



UNIVERSITY BUDGET FORUM

Bronté Burleigh-Jones

CFO, Vice President of Finance and Treasurer

Peter Starr

Provost and Chief Academic Officer

NOVEMBER 2021



OVERVIEW

- I. AU Two-Year Budget Process
- II. Landscape of Higher Education
- III. FY2021 Year End Results
- IV. FY2022 Budget Drivers
- V. FY2023–24 Budget Development
- VI. Next Steps



I. AU TWO-YEAR BUDGET PROCESS

University Budget Committee Member	Title
Bronté Burleigh-Jones	CFO, Vice President and Treasurer (Co-chair)
Peter Starr	Provost and Chief Academic Officer (Co-chair)
Fanta Aw	Vice President of Undergraduate Enrollment, Campus Life, and Inclusive Excellence
Roger Fairfax	Dean, WCL
Carla Flink	Associate Professor, Department of Public Administration and Policy, SPA (Faculty Senate)
Seth Grossman	Vice President of People and External Affairs
Octavian Ionici	Senior Professional Lecturer, Department of Finance and Real Estate, KSB (Faculty Senate)
Olivia Ivey	Associate Librarian, University Library (Faculty Senate)
Eric Leal	Associate Dean for Budget and Administration, CAS
Paul Relyea	Comptroller, Student Government
Nicolle Sayers	Chief of Staff, Student Bar Association
Andrew Toczydlowski	Director of Student Development and Services, KSB (Staff Council)
Elisha Urayayi	Vice President of Finance, Graduate Leadership Council
Vicky Wilkins	Dean, SPA
Resource Person	Title
Nana An	Assistant Vice President of Finance and Chief Budget Officer
Karen Frosolid Jones	Assistant Provost, Office of Institutional Research & Assessment
Prita Patel	Vice Provost for Academic Administration
Jan Post	Executive Director of University Budget Planning and Operations

II. LANDSCAPE OF HIGHER EDUCATION

RATING AGENCY ASSESSMENTS

In January 2021, Standard and Poor's maintained its negative outlook on the higher education sector for the 4th consecutive year, while Moody's revised its outlook in March 2021 from negative to stable.

ENROLLMENT CONSIDERATIONS

Increased competition and demographic cliff, uncertainty of international student enrollments, continued affordability concerns, increased student support service needs, DEI and social justice considerations.

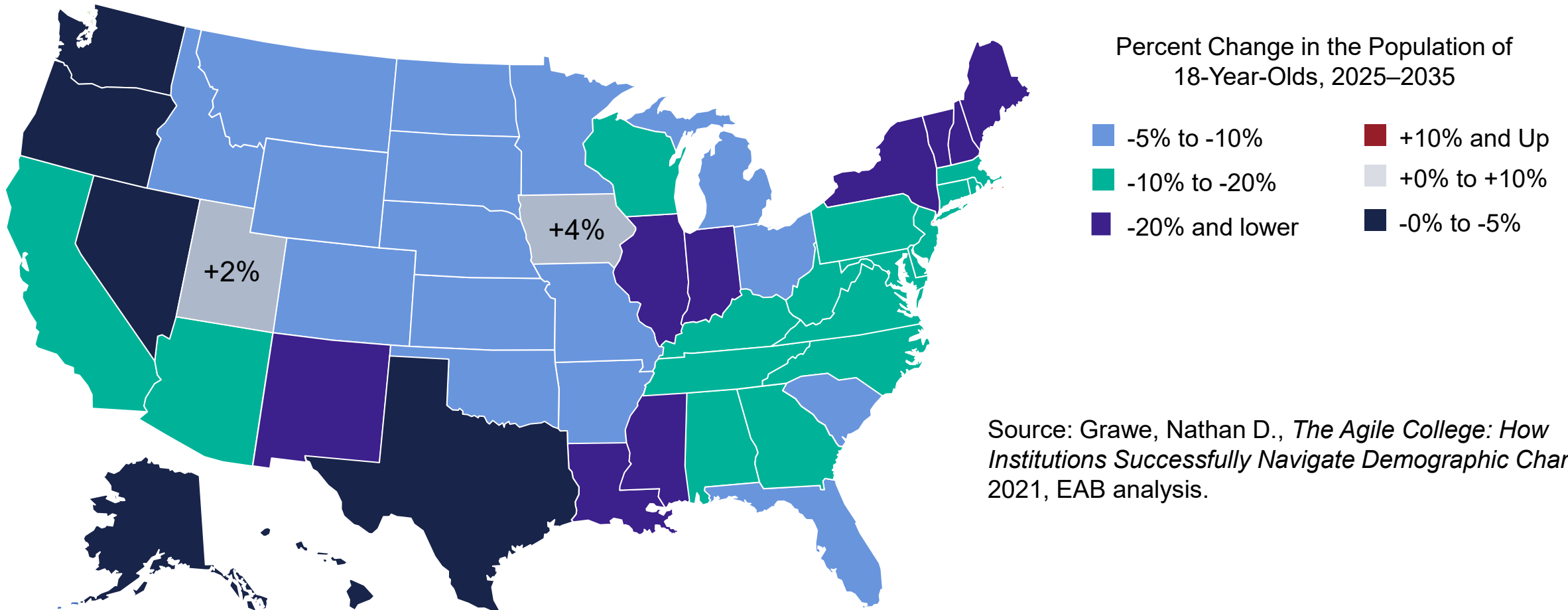
MARKET CONSIDERATIONS

Labor availability and costs, increased demand for hybrid and remote work modalities, need to reconsider space and place requirements, supply chain shortages, rising inflation, Federal policy changes, cybersecurity threats, and COVID variant implications.

