### Why So Many Institutions are Revisiting Strategy

#### Economic Underpinnings of the Traditional Academic Model Shifting

<table>
<thead>
<tr>
<th>Student Populations</th>
<th>Family Finances</th>
<th>Public Support</th>
<th>Career Outcomes</th>
<th>Competition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing HS graduates</td>
<td>Increasing family wealth</td>
<td>Annual increases in state support</td>
<td>Rising incomes for graduates</td>
<td>Competition mostly within peer groups</td>
</tr>
<tr>
<td>Growing demand for adult education</td>
<td>Middle class income and savings cover most college costs</td>
<td>Headcount based funding</td>
<td>BA sufficient for middle class income</td>
<td>Regional catchment areas</td>
</tr>
<tr>
<td>International student growth</td>
<td>Rising federal funding</td>
<td>Less expectation of job-ready grads</td>
<td>Few compete nationally for elite students</td>
<td></td>
</tr>
</tbody>
</table>

#### 1995-2017: Relatively benign in hindsight

- Declining population of traditional students
- Working adults leave education for work
- Increasing HS graduates
- Growing demand for adult education
- International student growth
- Increasing family wealth
- Middle class income and savings cover most college costs
- Annual increases in state support
- Headcount based funding
- Rising federal funding
- Rising incomes for graduates
- Balance between state and federal funding
- Less expectation of job-ready grads
- Competition mostly within peer groups
- Regional catchment areas
- Few compete nationally for elite students

#### 2018-2025: Mounting threats to sustainability

- Declining population of traditional students
- Working adults leave education for work
- Hollowing of the middle class
- Growing tuition/debt burden
- Cuts in state support
- Shift to outcomes funding
- Federal research cuts
- ‘Lost class’ during recession
- Declining incomes for BA’s
- Credential inflation
- Cross-segment competition
- Geographical expansion
- Alternative providers

Source: EAB interviews and analysis.
# Higher Ed’s Three Most Pressing Challenges

<table>
<thead>
<tr>
<th>Issue</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Will Our Business Model Survive?</strong></td>
<td>“The competitive landscape has never been more challenging – both in traditional and new markets.”</td>
</tr>
<tr>
<td><strong>The Student of the Future</strong></td>
<td>“We are not prepared for how student needs and preferences are rapidly evolving.”</td>
</tr>
<tr>
<td><strong>Crisis of Confidence in Higher Education</strong></td>
<td>“Perception has never been so negative—from all directions.”</td>
</tr>
</tbody>
</table>
Today's Undergraduates: \textbf{Recruiting Challenges} $\rightarrow$ Mobility Constraints

\section*{More Challenging (and Expensive) to Reach}

\subsection*{Declining Demographics}
States will see slower growth or declines in high school graduation rate (2016-2031)

\subsection*{A Long Tail of Competitors}
\textbf{108\%}
Increased applications from 2001–2014 with just an 11.6\% increase in prospects

\subsection*{A More Demanding “Shopper”}
\textbf{22\%}
Increase in withdrawn deposits from 2007-2015

\textbf{87\%}
Percentage of prospects who say they don’t trust university websites, seeking validation from externals source

\subsection*{Increasingly Price Sensitive}
\textbf{25\%}
Percentage of families who would have enrolled elsewhere for less than $5k in additional grant or scholarship assistance from second choice

\textbf{38.6\%} $\rightarrow$ \textbf{49.1\%}
\textit{NACUBO-Reported Discount Rate for FTFT Freshmen in 2006-2007 vs. 2016-2017}

Master’s Gold Rush No More

Conferrals Now Flat
Number of Master’s Degrees Conferred by Year

Increasingly Expensive to Recruit

226%
Increased cost per click for graduate programs from 2009-2014, as high as $88 for “RN to BSN Online” and $69 for “Online MBA”

Competition Even in “New” Fields

Fast Growth in New Data Science and Analytics Degrees...

...And More on The Way

Favorable Climate for New Entrants

126% vs. 57%
Growth in post-bacc certificates awarded from 2001 to 2015, compared to master’s degrees (conservative estimate)

Support for Alternative Short Format Providers


©2017 EAB • All Rights Reserved • eab.com/163393 Advanced Analytics: North Carolina State University, Oct. 27th, 2016; Keypath Education data’ EAB interviews and analysis.
MBA Applications Fall for Fifth Straight Year

Waning Interest
Applications to two-year M.B.A. programs fell overall in the U.S.

