



**Town Hall Meeting:
Development of Next Two-Year Budget
FY2012 and FY2013**

December 6, 2010

Presented by:

Scott A. Bass, Provost

and

Don Myers, CFO, Vice President and Treasurer



University Budget Committee Members FY2012-FY2013

Co-chairs

Scott Bass
Don Myers

Members

John Douglass
Vicki Connaughton
Douglas Hale
Gail Hanson
Khalid Khalid

Ed Levandoski
Daniel Mullins
Kamalika Sandell
Steve Silvia
Wayne Wright

Resource Persons

Nana An
Vi Eittle
Karen Frosleid-Jones



BUDGET DEVELOPMENT CALENDAR

September – October 2010	<ul style="list-style-type: none">• President appoints University Budget Committee (UBC).• Provost and CFO, Vice President and Treasurer lead budget meetings with the campus community.• UBC recommends budget development guidelines to the President.
November 2010	<ul style="list-style-type: none">• President issues strategic objectives and budget call to President's Cabinet (November 4, 2010).• President requests input from campus community regarding strategic plan objectives for consideration in budget (November 11, 2010).• President presents budget criteria to the Board of Trustees Finance and Investment Committee (November 18-19, 2010).• Provost formulates undergraduate and graduate enrollment projections.



BUDGET DEVELOPMENT CALENDAR (continued)

December 2010	<ul style="list-style-type: none">• Provost and CFO, Vice President and Treasurer lead budget meetings with the campus community.• Faculty Senate confers with the Provost on academic affairs budget.
January 2011	<ul style="list-style-type: none">• President's Cabinet submits budget proposal to the President (January 7, 2011).• President holds campus community meeting regarding strategic plan and objectives for consideration in budget.• Budget Office submits summary of budget proposals to the President and UBC.• UBC reviews budget proposals and submits a set of recommendations to the President.



BUDGET DEVELOPMENT CALENDAR (continued)

February 2011	<ul style="list-style-type: none">• President consults with the President's Cabinet and presents proposed budget to the BOT Finance and Investment Committee.• Board of Trustees approves budget for FY2012 and FY2013 (February 24-25, 2011).
March 2011	<ul style="list-style-type: none">• Approved budget summary is published for the campus community.• President communicates budget allocations to the Provost and Vice Presidents.
April 2011	<ul style="list-style-type: none">• Line-item budgets are sent to units for the new budget year.• Units submit line-item budgets to the Budget Office in light of approved budget allocations.
May 1, 2011	<ul style="list-style-type: none">• New fiscal year begins.



Campus Constituencies

- **Faculty Senate**
- **Student Government**
- **Graduate Leadership Council**
- **Student Bar Association**
- **Staff Council**
- **Strategic Planning Measurement
Project Team**

Or e-mail: AUBudget@american.edu



How FY2010-2011 Budget Development Guidelines Worked

Guidelines	Implementation
Strategic objectives and action steps for two years	Budget priorities to meet the objectives and action steps are reflected in the budget.
4.5% - 6.5%; Market-driven Pricing	5% tuition; 4.5% housing; 4% meal plan 3% for MBA and graduate business Tuition differential policy for summer
Academic Programs	23 new tenure and tenure-track faculty; new term faculty
Staffing	58 new full-time staff positions
Faculty and Staff Salary and Benefits	3.0% pool for faculty and staff; additional pool for faculty market; adjunct faculty; health; retirement



How FY2010-2011 Budget Development Guidelines Worked

Guidelines	Implementation
Financial Aid	29% tuition discount for undergraduate and graduate students; increased Ph.D. stipends
Development, Marketing, Athletics	See Strategic Plan Funding details
Marketing	\$1.27M for branding campaign, marketing and web phase II
Information Technology	\$3.2M for multi-year technology plan
Library	\$700K to enhance collection and electronic databases; graduate student lounge



How FY2010-2011 Budget Development Guidelines Worked

Guidelines	Implementation
Student Services	\$300K for student leadership initiative and creation of a new Women's Center
New SIS Building Facilities Modernization Furnishings and Equip. Utilities Deferred Maintenance	Operations and maintenance cost Additional \$250K in FY2010 and \$250K in FY2011 Additional \$50K in FY2010 and \$250K in FY2011 \$1.8M for renewed five-year contract Additional \$300K in FY2010 and \$1.5M in FY2011
Parking	\$3 per month increase
New Revenue	\$500K for marketing and recruiting, faculty research and innovation



How FY2010-2011 Budget Development Guidelines Worked

Guidelines	Implementation
Enrollment Contingency	1.5% of projected tuition revenue
Quasi-Endowment	1% of budget for FY2010 and 2% for FY2011
Increase Transparency	Divisional budget was presented to the community.



