MINUTES OF THE REGULAR FACULTY SENATE MEETING
HELD ON DECEMBER 7, 2018
AT 1957 E STREET NW/STATE ROOM

Present: President LeBlanc, Provost Maltzman, and Parliamentarian Charnovitz; Deans Goldman and Jeffries; Interim Dean Riffat; Executive Committee Chair Marotta-Walters; Registrar Amundson; Professors Bukrinsky, Cordes, Costello, Cottrol, Dugan, Galston, Griesshammer, Gutman, Harrington, Hill, Khilji, Markus, McDonnell, McHugh, Price, Roddis, Rohrbeck, Sarkar, Schumann, Sidawy, Tekleselassie, Tielsch, Wilson, Wirtz, Yezer, and Zara.


CALL TO ORDER

The meeting was called to order at 2:18 p.m.

APPROVAL OF THE MINUTES

The minutes of the November 9, 2018, Faculty Senate meeting were approved unanimously without comment.

REPORT: Dennis Gephardt, Vice President, Moody’s Higher Education/Other Not-for-Profits Ratings Team

President Leblanc introduced Mr. Gephardt by noting that the Board of Trustees retreat in June 2018 included a presentation by Moody’s Associate Managing Director Susan Fitzgerald, who spoke to the Board about how Moody’s determines its rating for GW and how it works in the higher education field in general. The report gave a common framework for understanding these issues, and Professor Marotta-Walters thought that the Senate would benefit from hearing it as well. The report presented today is attached to these minutes and represents a condensed version of that given to the Board due to time constraints.

Mr. Gephardt noted that he has served on Moody’s higher education and not-for-profits team for fifteen years. Moody’s is a global organization, and Mr. Gephardt works with a portfolio of higher education credits and is part of a team of around thirty analysts, mostly based in New York. This team rates hundreds of universities; by enrollment, this represents the vast majority of private, not-for-profit and public higher education institutions in the United States. Moody’s also rates institutions in Canada, the United Kingdom, Australia, Peru, Singapore, and Mexico. A growing
global footprint is a nod to the fact that GW, like other American universities, competes for talent at a global level.

Moody’s is guided by annual corporate-wide themes; the themes for 2018 are growth, financial stability, political and geopolitical risk, technology and innovation, climate change & sustainability, and demographics. In human capital formation, higher education exposure and degree programs translate to better outcomes, a more engaged citizenry, and higher wages, all part of what underpins the value of higher education. One of the challenges Moody’s is currently watching is related to demographics: the flat and declining number of high school graduates and a declining mix in terms of the family income of those graduates and the propensity of those graduates to proceed to college from high school.

As in 2018, Moody’s outlook for higher education in 2019 is negative. This outlook is driven by the general business conditions of the higher education sector and is not a prediction of rating changes. The primary indicator Moody’s watches in this area is the rate of revenue growth (net tuition in particular). GW’s net tuition is about two-thirds of its revenue mix; for many institutions in the sector, it is three-quarters or more of total revenue. Expenses, particularly increasing labor costs, also contribute to the annual outlook determination. President Leblanc noted that “net tuition revenue” refers to tuition revenue net of financial aid and other forms of discounting. Mr. Gephardt concurred, noting that Moody’s tracks discount rates and other measures and that it matters which discounts are funded (via an endowment, for example) and which are simply foregone revenue.

Mr. Gephardt spoke about the key credit themes Moody’s considers in the higher education sector; these are described on slide #10.

Professor Grieshammer noted that federal funding makes a tiny portion of any university’s budget, even occasionally representing a negative portion as universities have to spend money to conduct research. He asked how this reality squares with Moody’s inclusion of funding in its calculations as a driver of growth. Mr. Gephardt responded that state funding is very important for public universities, and states are doing relatively well, in many cases seeing sales and income tax revenue increases. Federal funding is at least stable, coming off of a stretch of years with cuts and other reductions. Federal funding for sponsored research is indeed, though, a small driver. If comprehensive research universities have made plans through faculty hires and facility construction, they may lose money on an incremental grant but attract more grants over time. A disruption to the federal funding pipeline could then be viewed as credit negative. Professor Grieshammer noted that the rate of revenue growth (net tuition in particular) is considered stable here at GW, but supporting a broader negative outlook.

Professor Wilson asked whether reputation enhancement from its research portfolio factors into Moody’s institutional assessments. Mr. Gephardt responded that, indeed, the increased potential for social impact (from the perspective of stakeholders and donors) from an increased research profile can contribute to a positive assessment. This approach comes with inherent risks and expenses but also carries a reputation-enhancing aspect.

Professor Wilson also inquired about the note in Moody’s assessments on pension expenses borne by universities. He noted that many institutions participate in defined contribution plans now, and he wondered how relevant the pension system still is in this arena. Mr. Gephardt responded that
many public universities still work in the pension arena, spending a great deal each year into statewide pension plans; they are often making up for past pension underfunding decisions that are out of the universities' control but still have a direct impact on their spending.

Mr. Gephardt noted that growing expenses are outpacing constrained revenue for most universities. It is notable that a lot of the revenue growth in recent years has been in the patient care arena, which comes with its own risk. This area is more volatile than higher education, particularly highly residential and endowed higher education.

Additionally, private universities will continue to have more tuition pricing power than public universities. In some cases, this is due to market conditions; in other cases, however, this is due to political limits placed on public university pricing.

Mr. Gephardt next spoke specifically to GW’s bond rating in the context of the market. GW’s rating is A1 stable on the global scale; this is very strong. Slide #15 lists some highlights from GW’s rating update report (March 2018) that speak to the university’s credit strengths and challenges. Slide #16 shows the university’s rating scorecard; a balanced scorecard is part of Moody’s methodology. Mr. Gephardt noted that numerical information plays a large part in the rating determination. However, the scorecard also includes a qualitative assessment, which represents Moody’s broad opinion on the strategic positioning of the university. GW is a “premium experience” university that has gained tremendous traction over the past generation in attracting students who can make good academic progress and have good outcomes as well as attracting donors and building resources, including commercial real estate, to fund a premium program. This qualitative measure also considers GW’s multi-year financial planning strategy. Each Moody’s report also includes a section on the university’s outlook as well as what could drive an upgrade or downgrade in rating; GW’s possible drivers are listed on slide #17.

Professor Yezer asked whether Moody’s assesses a measure of how much additional debt a university might be able to carry without impacting its rating. Mr. Gephardt responded that debt capacity is a very dynamic idea and that, while Moody’s doesn’t provide an indicator on this measure, they do want to know what the university’s capital needs are to deliver on its mission. The strongest universities have multiple sources of funding modes, including philanthropy and cash flow from operations; debt is one leg of that. How debt is being used—the risk around it and how it is being managed—is more important than the existence of debt in itself.

Professor Griesshammer asked, in a general macroeconomics context, what GW’s vulnerabilities are and how big are they in relation to the consideration of either another recession or a prolonged period of stagflation (an economic cycle in which there is a high rate of both inflation and stagnation). Mr. Gephardt responded that Moody’s long-term ratings are meant to be resilient to the economic cycle. A recession might hurt, but a university’s financial flexibility can weather these shifts without an adjustment to their ratings and outlooks. Weathering a prolonged stagflation scenario would depend on a university’s response on expense management, to what degree the stagflation cycle hits its expense base, and how customers respond. He noted that a university sells a premium service to customers who in many cases can afford it; a prolonged period of recession may lead more consumers to turn away from premium experiences, and this could be a threat.

Professor Galston asked where GW fits as compared to other universities in terms of the amount of financial aid it gives. Mr. Gephardt noted that he does not have specific data on this but that he
knows the university is watching & concerned about this area. Some universities have the luxury of being need-blind or need-aware in their admissions; considering a university’s desired levels of socioeconomic diversity is a central challenge for any tuition dependent institution. Provost Maltzman noted that GW is not enrolling to necessarily maximize revenue. There are many students who could be full payers but aren’t accepted because they do not meet GW’s academic standards.

Professor Khilji asked where revenue diversity comes from at institutions with more revenue diversity than GW currently has. Mr. Gephardt noted that Moody’s broad take is that more revenue diversity is better than revenue concentration. He noted that one cynical way to boost diversity is to buy a hospital. Short of doing this, boosting fundraising and endowments that spin off income both contribute to creating diverse revenue sources and are more loosely correlated to tuition revenue.

President Leblanc noted that the ratings view at universities with high levels of patient care is very different; these institutions are looked at less as universities than as health care entities. Health care has sizable risk profiles and swings and difficulty responding directly to those risks and swings. Twenty years ago, GW chose to exit the hospital business and has no interest in being back in that business. GW is in the health care business due to its affiliation with the Medical Faculty Associates, which is a $400 million clinical enterprise. GW is able to maintain its A1 stable rating due to a) it doesn’t run its own hospital, and b) real estate in DC.

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

Referencing the attached slides, Professor Cordes presented the annual fiscal planning and university budget report, which was jointly prepared by the Fiscal Planning & Budgeting Committee and the Office of the Executive Vice President and Treasurer. The university’s net worth has held steady and grown slightly over the past five years. The slides also illustrate the university’s asset mix and how this has shifted from FY18 to FY19. The mix can appear to be shifting more dramatically than it is based on snapshot data; the university took out a new bond issue last year, and the proceeds are currently weighted to short-term investments and slightly less to cash.