<table>
<thead>
<tr>
<th>SCHOOL</th>
<th>APPLICATIONS (2018-19)</th>
<th>-25%</th>
<th>-20%</th>
<th>-15%</th>
<th>-10%</th>
<th>-5%</th>
<th>0%</th>
<th>5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dartmouth College</td>
<td>2,032</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yale University</td>
<td>3,194</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northwestern University</td>
<td>3,779</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duke University</td>
<td>3,036</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of Calif. Berkeley</td>
<td>3,450</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Georgetown University</td>
<td>1,358</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Harvard University</td>
<td>9,228</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mass. Institute of Technology</td>
<td>5,200</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of Michigan</td>
<td>2,989</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stanford University</td>
<td>7,342</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of Penn. (Wharton)</td>
<td>5,905</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Columbia University</td>
<td>5,876</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of Chicago</td>
<td>4,433</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
New Markets: Online >> International >> Master’s >> Degree Completion

International Challenges Mirror Domestic

**Traditional Age Demographic Decline**

- **Drop in China’s 18-22 Year Old Population**
  - 2011: 120M
  - 2024: 80M

- **Countries Where 18-24 Year Old Population to Fall 15%+ Between 2005 and 2025**
  - Austria
  - Czech Republic
  - Germany
  - Greece
  - Hungary
  - Japan
  - Korea
  - Poland
  - Slovak Republic
  - Spain

**Change in Portion of Students Staying in Region, 1999 and 2012**

- **Increased Regionalism**
  - Arab States: 12% → 26%
  - Central and Eastern Europe: 25% → 37%
  - Sub-Saharan Africa: 18% → 28%

**Emerging Competitors**

- **2,638** Fully Taught English Degree Programs in Asia
- **440k** International Students in China in 2016 – **11.4% Increase from Previous Year**
- **30k** Number of International Students Taiwan Plans to Court by 2019

New Competition in the D.C. Market

Marymount’s president intends to double the school’s size. That means growing enrollment from more than 3,400 students to between 8,000 and 10,000 by 2024
- Washington Business Journal

Virginia Tech Will Be Amazon’s Neighbor With Construction Of New $1B ‘Innovation Campus’ - Washington Business Journal

Johns Hopkins to acquire Newseum building
The Baltimore-based university will consolidate its D.C. operations in the roughly 470,000-square-foot space.
- Washington Business Journal

University of Maryland to open Crystal City Center
- Washington Business Journal
## Competition in the DC Market

<table>
<thead>
<tr>
<th>College/University</th>
<th>Courses Offered (all supplemented by internships)</th>
<th>College/University</th>
<th>Courses Offered (all supplemented by internships)</th>
</tr>
</thead>
</table>
| Arizona State University                   | *science & technology  
*business  
national security & foreign policy  
public policy (focus on water policy & Arizona/regional issues) | Pepperdine University                      | *art & architecture  
*communication  
*history  
global leadership/international relations |
| Boston University                           | *multimedia & journalism  
*health policy                                                                                           | Rutgers University, Camden                 | *arts, humanities, & education  
*business, economics, & trade  
*journalism, media, & communication  
government & politics  
*international relations & global studies  
*legal affairs & criminal justice  
*health, science, & the environment |
| Brown University                            | *social policy & social justice  
national security                                                                                       | Syracuse University                        | *informational studies  
*law  
citizenship & public affairs  
*communications  
*visual & performing arts |
| California State University, Fullerton      | *political science  
*public policy                                                                                           | The Ohio State University                  | *public affairs |
| Claremont McKenna College                   | *international commercial diplomacy (current semester)  
*public art and public policy (next semester)                                                              | University of Missouri                      | *international relations  
*political science  
economics |
| College of William & Mary                   | *political science  
economics                                                                                                                                   | University of Southern California          | *Masters of Public Affairs  
*Masters of Global Policy Studies |
| Cornell University                          | *public policy, leadership, & innovation                                                                  | University of Texas at Austin (graduate)   | *art  
*law  
*political science |
| Duke University                             | *public policy  
*political science  
national security                                                                                   | Wake Forest University                     | *law |
| Hillsdale College                           | *School of Advanced International Studies  
*Carey Business School  
*Krieger School or Arts & Sciences                                                                    | Washington & Lee University Law School     | *
| Johns Hopkins University                    | *political science                                                                                          |                                            | |
| Marquette University                        | *global leadership  
*business & economics  
environmental studies  
*history  
*journalism  
*public policy  
*political science |                                            | |
| New York University                         | *global leadership  
*business & economics  
environmental studies  
*history  
*journalism  
*public policy  
*political science |                                            | |
Higher Ed’s Three Most Pressing Challenges

Will Our Business Model Survive?

“The competitive landscape has never been more challenging – both in traditional and new markets.”

The Student of the Future

“We are not prepared for how student needs and preferences are rapidly evolving.”

Crisis of Confidence in Higher Education

“Perception has never been so negative—from all directions.”
Kids are changing, the world is changing, so we have to change, too.”