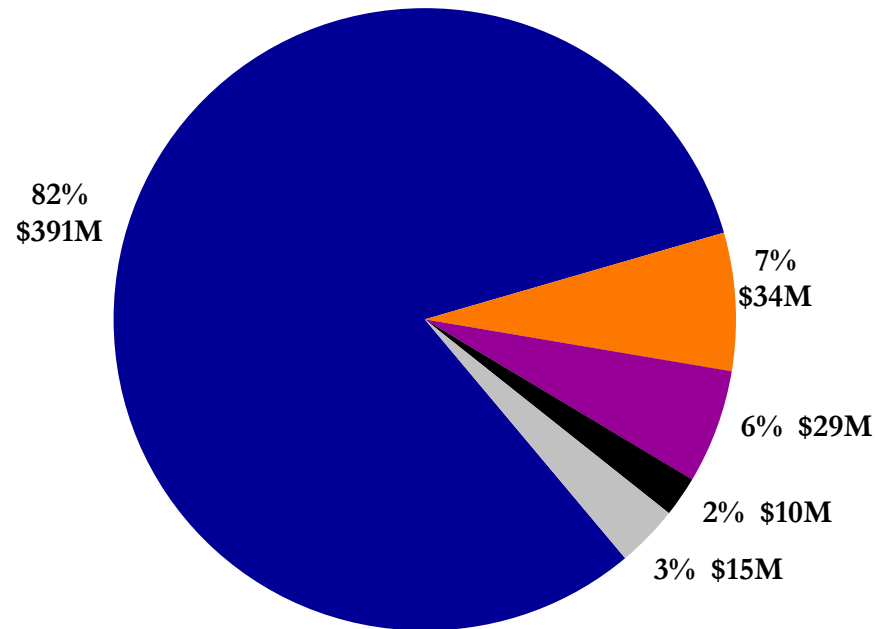
FY2011 Revenue Budget

FY2011 Revenue Budget = \$479
(in millions)

Student Fee Dependency

FY 2011 = 95%

FY 1984 = 95%



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



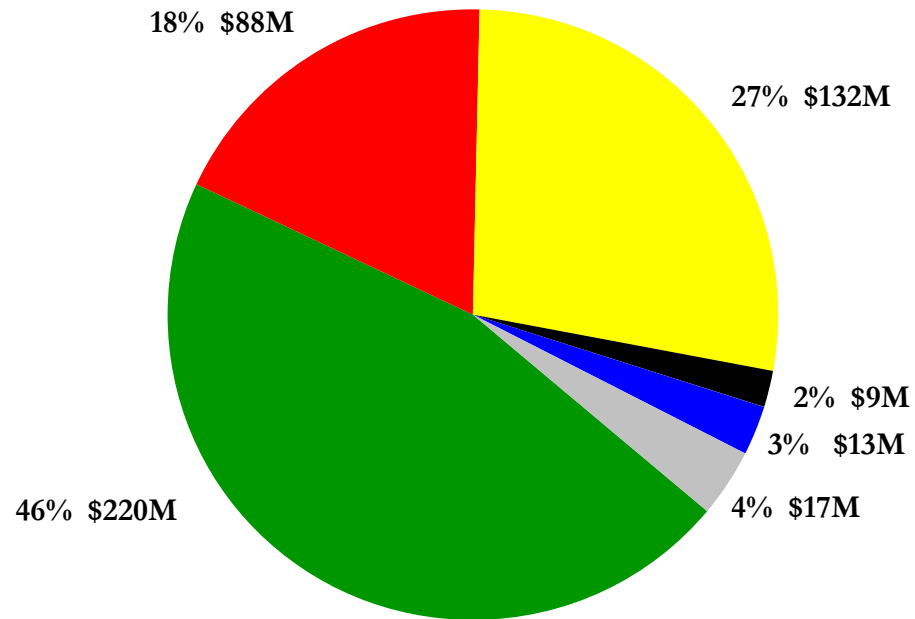
FY2011 Expenditure Budget

FY2011 Expenditure Budget = \$479
(in millions)