Professor Wilson asked whether the committee has modeled what another recession might look like at GW based on its experience from the last recession. Professor Cordes responded that his committee hasn’t done this type of modeling. President Leblanc added that sometimes these asset mix categories seem very clean but actually have action occurring underneath them. He noted that GW could be criticized for an overreliance on its DC real estate portfolio, resulting in a less diverse asset mix. To address this, GW has borrowed against its real estate holdings to create cash that can be invested in a more diversified portfolio. This moves the dollars from one column to another in the asset mix table, and if it’s done in a given year, it gives the appearance of a more dramatic drop or increase in a given category. Leadership is talking with the Board about how the university has historically approached these issues. The administration prepared for the last recession in a very creative way that served GW very well during the recession. Last year, GW borrowed $750 million in one day; the first $500 million was used to pay off debt that would be coming due soon, bringing the maturity out to a longer term at a fixed, low interest rate. This was a successful liquidity management strategy in the face of impending rising interest rates. Another $100 million was targeted for the residence hall renovations, which have proven over time to be a good investment. The balance is earmarked for strategic initiatives to be determined. Provost Matzman added that a lot of GW’s real estate is land that someone else has developed with a guaranteed return rate (with repossession as a
consequence for missing that return). The risk on this type of investment is relatively minimal. Revenue streams from these properties allow the university to invest in its academic mission and pay off debt.

Professor Cordes returned to his presentation, noting that online education at GW has been growing in both credit hours and tuition revenue. Approximately 60% of GW’s online education revenue is generated in-house. Provost Maltzman noted that, in general, GW is trying to strategically generate more of its online revenue in-house.

Professor Cordes highlighted slide #7, which defines the university’s sources and uses and the resulting balance sheet impact. Over time, there has been a net change in sources/uses; the university has moved from a deficit to a surplus position. The university now needs to determine how large it wants its reserves to be and how they will be used.

President Leblanc noted that, from FY13-15, GW lost around $100 million when its business model fell apart. This was due to a series of individual difficulties in graduate programs across the university that cumulatively did not produce the enrollments and revenues that were expected. All the expenses for these programs were built in, so all GW could do was finance the losses during this three-year period. Losing this money, largely through the decentralization of graduate enrollment decision making, led to a) developing a plan to recoup the losses, and b) creating better coordination around graduate enrollments. This was a problem largely unique to GW. When it moved to the Foggy Bottom campus in 1912, GW was not a wealthy university. At that point, every penny not required to keep the university running was set aside to purchase real estate to build out the campus. At the time, there had to have been pressures to pay faculty more, bring in more faculty, provide more financial assistance to students, etc., but the result of that decision is that GW now has real estate it can monetize to generate funding for decades to come. This is part of the reason that a margin is critical. The President noted that the university, Moody’s, and S&P all use different methodologies to report operating results; these differences created confusion around the interpretation of losses during the FY13-15 period.

Professor Galston asked why the university is projecting lower margins in FY19 and FY20. Professor Cordes responded that this is due in part to a loosening of expense restrictions. Vice Provost Rene Stewart O’Neal noted that the FY17 results reflect a one-time infusion of cash resulting from a real estate sale, resulting in a higher number that year. The university plans for a 4-5% margin and is amended based on quarterly forecasts. The university is currently ahead of its plan in terms of its ability to contribute to as opposed to draw on reserves.

Professor Yezer asked whether these numbers include debt service, and Professor Cordes confirmed that they do.

Professor Cordes showed (slide #9) that GW has out-performed the original 5-year plan to date. He noted that the 5-year plan is not static and is updated on a rolling process. Provost Maltzman noted that the original 5-year plan was developed during the period GW was losing a substantial amount of money and needed to project a timeline for returning the university to a surplus state. The first 5-year plan envisioned that this would take four years; it actually happened more quickly, largely as a result of enacting both expense constraints and enrollment increases at the same time. Professor Yezer pointed out that the 5-year plan concept was originally proposed by the Senate Fiscal Planning & Budgeting Committee.
Professor Cordes noted that the FY19 Q1 forecast vs. FY18 actual numbers projects a net tuition increase of 2.9%, a total revenue increase of 1.5%, and expense growth of 4.3%. The transfer to the balance sheet is forecast to decrease 40%. Professor Wilson asked what revenue categories are falling short, resulting in a lower total revenue number. Professor Cordes noted that he would need to look more closely at specific categories to determine this.

Professor Cordes presented information on GW’s bonds, noting that the weighted average cost of capital is consistently around 4%. GW’s Series 2018 bonds summary are being used as the President described earlier. Slide #14 illustrates how GW compares to other institutions in its bond holdings.

Finally, Professor Cordes outlined the issues, challenges, and opportunities the university currently faces in the budget/finance arena. Issues include:

- budget & financial planning, specifically an ongoing need to balance strategic investments with building reserves and contingency planning;
- enrollment & tuition revenue;
- annual increases & tuition discounts; and
- health & other fringe benefits (particularly health insurance costs and premiums and DC’s mandated paid family leave).

Challenges & opportunities include the development of the Pennsylvania Avenue property. Additionally, the effects of the Tax Cut & Jobs Act on charitable giving remain to be seen. The effects on incentives to give may not be as bad for universities, as the bill has virtually no effect on the high end of the giving distribution as this population will still be itemizing their charitable deductions.

Professor Galston asked about the Unrelated Business Income Tax (UBIT) impact on GW. UBIT taxes nonprofits earning income that the IRS deems unrelated to their non-profit mission. Professor Cordes responded that most non-profits are concerned about transit-related fringe benefits (e.g., parking or metro deductions) that could make organizations pay more in UBIT. The university’s exposure for UBIT is relatively low.

RESOLUTION 19/1: To Amend the University’s Policy on Prohibited Relationships with Students (Jeff Gutman, Chair, Professional Ethics & Academic Freedom Committee)

Professor Gutman noted that GW’s policy in the area on relationships with students was brief, unsatisfactory, and unclear. PEAF was tasked last year with recommending options on developing a new policy in this area. It spent time looking at policies at many other universities and crafted a series of options for the university to consider. The administration considered PEAF’s recommendations and, with the advice of OGC and outside counsel, developed the policy now on GW website; however, this policy was implemented without the traditional Faculty Senate review. This year, PEAF was asked to look at the new policy and make recommendations for modifications. The current resolution presents these recommendations. The new policy:

1. Clearly defines whose behavior is covered;
2. Clearly distinguishes between undergraduate and graduate students;
3. Does not address relationships among staff members, who are not part of this policy; those relationships will be covered elsewhere.
4. Imposes restrictions on current behaviors and also imposes limitations on those who had relationships in the past;
5. Deals with those coming to the GW community with an existing relationship; and
6. Includes a disciplinary provision.

The only truly substantive change recommended by PEAF has to do with the process that should be followed when a couple with a preexisting relationship before entering the GW community comes to GW. The previous policy called upon the more powerful party to recuse him or herself and report the relationship. The current resolution recommends reporting the relationship to the appropriate university personnel and collaboratively crafting a remedy that might include recusal.

Provost Maltzman noted that PEAF worked closely with Caroline Laguerre-Brown on this policy. This is a recommendation on a policy adopted by the Board of Trustees; the Board indicated that they would look at any proposed revisions from the faculty at its May meeting.

Professor Griesshammer noted that Article III references “least harm to student” and asked whether this should be reworded to include other members of the university community. Provost Maltzman responded that this policy pertains only to relationships with students and that revisions will be coming to the university’s nepotism policy.

A voice vote was taken, and the resolution was unanimously approved.

RESOLUTION 19/2: To Amend the Faculty Code (Jeff Gutman, Chair, Professional Ethics & Academic Freedom Committee)

Professor Gutman noted that PEAF is reviewing a significant number of potential changes to the Faculty Code, many but not all of which were recommended by the Office of the Provost. The changes in the current resolution are the ones PEAF considered to be minor and uncontroversial.

Professor Markus asked whether Article VI.D refers to the Family and Medical Leave Act (FMLA). Provost Maltzman responded that this is separate from FMLA, which is applicable to all university employees. He noted that the current Code states that regular faculty may request parental leave from teaching responsibilities (or other responsibilities) be approved by Provost. Over the years, there have been requests for this same type of leave from full-time specialized faculty; these requests have been approved. This change codifies precisely what the practice has been for all full-time faculty. Professor Markus asked how the limit was set on a maximum of two minor dependents. Provost Maltzman responded that this represents the Code’s existing limit, noting that the Provost has the discretion to make exceptions to this limit and has done so.

Professor Costello asked about the origins of the timeframe noted in Article IV.A.1.b. Professor Provost Maltzman noted that, for a number of years, the former medical center units have done their compensation adjustments on July 1 and the rest of the university on January 1. This edit to the Code provides needed flexibility on this point.

A voice vote was taken, and the resolution was unanimously approved.

Professor Tielsch asked whether, when these edits have been implemented, a clean copy of the Code could be released for the sake of clarity and simplicity. The Provost responded that the Code
changes will all be approved together by the Board of Trustees. Recommendations will be submitted to the Board by mid-January for consideration at the February Board meeting. The Board will engage in a consultative process with faculty between the February & May meetings, and the Board will then adopt changes in May and release a new version of the Code.