Heidi Fletcher, VPEM, Notre Dame of Maryland University

Generational Shift: Gen Z Overtakes Millennials

Size of Generations, 2014

<table>
<thead>
<tr>
<th>Generation</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millennials</td>
<td>66m</td>
</tr>
<tr>
<td>Gen Z</td>
<td>1998-2014</td>
</tr>
</tbody>
</table>

40% Of US population by 2020

Pipeline Diversification

Net Population Growth, 2000-2050

<table>
<thead>
<tr>
<th>Race</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hispanic</td>
<td>49%</td>
</tr>
<tr>
<td>White</td>
<td>11%</td>
</tr>
<tr>
<td>Black</td>
<td>18%</td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>


The New Normal

Demand for Campus Mental Health Services Continues to Soar

Breaking News for 2017

Surging Demand for Mental Health Care Jams College Services

...And for 2016...

The Number of Students Seeking Mental Health Treatment is Growing Rapidly

...And 2015...

More Stress, Less Stigma Drives College Students to Mental Health Services

...And 2014

Students Flood Counseling Offices

Demand for Services Outpaces Enrollment Growth
Average Growth, 2009-10 to 2014-15

5.6%
Average percent change in institutional enrollment

29.6%
Average percent change in counseling center utilization

Rate at which counseling center utilization outpaced enrollment growth

Depression and Anxiety on the Rise Among Teens
A Silent Epidemic Is Coming to Campus

Escalating Rates of Depression
Past Year Major Depressive Episode\(^1\) Among Adolescents, By Gender (2011-2015)

<table>
<thead>
<tr>
<th>Year</th>
<th>Girls (%)</th>
<th>Boys (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>11.9%</td>
<td>4.4%</td>
</tr>
<tr>
<td>2012</td>
<td>12.1%</td>
<td>4.5%</td>
</tr>
<tr>
<td>2013</td>
<td>13.7%</td>
<td>4.7%</td>
</tr>
<tr>
<td>2014</td>
<td>16.2%</td>
<td>5.3%</td>
</tr>
<tr>
<td>2015</td>
<td>17.3%</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

External Factors Driving Up Demand

Substance Abuse
Students look to drugs and alcohol to relax; use prescription drugs to focus, work late into the night

Intensified Expectations
Students face early and persistent pressure to academically excel, fit in socially, and be successful after graduation

Social Media
Time spent online amplifies existing stressors and contributes to an overwhelming sense of social isolation on campus

Political Climate
Stress from current events and politics exacerbates students’ existing issues with stress, anxiety, and depression

New Parenting Styles
Highly involved parenting creates busy, overscheduled, failure-averse students who struggle to adapt to challenges as they arise in college


\(^1\) A major depressive episode is characterized as suffering from a depressed mood for two weeks or more, and a loss of interest or pleasure in everyday activities, accompanied by other symptoms such as feelings of emptiness, hopelessness, anxiety, and worthlessness.
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AU Financial Overview

American University was chartered by a Special Act of Congress in 1893

The University offers 179 degree programs through eight major divisions:

– The College of Arts and Sciences  – The School of Communication
– The School of Public Affairs  – The School of Education
– Kogod School of Business  – The School of International Service
– Washington College of Law  – The School of Professional and Extended Studies

Current Operating Budget = $749 million

Endowment Value = $730 million
College Economics Made Simple

Baby Eagle
Born April 5, 2018

College Costs

Today
$63,327

18 Years from Now
Median Family Income from 2016 to 2034

One Year Cost
$63,327

Four Years Cost
$253,308
$154,587
$97,582

$666,289

$0
$100,000
$200,000
$300,000
$400,000
$500,000
$600,000
$700,000
Observation and a Question

Current situation is unsustainable

Every university affected

• Who pays?
  • Families?
  • Government?
  • Universities?

Question: How will we ensure AU’s survival?
Revenue and Expense Budgets, FY2020

Revenue
($749 million)

Expense
($749 million)

- Tuition and Fees: 81%
- Residence Halls: 7%
- Auxiliary: 5%
- WAMU: 2%
- Investment, Gift, and Other: 5%

- Personnel: 21%
- Other Operating Expenses: 18%
- Online and IRC Programs: 7%
- Utilities: 7%
- Tech/ Furnish/ Facilities: 3%
- Debt Service: 5%
- Financial Aid: 2%
- Online and IRC Programs: 3%
- Utilities: 5%
- Tech/ Furnish/ Facilities: 2%
Financial Management

Revenue Budget, FY2004 vs. FY2020

FY2004
($312 million)

- Tuition and Fees: 81%
- Residence Halls: 10%
- Auxiliary: 3%
- Investment, Gift, and Other: 3%
- WAMU: 3%

FY2020
($749 million)

- Tuition and Fees: 81%
- Residence Halls: 7%
- Auxiliary: 5%
- Investment, Gift, and Other: 2%
- WAMU: 5%
Financial Management

Expenditure Budget, FY2004 vs. FY2020

FY2004
($312 million)

- Personnel: 49%
- Financial Aid: 18%
- Supplies and Other: 4%
- Utilities: 2%
- Tech/ Furnish/ Facilities: 2%
- Debt Service: 2%

FY2020
($749 million)