References: External rating agencies (e.g., S&P, Moody's, Fitch); Education Advisory Board; PricewaterhouseCoopers (PwC)

A NEARLY UNIVERSAL DEMOGRAPHIC CLIFF

BIRTHRATE DECLINES WILL HIT INSTITUTIONS ACROSS THE US



Source: Grawe, Nathan D., *The Agile College: How Institutions Successfully Navigate Demographic Changes*, 2021, EAB analysis.

MAJOR FORCES AFFECTING AU: INTERNAL

Strategic Plan Implementation (Years 4–5)

- Prioritizing goals and making decisions about strategic investments

Achieving Campaign Goals

- Broadening our base of supporters

Campus Plan Implementation

- Space and place considerations

Undergraduate Housing Requirement

- Tuition increases and enrollment constraints

Workforce Considerations

- Compensation and modalities

Infrastructure Enhancements Required to Reach Aspirations

- ERP implementation and improvements to how we work



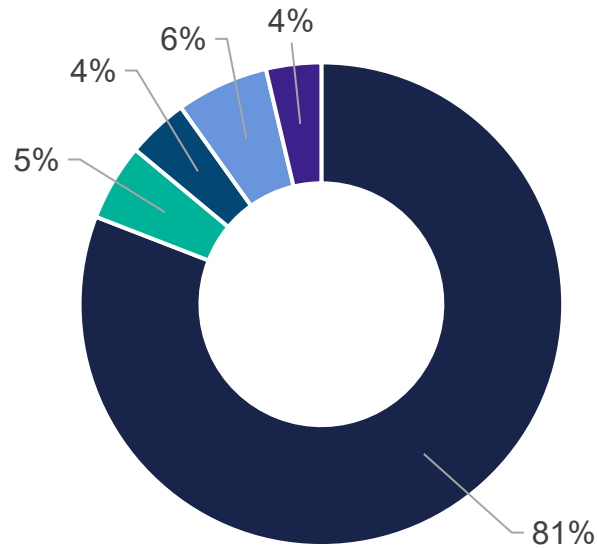
III. FY2021 YEAR-END RESULTS

	Projected	Final
COVID Net Revenue Loss	(\$96.5M)	(\$96.5M)
Mitigation Measures:		
Operating Savings 1)	\$38.9M	\$48.4M
Financial Safeguards 2)	\$21.8M	\$21.8M
Reserve Liquidation 3)	\$36M	\$26.3M
Total Mitigation Measures	\$96.5M	\$96.5M

- 1) Retirement match pause, hiring freeze, 5-day furlough, administrators' salary reductions, non-personnel savings, utilities and building expense, etc.
- 2) Quasi-endowment transfer, capital improvement projects pause
- 3) Tuition management reserve, quasi-endowment income reserve

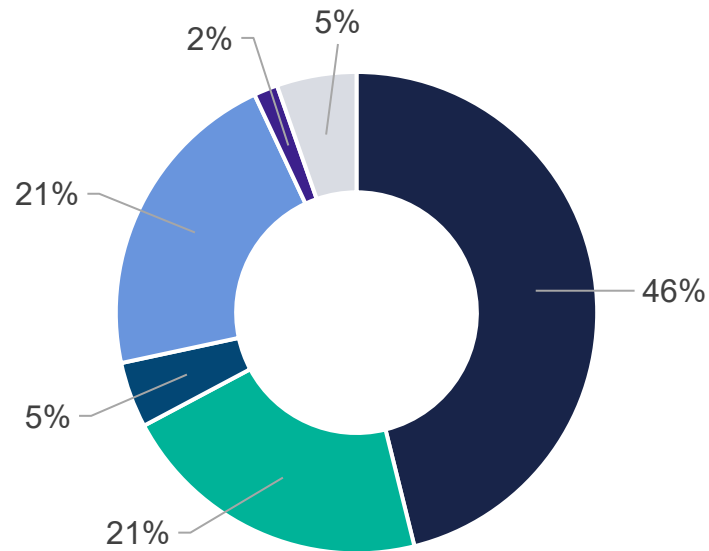
IV. FY2022 BUDGET DRIVERS

REVENUE FY2022
(\$761 million)



- Tuition and Fees
- Auxiliary
- WAMU
- Residence Halls
- Investment, Gift, and Other