INTRODUCTION OF RESOLUTIONS

None.

GENERAL BUSINESS

I. Nominations for election of 2018-2019 Senate standing committee chairs and members
Professor Gutman nominated Melani McAlister (CCAS) for PEAF service. There were no objections.

II. Reports of the Standing Committees
Interim reports from the Libraries & Research committees were received. The remaining reports should be submitted to Jenna Chaojareon at jenno@gwu.edu.

III. Report of the Executive Committee: Professor Sylvia Marotta-Walters, Chair
The full report of the Executive Committee is attached to these minutes. Professor Marotta-Walters provided the following highlights from her report:

- Professor Gutman has played a central and critical role in bringing changes to the Faculty Code through the review process in a very efficient way, demonstrating a strong ability to bridge disparate viewpoints from the administration, the Senate, and other areas during the review process.
- The institutional culture initiative is moving along on schedule with distribution of preliminary findings slated for early January.
- The School of Nursing’s three-year Senate membership exception is up for review this year. PEAF will review the exception and make a recommendation about the need to continue it.
- There are two current grievances, both in the School of Business.
- The January Senate meeting will include the annual research report, to be delivered by Bob Miller.

IV. Provost’s Remarks:
- The Provost joined Professor Marotta-Walters in thanking Professor Gutman for his tremendous work leading PEAF this year.
- The new collective bargaining agreement for part-time faculty was voted on, signed, and is now in place. The agreement increases the minimum compensation rates for part-time faculty, including bonuses for those serving at GW for fifteen years or more.
- The Provost attended today’s research ecosystem committee meeting. This is a faculty-informed and faculty-driven process led by the chairs of the Senate Research committee. Preliminary reports presented at this meeting will be finalized for presentation in January. It was notable that each of the four
working group leaders began by talking about what is working well in the research enterprise. Approximately 60% of the committee members are faculty, and it was affirming for the staff members on the committee to hear where they are achieving successes. This group highlighted some common themes that fit closely with what the institutional culture committee is learning—broadly, that staff members need more flexibility in how their work goals are achieved, better abilities to communicate across their workflow, an increased focus on the importance of timeliness in getting things done, and empowerment to determine the most efficient courses of action in their work.

- GW Research Days are scheduled for April 9-10; students may submit proposals from now through February. The Provost asked faculty to encourage the students they are working with to participate.
- The end of the semester and the holidays can be a stressful time of year for students. Faculty are asked to contact the CARE network (https://students.gwu.edu/care) if they know of students needing help or struggling in any way. The enrollment and student experience group has created a behavioral intervention team that has been meeting frequently, sometimes multiple times per week. This team takes a holistic approach to case management that includes the schools, advisors, the counseling center, UPD, and financial aid, among others.
- Faculty are encouraged to volunteer to serve at the annual Midnight Breakfast for students on December 10.
- Grades must be submitted within five business days of final exam; this is a critical deadline as students can lose financial aid if grades are not submitted on time, thereby demonstrating satisfactory academic progress.
- GW’s academic advisors are working hard on improving the level of service they provide. They are working with students on developing an advising compact and will soon receive the results of the survey they helped design and will use to raise their level of service.

V. President’s Remarks:
- Five strategic initiatives updates:
  - Student Experience: This group is working on many changes, including a major change to the student orientation next year, which will move from several smaller orientations held over the summer to one large orientation held the week prior to the start of the fall semester. Thurston Hall renovation plans are also moving ahead quickly.
  - Research Enterprise: As the Provost noted, this group is learning a lot about what is working and what isn’t working within the research ecosystem. The group hopes to begin implementing changes quickly so that faculty will see improvements in this area.
  - Philanthropy: GW is currently $10 million ahead of its fundraising pace at this point last fiscal year. At the beginning of December, the university was at 41% of its annual fundraising goal, which is on track
for the year given that the two biggest fundraising periods during the year are December and the end of the fiscal year in June.

- **Medical Enterprise:**
  - There is a desperate need for a new hospital in the District’s East End. GW, in consultation and in conjunction with the MFA, has communicated its desire to place GW physicians in this new hospital, provided that they are fairly compensated. The university is not willing to go into a second location at a loss. There are many political elements involved with this issue, and the university has worked to be very clear on the GW/MFA position while remaining hopeful that GW physicians will train and practice in a new hospital. As a part of this discussion, GW has also communicated that it is not interested in growing the existing hospital via the construction of a new tower on the GW campus.
  - GW is also engaged in some restructuring to bring the MFA in closer alignment with GW. The final steps in this process should be completed by December 14.

- **Institutional Culture:** Following the survey this fall, GW had its outside consultants conduct focus groups as well as one-on-one interviews throughout the university community. Some initial feedback has been shared with leadership, and the full GW community will receive the consultants’ report in January.

  - The President continues to convene as many groups as possible to learn more about GW. Recent meetings have included research faculty and the law school faculty. The President and Mrs. Leblanc hosted Thanksgiving dinner for approximately ninety students who were on campus over the holiday.
  - “Leaders to Leaders,” a new tradition on campus, brings GW student leaders together with three trustees over dinner; this is similar in concept to the trustees’ dinner with faculty that occurs during the Board meeting weeks.
  - The President continues to conduct listening tours and roundtables with different groups of students, most recently with students in the humanities and in the Corcoran School. He noted that the vast majority of issues raised during these meetings are academic in nature and that he is bringing these concerns back to the deans. One recent example described the students’ concern that different sets of requirements (GPAC, CCAS, and Corcoran) were developed in isolation and are creating barriers to degree completion and not a breadth of academic experience.
  - GW’s annual career milestones event, which celebrates work anniversaries of GW staff, was held recently, and the President appreciated the opportunity to recognize and engage with staff members who have served at GW for decades.
  - For the first time this year, the decision was made to close the university from December 24 through January 1. This was not done arbitrarily but rather through consideration of how to maintain student and faculty service levels during other points in the year. The net cost to the university is insignificant, but this closure provides a sizable morale boost to staff.
• Rice Hall is about to be torn down; as of December 20, Rice Hall will be closed and all offices relocated. The Offices of the President, Provost, and Executive Vice President & Chief Financial Officer will move to Alumni House at 1918 F Street (the university’s official mailing address as of the move date); many other administrative offices will move to Old Main at 1922 F Street. Some offices will move into swing space in use while permanent locations are prepared, and a few offices will relocate to the Mount Vernon Campus and the Virginia Science and Technology Campus. In general, offices moving within Foggy Bottom are moving into smaller spaces to manage the reduction in the available workspace footprint created by the demolition of Rice Hall. This change will bring additional revenue to university through the leased space that will be constructed on the portion of the block where Rice Hall and 2100 Pennsylvania Avenue currently sit.

• The Senate has been invited to a holiday party at the F Street house, and the President expressed his hope that everyone would be able to attend.

BRIEF STATEMENTS AND QUESTIONS

Professor Tielsch asked for an explanation of the logic behind the rejection of the tobacco funding resolution. Professor Sarkar noted that, given the existence of a letter signed by some of GW’s deans indicating that they would not participate in tobacco-funded research, the Research Committee determined that this issue should be left to the individual schools to decide. Dean Goldman clarified that she didn’t sign this letter due to the fact that it states that GW won’t accept this funding—she did not want to sign anything on behalf of the whole university. Professor Griesshammer added that, from his perspective, the Research committee felt they should ask the School of Public Health for further input and that there was a strong feeling in the committee that restricting any kind of research revenue or opportunity was something that a dean or administrative entity cannot do. Rather, this needs to be done by a clear vote of a faculty body; maybe it could emanate from the Senate, but it is a faculty matter. The faculty’s rights to academic freedom must be preserved.

Provost Maltzman noted that, over the years, GW has received numerous requests to ban certain types of funding (e.g., from Israeli institutions, the US military, the tobacco industry). This does open up serious question of academic freedom. Professor Tielsch responded that there are limits to what the university would tolerate in this regard and encouraged consideration of the idea that academic freedom is relative to the university’s moral standards (for example, the university wouldn’t take funding from the KKK). Provost Maltzman responded that the university might consider someday taking funding from the KKK if it came in the context of their denouncing their long and evil history of racism and wanting to endow scholarships dedicated to fighting racism. Even if one objects to an institution today, there could be nuances to a grant that would lead us to all support accepting it. President Leblanc appreciated that this ongoing discussion is taking place in the Senate and the Research Committee.

Professor Wirtz asked the President to respond to recent press critiques regarding GW’s former athletic director. President Leblanc responded that a recent Deadspin article raised many issues in the athletic department over the several years prior to President Leblanc’s tenure. He noted that none of the individuals involved in those issues is currently employed at GW. Further, he is very happy with Tanya Vogel, the university’s new Athletic Director, who is bringing new energy and a
focus on culture to the department. He indicated his reluctance to comment on matters that occurred at GW long before his arrival at the university. Professor Wirtz asked whether these older issues might create current problems for GW and whether the university’s current policies and procedures in these areas are sufficient to prevent future issues. The President responded that some issues from this period are still being resolved and/or litigated and that the university has investigated everything about which it has been made aware. Every allegation is investigated, and the university will continue to try to do the right thing in each case.