- Personnel: 44%
- Financial Aid: 21%
- Other Operating Expenses: 7%
- Online and IRC Programs: 2%
- Tech/ Furnish/ Facilities: 5%
- Utilities: 3%
- Debt Service: 2%
Financial Management

Expenditure Budget by Division, FY2004 vs. FY2020

FY2004 ($312 million)

- Academic Affairs: 28.3%
- Finance & Treasurer: 18.2%
- Central Reserves: 17.0%
- WAMU-FM: 7.0%
- Athletics: 6.0%
- International Affairs: 5.0%
- Development: 4.0%
- President/General Counsel: 1.1%

FY2020 ($749 million)

- Academic Affairs: 61.3%
- Finance & Treasurer: 18.2%
- Central Reserves: 17.0%
- WAMU-FM: 5.0%
- Athletics: 3.6%
- International Affairs: 2.2%
- Development: 2.2%
- President/OGS/IT/HR: 1.1%
- UCM: 0.4%
Undergraduate Program

Overview

• Undergraduate enrollment
• Undergraduate retention
# Undergraduate Admissions 7-Year Snapshot

<table>
<thead>
<tr>
<th></th>
<th>Fall 2012</th>
<th>Fall 2013</th>
<th>Fall 2014</th>
<th>Fall 2015</th>
<th>Fall 2016</th>
<th>Fall 2017</th>
<th>Fall 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applications</td>
<td>17,041</td>
<td>17,556</td>
<td>15,151</td>
<td>16,736</td>
<td>19,345</td>
<td>18,694</td>
<td>18,997</td>
</tr>
<tr>
<td>Admits</td>
<td>7,549</td>
<td>7,548</td>
<td>6,966</td>
<td>5,868</td>
<td>5,024</td>
<td>5,500</td>
<td>6,008</td>
</tr>
<tr>
<td>Admit rate</td>
<td>44%</td>
<td>43%</td>
<td>46%</td>
<td>35%</td>
<td>26%</td>
<td>29%</td>
<td>32%</td>
</tr>
<tr>
<td>Deposits</td>
<td>1,692</td>
<td>1,697</td>
<td>1,919</td>
<td>1,896</td>
<td>1,776</td>
<td>1,829</td>
<td>1,846</td>
</tr>
<tr>
<td>Conversion rate</td>
<td>22%</td>
<td>23%</td>
<td>28%</td>
<td>32%</td>
<td>35%</td>
<td>34%</td>
<td>31%</td>
</tr>
<tr>
<td>Enrolled</td>
<td>1,598</td>
<td>1,598</td>
<td>1,787</td>
<td>1,787</td>
<td>1,679</td>
<td>1,779</td>
<td>1,756</td>
</tr>
</tbody>
</table>

Data as of Office of Enrollment snapshot date -- second Monday in May

**NEXT | AU Finances and Changing Economics of Higher Education**
• AU received over 19,300 applications for freshman admissions for Fall 2016. Applications for Fall 2018 are 18,997.

• For Fall 2018 and Fall 2019, about 35% – 40% of tuition deposits were from early decision students.
Undergrad Program Considerations

• UG program at capacity → housing constraints and our ability to deliver student services

• Housing cap: AU must provide housing for 67% of full-time undergraduate population

• UG program focus is not enrollment growth, rather retention
• American University is committed to using all of its resources to help motivated students attain their educational goals. We’ve developed a website with specific tools and resources to help students and their families understand and manage their personal finances to take the actions that best fit their educational situations.

• For academic years 2016, 2017, 2018, & 2019 the tuition increases were budgeted at 3.0%, 3.5%, 4.0%, and 4.0% respectively. For 2020 and 2021 the tuition increase will be 3.0%

• Lower increases for room and board has kept total cost of attendance increases at 2.5%, 3.0%, 3.3% and 3.3% for those same years. Cost of attendance for 2020 and 2021 will be 2.3% and 2.4%

• Eighty percent of incoming students at American University receive some form of aid assistance.

• For academic year 2017-2018, the University spent over $100 million to assist in meeting the financial needs of its undergraduate students.

• American University has shifted institutional expenditures from merit to need-based financial aid in order to mitigate costs, increase affordability and decrease debt.
## College Affordability
### Full-Time Undergraduate Tuition and Mandatory Fees

