

Dear ,

I am writing you to express my deep concern with the proposed layoffs and furloughs at GW which, despite the current financial challenges, are not justified by the actual financial standing of the university today.

As Professor Joe Cordes explained to the CCAS Faculty Meeting on May 29, GW is in strong enough financial shape to allow it to weather the current financial crisis even if some temporary cuts may be required. GW has already secured an additional \$300 million line of credit on good terms, based on current low interest rates. "Having such liquidity on hand," Professor Cordes told us, "provides an important cushion against the financial turbulence that GWU and every other university faces."

As I understand it, this means that GW could handle even the worst-case situation outlined in a "Financial Update" provided to the Finance and Investments Committee of the Board of Trustees on May 14. That "worst case" would be an estimated \$320 million budget shortfall if GW is entirely online this fall. It would, of course, require GW to repay whatever of the \$300 million loan we borrowed, but this would be over a period of years. Thus, we conclude that, although the financial side of this pandemic is serious, it is also short-term and poses no serious threat to the long-term well-being of GW.

I also find it significant and disturbing that the faculty have not been provided with a clear breakdown of the most extreme estimate of the \$320 million budget shortfall predicted as the fallout from being online in the Fall. Where do these numbers come from? Can we trust them to be accurate enough to justify extreme "solutions"? This, to say nothing of the fact that the administration has, it seems, already rejected this option for the fall, but still uses the \$320 as evidence of the financial crisis, strikes us as duplicitous.

Why is the administration creating an illusion of financial catastrophe? Why is Chair Speights speaking ominously of "pay or benefit reductions, early retirement options, furloughs or layoffs"? Why has she forbidden discussion, even in these extraordinary times, of increasing the payout from GW's \$1.78 billion endowment, a response that would leave the principal untouched? Why is the administration insisting on long-term structural changes to GW in order to meet a financial crisis that is temporary and already well under control?

I cannot help but conclude that the LeBlanc administration and the Board of Trustees are seeking once again to circumvent basic shared governance in order to shape GW according to their own whims. In the past these included the wasteful Disney "Culture Initiative" and a reckless plan to cut undergraduate enrollments by 20%. Together, the Senate and the George Washington University Faculty Association (GWUFA) pushed back on these plans. Now the administration is

trying a new route: a cooked-up financial crisis that will allow it to continue an agenda that is deeply threatening to the core research and teaching mission of our university.

Some have suggested that during this crisis GW faculty should cooperate with this administration and so far we have as the many “thank yous” we have received from various administrators indicates. But what would cooperation mean with an administration that exacerbates an environment of insecurity and crisis in order to ram through changes without any meaningful consultation with faculty?

The university often invests in buildings with borrowed funds that it pays off over several years. Perhaps it is time to make a similar investment in its human capital – the faculty and staff who make the university the outstanding educational institution that it has become. But we should be wary of the fact that the quality and reputation of a university can dissipate rather quickly. It takes a much longer time to rebuild its critical “infrastructure.” Short term savings can prove to be very costly in the long run.

We urge the President and Board of Trustees to go back to the drawing board. The resources are available to weather the current financial challenges without the potentially devastating effects the proposed cuts would have. I am happy to be part of the discussions that will enable us to do so.

Sincerely,