Professor Costello noted a concern among graduate students related to the new Amazon headquarters in Crystal City and the impact this will likely have on affordable housing in that area. She asked whether any consideration has been given to new space on campus for graduate student housing. President Leblanc noted that the university’s current residence hall strategy is focused on the Thurston Hall renovation, which will increase undergraduate housing capacity. A secondary question is whether some of this housing might be made available for graduate students. GW is required by the District of Columbia to house its undergraduate students but not its graduate students. Professor Costello wondered whether graduate students have ever been surveyed on graduate student housing. The Provost noted that he isn’t aware of a specific survey, but he noted that some GW graduate student housing does exist in a building called the Aston (between Foggy Bottom and Dupont Circle) and that the university has looked at this question in the past, at one point envisioning the Hall on Virginia Avenue as graduate housing.

Professor Griesshammer noted that the Provost has been working with undergraduate and graduate students on issues related to the student health care contracts, which include some fine print issues that are detrimental to the students. Another issue is that health care for graduate research assistants, teaching assistants, and fellows is handled differently for all three groups, and this disparity needs to be addressed. On a lighter note, Professor Griesshammer wondered if faculty might be invited to Rice Hall on December 21 to “redecorate” the building with sledgehammers. President Leblanc noted that the demolition of Rice Hall is symbolic as well as physical, and he expressed his hope that a new name will emerge to better describe a collaborative relationship between the administration and the faculty.

Professor Sidawy asked how a naming gift is handled in the event a named building is demolished. President Leblanc responded that naming rights are not given in perpetuity, so there is no presumption that a named building, post-demolition, would be recreated in new construction. Rice Hall was named as an honorific, not as the result of a naming gift.

**ADJOURNMENT**

The meeting was adjourned at 4:34 pm.
Agenda

1. Portfolio and team
2. Global credit themes
3. Higher education outlook
4. Credit assessment: George Washington University
5. Methodology
6. The rating relationship
Global higher education & not-for-profits coverage

» Coordinated credit analysis brings together both sector and region specific expertise: over 30 dedicated analysts cover ratings in 7 countries

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<td>13 public universities</td>
<td></td>
<td></td>
<td>Ratings from Aaa-Aa3</td>
</tr>
<tr>
<td>UK</td>
<td>9 public universities</td>
<td></td>
<td>One philanthropic organization</td>
<td></td>
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<tr>
<td>Australia</td>
<td>5 public universities</td>
<td></td>
<td></td>
<td>Ratings from Aa1-Aa3</td>
</tr>
<tr>
<td>Peru</td>
<td>1 private university</td>
<td></td>
<td></td>
<td>Rated Ba2</td>
</tr>
<tr>
<td>Singapore</td>
<td>2 public universities</td>
<td></td>
<td>Both rated Aaa</td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>1 public university</td>
<td></td>
<td></td>
<td>Rated Baa3</td>
</tr>
</tbody>
</table>

Global credit themes
Six themes shaping global credit in 2018

Growth
Financial stability
Political and geopolitical risk
Technology and innovation
Climate change and sustainability
Demographics

Cyclical trends
Risks & shocks
Secular trends

Higher education outlook
Higher education outlook
2019 outlook remains negative with continued low net tuition revenue growth

**NEGATIVE**
Drivers of the negative outlook
» Weak net tuition revenue growth curbing operating revenue growth, which is projected in the 3%-4% range (excludes patient care).
» With rising labor costs, expense growth will top revenue growth for many.
» Public universities face more difficulty than private universities.

**STABLE**
What could change outlook to stable
» A greater proportion of colleges and universities able to grow net tuition revenue at 3% or higher.
» Revenue growth exceeding expense growth for most universities

**POSITIVE**
What could change outlook to positive
» Stronger pricing power leading to healthy net tuition revenue growth.
» Continued strong investment market, bolstering endowment spending and philanthropy.
» Operating surpluses for many universities, allowing greater capital and programmatic investment.

This outlook represents our forward-looking view on credit conditions over the next 12-18 months. This sectorwide outlook, however, does not imply the likelihood or direction of rating actions for individual issuers.

Higher education
Key credit themes

» **Revenue constrained by low tuition revenue growth.** A focus on affordability will continue to curtail net tuition revenue for many universities. Public universities will face particular difficulty.

» **Universities will remain focused on controlling expenses.** Rising labor costs, approximately 65%-75% of expenses for most universities, are the sector’s primary expense hurdle.

» **State and federal funding environment mostly stable.** US economic growth will lead to moderate state funding growth for public universities. Faster growth is likely in federal funding, marked by an increase in research support.

» **Investment market boosts endowment payouts and philanthropic support.** Strong recent market performance adds a stabilizing element. The potential for increased market volatility amid trade tensions and global political uncertainty could accentuate sector challenges toward the latter end of the outlook period.
Growing expenses outpace constrained revenue for most universities

Private universities will continue to have more tuition pricing power than publics
George Washington University’s rating in context

Driven by methodology
Consistent with global rating scale
Incorporates forward analysis
Assessed within state and sector trends

Credit assessment: George Washington University
## Highlights from George Washington University’s rating update report

On March 20, 2018, Moody’s Investors Service affirmed the long term rating on the revenue bonds of George Washington University, DC of A1. The outlook remained stable.

### Credit strengths
- Sustained revenue growth prospects for comprehensive university aided by location in Washington, DC
- Favorable total wealth, with total cash and investments in excess of $2.4 billion including real estate assets
- Healthy unrestricted liquidity, with nearly $900 million of monthly liquidity translating into over 280 days cash on hand
- Improved operating performance in fiscal 2017 with ongoing focus on operating efficiencies

### Credit challenges
- High debt burden relative to operating revenue and cash flow, with pro forma debt to fiscal 2017 cash flow of 10 times
- Financial resources have concentration in commercial real estate holdings near campus
- Long dated bullet maturity debt structure increase reliance on treasury management
- Limited revenue diversity with 65% reliance on student charges in fiscal 2017, albeit with good diversity within tuition revenue sources

### George Washington University’s Scorecard

<table>
<thead>
<tr>
<th>Rating Factors</th>
<th>Sub-Factor</th>
<th>Value</th>
<th>Indicated Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor 1: Economy (25%)</td>
<td>Market Profile</td>
<td>15%</td>
<td>Aa2</td>
</tr>
<tr>
<td></td>
<td>Scope of Operations (Operating Revenue)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>($000)</td>
<td>1,271,651</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reputation and Pricing Power (Annual Change in Operating Revenue) (%)</td>
<td>5%</td>
<td>7.4</td>
</tr>
<tr>
<td></td>
<td>Strategic Positioning</td>
<td>10%</td>
<td>Aa1</td>
</tr>
<tr>
<td>Factor 2: Operating Performance (25%)</td>
<td>Operating Results (Operating Cash Flow Margin) (%)</td>
<td>10%</td>
<td>14.7</td>
</tr>
<tr>
<td></td>
<td>Revenue Diversity (Maximum Single Contribution) (%)</td>
<td>15%</td>
<td>65.2</td>
</tr>
<tr>
<td>Factor 3: Wealth &amp; Liquidity (25%)</td>
<td>Total Wealth (Total Cash &amp; Investments) ($000)</td>
<td>10%</td>
<td>2,484,055</td>
</tr>
<tr>
<td></td>
<td>Operating Reserve (Spendable Cash &amp; Investments to Operating Expenses) (%)</td>
<td>10%</td>
<td>1.79</td>
</tr>
<tr>
<td></td>
<td>Liquidity (Monthly Days Cash on Hand)</td>
<td>5%</td>
<td>284</td>
</tr>
<tr>
<td>Factor 4: Leverage (20%)</td>
<td>Financial Leverage (Spendable Cash &amp; Investments to Total Debt) (%)</td>
<td>10%</td>
<td>1.24</td>
</tr>
<tr>
<td></td>
<td>Debt Affordability (Total Debt to Cash Flow) (%)</td>
<td>10%</td>
<td>9.53</td>
</tr>
<tr>
<td>Rating:</td>
<td>Scorecard output</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Existing Rating</td>
<td></td>
<td>A1</td>
</tr>
</tbody>
</table>

Source: Moody’s Investors Service
Possible drivers for a rating change

What could lead to an upgrade

» Substantial increase in total financial resources and revenue diversity
» Enhancement of debt affordability through sustained increase in cash flow from operations

What could lead to a downgrade

» Softening of student demand or operating performance with cash flow margins below 10%
» Increase in financial leverage
» Marked reduction in unrestricted liquidity
» Material decline in market value of real estate assets

Appendix

MOODY'S INVESTORS SERVICE

GWU Faculty Senate, December 2018 17
Global higher education methodology

» Rating methodologies provide transparency about how we assign ratings
» Scorecard serves as an analytical tool, but is not an exhaustive list of possible credit factors
» Ratings incorporate our forward-looking assessment of credit quality

<table>
<thead>
<tr>
<th>Global higher education scorecard overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Profile (30%)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Operating Performance (25%)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Wealth &amp; Liquidity (25%)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Leverage (20%)</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Examples of excellent strategic positioning

» Planning
  – Well-integrated financial, treasury, and debt management, ensuring solid liquidity to meet the university’s operating, debt and investment needs.
  – Board and management have developed credit positive operational management practices, including long-range financial planning, tight budgetary controls with program level transparency, and integrated capital budgeting.