<table>
<thead>
<tr>
<th>School</th>
<th>FY2018</th>
<th>FY2019</th>
<th>Increase FY18 to FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tufts University</td>
<td>$54,318</td>
<td>$56,382</td>
<td>$2,064 3.8%</td>
</tr>
<tr>
<td>Bucknell University</td>
<td>$53,986</td>
<td>$56,092</td>
<td>$2,106 3.9%</td>
</tr>
<tr>
<td>Colgate University</td>
<td>$53,980</td>
<td>$55,870</td>
<td>$1,890 3.5%</td>
</tr>
<tr>
<td>Carnegie Mellon University</td>
<td>$53,910</td>
<td>$55,465</td>
<td>$1,555 2.9%</td>
</tr>
<tr>
<td>Boston College</td>
<td>$53,346</td>
<td>$55,464</td>
<td>$2,118 4.0%</td>
</tr>
<tr>
<td>Brandeis University</td>
<td>$53,537</td>
<td>$55,395</td>
<td>$1,858 3.5%</td>
</tr>
<tr>
<td>George Washington University</td>
<td>$53,518</td>
<td>$55,230</td>
<td>$1,712 3.2%</td>
</tr>
<tr>
<td>Tulane University</td>
<td>$52,960</td>
<td>$54,820</td>
<td>$1,860 3.5%</td>
</tr>
<tr>
<td>Johns Hopkins University</td>
<td>$52,670</td>
<td>$54,240</td>
<td>$1,570 3.0%</td>
</tr>
<tr>
<td>Georgetown University</td>
<td>$52,300</td>
<td>$54,104</td>
<td>$1,804 3.4%</td>
</tr>
<tr>
<td>Boston University</td>
<td>$52,082</td>
<td>$53,948</td>
<td>$1,866 3.6%</td>
</tr>
<tr>
<td>University of Rochester</td>
<td>$52,020</td>
<td>$53,926</td>
<td>$1,906 3.7%</td>
</tr>
<tr>
<td>Washington University in St. Louis</td>
<td>$51,533</td>
<td>$53,399</td>
<td>$1,866 3.6%</td>
</tr>
<tr>
<td>Lehigh University</td>
<td>$50,740</td>
<td>$52,930</td>
<td>$2,190 4.3%</td>
</tr>
<tr>
<td>Lafayette College</td>
<td>$50,890</td>
<td>$52,880</td>
<td>$1,990 3.9%</td>
</tr>
<tr>
<td>College of the Holy Cross</td>
<td>$50,630</td>
<td>$52,770</td>
<td>$2,140 4.2%</td>
</tr>
<tr>
<td>Fordham University</td>
<td>$50,986</td>
<td>$52,687</td>
<td>$1,701 3.3%</td>
</tr>
<tr>
<td>Syracuse University</td>
<td>$46,755</td>
<td>$51,853</td>
<td>$5,098 10.9%</td>
</tr>
<tr>
<td>New York University</td>
<td>$50,464</td>
<td>$51,828</td>
<td>$1,364 2.7%</td>
</tr>
<tr>
<td>Northeastern University</td>
<td>$49,497</td>
<td>$51,387</td>
<td>$1,890 3.8%</td>
</tr>
<tr>
<td>Emory University</td>
<td>$49,392</td>
<td>$51,306</td>
<td>$1,914 3.9%</td>
</tr>
<tr>
<td>University of Miami</td>
<td>$48,484</td>
<td>$50,226</td>
<td>$1,742 3.6%</td>
</tr>
<tr>
<td>Vanderbilt University</td>
<td>$47,664</td>
<td>$49,816</td>
<td>$2,152 4.5%</td>
</tr>
<tr>
<td>Case Western Reserve University</td>
<td>$47,500</td>
<td>$49,042</td>
<td>$1,542 3.2%</td>
</tr>
<tr>
<td>American University</td>
<td>$46,615</td>
<td>$48,459</td>
<td>$1,844 4.0%</td>
</tr>
<tr>
<td>Median (private institutions only)</td>
<td>$51,777</td>
<td>$53,663</td>
<td>$1,886 3.6%</td>
</tr>
</tbody>
</table>

**American University vs. Median**

$(5,162) \quad (5,204)$
## Tuition Benchmark Data

### Total Tuition, Fees, Room and Board (TFRB) Comparison, AY2016-7

American University and Market Competitors

(sorted by net tuition order)

<table>
<thead>
<tr>
<th>Private Institutions</th>
<th>Published TFRB Price</th>
<th>Net Tuition (After Institutional Aid)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fordham University</td>
<td>$65,828</td>
<td>$45,627</td>
</tr>
<tr>
<td>New York University</td>
<td>$66,640</td>
<td>$42,885</td>
</tr>
<tr>
<td>University of Southern California</td>
<td>$66,631</td>
<td>$39,867</td>
</tr>
<tr>
<td>George Washington University</td>
<td>$64,800</td>
<td>$39,305</td>
</tr>
<tr>
<td>University of Rochester</td>
<td>$65,032</td>
<td>$38,975</td>
</tr>
<tr>
<td>Tulane University</td>
<td>$64,854</td>
<td>$38,848</td>
</tr>
<tr>
<td>Northeastern University</td>
<td>$62,300</td>
<td>$38,180</td>
</tr>
<tr>
<td>Washington University–St. Louis</td>
<td>$66,878</td>
<td>$37,686</td>
</tr>
<tr>
<td>American University</td>
<td>$59,379</td>
<td>$37,572</td>
</tr>
<tr>
<td>Tufts University</td>
<td>$65,996</td>
<td>$36,012</td>
</tr>
<tr>
<td>Boston University</td>
<td>$65,110</td>
<td>$35,435</td>
</tr>
<tr>
<td>Boston College</td>
<td>$65,644</td>
<td>$34,389</td>
</tr>
<tr>
<td>Claremont McKenna College</td>
<td>$66,315</td>
<td>$32,992</td>
</tr>
<tr>
<td>Emory University</td>
<td>$61,440</td>
<td>$32,985</td>
</tr>
<tr>
<td>Private Institutions Median</td>
<td>$65,377</td>
<td>$37,933</td>
</tr>
</tbody>
</table>