EXPENSE FY2022
(\$761 million)

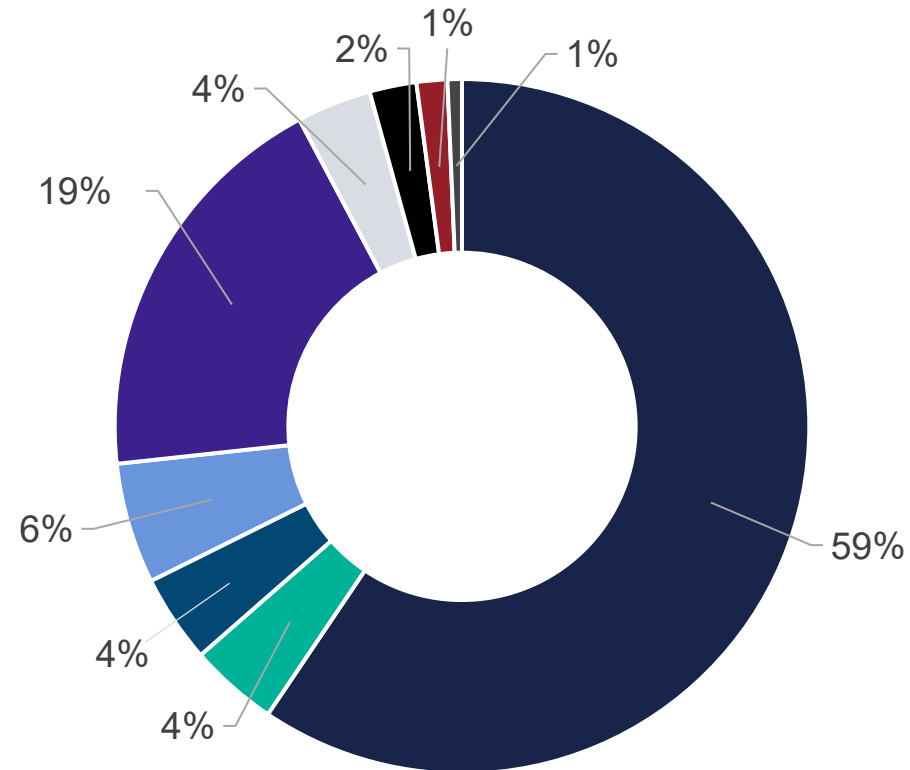


- Personnel
- Supplies and Other
- Tech/ Furnish / Facilities
- Financial Aid
- Utilities
- Debt Service





FY2022 EXPENDITURE BUDGET BY DIVISION



- Academic Affairs
- Central Reserves
- WAMU
- President/OGC/IT/HR
- Finance & Treasurer
- Campus Life
- Athletics
- Development
- UCM

V. FY2023-24 BUDGET DEVELOPMENT

STRATEGIC THEMES AND IMPERATIVES

SCHOLARSHIP

- SI 1: Areas of Strategic Focus
- SI 2: Research

LEARNING

- SI 3: The Student Experience
- SI 4: Learning for Undergraduate, Graduate, & Professional Students
- SI 5: Lifelong Learning

COMMUNITY

- SI 6: Inclusive Excellence
- SI 7: Working with Washington
- SI 8: Partnerships
- SI 9: How AU Works





ALIGNMENT OF FY23–24 BUDGET GUIDELINES WITH STRATEGIC IMPERATIVES

BUDGET GUIDELINES

STRATEGIC IMPERATIVES

	1	2	3	4	5	6	7	8	9
1. College Affordability			X						X
2. Research and Learning	X	X							
3. Student Thriving			X	X			X		
4. Experiential Learning		X		X		X	X		
5. Revenue Growth and Diversification		X			X				
6. Diversity, Equity, and Inclusion						X			
7. Regulatory Changes and External Factors									X
8. Faculty and Staff Salaries, Benefits, and Workforce Modality									X
9. Investments and Reserves									X
10. Comprehensive Campaign	X	X	X	X	X	X	X	X	X

