

American University
BUDGET DEVELOPMENT GUIDELINES
FISCAL YEARS 2018 and 2019

The guidelines outlined below provide a framework for developing the two-year budget for fiscal years 2018 and 2019.

The provost, vice presidents, and other senior managers have led the development of objectives to conclude the ninth and tenth years of the university's Strategic Plan, which will guide the formulation of budget priorities with Board of Trustees (BOT) approval. The objectives for the next two years emphasize the following:

- Progress on all aspects of the plan to advance diversity and inclusion;
- A sharper focus on the remaining objectives to conclude the plan successfully;
- RiSE (Reinventing Student Experience) initiative which calls for the institution's cultural transformation and taking a holistic approach in improving student and employee experience;
- Opportunities to maximize investments made to date under the plan; and
- Remaining action steps to complete the recommendations of the institutional reaccreditation by the Middle States Commission.

The final report of the Middle States reaccreditation site visit team congratulated the entire university community on the breadth and depth of positive change and progress made since their last review, which was due, in part, to a program of aggressive investment in virtually every important element of our mission and operations. Efforts to ensure those investments are effectively advancing the targeted objective, encourage innovation, and act diligently on opportunities to leverage our resources effectively through enhanced efficiency throughout the university will be essential components of the FY2018-19 budget.

The FY2019 budget will be reviewed as the first year of the budget cycle concludes to ensure that the budget projections and assumptions upon which it was based still stand at that time.

1. **Strategic Plan Initiatives & Middle States Recommendations.** While there will be no change in the goals that comprise the Strategic Plan, we will focus on the areas which require our close attention to successfully conclude the plan.

Our point of departure for the campus-wide discussions that will culminate in the development of these objectives was the President's report to the Board of Trustees on progress made under the plan to date (that report can be found at [update on progress](#)). The "work ahead" actions outlined in the status report will inform the development of the new budget's revenue and expenditure proposals.

2. **Diversity and Inclusion.** Our commitment to build and maintain a true diverse and inclusive community will be a top priority. Recommendations forwarded from the newly formed President's Council on Diversity and Inclusion will be given serious attention.

3. **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 projections, and the state of the economy after the presidential election. In reviewing the total projected cost of attendance, we will also explore several alternate options, including differential tuition, pending an analysis of price sensitivity and market predictability. We will seek guidance from the Finance and Investment Committee as the pricing alternatives become more focused.
4. **Enrollments and Academic Programs.** The freshman enrollment target will be carefully evaluated in light of 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) and will adjust targets to include new programs called for in AU 2030, and to ensure goals are realistically ambitious. As pointed out in the Middle States report, our graduate education offerings will be a strong area of focus in addition to an assessment of the Graduate Enrollment Management (GEM) approach which has been piloted this year. We will explore different budget models to leverage entrepreneurialism in graduate and professional education areas, while striking a delicate balance between on-campus and online programs.
5. **RiSE (Reinventing Student Experience) Initiative.** While seeking external funding support, we must move forward with implementing the RiSE initiative by identifying the utmost university priorities and by sequencing implementation plans with stronger outcomes in retention, graduation, and satisfaction.
6. **Research and Carnegie Classification (Doctoral: Higher Research) Status.** We will maintain and further strengthen the university's Carnegie R2 research status by enhancing our doctoral programs and faculty research endeavors with measurable scholarly impact. 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 full-time faculty and staff. Specific faculty or staff positions will be targeted to ensure market competitive. We will also develop workforce planning strategies to better respond to organizational needs.
8. **Financial Aid.** Financial aid increases are an essential component of the university's action to address affordability concerns, and will be strategically deployed to address need and enhance diversity.
9. **Facilities Strategy.** The long-term facilities strategy integrates the 2011 Campus Plan and the Strategic Plan. The FY2018-19 budget will reflect the full operation of East Campus facilities. Next priorities include a new science building, integration of new and renovated facilities into our academic programming and student life, including the implementation of the RiSE

initiative and a renovation of Mary Graydon Center to make a true student-centered support facility. We must be creative in sharing and utilizing limited space through collaboration.

10. **Information Technology.** RiSE-inspired technology improvement to meet the diverse student needs will be a top priority. We will gain maturity in business intelligence systems by expanding the application to new areas and help data-driven decision making. We will continue to seek greater efficiencies in maximizing computing resources and instructional methodologies whether in classrooms, labs, or distance learning.
11. **Library.** As a continuing academic priority, multi-year planning for library materials and databases will be considered in conjunction with the Washington Research Library Consortium (WRLC).
12. **Financial Safeguards.** We will review the tuition management reserve and quasi-endowment to ensure an adequate funding level is included in the FY2018-19 budget.
13. **Regulatory Changes and External Factors.** We will address new funding requirements that are the result of changes in public policy, new regulations, and contractual cost increases as mandated by contractual agreements. Examples include new Fair Labor Standards Act (FLSA) overtime regulation, possible D.C. Universal Paid Leave Act under consideration, and any remaining issues with the Affordable Care Act (ACA).
14. **New Revenue.** We will generate new revenue through innovations, strategic partnerships, and academic and auxiliary enterprise programs.
15. **Preparation for a New Capital Campaign.** We will begin to prepare for a new Capital Campaign to advance the university to the next level as a major research institution.

American University

BUDGET DEVELOPMENT CALENDAR

Fiscal Years 2018 and 2019

September - October

- President appoints University Budget Committee (UBC), co-chaired by 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 presents budget criteria to the Board of Trustees (BOT) Finance and Investment Committee (November 17, 2016).
- Provost and CFO, vice president and treasurer lead budget meetings with the campus community.
- President issues budget call to President's Cabinet (November 17, 2016).

December

- Members of the President's Cabinet submit budget proposals to the president (due by no later than December 22, 2016).

January - February

- University 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.
- President consults with the President's Cabinet.

March

- President presents proposed budget to the BOT Finance and Investment Committee (March 2, 2017).
- Full BOT reviews and adopts the FY2018-19 budget (March 3, 2017).
- 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, 2017.