### Public Institutions

<table>
<thead>
<tr>
<th>University of Maryland</th>
<th>Nonresident</th>
<th>Resident</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>45,002</td>
<td>23,138</td>
</tr>
</tbody>
</table>

Source: Tuition Pricing Elasticity and Brand Value Study, Stamats, May 2017
## Endowment - Comparison

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Harvard</td>
<td>$36,400,000</td>
<td>$4,771,228</td>
<td>7.6</td>
<td>$1,539,462</td>
<td>32%</td>
</tr>
<tr>
<td>Yale</td>
<td>$23,900,000</td>
<td>$3,364,859</td>
<td>7.1</td>
<td>$1,041,456</td>
<td>31%</td>
</tr>
<tr>
<td>Stanford</td>
<td>$21,400,000</td>
<td>$4,754,280</td>
<td>4.5</td>
<td>$985,215</td>
<td>21%</td>
</tr>
<tr>
<td>Princeton</td>
<td>$19,000,000</td>
<td>$1,800,722</td>
<td>10.6</td>
<td>$840,881</td>
<td>47%</td>
</tr>
<tr>
<td>MIT</td>
<td>$12,400,000</td>
<td>$3,395,622</td>
<td>3.7</td>
<td>$515,431</td>
<td>15%</td>
</tr>
<tr>
<td>Emory University</td>
<td>$6,681,000</td>
<td>$4,349,861</td>
<td>1.5</td>
<td>$157,174</td>
<td>4%</td>
</tr>
<tr>
<td>Washington University in St. Louis</td>
<td>$6,643,000</td>
<td>$2,673,762</td>
<td>2.5</td>
<td>$247,509</td>
<td>9%</td>
</tr>
<tr>
<td>Rice University</td>
<td>$5,527,000</td>
<td>$599,999</td>
<td>9.2</td>
<td>$229,052</td>
<td>38%</td>
</tr>
<tr>
<td>Vanderbilt University</td>
<td>$4,086,000</td>
<td>$4,046,815</td>
<td>1.0</td>
<td>$157,560</td>
<td>4%</td>
</tr>
<tr>
<td>Johns Hopkins University</td>
<td>$3,451,000</td>
<td>$5,236,063</td>
<td>0.7</td>
<td>$135,134</td>
<td>3%</td>
</tr>
<tr>
<td>New York University</td>
<td>$3,424,000</td>
<td>$6,898,931</td>
<td>0.5</td>
<td>$126,661</td>
<td>2%</td>
</tr>
<tr>
<td>Boston College</td>
<td>$2,131,000</td>
<td>$862,379</td>
<td>2.5</td>
<td>$110,741</td>
<td>13%</td>
</tr>
<tr>
<td>University of Rochester</td>
<td>$1,908,000</td>
<td>$3,384,121</td>
<td>0.6</td>
<td>$85,729</td>
<td>3%</td>
</tr>
<tr>
<td>Case Western Reserve University</td>
<td>$1,768,000</td>
<td>$1,045,840</td>
<td>1.7</td>
<td>$63,309</td>
<td>6%</td>
</tr>
<tr>
<td>Boston University</td>
<td>$1,616,000</td>
<td>$2,027,446</td>
<td>0.8</td>
<td>$44,528</td>
<td>2%</td>
</tr>
<tr>
<td>Carnegie Mellon University</td>
<td>$1,600,000</td>
<td>$1,200,504</td>
<td>1.3</td>
<td>$49,810</td>
<td>4%</td>
</tr>
<tr>
<td>Tufts University</td>
<td>$1,590,000</td>
<td>$913,590</td>
<td>1.7</td>
<td>$94,334</td>
<td>10%</td>
</tr>
<tr>
<td>George Washington University</td>
<td>$1,576,000</td>
<td>$1,520,324</td>
<td>1.0</td>
<td>$71,455</td>
<td>5%</td>
</tr>
<tr>
<td>Georgetown University</td>
<td>$1,461,000</td>
<td>$1,258,713</td>
<td>1.2</td>
<td>$59,163</td>
<td>5%</td>
</tr>
<tr>
<td>Lehigh University</td>
<td>$1,215,000</td>
<td>$448,333</td>
<td>2.7</td>
<td>$73,709</td>
<td>16%</td>
</tr>
<tr>
<td>Tulane University</td>
<td>$1,184,000</td>
<td>$980,434</td>
<td>1.2</td>
<td>$42,301</td>
<td>4%</td>
</tr>
<tr>
<td>Syracuse University</td>
<td>$1,183,000</td>
<td>$1,167,044</td>
<td>1.0</td>
<td>$48,605</td>
<td>4%</td>
</tr>
<tr>
<td>Colgate University</td>
<td>$865,000</td>
<td>$216,204</td>
<td>4.0</td>
<td>$37,047</td>
<td>17%</td>
</tr>
<tr>
<td>Lafayette College</td>
<td>$800,000</td>
<td>$183,912</td>
<td>4.3</td>
<td>$31,787</td>
<td>17%</td>
</tr>
<tr>
<td>Bucknell University</td>
<td>$751,000</td>
<td>$255,569</td>
<td>2.9</td>
<td>$35,551</td>
<td>14%</td>
</tr>
<tr>
<td>College of the Holy Cross</td>
<td>$726,000</td>
<td>$209,720</td>
<td>3.5</td>
<td>$24,000</td>
<td>11%</td>
</tr>
<tr>
<td><strong>American University</strong></td>
<td><strong>$611,000</strong></td>
<td><strong>$615,000</strong></td>
<td><strong>1.0</strong></td>
<td><strong>$14,522</strong></td>
<td><strong>2%</strong></td>
</tr>
</tbody>
</table>
Tuition Discount Rate at Private Doctoral and Research Institutions