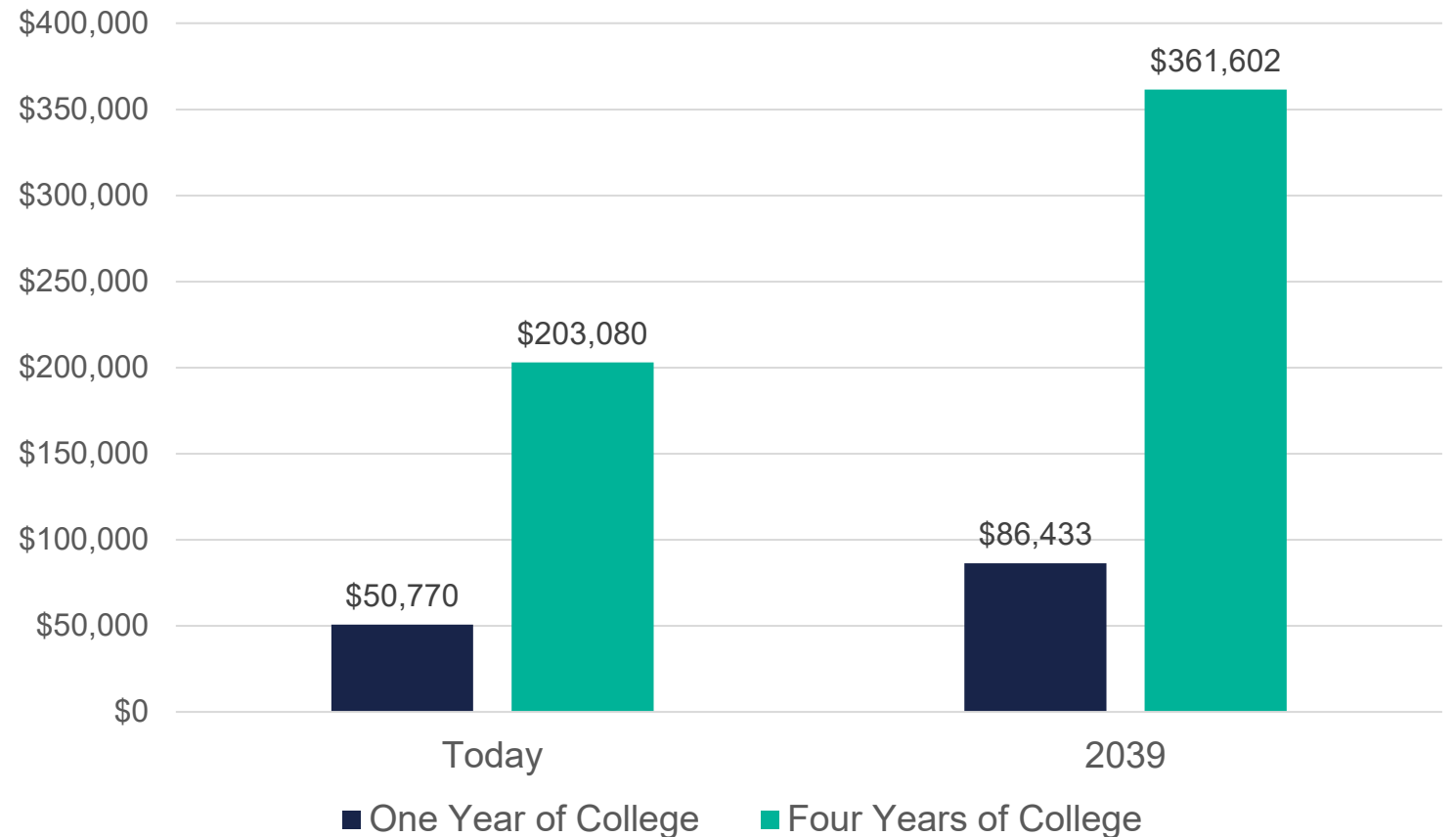
COLLEGE ECONOMICS MADE SIMPLE

Baby Fiona,
Born October 2021



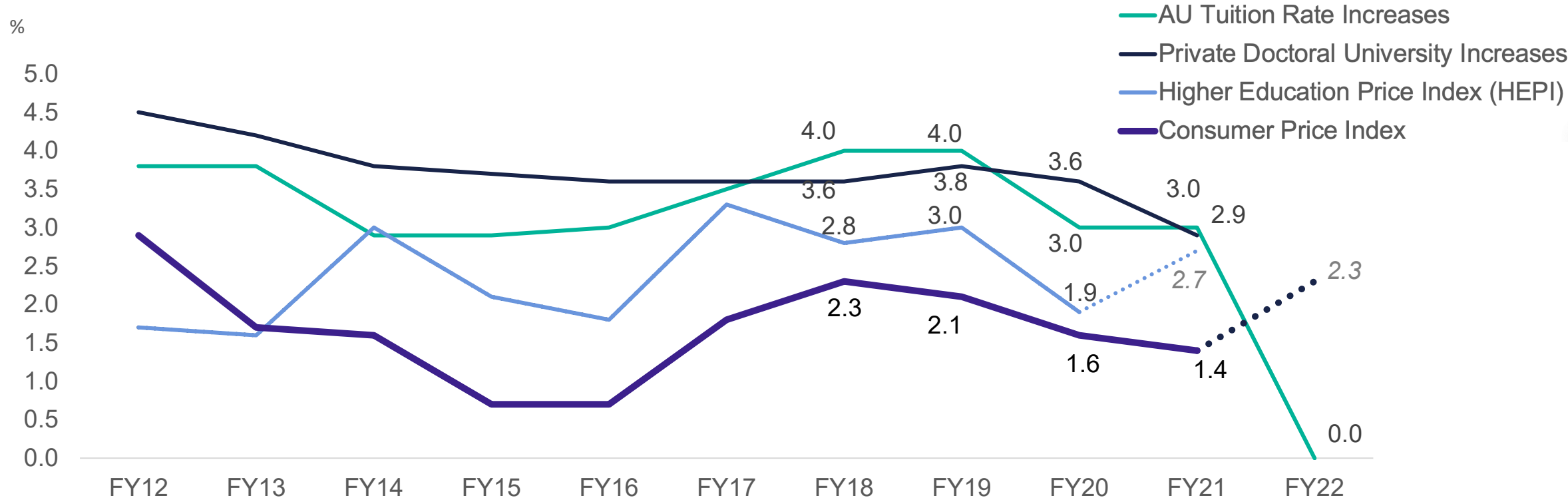
Photo courtesy of Jennifer Axe,
Senior Professorial Lecturer, Chemistry

