

A RESOLUTION ON THE NEED FOR A LONG TERM BUDGET MODEL (14/3)

- Whereas:** the University is considering modifications of the current model used to allocate expenditures among schools and overhead activities of the institution, and
- Whereas:** the University is currently contemplating significant ventures, such as the Corcoran acquisition, that have multi-year effects on costs and revenues, and
- Whereas:** Moody's Investor Service last review of the University in January 2013 noted under "challenges" the "uncommonly high operating leverage", and "thin debt service coverage with operating cash flow of 10.2% covering debt service by 1.7 times," and
- Whereas** if the University is to move into the first ranks of research and teaching institutions, it cannot be cutting budgets to maintain operating cash flow, and
- Whereas** neither the current "Unified Budget Model" nor the proposed alternative allows multi-year (4-5 years at least) tracking of future operating costs or alignment of those costs with revenue sources, **NOW, THEREFORE,**

BE IT RESOLVED BY THE FACULTY SENATE OF THE GEORGE WASHINGTON UNIVERSITY

1. That the Faculty Senate believes it is essential that a multi-year budget model able to analyze fiscal implications for operating surplus of alternative revenue and cost scenarios, be developed.
2. That the University should proceed promptly to construct such a model and apply it to issues such as the fiscal implications of alternative future plans for development, including the Corcoran acquisition.
3. The model resulting from this effort should be shared with the Faculty Senate.

Revised and Adopted by the Senate Committee on Fiscal Planning and Budgeting

April 18, 2014

Adopted by the Faculty Senate, May 9, 2014