



# AMERICAN UNIVERSITY

---

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

## FY26 BUDGET SUMMARY

Our FY26 budget planning and development process has followed a strategic, step-by-step approach to improve core academic and operational areas, enhance our financial future and support our momentum, and identify new revenues and structural savings.

**The balanced FY26 budget totals \$834 million in revenues and expenses.**

- \$834 million in revenues represents our strongest financial position in nearly five years.

**We achieved nearly \$66 million in revenue enhancements and expense savings thanks to dedicated and innovative work by teams across the university.**

- \$11 million in new and enhanced revenue streams.
- \$29 million in programmatic and operational savings.
- \$11 million from the Voluntary Retirement Incentive Program (VRIP), which is now complete, and savings in our benefit programs.
- \$14 million from effectively managing current position vacancies, including sunseting some positions that have been unfilled for significant periods of time.

**\$16.9 million is needed to complete the alignment of revenues and expenses.**

- While compensation and our workforce make up the largest share of our annual expenses, we are taking revenue and savings actions in our multifaceted approach to minimize personnel-related steps.
- \$12 million in savings will be achieved by a one-time pause of compensation increases for faculty and staff, including university leadership.
  - A 4% compensation increase pool was included in our original budget modeling; however, the savings achieved from the pause make this step necessary.
- The president and cabinet members will also voluntarily take a one-time compensation reduction in the FY26 budget. President Alger will lower his compensation by 20% and the provost and vice presidents will forgo 10%.
- We are currently exploring avenues to achieve the final \$4.9 million budget alignment, including working with the vice presidents and tracking enrollments ahead of the May 1 deposit deadline.
  - If fall enrollments exceed our targets, the additional net revenue can be applied to this budget need.
  - Additional position departures, retirements, or other savings identified in the upcoming weeks may contribute to the remaining savings target.
  - Further updates will be provided after the May board meeting.