PRIVATE 4-YEAR FULL TUITION



Source: Vanguard Financial (modeling 3% increase each year)

HIGHER EDUCATION INFLATION MEASURES AS MEASURED AGAINST AU TUITION RATE INCREASES (FY12-22)



Sources:

Private Doctoral Four-Year Universities Average Tuition and Fee Increases: The College Board.

Higher Education Price Index (for all institutions) and Consumer Price Index provided by Commonfund Institute (www.commonfund.org). Latest 2021 Forecast published as of August 2021.

FY2021 Consumer Price Index as of December 31, 2020. FY2022 forecast: Q2 2022 Core CPI forecast from the Survey of Professional Forecasters (Philadelphia Fed) released August 13, 2021.

MARKET COMPARISON

AVERAGE UNDERGRADUATE TUITION AND MANDATORY FEE INCREASES

	American University	AU Competitors Average*	Private Institutions**
AY11-12 to AY12-13	3.8%	4.0%	4.0%
AY12-13 to AY13-14	2.9%	3.6%	3.9%
AY13-14 to AY14-15	2.9%	3.5%	3.8%
AY14-15 to AY15-16	3.0%	3.3%	3.4%
AY15-16 to AY16-17	3.6%	3.5%	3.6%
AY16-17 to AY17-18	3.9%	3.6%	3.6%
AY17-18 to AY18-19	4.0%	4.0%	3.8%
AY18-19 to AY19-20	3.0%	3.9%	3.7%
AY19-20 to AY20-21	2.9%	2.5%	3.4%
AY20-21 to AY21-22	0.0%	3.2%	2.8%
10-YEAR AVERAGE AY11–12 to AY21–22	3.0%	3.5%	3.6%

* AU's competitors (private and public) identified by Office of Enrollment

** Private institutions only

MARKET COMPARISON

GRADUATE PER CREDIT HOUR TUITION RATES

Schools	FY2021***	FY2022	\$	% Increase FY21 to FY22
Georgetown University	\$2,214	\$2,278	\$64	2.9%
Columbia University	\$2,039	\$2,094	\$55	2.7%
The Catholic University of America	\$1,975	\$2,015	\$40	2.0%
George Washington University	\$1,765	\$1,825	\$60	3.4%
American University*	\$1,812	\$1,812	\$0	0.0%
Syracuse University	\$1,683	\$1,734	\$51	3.0%
University of Maryland**	\$1,625	\$1,706	\$81	5.0%
George Mason University**	\$1,412	\$1,431	\$19	1.3%
Median	\$1,789	\$1,819	\$30	1.7%

Sources: University websites

Note: General graduate rates only

* AU FY21 shows original Board of Trustees approved rate. AU implemented a Community of Care discount during the COVID-19 pandemic, which provided a one-time reduction of 10% (fall and spring) from \$1,812 per credit. FY21 discounted rate is \$1,631/credit.