» Resources
  – XYZ university’s strong academic reputation, diversified programs, and urban location will continue to translate into excellent strategic positioning and healthy student demand despite a highly competitive environment.
  – The rating favorably incorporates the college’s steady student demand as a liberal arts college with an increasingly national brand, contributing to excellent strategic positioning. The college has generated consistently strong operating cash flow and has sizeable financial reserves and very good liquidity. Leverage is comparatively low and manageable.
Examples of fair strategic positioning

» Planning
  — The college is highly opportunistic and has limited long-range strategic, financial and capital planning. Many of the standard policies adopted by peer institutions, such as an investment policy, do not exist at this college.

» Capital Investment
  — A rising age of plant and limited capital spending that hasn’t exceeded depreciation in five out of the last six years could lead to needed capital investment and an increase in the university’s leverage profile.
  — Limited ability to sustain strategic facilities and programmatic investments given weak operating performance and very thin liquidity.

» Resources
  — Highly competitive market, with a regional draw from areas with stagnant or declining high school graduates, causing the university to invest more in financial aid to draw students.
  — Matriculation of admitted students remains low at about 15% compounded by a weak retention rate of 82% in fall 2015.

Methodology includes other credit considerations

» Multi-year trends
» Governance and management
» Debt structure considerations
» Liquidity quality
» Government relationship
» Pension and other post-employment obligations
» Healthcare operations
Trends of selected key ratios

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Total FTE Enrollment</td>
<td>21,133</td>
<td>21,409</td>
<td>22,032</td>
<td>22,866</td>
<td>23,502</td>
<td>4,526</td>
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<tr>
<td>Operating Revenue ($ millions)</td>
<td>1,104</td>
<td>1,128</td>
<td>1,163</td>
<td>1,184</td>
<td>1,272</td>
<td>196</td>
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<tr>
<td>Annual Change in Operating Revenue (%)</td>
<td>7.9</td>
<td>2.2</td>
<td>3.1</td>
<td>1.8</td>
<td>7.4</td>
<td>3.4</td>
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<tr>
<td>Total Cash &amp; Investments ($ millions)</td>
<td>2,082</td>
<td>2,023</td>
<td>2,125</td>
<td>2,209</td>
<td>2,484</td>
<td>360</td>
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<tr>
<td>Total Debt ($ millions)</td>
<td>1,380</td>
<td>1,361</td>
<td>1,560</td>
<td>1,739</td>
<td>1,779</td>
<td>132</td>
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<tr>
<td>Spendable C&amp;I* to Total Debt (x)</td>
<td>1.3</td>
<td>1.3</td>
<td>1.2</td>
<td>1.1</td>
<td>1.2</td>
<td>1.6</td>
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<tr>
<td>Spendable C&amp;I* to Operating Expenses (x)</td>
<td>1.7</td>
<td>1.5</td>
<td>1.5</td>
<td>1.6</td>
<td>1.8</td>
<td>1.3</td>
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<tr>
<td>Monthly Days Cash on Hand (x)</td>
<td>223</td>
<td>175</td>
<td>180</td>
<td>244</td>
<td>284</td>
<td>321</td>
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<tr>
<td>Operating Cash Flow Margin (%)</td>
<td>11.2</td>
<td>6.4</td>
<td>7.6</td>
<td>9.9</td>
<td>14.7</td>
<td>15.3</td>
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<tr>
<td>Total Debt to Cash Flow (x)</td>
<td>11.2</td>
<td>18.7</td>
<td>17.7</td>
<td>14.8</td>
<td>9.5</td>
<td>4.6</td>
</tr>
<tr>
<td>Annual Debt Service Coverage (x)</td>
<td>1.9</td>
<td>1.1</td>
<td>1.2</td>
<td>1.5</td>
<td>2.2</td>
<td>3</td>
</tr>
</tbody>
</table>

*Cash and Investments
Source: Moody’s Investors Service

Scope of operations and revenue mix

Source: Moody’s Investors Service
Peer comparison

<table>
<thead>
<tr>
<th>Obligor (Rating Outlook)</th>
<th>C&amp;I ($mil)</th>
<th>Total Debt ($mil)</th>
<th>OCF Margin (%)</th>
<th>Net Tuition per Student ($000)</th>
<th>Spendable C&amp;I to Debt (x)</th>
<th>Spendable C&amp;I to Op Expense (x)</th>
<th>Monthly Days Cash on Hand (x)</th>
<th>Total Debt to CF (x)</th>
<th>Total Debt to Op Revenue (x)</th>
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<tr>
<td>Boston Univ. (Aa3 stable)</td>
<td>2,948</td>
<td>1,470</td>
<td>18.3</td>
<td>26.9</td>
<td>40.0</td>
<td>1.6</td>
<td>1.3</td>
<td>259</td>
<td>4.1</td>
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<tr>
<td>Wake Forest Univ. (Aa3 stable)</td>
<td>1,832</td>
<td>568</td>
<td>10.9</td>
<td>7.9</td>
<td>32.8</td>
<td>2.4</td>
<td>1.0</td>
<td>254</td>
<td>3.5</td>
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<tr>
<td>Syracuse Univ. (Aa3 stable)</td>
<td>1,532</td>
<td>438</td>
<td>15.0</td>
<td>20.5</td>
<td>28.1</td>
<td>2.5</td>
<td>1.2</td>
<td>380</td>
<td>2.9</td>
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<tr>
<td>Boston Coll. (Aa3 stable)</td>
<td>2,900</td>
<td>1,076</td>
<td>17.7</td>
<td>13.5</td>
<td>32.9</td>
<td>1.8</td>
<td>2.5</td>
<td>688</td>
<td>7.2</td>
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<tr>
<td>George Washington Univ. (A1 stable)</td>
<td>2,484</td>
<td>1,779</td>
<td>14.7</td>
<td>23.5</td>
<td>31.2</td>
<td>1.2</td>
<td>1.8</td>
<td>284</td>
<td>9.5</td>
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<tr>
<td>Northeastern Univ. (A1 stable)</td>
<td>1,238</td>
<td>900</td>
<td>16.2</td>
<td>29.5</td>
<td>29.5</td>
<td>1.2</td>
<td>0.9</td>
<td>296</td>
<td>4.6</td>
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<tr>
<td>Case Western Reserve Univ. (A1 stable)</td>
<td>1,727</td>
<td>507</td>
<td>11.8</td>
<td>10.9</td>
<td>25.7</td>
<td>2.0</td>
<td>1.2</td>
<td>176</td>
<td>4.9</td>
</tr>
<tr>
<td>Saint Louis Univ. (A1 stable)</td>
<td>1,303</td>
<td>406</td>
<td>6.2</td>
<td>12.0</td>
<td>22.6</td>
<td>2.6</td>
<td>1.3</td>
<td>431</td>
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<tr>
<td>American Univ. (A1 stable)</td>
<td>952</td>
<td>481</td>
<td>20.3</td>
<td>12.6</td>
<td>32.1</td>
<td>1.7</td>
<td>1.6</td>
<td>552</td>
<td>4.0</td>
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<td>Georgetown Univ. (A2 stable)</td>
<td>1,789</td>
<td>878</td>
<td>6.6</td>
<td>17.0</td>
<td>33.8</td>
<td>0.7</td>
<td>0.5</td>
<td>131</td>
<td>11.4</td>
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<td>Tulane Univ. (A3 stable)</td>
<td>1,357</td>
<td>708</td>
<td>9.1</td>
<td>12.3</td>
<td>28.2</td>
<td>1.1</td>
<td>0.8</td>
<td>64</td>
<td>8.4</td>
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</table>

Median

<table>
<thead>
<tr>
<th>Metrics</th>
<th>Abbreviation</th>
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<tbody>
<tr>
<td>Spendable Cash &amp; Investments to Operating Expenses (x)</td>
<td>Spendable C&amp;I to Op Expense (x)</td>
</tr>
<tr>
<td>Spendable Cash &amp; Investments to Total Debt (x)</td>
<td>Spendable C&amp;I to Total Debt (x)</td>
</tr>
<tr>
<td>Total Debt to Cash Flow (x)</td>
<td>Total Debt to CF (x)</td>
</tr>
<tr>
<td>Total Debt to Operating Revenue (x)</td>
<td>Total Debt to Op Revenue (x)</td>
</tr>
<tr>
<td>Total Cash &amp; Investments ($ millions)</td>
<td>C&amp;I ($mil)</td>
</tr>
<tr>
<td>Total FTE Enrollment (000)</td>
<td>FTE (000)</td>
</tr>
<tr>
<td>Operating Cash Flow Margin (%)</td>
<td>OCF Margin (%)</td>
</tr>
</tbody>
</table>
University Budget and Financial Update

Faculty Senate Committee on Fiscal Planning and Budgeting

December 2018

Outline

- Overall University Finances: FY 2017 - FY 2018
- Trends in Operating Performance
- Borrowing and Debt
- Issues and Challenges
**Trends and Patterns**

- **Trends**
  - University Net Assets
    - Increase of 3.1% from FY2017 to FY2018
  - University Unrestricted Net Assets
    - Increase of 6.5% from FY2017 to FY2018
  - Student Tuition and Fees (Gross)
    - Increase of 4.7% from FY2017 to FY2018
  - University Funded Scholarships (Discount)
    - Increase of 9.4% from FY2017 to FY2018
  - Total Revenue
    - Increase of 3.2% from FY2017 to FY2018
  - Operating Expense
    - Increase of 5.1% FY2017 to FY2018
    - Increase of 0.7% from FY2016 to FY2017
Definitions