First-Time, Full-Time Freshman

Source: 2017 NACUBO Tuition Discounting Study; data are from the fall of each year. Includes grants in aid and restricted scholarships.

*Preliminary estimate.
Tuition Discount Rate at Private Doctoral and Research Institutions

All Undergraduates

Source: 2017 NACUBO Tuition Discounting Study; data are from the fall of each year. Includes grants in aid and restricted scholarships.
*Preliminary estimate.
The Importance of Student Retention
Graduation Rates

<table>
<thead>
<tr>
<th>University</th>
<th>4-year</th>
<th>6-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>American University</td>
<td>76.3%</td>
<td>80.7%</td>
</tr>
<tr>
<td>Boston College</td>
<td>89%</td>
<td>93%</td>
</tr>
<tr>
<td>Brandeis University</td>
<td>83%</td>
<td>90%</td>
</tr>
<tr>
<td>Lehigh University</td>
<td>77%</td>
<td>89%</td>
</tr>
<tr>
<td>Syracuse University</td>
<td>69%</td>
<td>82%</td>
</tr>
<tr>
<td>Tulane University</td>
<td>72%</td>
<td>83%</td>
</tr>
<tr>
<td>University of Rochester</td>
<td>73%</td>
<td>85%</td>
</tr>
</tbody>
</table>

Source: National Center for Education Statistics

4-year private institutions located in urban centers with 5-10K undergraduates and with admit rates between 20-40%
## Undergrad 1-Year Retention

<table>
<thead>
<tr>
<th></th>
<th>Enrolled Fall 2015</th>
<th>Enrolled Fall 2016</th>
<th>Retention %</th>
</tr>
</thead>
<tbody>
<tr>
<td>First-Time FT Freshmen</td>
<td>926</td>
<td>802</td>
<td>86.6%</td>
</tr>
<tr>
<td>Honors FT Freshmen</td>
<td>54</td>
<td>51</td>
<td>94.4%</td>
</tr>
<tr>
<td>Scholars FT Freshmen</td>
<td>146</td>
<td>138</td>
<td>94.5%</td>
</tr>
<tr>
<td>CBRS FT Freshmen</td>
<td>50</td>
<td>49</td>
<td>98.0%</td>
</tr>
<tr>
<td>UC+UCC FT Freshmen</td>
<td>603</td>
<td>557</td>
<td>92.4%</td>
</tr>
<tr>
<td><strong>Total FT Freshmen</strong></td>
<td><strong>1779</strong></td>
<td><strong>1597</strong></td>
<td><strong>89.8%</strong></td>
</tr>
</tbody>
</table>
What if we improved retention?

<table>
<thead>
<tr>
<th>GOAL</th>
<th>Fall 2018</th>
<th></th>
<th>Fall 2019</th>
<th></th>
<th>Fall 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>#</td>
<td>%</td>
<td>#</td>
<td>%</td>
<td>#</td>
<td>%</td>
</tr>
<tr>
<td>1700</td>
<td></td>
<td>1547</td>
<td>91.0%</td>
<td>1700</td>
<td></td>
</tr>
<tr>
<td>1547</td>
<td>91.0%</td>
<td>34</td>
<td>2.0%</td>
<td>1556</td>
<td>91.50%</td>
</tr>
<tr>
<td>1462</td>
<td>86.0%</td>
<td>65</td>
<td>3.8%</td>
<td>1471</td>
<td>86.50%</td>
</tr>
<tr>
<td>1309</td>
<td>77.0%</td>
<td>82</td>
<td>4.38%</td>
<td>1318</td>
<td>77.50%</td>
</tr>
<tr>
<td></td>
<td>3-year grad rate</td>
<td>8.0%</td>
<td></td>
<td></td>
<td>3-year grad rate</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY</td>
<td></td>
<td>FY</td>
<td></td>
<td>FY</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td>2020</td>
<td></td>
<td>2021</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td>2021</td>
<td></td>
<td>2022</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td>2022</td>
<td></td>
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<tr>
<td>2022</td>
<td></td>
<td>2023</td>
<td></td>
<td>2024</td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td></td>
<td>2024</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3-year grad rate: 8.0%
Graduate Education

