuition revenue to support our academic aspirations and in terms of making a GW education accessible through generous financial aid).

In the Committee on Academic Affairs, I provided an enrollment update, some updates on progress with our university academic priorities, a look at where we stand regarding academic program reviews and accreditations, and other general updates. Dean Michael Feuer provided an update on the Graduate School of Education and Human Development, and Suresh Subramaniam, our new vice provost for graduate and postdoctoral affairs since the summer, provided preliminary observations regarding the state of graduate education at GW.

School Budgeting Process

The Provost division has begun conversations regarding our upcoming budgeting process, which we are getting started ASAP. We have reached out to schools and academic divisions to begin these discussions. Part of these conversations will be to unpack and better understand our current budget and how things are allocated. The ultimate goal is to position schools and divisions for success.

We will continue the work of five-year budget planning, with a template similar to what we used last year, but we are hoping to institute a timeline that provides budget clarity in March so that units can plan accordingly for the next fiscal year. We are expanding our Council of Deans meeting this coming Tuesday to include associate deans and finance directors to dive into this conversation.

Faculty Honors Ceremony

We are looking forward to the Faculty Honors Ceremony this coming Tuesday afternoon, October 18th, at the Jack Morton Auditorium. Due to pandemic constraints, we have not had the ceremony since 2019, so Tuesday's event will recognize three years' worth of exceptional faculty and graduate student achievement in teaching, research, and service. It is a testimony to how the George Washington University's faculty are driving our forward momentum, and I hope to see you there to celebrate your colleagues.

School and College Commencement Celebration 2023 Schedule

Though it is hard to believe, planning is already well underway for Commencement Week 2023. We have heard loud and clear from the community that we should be distributing the school and college commencement schedule earlier than we usually do each year. Families and friends want to begin planning their travels very early in anticipation of May events, and lodgings are complicated by competing commencements in D.C. — this year, we are sharing our Commencement weekend with Georgetown. We announced the schedule of school events to the community on October 3 and plan to continue releasing the dates early every year. More celebration events will be announced in the coming months.