



Faculty Senate

Fiscal Planning and Budgeting Committee 2023-2024 Interim Report

March 2023

The Fiscal Planning and Budgeting Committee continues to work closely with the administration this year. We met thrice in the fall: September 29, October 16, and November 17. FSEC recommended that we focus on the following items this year:

- *Continue to monitor and understand the GW medical enterprise from the financial perspective and advise the administration and Senate on the likely impacts of the medical enterprise on university finances.*
- *Continue to monitor and report on GW debt service.*
- *Monitor and report on the university's operating and capital budgets.*
- *Closely engage with the administration on the FY24 and FY25 budget processes and advise the administration and Senate on the development of a new, sustainable budget model as well as a 5-year budget horizon to be revised annually.*
- *Assess and evaluate the shared services operations, drawing from the Educational Policy and Technology and Research committees' work in these areas.*
- *Faced with significant financial challenges due to inflation and lower student enrollment, consider how to support and sustain faculty excellence in research and teaching in this constrained environment.*

University Financial Operations

Bruno Fernandes and Neena Ali have updated the committee on the university's financial performance during the prior fiscal year and the first quarter. As of the end of FY 2023, GW's balance sheet was strong. However, cash was significantly lower than at the end of the prior year. For the year ended June 30, 2023, the university experienced a decrease in net assets of \$58,860,000; GWU's portion was an increase in net assets of \$137,701,000. In breaking out the aggregate financial statements between GWU and MFA, the committee was able to discuss the two parts of the consolidated financial statements. See below for MFA comments.

MFA

The committee continued to discuss the MFA at every meeting. The committee received an update on Q1 results as well as a presentation about the MFA's performance for the fiscal year that ended on June 30, 2023. At the end of fiscal year 2023, MFA had negative net assets of approximately \$230M. Additionally, the MFA did not perform well during fiscal year 2023, losing (i.e., decrease in net assets) \$78,841,000. At an early meeting, the committee learned of the MFA results in fiscal 2023. The hope was that the MFA was building a more capable leadership team. Without some

special circumstances considered, MFA performance in 2023 was within the forecasted range. Given the increase in volume observed in the second half of 2023, the expectation was that MFA would improve further in fiscal 2024. MFA had paid all principal and interest due to GWU during 2023. MFA increased its debt to GWU during FY23, as expected. Unfortunately, when the committee was updated on Q1 2024 results, performance did not match expectations. Revenue growth had slowed, and provider turnover increased. Although the new leadership team was in place and mitigation strategies were implemented, MFA has not yet realized the expected improvements.

Budget Model and Process

The committee discussed, at a high level, steps that are being initiated to revise the budget model. The committee is expected to take an advisory role during the process.