Financial Aid % of Budget

FY 2011 = 18 %

FY 1984 = 11.3%



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



Highlights of Strategic Plan Funding FY2010-2011

(\$000's omitted)

Budget Allocations

FY2010	FY2011
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STRATEGIC GOALS

SP1 Epitomize the Scholar-Teacher Ideal

<i>Increase full-time faculty; make recruiting packages more competitive; increase faculty support</i>	\$2,450	\$3,086
<i>Close gap with AAUP 1 for Assistant Professor rank</i>	100	200
<i>Hire temporary faculty to meet enrollment increases</i>	1,000	1,000
<i>Adjust compensation rates for adjunct faculty to market</i>	378	756
	\$3,928	\$5,042

SP2 Provide an Unsurpassed Undergraduate Experience

<i>Increase funding for Athletics scholarships, staffing, marketing, intramurals and club sports</i>	\$436	\$525
<i>Implement integrated student services (One-Stop Center)</i>	618	612
<i>Increase student support including a new Women's Center</i>	57	124
<i>Provide resources to strengthen liberal arts/ sciences, academic program development, and student research support</i>	597	611
<i>Enhance undergraduate marketing and recruitment including a new AU Welcome Center</i>	1,505	1,505
	\$3,213	\$3,377



Highlights of Strategic Plan Funding FY2010-2011

(\$000's omitted)

SP3 Demonstrate Distinction in Graduate, Professional, and Legal Studies

	Budget Allocations	
	FY2010	FY2011
<i>Increase funding level and duration of Ph.D. awards for existing and expanded programs</i>	\$375	\$875
<i>Support dissertation program, online curriculum design for faculty, and graduate marketing</i>	213	363
<i>Create dedicated graduate study lounge in a bridge space between SIS and Library</i>	325	325
	\$913	\$1,563

SP4 Engage in Great Ideas and Issues through Research, Centers, and Institutes

<i>Establish new research centers and improve research infrastructure</i>	\$470	\$640
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SP5 Reflect and Value Diversity

<i>Increase funding for STEP and alternative break trips</i>	\$62	\$62
<i>Increase support for Frederick Douglass Scholarship program, WINS, and faculty diversity initiatives</i>	220	600
<i>(Reallocation of financial aid to meet higher percentage of need - \$3.9M)</i>	0	0
	\$282	\$662

SP6 Bring the World to AU and AU to the World

SP7 Act on Values through Social Responsibility and Service

<i>Provide support for the D.C. Reads Program</i>	\$15	\$15
<i>Make progress toward the President's Climate Commitment Plan</i>	520	520
	\$535	\$535

existing budget



Highlights of Strategic Plan Funding FY2010-2011

(\$000's omitted)

SP8 Engage Alumni in the Life of the University, On- and Off-Campus

Increase funding for Development to support alumni relations and regional advancements

\$545 \$1,060

SP9 Encourage Innovation and High Performance

Enhance staff training and career development program

\$250 \$250

Enhance General Counsel operations for compliance and to support external legal fees

215 340

Provide increased support for student activities, housing/ dining programs, and web

59 100

Make a safer campus by increasing Public Safety officers

272 272

Increase base budgets for academic schools/ colleges

1,000 1,000

\$1,796 \$1,962

SP10 Win Recognition and Distinction

Enhance branding campaign; marketing; digital media; website phase II

\$1,328 \$908

Cultivate partnerships to increase institutional visibility

150 180

\$1,478 \$1,088



Highlights of Strategic Plan Funding FY2010-2011

(\$000's omitted)

Budget Allocations

FY2010	FY2011
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ENABLING GOALS

EG1 Diversify Revenue Sources

<i>Enhance university asset management</i>	\$192	\$192
<i>Increase support for fundraising efforts in Development</i>	205	440
<i>Provide seed money for expansion of Washington Semester affiliated programs</i>	290	290
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	\$687	\$922