** Non-resident (out-of-state) tuition rate

*** FY21 tuition rates may be discounted due to COVID

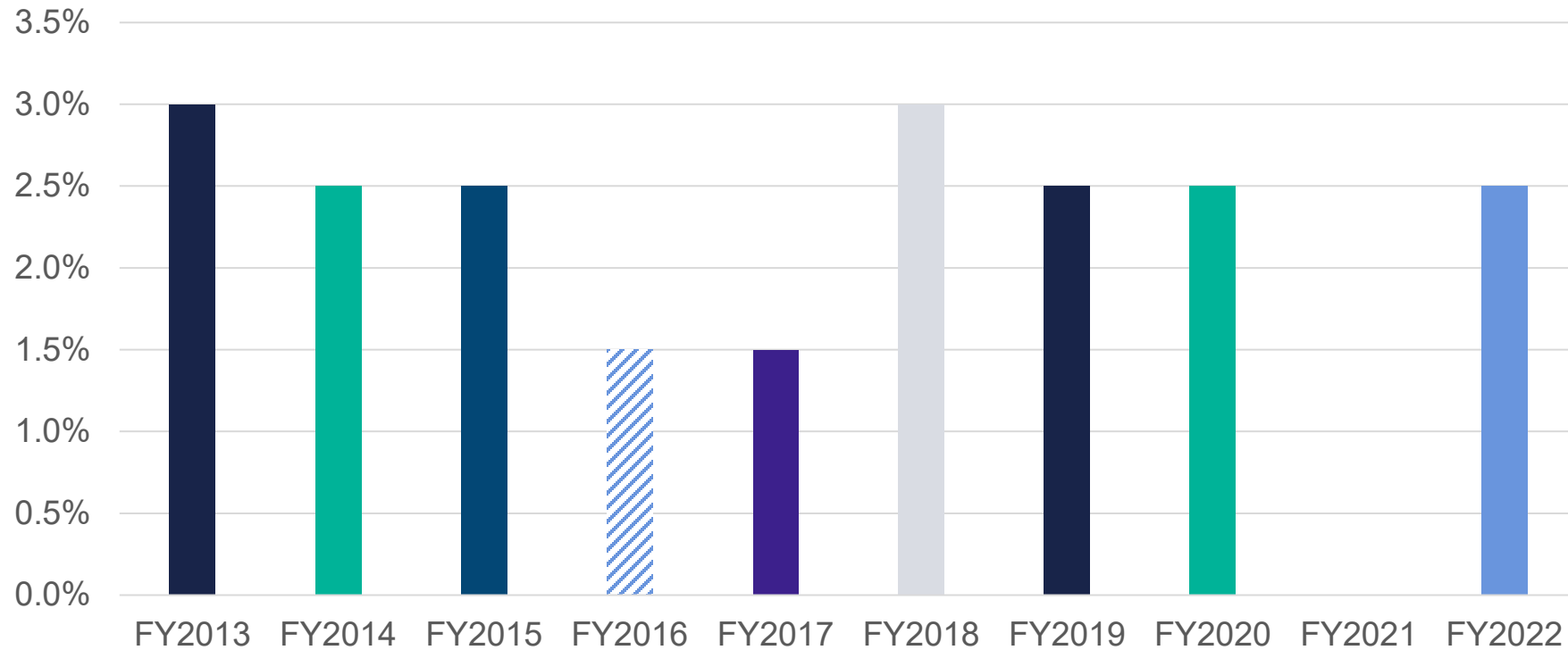


AU FINANCIAL AID AND TUITION DISCOUNT RATIOS

	FY2019	FY2020	FY2021
Undergraduate Financial Aid	\$106.4M	\$109.2M	\$104.7M
UG Tuition Discount Ratio %	32.9%	31.2%	38.9%
Graduate Financial Aid	\$21.8M	\$21.3M	\$24.5M
GR Tuition Discount Ratio %	34.0%	33.7%	38.9%
WCL Financial Aid	\$27.9M	\$29.0M	\$30.4M
Law Tuition Discount Ratio %	39.1%	42.6%	50.2%

- 1) Tuition discount ratios: financial aid expense as a % of AY tuition revenue
 - 2) Institutional financial aid expenses include operating funds, athletics, and endowed/restricted scholarships. Does not include CARES and HEERF Funds: \$3.15M in FY20; \$4.5M in FY21
 - 3) Graduate financial aid includes traditional face-to-face master's programs and PhD programs. Includes Kogod.
- Source: Office of Financial Aid for awards data; year-end budget performance reviews, UBO