Net Tuition = ~70% of resources
Auxiliary Enterprises – primarily housing
Medical Education Agreements – primarily payments for medical residents
Other Income – rental income, royalties, athletics, other misc.
Endowment support – set by board policy, stable

Compensation = 60% Operating Exp.
Purchases Services: 60% - Program Support, 22% - IT, Facilities, & ER Contracts, and 18% - Professional Services
Occupancy – Cost of space
Other – special events, conferences, memberships, other misc.
Capital Expenditures – expenditures for operating equipment cash basis
Debt Service & Other Mandatory Purposes – external interest expense, & amortization, internal amortization

Support/Investment
[Balance Sheet Impact]

Sources
Revenue + Endowment Support

Uses
Operating Exp + Capital + Debt Service

Net Change in Sources & Uses
(In Thousands)

Cumulative Loss
FY13
FY14
FY15
FY16
FY17
FY18
FY19
FY20

Cumulative Loss
(13,464)
(48,383)
(34,524)
(871)
76,978
69,082
41,680
43,461

($60,000)
($40,000)
($20,000)
$0
$20,000
$40,000
$60,000
$80,000
$100,000
The actuals/projections continue to exceed the original 5-year plan expectations.
FY 2019 Forecast vs. FY 2018 Actual

- Projected Growth in Net Tuition Revenue:
  - Student Tuition and Fees: 4.0%
  - University Funded Scholarship (Discount): 6.7%
  - Net Tuition: 2.9%

- Projected revenue growth
  - Total Revenue: 1.5%

- Projected expense growth
  - Total Expense: 4.3%

- Projected Change in Support & Investment
  - Transfer to balance sheet forecasted to decrease 40%

<table>
<thead>
<tr>
<th>Maturity Date</th>
<th>Interest Rate as of 12/31/2018</th>
<th>Amount Issued</th>
<th>Amount Outstanding 12/31/2018</th>
<th>Projected Annual Debt Service FY 19</th>
<th>Projected Annual Debt Service FY 20</th>
<th>Projected Annual Debt Service FY 21</th>
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</thead>
<tbody>
<tr>
<td>General Obligation Bonds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2013 Series 09/15/2043</td>
<td>4.363%</td>
<td>170,000</td>
<td>170,000</td>
<td>7,417</td>
<td>7,417</td>
<td>7,417</td>
</tr>
<tr>
<td>2014 Series 09/15/2044</td>
<td>4.300%</td>
<td>300,000</td>
<td>300,000</td>
<td>12,960</td>
<td>12,960</td>
<td>12,960</td>
</tr>
<tr>
<td>2015 Series 09/15/2045</td>
<td>4.868%</td>
<td>350,000</td>
<td>350,000</td>
<td>17,038</td>
<td>17,038</td>
<td>17,038</td>
</tr>
<tr>
<td>2016 Series 09/15/2046</td>
<td>3.545%</td>
<td>250,000</td>
<td>250,000</td>
<td>8,863</td>
<td>8,863</td>
<td>8,863</td>
</tr>
<tr>
<td>2018 Series 09/15/2048</td>
<td>4.126%</td>
<td>795,000</td>
<td>795,000</td>
<td>31,070</td>
<td>32,802</td>
<td>32,802</td>
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<tr>
<td>Loans &amp; Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dept. of Education 05/01/2021</td>
<td>3.000%</td>
<td>557</td>
<td>43</td>
<td>18</td>
<td>18</td>
<td>18</td>
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<tr>
<td>Total Debt</td>
<td>WACC 4.237%</td>
<td>1,865,557</td>
<td>1,865,043</td>
<td>77,306</td>
<td>79,038</td>
<td>79,038</td>
</tr>
</tbody>
</table>

Weighted Average Cost of Capital at Quarter End
On March 27, 2018, the University priced the $795 million Taxable Bonds, Series 2018, at 4.126%, a spread of 108 bps over the 30 year U.S. Treasury rate. The Series 2018 Bonds have a 30-year bullet maturity.

The proceeds were received on April 4, 2018, and were immediately invested in U.S. Treasuries. The Series 2010, 2011, 2011A and 2012 Bonds ($521 million total) were redeemed on April 27, 2018.

GW’s Confirmed Credit Ratings:
- Moody’s: A1, Stable Outlook
- Standard & Poor’s: A+, Stable Outlook
Budget/Finance Issues, Challenges, and Opportunities

- Issues
  - Budget and Financial Planning
    - Ongoing need to balance strategic investments with building reserves and contingency planning
  - Enrollment & tuition revenue
  - Annual increases and tuition discounts
  - Health and Other Fringe benefits
    - Health Insurance Costs and Premiums
    - DC-mandated paid family leave

- Challenges and Opportunities
  - Other revenue sources
    - Development of Pennsylvania Ave. Property

- Effects of Tax Cut and Jobs Act on Charitable Giving
A RESOLUTION TO AMEND THE UNIVERSITY’S POLICY ON PROHIBITED RELATIONSHIPS WITH STUDENTS (19/1)

WHEREAS, During the 2017-18 academic year, the Professional Ethics and Academic Freedom (“PEAF”) Committee was tasked with studying the University’s then-existing policy regarding relationships between faculty and students; and

WHEREAS, The PEAF developed an options paper for the Provost after studying and evaluating policies of other universities; and

WHEREAS, The Provost consulted with an outside consultant and others to develop a policy on Prohibited Relationships with Students and, at the conclusion of the academic year, issued such a policy with the understanding that the PEAF Committee would review it and, if appropriate, recommend amendments to it; and

WHEREAS, The PEAF has done so and recommends the amendments indicated in the redlined version of the Policy, attached;

NOW, THEREFORE,

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

That the attached Policy on Prohibited Relationships with Students be adopted and replace the existing Policy.

Faculty Senate Committee on Professional Ethics and Academic Freedom
December 7, 2018

Adopted by the Faculty Senate
December 7, 2018
POLICY ON PROHIBITED RELATIONSHIPS
WITH STUDENTS

Policy Statement

The George Washington University is committed to maintaining a safe, positive, and respectful environment in which students, faculty and staff study, learn and work without concern that potentially exploitative or coercive sexual or amorous relationships may damage the associations essential to our educational mission, create real or perceived conflicts of interest, or jeopardize the fair treatment of members of our community.

The pedagogical, coaching, mentoring and advising relationships among faculty, administrators and students are central to the mission and purpose of the university. Faculty members, administrators, coaches and certain other staff have important, multifaceted and influential roles with students. They serve as intellectual guides, role models, supervisors, mentors, educators and advisors for our students. Because the integrity of these relationships must be maintained and fostered for the benefit of the participants and third persons, the university expects these individuals to conduct themselves in a manner that does not potentially interfere with those relationships.

The relationships identified in this policy involve individuals occupying positions of asymmetrical power and authority. That asymmetry creates a risk of exploitative or coercive sexual or amorous relationships that compromise the integrity of the educational process. The existence of a relationship in this context, even when consensual, may also create the perception of favoritism or preferential treatment that damages the integrity of the supervision and evaluation provided and may harm third parties. These relationships may also raise concerns that the person in authority has violated standards of professional conduct, created a potential for conflicts of interest or bias, undermined respectful and productive educational and supervisory affiliations, and may lead to actual or perceived sexual harassment, discrimination and other behavior harmful to members of our community.

Therefore, this policy prohibits, with few exceptions as identified in this policy:

All sexual or amorous relationships between undergraduate students at the university and teachers and staff as defined in this policy.

All sexual or amorous relationships between graduate students at the university and teachers and staff as defined in this policy, who have or may have in the future an instructional, evaluative or
supervisory responsibility over the graduate student while the graduate student is enrolled at the university.

At the same time, the university recognizes that individuals otherwise covered by this policy may have pre-existing relationships. In such cases, the policy instructs the persons in the relationship with greater power or authority within the university to disclose the relationship to the dean or highest authority in their school or division, who will take reasonable and appropriate steps to remediate the potential conflict of interest, as approved by the Provost or designee, and in consultation with other university staff as appropriate.

Members of the university community with questions or concerns about this policy and their obligations to follow it are encouraged to discuss the issues with staff in the Office of the Vice Provost for Diversity, Equity, and Community Engagement.

Policy

1. For purposes of this policy, a “teacher” is someone who teaches, educates, supervises or evaluates students, including but not limited to regular, part-time, specialized or visiting faculty. It includes faculty who may not be teaching during a particular semester or academic year but who serve as an academic administrator, as well as faculty who are on sabbatical or on another form of leave. It also includes graders, and graduate assistants who teach, supervise or evaluate students.

2. For purposes of this policy, “staff” includes university employees, administrators, contractors, volunteers and others who coach, mentor, counsel, advise, employ, supervise, manage or evaluate students for or on behalf of the university. For purposes of this policy, “staff” does not include undergraduates, whose affiliations with the university are primarily as students.

3. For purposes of this policy, “amorous” means showing, expressing or relating to sexual interest or intimacy or physical relations, irrespective of whether such conduct is welcome.