EG2 Employ Technology to Empower Excellence

<i>Implement IT Enterprise system enhancements</i>	\$1,212	\$1,003
<i>Implement business continuity plan</i>	0	270
<i>Renew technology life cycle capital programs</i>	553	945
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	\$1,765	\$2,218



Highlights of Strategic Plan Funding FY2010-2011

(\$000's omitted)

EG3 Improve the University Library and Research Infrastructure

Increase post-award faculty research and grant management

Increase funding for library collection and electronic databases

Budget Allocations

	FY2010	FY2011
	\$80	\$327
	350	700
	\$430	\$1,027
	\$20	\$20
	\$10	\$0
	\$275	\$2,275
	0	1,300
	500	500
	\$775	\$4,075
TOTAL FUNDING	\$16,847	\$24,191

EG4 Forge Partnerships by Leveraging our Capital Location

EG5 Continue as a Model for Civil Discourse

EG6 Align Facilities Planning with Strategic Goals

Address facilities modernization, furnishings, and CRDM

Operations and maintenance for the new SIS building

Consulting for Master Plan



BUDGET DEVELOPMENT GUIDELINES FISCAL YEARS 2012 and 2013

- **A framework for developing the two-year FY2012-13 budget.**
- **Objectives planned for the third and fourth years of the university's strategic plan will guide formulation of budget priorities.**
- **Some initiatives require new funding, others may involve redeployment of existing resources.**
- **Approved by the Board of Trustees in November 2010**



BUDGET DEVELOPMENT GUIDELINES FISCAL YEARS 2012 and 2013

- 1. AU Strategic Plan: objectives and targets to be aligned with two-year budget.**
- 2. Pricing: 3.0% - 5.0%. Market-driven pricing for residence halls, WCL and business graduate programs.**
- 3. Enrollment**
 - ✓ Market demands, selectivity and diversity, quality instruction and student experience.**
 - ✓ Competitive pricing, creative marketing and distance learning.**



Undergraduate Tuition and Mandatory Fees

	American University	AU Competitors	All Private Institutions
AY95-96 to AY96-97	3.7%	4.9%	5.0%
AY96-97 to AY97-98	4.6%	4.7%	5.0%
AY97-98 to AY98-99	4.7%	5.6%	5.0%
AY98-99 to AY99-00	4.8%	4.8%	4.7%
AY99-00 to AY00-01	5.0%	4.5%	5.2%
AY00-01 to AY01-02	5.1%	5.2%	5.5%
AY01-02 to AY02-03	4.3%	6.3%	5.8%
AY02-03 to AY03-04	5.9%	7.3%	6.0%
AY03-04 to AY04-05	5.9%	6.4%	6.0%
AY04-05 to AY05-06	6.5%	6.3%	5.9%
AY05-06 to AY06-07	5.9%	6.0%	5.9%
AY06-07 to AY07-08	5.9%	5.6%	6.3%
AY07-08 to AY08-09	5.9%	5.5%	5.9%
AY 08-09 to AY09-10	5.1%	4.8%	4.4%
AY 09-10 to AY10-11	4.9%	4.5%	4.5%
AVERAGE	5.2%	5.5%	5.4%

* 80 Institutions (private and public) identified by Enrollment Services.

** Annually reported by the College Board.



BUDGET DEVELOPMENT GUIDELINES FISCAL YEARS 2012 and 2013

4. Academic Programs

- ✓ Expand graduate programs**
- ✓ Revitalize Washington Semester programs and expand professional development and training programs**
- ✓ Strengthen research functions to support high scholarly productivity among faculty**

5. Competitive Faculty and Staff Salary and Benefits

6. Financial Aid, Library, Information Technology

7. Environmental Sustainability

8. Student Experiences



BUDGET DEVELOPMENT GUIDELINES FISCAL YEARS 2012 and 2013

- 9. Facilities development strategy to integrate 2011 Campus Plan and the strategic plan**
- 10. Financial safeguards to protect the university**
- 11. Institutional expenditures**
- 12. New revenue through innovations**



Next Steps

- **Strategic Plan town meeting hosted by Dr. Kerwin in January 2011**
- **Provide comments and suggestions to:**
 - ✓ **E-mail AUBudget@american.edu**
 - ✓ <http://www.american.edu/president/Presidents-Announcements.cfm> (*Select Strategic Plan Progress Report*)
 - ✓ **Contact University Budget Committee Members**