

**American University**  
**BUDGET DEVELOPMENT GUIDELINES**  
**FISCAL YEARS 2020 and 2021**

The guidelines outlined below provide a framework for developing the two-year budget for fiscal years 2020 and 2021. The budget process should reflect the new objectives articulated in our strategy work for the next five years and represent an open and collaborative process through engagement of faculty, staff, students, and the Board, as well as the newly appointed University Budget Committee (UBC). Please note that we are looking to identify opportunities for new revenue initiatives along with more effective operations, consistent with strategic plan goals.

Our new strategy work will entail the following four overarching principles:

- 1) Grow revenue
- 2) Increase retention and improve graduation rates
- 3) Enhance our reputation
- 4) Achieve operational excellence

The following budget priorities will guide the FY2020-21 budget formulation:

1. **Strategic Plan Priorities.** The following nine priorities are emerging to support the overarching principles:
  - Develop areas of strategic focus
  - Increase AU's sponsored research funding
  - Focus on retention and graduation by improving the student experience and place renewed emphasis on improving international recruitment
  - Focus on teaching and learning for undergraduate, graduate, professional students and lifelong learners
  - Implement AU's Inclusive Excellence Plan
  - Prioritize working with Washington, DC and developing external partnerships
  - Improve how AU works in terms of infrastructure, technology, and workforce planning, and focus on raising AU's profile
  - Support fundraising and the comprehensive campaign
2. **Pricing.** As in prior years, we will be mindful of our responsibility to work on education costs and student debt in the development of the budget for the next two years, keeping tuition and residence hall rate increases as modest as possible. This requires developing pricing strategies that reflect a strong consideration of the financial needs of students, while also striking a careful balance with funding university priorities. We will be informed by our tuition pricing research, financial market data, inflation and higher education price projections, and the state of the economy.
3. **New Revenue.** We will generate new revenue through innovation, strategic partnerships, externally funded research, market-informed academic offerings and auxiliary enterprise programs.

4. **Enrollments and Academic Programs.** The freshman enrollment target will be carefully evaluated considering market demands and our capacity to offer quality instruction and student experience including appropriate undergraduate housing, while also anticipating increased selectivity and diversity. We will look closely at the challenges evident in some enrollment categories such as graduate, law, and the School of Professional & Extended Studies (SPExS). We will consider options for prioritizing our recruitment of international students. We will assess the effectiveness of the Graduate Enrollment Management (GEM) pilot. We will explore different budget models to leverage entrepreneurialism in graduate, executive education and training, and lifelong learning opportunities, and to provide incentives for collaborations across schools.
5. **Improvements in Undergraduate Retention and Graduation.** We will assess the impact made by the RiSE initiative to overall student experience, and determine if stronger outcomes in year-over-year student retention and satisfaction should be built into the budget.
6. **Research and Learning.** We will maintain and further strengthen the university's research status by significantly increasing external funding for research, scholarship, and creative activity. Funding will be considered based on priority research areas and a high performing support structure. We will sharpen our focus on the future of research and student learning by taking the appropriate steps in a sequencing way. All students will benefit from enhanced experience in both classroom and research projects.
7. **Faculty and Staff Salaries, Benefits and Workforce Planning.** Competitive salary and benefit packages will continue to be offered to our faculty and staff. We will also develop workforce planning and implementation strategies to align with the strategic objectives for the next two years.
8. **Financial Aid.** Financial aid is a critical component of the university's action to address affordability, access and quality. We will review the effectiveness of our current financial aid strategies at undergraduate and graduate levels, and seek a delicate balance between price, student needs, diversity, and sources of funds.
9. **Financial Safeguards.** We will review the tuition management reserve and quasi-endowment to ensure an adequate funding level for the FY2020-21 budget and beyond.
10. **Regulatory Changes and External Factors.** We will address new funding requirements because of changes in public policy, new regulations, and contractual cost increases as mandated by contractual agreements. Examples include D.C. Universal Paid Leave Act under consideration and any new emerging regulatory changes.
11. **Comprehensive Campaign.** We will move forward with a new comprehensive campaign to match the resources necessary to carry out the institutional priorities articulated in the new strategic plan.

## American University

### BUDGET DEVELOPMENT CALENDAR

#### Fiscal Years 2020 and 2021

##### September - October

- President appoints University Budget Committee (UBC), co-chaired by interim provost and CFO, vice president and treasurer.
- Provost formulates undergraduate and graduate enrollment projections.
- Faculty Senate reviews and recommends instructional budget to the provost.

##### November

- UBC recommends budget development guidelines to the president.
- President issues budget call to President's Cabinet.
- President presents budget criteria to the Board of Trustees (BOT) Finance and Investment Committee (November 15, 2018).

##### December

- Members of the President's Cabinet submit budget proposals to the president (due by no later than December 21, 2018).

##### January - February

- University Budget Office (UBO) submits summary of budget proposals to the president and UBC.
- UBC reviews budget proposals and submits a set of recommendations and a balanced budget to the president.
- President consults with the President's Cabinet.

##### March

- President presents proposed budget to the BOT Finance and Investment Committee (February 28, 2019).
- Full BOT reviews and adopts the FY2020-21 budget (March 1, 2019).
- Approved budget summary is published for the campus community.
- Units submit revised budgets to the provost and vice presidents to reflect approved budget allocations.

##### April

- Line-item budgets are sent to units for the new budget year that begins May 1, 2019.