4. For purposes of this policy, an “undergraduate student” is someone who has not previously earned an undergraduate degree. Students who are pursuing a second or later degree are considered graduate students for purposes of this policy. Students with unclear registration status or a registration status other than as a graduate or undergraduate student, and graduate students who are members of a university athletics team based on NCAA eligibility rules, are considered undergraduates for purposes of this policy.

5. No teacher (except for graders and graduate assistants, as provided below), or staff member may have a sexual or amorous relationship with any undergraduate student at the university. No grader or graduate assistant may have a sexual or amorous relationship with any undergraduate student at the university who is enrolled in a course in the department in which the grader or graduate...
assistant is performing his or her duties.

No teacher or staff member may teach, evaluate, coach, mentor, counsel, advise, employ, recommend (or serve as a reference for), supervise or manage an undergraduate student with whom they have previously had a sexual or amorous relationship.

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**Article II**

**Prohibited Relationships With Graduate Students**

No teacher or staff member may have a sexual or amorous relationship with a graduate student in their department, program or school as a whole in the case of a nondepartmentalized school. Further, no teacher, or staff member may have a sexual or amorous relationship with a graduate student 1) over whom they have or will likely have a future instructional, evaluative, supervisory or managerial relationship while the graduate student is enrolled at the university, or 2) for whom they are likely to be called upon to formally or informally provide a recommendation (or serve as a reference) for future employment or fellowship, research or other educational positions.

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**Article III**

**Pre-Existing Relationships**

If there is a pre-existing sexual or amorous relationship that pre-dates one or both parties’ affiliation with the university that would be prohibited under this policy, the person in the position of greater authority within the university shall immediately inform their dean or highest authority in their school or division of the relationship. The dean or highest authority will, as approved by the Provost or designee, and in consultation with other university staff as appropriate, promptly implement a recusal from the institutional relationship in a manner that results in the least harm to the student, monitor the recusal and appropriate future recusals, and implement additional appropriate remedial measures to minimize the conflict of interest or appearance thereof. These efforts shall be documented and centrally maintained by the Office of the Vice Provost for Faculty Affairs.

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**Article IV**

**Violations**

Violation of Article I or II of this Policy by the person in the position of greater authority and/or the failure to inform the dean or highest authority in the school or division in a timely fashion as required in Article III may subject the violator to disciplinary and/or corrective action. The university may take interim steps to manage or address the violation prior to taking disciplinary action.

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1 If the person in the position of greater authority is the dean of a school, then the dean will inform the Provost. If the person in the position of greater authority is the Provost, the Provost will inform the President. If the person in the position of greater authority is the President, the President will inform the Chair of the Board of Trustees.
action, including but not limited to recusal of the person in the position of greater authority. The disciplinary and/or corrective action will depend on the circumstances of the violation, including but not limited to whether the person in the position of greater authority promptly reported the relationship prohibited under this policy; and may include additional training, counseling, a written warning, suspension (including suspension of relevant responsibilities such as teaching or advising), or termination of employment.

Nothing in this policy prohibits a member of the university community from bringing a complaint under the university Sexual and Gender-Based Harassment and Interpersonal Violence Policy if, for example, the individual believes that the sexual or amorous relationship was not welcome or consensual. Further, in cases where there is a finding under the Sexual and Gender-Based Harassment and Interpersonal Violence Policy that a relationship was welcome or consensual, an investigation and appropriate action may still be taken for violations of this policy.

Article V
Questions & Consultations

Individuals who are or may be parties to a sexual or amorous relationship that may be prohibited here and who have questions about this policy or wish to consult with university personnel are encouraged to contact the Office of the Vice Provost for Diversity, Equity, and Community Engagement.

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Document History

**Last Reviewed Date:** August 1, 2018

**Last Revised Date:** July 1, 2018

**Policy Origination Date:** July 1, 2018

This policy, as well as all university policies, are located on the Office of Compliance’s home page.

POLICY ON PROHIBITED RELATIONSHIPS WITH STUDENTS

Policy Statement

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The relationships identified in this policy involve individuals occupying positions of asymmetrical power and authority. That asymmetry creates a risk of exploitative or coercive sexual or amorous relationships that compromise the integrity of the educational process. The existence of a relationship in this context, even when consensual, may also create the perception of favoritism or preferential treatment that damages the integrity of the supervision and evaluation provided and may harm third parties. These relationships may also raise concerns that the person in authority has violated standards of professional conduct, created a potential for conflicts of interest or bias, undermined respectful and productive educational and supervisory affiliations, and may lead to actual or perceived sexual harassment, discrimination and other behavior harmful to members of our community.

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**Article I**

**Prohibited Relationships With Undergraduate Students**

No teacher (except for graders and graduate assistants, as provided below), or staff member may have a sexual or amorous relationship with any undergraduate student at the university. No grader or graduate assistant may have a sexual or amorous relationship with any undergraduate student at the university who is enrolled in a course in the department in which the grader or graduate assistant is performing his or her duties.
No teacher or staff member may teach, evaluate, coach, mentor, counsel, advise, employ, recommend (or serve as a reference for), supervise or manage an undergraduate student with whom they have previously had a sexual or amorous relationship.

**Article II**

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No teacher or staff member may have a sexual or amorous relationship with a graduate student in their department, program or school as a whole in the case of a nondepartmentalized school. Further, no teacher, or staff member may have a sexual or amorous relationship with a graduate student 1) over whom they have or likely will have a future instructional, evaluative, supervisory or managerial relationship while the graduate student is enrolled at the university, or 2) for whom they are likely to be called upon to formally or informally provide a recommendation (or serve as a reference) for future employment or fellowship, research or other educational positions.

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**Article III**

**Pre-Existing Relationships**

If there is a pre-existing sexual or amorous relationship that pre-dates one or both parties’ affiliation with the university that would be prohibited under this policy, the person in the position of greater authority within the university shall immediately inform their dean or highest authority in their school or division of the relationship. The dean or highest authority will, as approved by the Provost or designee, and in consultation with other university staff as appropriate, promptly implement a recusal from the institutional relationship in a manner that results in the least harm to the student, monitor the recusal and appropriate future recusals, and implement additional appropriate remedial measures to minimize the conflict of interest or appearance thereof. These efforts shall be documented and centrally maintained by the Office of the Vice Provost for Faculty Affairs.

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action, including but not limited to recusal of the person in the position of greater authority. The disciplinary and/or corrective action will depend on the circumstances of the violation, including but not limited to whether the person in the position of greater authority promptly reported the relationship prohibited under this policy; and may include additional training, counseling, a written warning, suspension (including suspension of relevant responsibilities such as teaching or advising), or termination of employment.

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**Article V**  
Questions & Consultations

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**Last Reviewed Date:** August 1, 2018  
**Last Revised Date:** July 1, 2018  
**Policy Origination Date:** July 1, 2018

*This policy, as well as all university policies, are located on the Office of Compliance’s home page.*
A RESOLUTION TO AMEND THE FACULTY CODE (1) (19/2)

WHEREAS, Article III.E of the Code should reflect the reality that the extent to which faculty members should engage in teaching, scholarship and service is governed by the terms of their faculty appointment. Not all faculty members engage in scholarship, teaching and service, and those without scholarship requirements are recognized as engaged in scholarly pursuits when participating in professional societies. All faculty are expected to participate in service to the university.

WHEREAS, Article III.F should be revised to include both full-time regular and specialized as the primary responsibilities of both are to the university.

WHEREAS, Article IV.A.1.b) should correct the name of the former Medical Center and add some flexibility in the date on which the notifications of changes in rank or of other terms and conditions of service, and of salary, are to be made.

WHEREAS, The caption and text of Article IV.A.4.2 should add specialized appointments to non-tenure track appointments for purposes of reappointment.

WHEREAS, Article VI.D, which entitles certain faculty to parental childcare, should extend to specialized faculty in addition to regular faculty.

WHEREAS, The Heading of Article VIII should be revised to reflect the fact that an annuity is an option within the Retirement Plan, not the Plan itself.

WHEREAS, The Code should consistently refer to the Provost by that title only.

NOW, THEREFORE,

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

1. That Article III.E be amended to include the text in italics and to delete the text that is struck out:

   Members of the faculty shall strive for the advancement of knowledge and strive to grow in professional competence by means of effective teaching, and sound
scholarship, and productive service (including participation in the activities of professional societies) in accordance with the terms of their faculty appointment.

2. That Article III.F be amended to include the text in italics and to delete the text that is struck out:

   Regular and specialized members of the faculty shall have the primary responsibility of devoting their time, thought, and energy to the service of the university. No such member of the faculty shall accept an outside teaching appointment during the academic year or engage in any other regular activity of a remunerative nature without the approval of the university. Even when officially approved, such employment shall not be permitted to interfere with a faculty member's responsibility to the university.

3. That Article IV.A.1.b) be amended to include the text in italics and to delete the text that is struck out:

   Tenured members of the faculty and faculty members (except those appointed in the School of Medicine and Health Sciences, the Milken Institute School of Public Health, and the School of Nursing) whose appointments do not expire or whose appointments will be renewed shall be notified in writing annually, on or about May 15 (or within a reasonable time thereafter not to exceed 15 days), of changes in rank or of other terms and conditions of service for the next academic year and further shall be notified annually in writing of changes in salary, by no later than November 1 (or within a reasonable time thereafter not to exceed 15 days).