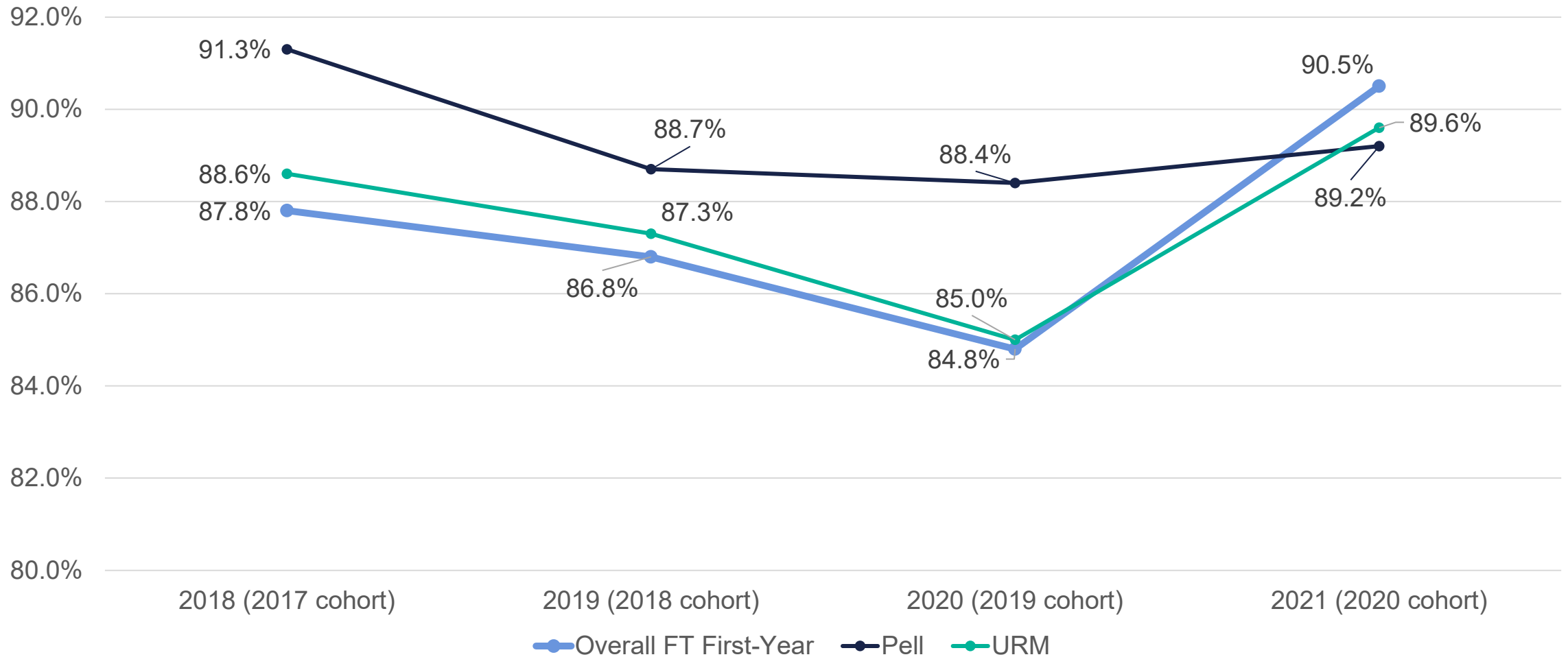
AU FACULTY AND STAFF MERIT INCREASES



- 1) The FY16 merit pool was implemented as one-time payments.
- 2) Due to COVID related revenue contraction, no faculty and staff merit was allocated in FY21.