Overview

• Master’s degree enrollment
  • Face to Face
  • Online
Graduate Enrollment by School/College – Fall 2018

- CAS: 627 MA Face to Face, 248 MA Online, 222 PhD
- KOGOD: 452 MA Face to Face, 581 MA Online, 0 PhD
- SIS: 631 MA Face to Face, 276 MA Online, 54 PhD
- SOC: 265 MA Face to Face, 81 MA Online, 22 PhD
- SPA: 476 MA Face to Face, 160 MA Online, 73 PhD
- SPEXS: 108 MA Online, 0 MA Face to Face, 0 PhD
### Masters Fall Full Time Equivalent (FTE) Fall 2009 - 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Strategic Enrollment Growth</th>
<th>Actual F2F Master's FTEs</th>
<th>Actual Online Master's FTEs</th>
<th>Total Master's FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>2,378</td>
<td>2,378</td>
<td>0</td>
<td>2,378</td>
</tr>
<tr>
<td>2010</td>
<td>2,478</td>
<td>2,483</td>
<td>0</td>
<td>2,483</td>
</tr>
<tr>
<td>2011</td>
<td>2,578</td>
<td>2,309</td>
<td>0</td>
<td>2,309</td>
</tr>
<tr>
<td>2012</td>
<td>2,678</td>
<td>2,398</td>
<td>0</td>
<td>2,398</td>
</tr>
<tr>
<td>2013</td>
<td>2,778</td>
<td>2,420</td>
<td>18</td>
<td>2,438</td>
</tr>
<tr>
<td>2014</td>
<td>2,878</td>
<td>2,317</td>
<td>127</td>
<td>2,444</td>
</tr>
<tr>
<td>2015</td>
<td>2,978</td>
<td>2,166</td>
<td>351</td>
<td>2,517</td>
</tr>
<tr>
<td>2016</td>
<td>3,078</td>
<td>2,174</td>
<td>745</td>
<td>2,920</td>
</tr>
<tr>
<td>2017</td>
<td>3,178</td>
<td>1,971</td>
<td>864</td>
<td>2,835</td>
</tr>
<tr>
<td>2018</td>
<td>3,278</td>
<td>2,041</td>
<td>1,001</td>
<td>3,042</td>
</tr>
</tbody>
</table>
Largest AU Master’s Programs

Source: Graduate Studies, July 2017
Largest AU Master’s Programs

Largest enrolled AU Master’s Program in Fall 2017

- Business Admin (online): 10.5%
- International Affairs: 8.3%
- International Relations (online): 5.4%
- Public Administration & Policy (online): 4.6%
- Public Administration: 4.0%
- Analytics (online): 3.4%
- Strategic Communication (online): 3.1%
- Business Admin: 2.6%
- International Peace & Conflict Resolution: 2.5%

Enrollment

0 50 100 150 200 250 300 350 400 450

Business Admin (online)  International Affairs  International Relations (online)  Public Administration & Policy (online)  Public Administration  Analytics (online)  Strategic Communication (online)  Business Admin  International Peace & Conflict Resolution
Largest AU Master’s Programs

Largest Enrolled AU Master's Programs in Fall 2018

Source: Graduate Studies, Sept. 2019 Enrollment Builder Report
Can we add more online programs?

Is it possible to develop online programs in-house rather than partner with vendors?

Next steps:
Develop a comprehensive strategy for online programs.
Expenditures

How can we operate more efficiently?
Almost 50% of our costs are personnel;
Another 20% are financial aid;
Where else are there cost savings opportunities?
AU Financial Summary

➢ 82% tuition dependent  =  90% student fee dependent.
➢ Can’t continue just relying on traditional tuition revenue with 4-5% tuition increases. Not sustainable.
➢ Changing demographics and increasing competition at home and abroad. And more so in D.C.
➢ AU’s comparatively small endowment limits our ability to offer competitive financial aid.
  ➢ Lower sticker price; higher net price
  ➢ Lower tuition discount rate - 32% vs. 41% national average
AU Financial Summary

➢ We Must Diversify revenue sources
   Non-traditional tuition-based revenue
   on-line programs
   executive education
   Fundraising - Comprehensive Campaign
   Sponsored Research

➢ We must also operate more efficiently.