4. That Article IV.A.4.2 be amended to include the text in italics:

   Stated Periods by Rank for Regular Non-Tenure-Track and Specialized Appointments
   Faculty members with regular, non-tenure-track or specialized appointments at any rank may be reappointed to the same rank or to a higher one as many times as the needs of the university may require.

5. That Article VI.D be amended to include the text in italics:

   D. Parental Childcare Leave: A regular or specialized member of the faculty shall be entitled to parental childcare leave upon certifying that he or she will provide at least half of the child’s care during the leave period, subject to the terms and conditions set forth in this section. Parental childcare leave shall include release from teaching responsibilities and service responsibilities for one semester with full salary and benefits, and such leave shall terminate within twelve months after a minor dependent child is born or adopted or enters the faculty member’s home.
under a foster care arrangement. During such leave, faculty members shall continue providing thesis and dissertation advising to students whom they advised prior to the leave unless adequate alternative arrangements are made. For faculty members engaged in externally funded grant or contract related activities, parental childcare leave shall include release from responsibilities to the University, but shall not include release from responsibilities to the external funding sources unless alternative arrangements are approved by such sources. A regular or specialized faculty member is entitled to parental childcare leave for a maximum of two minor dependent children who are born or adopted or enter the faculty member’s home as foster children after the starting date of the faculty member’s appointment to the university. Parental childcare leave under other circumstances or for other faculty, including leave with full or partial salary, may be granted at the discretion of the Vice President for Academic Affairs, after consultation with the appropriate department chair (if applicable) and dean.

6. That the Heading of Article VIII be amended to include the text in italics and to delete the text that is struck out:

Article VIII

Retirement Annuity Plan

7. That all references to “Vice President for Academic Affairs” should be amended to “Provost” in the Faculty Code and in Procedures for Implementing the Faculty Code.

Faculty Senate Committee on Professional Ethics and Academic Freedom
December 7, 2018

Adopted by the Faculty Senate
December 7, 2018
Interim report of Library Committee
December 4th 2018

The Library Committee has been assigned with four charges this year (pasted below). Of these four, we have focused this semester on the second one: monitoring funding for subscriptions and replacement of lost fee revenue.

We’ve held one meeting; in addition, the committee chair (Holly Dugan) has met with Dean Henry (Gelman), Director Linton (Himmelfarb), and Director Pagel (Burns) in October to learn more about the strengths of the library and the role of student fees in past budgets. The committee chair also attended a Librarian’s Council Meeting in November to learn more about how this potential change in fee revenue might impact student experience, especially given the sharp cuts in staff made in the past five years.

We have identified this charge as our highest-priority issue because of the potential for a serious shortfall in already over-committed budgets. This has the potential to negatively influence student and faculty experience of the library as a place, as knowledgeable staff, and as a collection. The analysis of our library-spending (as detailed in the 2013 administrative review and in subsequent reports from this committee in the past five years) document that our budgets are well below those of our peer institutions; this is balanced with the increasing costs of journal subscriptions and for maintenance and repair (Gelman Library, for instance, is dealing with extensive HVAC issues that may threaten the stability of the collection).

Our libraries, however, remain some of the most vital and most-used spaces on campus. Library usage at GWU is incredibly high; even with all of the new places on campus to study, many students prefer the library. They are vital spaces on campus and they are central to GWU and its academic mission.

The loss of student fee revenue could potentially impact student experience. Vice President Arbide’s presentation at the November Faculty Senate meeting emphasized that volunteer giving remains a targeted area of improvement; we anticipate that this will be true for our current students, many of whom advocated for a removal of the fee from their tuition. We anticipate a significant shortfall.

Student fees have been used to maintain the space and to maintain student-oriented books and research journals.

Jacob Burns Law library: student fees have paid for purchasing books for the library; this is likely to continue, given the huge cuts their budget has experienced this past year.

Eckles: no data collected as of yet.

Gelman: voluntary student fees have paid for new chairs, shelves, and computers, as well as repairs to existing furniture and shelving units; it has also funded renovations to study rooms, including adding additional electric service drops and book security systems.

Himmelfarb Health Sciences library: student fees pay for subscriptions to Access Medicine and Dynamed Plus, two resources that are used by students across the health sciences (though the library only receives student fees from students enrolled in the School of Medicine and Health Sciences.)
Virginia Science and Technology Campus Library: no data reported as of yet.

We’ll know more in January when we have some figures; in the meantime, we’re continuing our research on how other universities handle student fees. The committee plans to meet in January and then again in April to prepare our report for the senate.

AY 2018-2019 Charges for Library Committee:
- Explore strategies for building a research university-level collection;
- Monitor funding for subscriptions and replacement of lost fee revenue;
- Explore collaboration with the University Library Faculty Advisory Committee to ensure faculty input on questions of open access and intellectual property for online course development;
- Continue follow-up on the 2013 administrative review of the library.
Meetings: The Faculty Senate Research Committee holds monthly meetings on the first Friday of every month from 12pm-1pm in SEH 2000. Webex is offered for all members who cannot attend in person. The committee has met as a whole four times this Fall semester.

Research Ecosystem: The agenda for the Faculty Senate Research Committee has centered around the first phase of the Research Ecosystem Review. The Committee embarked on an examination of the Research Ecosystem; both in the present form and potential for development to support the University in its quest to be a global preeminent research institution. The first phase of the review included four groups as voted on by the Committee in the Spring of 2018.

1. Pre-award system
2. Award set up and post-award system
3. Research Integrity and Compliance
4. Non-Sponsored Research and Scholarship.

Working groups solicited representation from each of the schools/colleges as well as administrative personnel that are actively involved in each of the four working group processes.

Each working group establish goals and objectives for the working group to achieve in a delimited timespan from September 17th (Kick off) to November 16th, 2018 (draft report due) with a presentation to the committee as a whole on December 7th, 2018. Each working group had a corresponding leader who provided guidance and feedback to the Committee. Each Working Group was responsible for the presentation of a brief (5-7 page) report outlining the current present landscape and potential areas for development to support the University in its quest to be a global preeminent research institution.

Tobacco Funding at GWU: The Faculty Senate Executive Committee has tasked this committee with looking into and discussing the role of tobacco funding at the university. After lengthy discussion, the Committee voted to not ban tobacco funding. However, in a subsequent meeting a copy of the “Statement on the Foundation for a Smoke Free World” (found https://www.jhsphs.edu/about/dean-mackenzie/news/smoke-free-world.html) was put for consideration. The statement is a consensus statement stemming from the World Health Organization and other organizations that support smoking prevention and tobacco control efforts in the United States and around the world have pledged not to work with the Foundation for a Smoke-Free World. The committee discussed the statement and supported the GWSPH in seeking the consensus of the school faculty to sign on in support.

Upcoming Agenda Items
Faculty Senate Executive Committee has requested this committee examine the following in the 2018-2019 academic year: (1) Coordinate with the Office of the Provost on data gathering for the strategic initiative on improving research at the university, to include Pre-Award and Material Transfer and graduate student funding. (2) Investigate the effects of the HR Classification System on hiring of research staff. (3) Monitor other issues that arise in data gathering associated with #1 above.
Report of the Faculty Senate Executive Committee (FSEC)
December 7, 2018
Sylvia A. Marotta-Walters, Chair

Actions of the Executive Committee

**Code Review.** This past month has been a period of intense activity, as the Professional Ethics and Academic Freedom (PEAF) committee of the Senate reviews the *Faculty Code* as requested by the Board of Trustees in October. I reported earlier that input was received from faculty, administrators, and the trustees since the request was made. This effort has produced an 11 page document, crafted by Jeff Gutman, Chair of PEAF, and reviewed by subcommittees of PEAF. The goal of this review is to have as many changes as possible deliberated by the entire PEAF, with submissions that are put forward in the form of resolutions that are timed to the Senate meetings in December and January. This tight time frame reflects the Board’s wish to have the Code review voted upon at the May Board meeting. Board Chair Carbonell requested that Board Bylaws and the *Faculty Code* be reviewed on a three year cycle. The first round of changes will be voted on by the full Senate at today’s meeting. I commend Professor Gutman for his leadership in taking very complex opposing views of committee members, and creating compromise language that can be endorsed by the PEAF Committee.

**Strategic Initiative on Culture.** The culture initiative is on schedule with preliminary results being drafted for distribution to the entire university community when the Spring Semester begins in January. Faculty voice has been integral to this process and the faculty representatives on the Culture Leadership Team will continue to keep the Senate apprised as strategies unfold to transform the culture here at the university.

**School of Nursing Exception.** When the *Faculty Code* was revised in 2015, there were insufficient tenured faculty in the School of Nursing to represent their school in the Senate. As a result, the 2015 *Code* allowed for a three year exception to Senate representation by school faculty. That period will end in the Fall of 2019. The issue has been remanded to PEAF for review during the Spring semester to determine whether the exception can now be lifted.

**Faculty Personnel Matters**

Grievances: There are two grievances at present, both in the School of Business.

**Upcoming Agenda Items**

The January 11, 2019 Senate Meeting will have a report from Robert Miller, on the status of research at the university.
Calendar

The next meeting of the Executive Committee will be on December 14, 2018. Please submit items for consideration no later than this Monday, December 10, 2018.