AU FIRST-YEAR UNDERGRADUATE RETENTION RATES



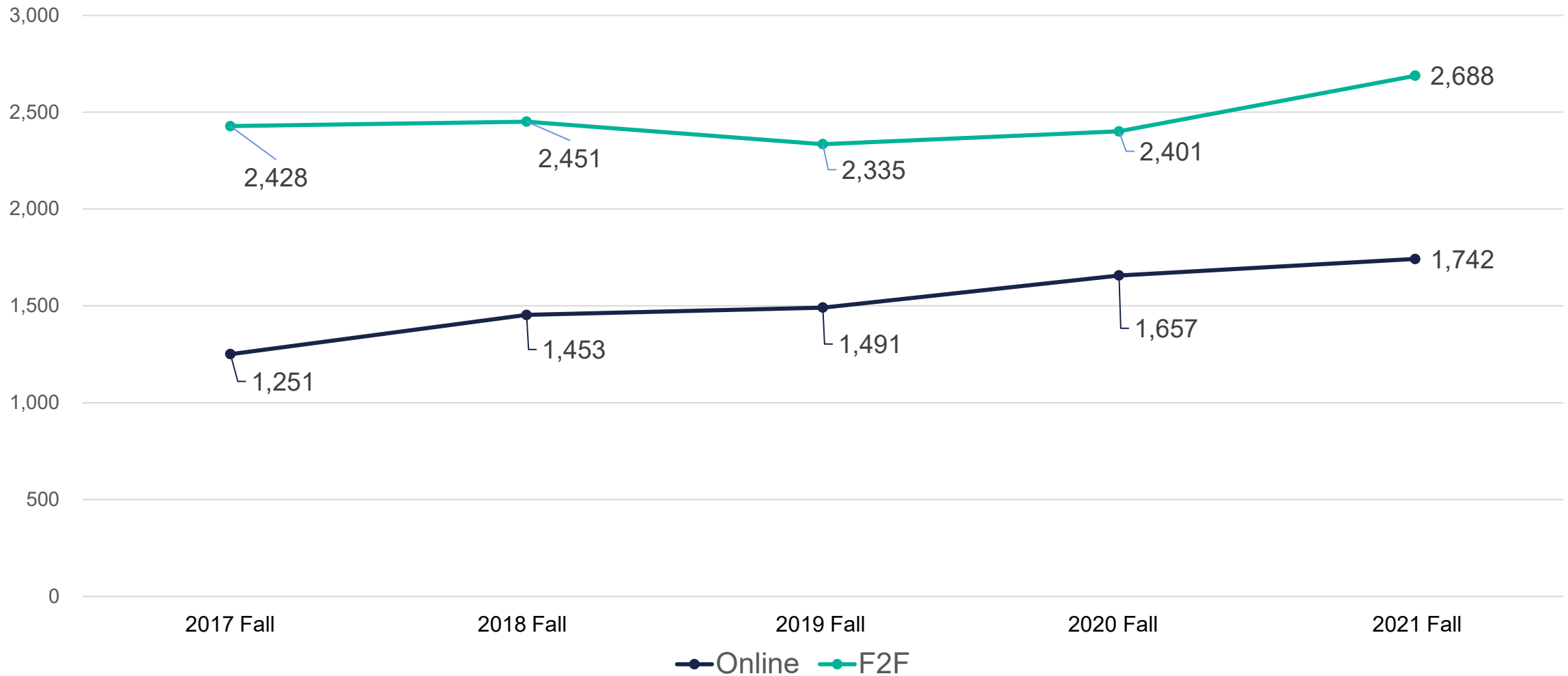
UNDERGRADUATE GRADUATION RATES

Institution	Four-Year Graduation Rate	Six-Year Graduation Rate
Boston College	88%	94%
Brandeis University	83%	87%
Lehigh University	76%	90%
University of Rochester	76%	87%
American University	76%	79%
Tulane University	73%	86%
George Washington University	73%	82%
Syracuse University	70%	83%

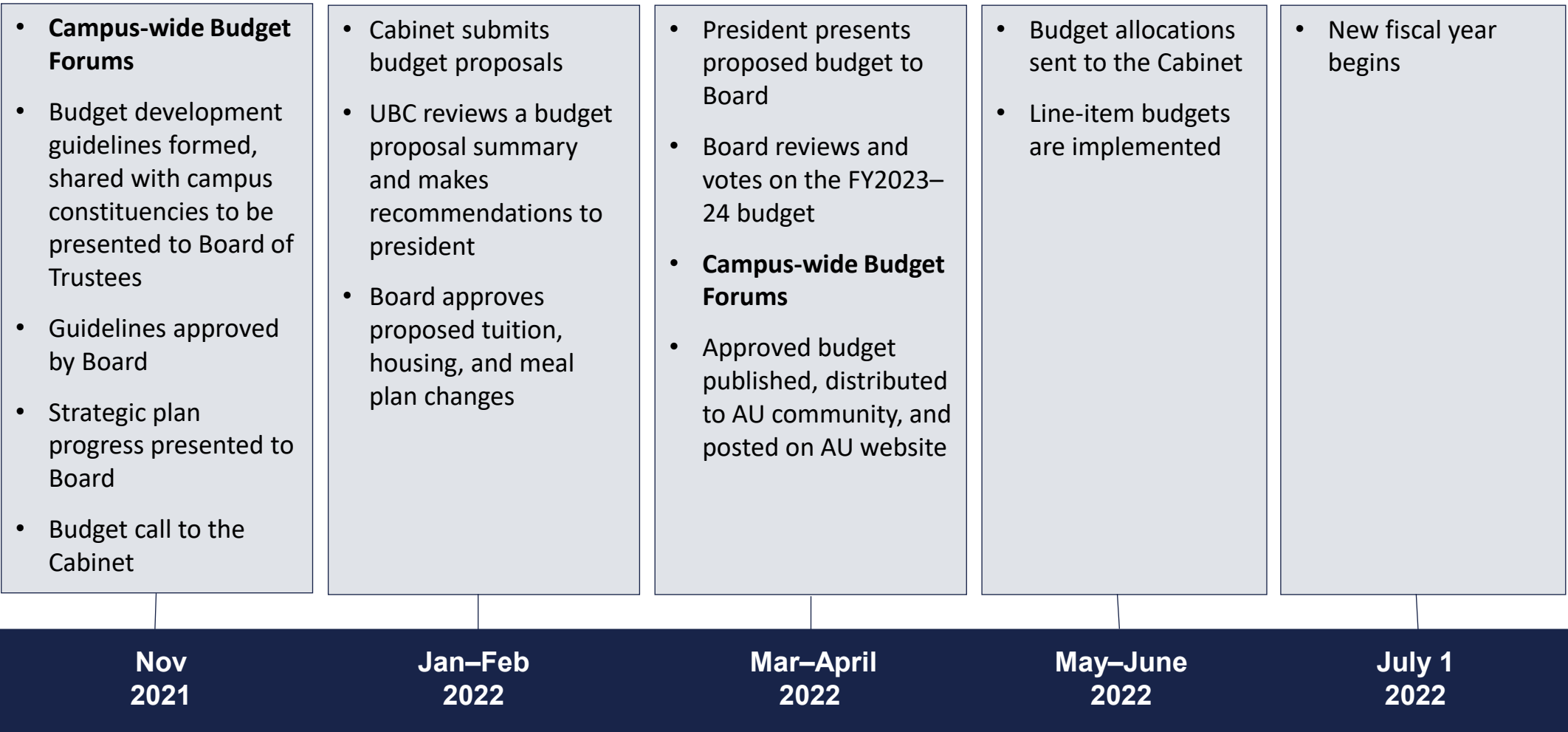
Source: National Center for Educational Statistics (NCES)



MASTER'S ENROLLMENT F2F AND ONLINE: HEADCOUNT



FY2023–24 AU BUDGET PROCESS: TIMELINE





AMERICAN UNIVERSITY

W A S H I N G T O N , D C