

American University

Economics of Higher Education and AU Finances



CFO, Vice President and Treasurer
October 2019

Why So Many Institutions are Revisiting Strategy

Economic Underpinnings of the Traditional Academic Model Shifting



Student Populations



Family Finances



Public Support



Career Outcomes



Competition

1995-2017

Relatively benign in hindsight

- | | | | | |
|---|--|--|--|--|
| <ul style="list-style-type: none"> • Increasing HS graduates • Growing demand for adult education • International student growth | <ul style="list-style-type: none"> • Increasing family wealth • Middle class income and savings cover most college costs | <ul style="list-style-type: none"> • Annual increases in state support • Headcount based funding • Rising federal funding | <ul style="list-style-type: none"> • Rising incomes for graduates • BA sufficient for middle class income • Less expectation of job-ready grads | <ul style="list-style-type: none"> • Competition mostly within peer groups • Regional catchment areas • Few compete nationally for elite students |
|---|--|--|--|--|

2018-2025

Mounting threats to sustainability

- | | | | | |
|---|--|---|---|--|
| <ul style="list-style-type: none"> • Declining population of traditional students • Working adults leave education for work | <ul style="list-style-type: none"> • Hollowing of the middle class • Growing tuition/debt burden | <ul style="list-style-type: none"> • Cuts in state support • Shift to outcomes funding • Federal research cuts | <ul style="list-style-type: none"> • 'Lost class' during recession • Declining incomes for BA's • Credential inflation | <ul style="list-style-type: none"> • Cross-segment competition • Geographical expansion • Alternative providers |
|---|--|---|---|--|

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.”



More Challenging (and Expensive) to Reach

Declining Demographics

36 States will see slower growth or declines in high school graduation rate (2016-2031)

A More Demanding "Shopper"

Attending Multiple Orientations to Decide **22%** Increase in withdrawn deposits from 2007-2015

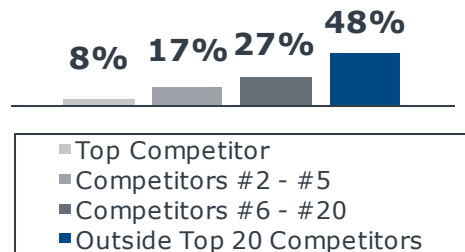
New Marketing Approaches Needed **87%** Percentage of prospects who say they don't trust university websites, seeking validation from external source

A Long Tail of Competitors

108%

Increased applications from 2001—2014 with just an 11.6% increase in prospects

Where Admitted Students Who Did Not Deposit Went (n = 81,827)



Increasingly Price Sensitive

25% Percentage of families who **would have enrolled elsewhere for less than \$5k** in additional grant or scholarship assistance from second choice

NACUBO-Reported Discount Rate for FTFT Freshmen

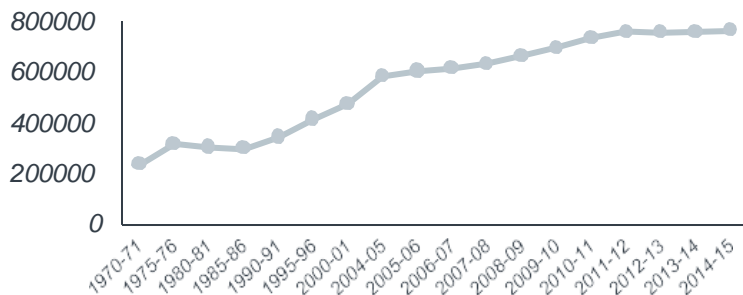
38.6% in 2006-2007 → **49.1%** in 2016-2017

Source: "DepositIQ Survey 2016," EAB Royall & Company, 2016; "Graduate Enrollment and Degrees: 2005-2015"; Trends in College Pricing, *College Board*, 2016; Selingo, The Future of Enrollment, *The Chronicle of Higher Education*, 2017; Western Interstate Commission for Higher Education, Knocking at the College Door: Projections of High School Graduates, 2016; "Rise in student applications creating greater financial risk for some colleges," Moody's Investors Service; Jon McGee, *Breakpoint: The Changing Market for Higher Education* (Johns Hopkins University Press, 2015); "How America Pays for College," Sallie Mae, "The Student Customer Journey," Learning Places, 2015

Master's Gold Rush No More

Conferrals Now Flat

Number of Master's Degrees Conferred by Year



Increasingly Expensive to Recruit



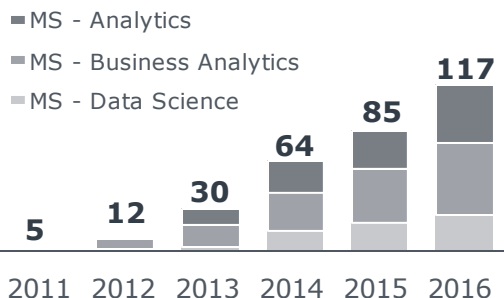
226%

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



57%

Increase in COE market research requests on data analytics opportunities, 2015-2016

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



Source: U.S. Department of Education, National Center for Education Statistics, Higher Education General Information Survey (HEGIS), "Degrees and Other Formal Awards Conferred" surveys, 1970-71 through 1985-86; Integrated Postsecondary Education Data System (IPEDS), "Completions Survey" (IPEDS-C: 91-99); and IPEDS Fall 2000 through Fall 2015, Completions component. NCES; "Master Degree Programs in Analytics and Data Science," http://www.nces.ed.gov/ipeds/data/ipeds_2015/2015_2016/2015_2016_Advanced_Analytics_North_Carolina_State_University.pdf, Oct. 27th, 2016; Keypath Education data; EAB interviews and analysis.

MBA Applications Fall for Fifth Straight Year



THE WALL STREET JOURNAL

DOUGLAS KU

Home World U.S. Politics Economy **Business** Tech Markets Opinion Life & Arts Real Estate WSJ. Magazine



SAVE



SHARE



TEXT

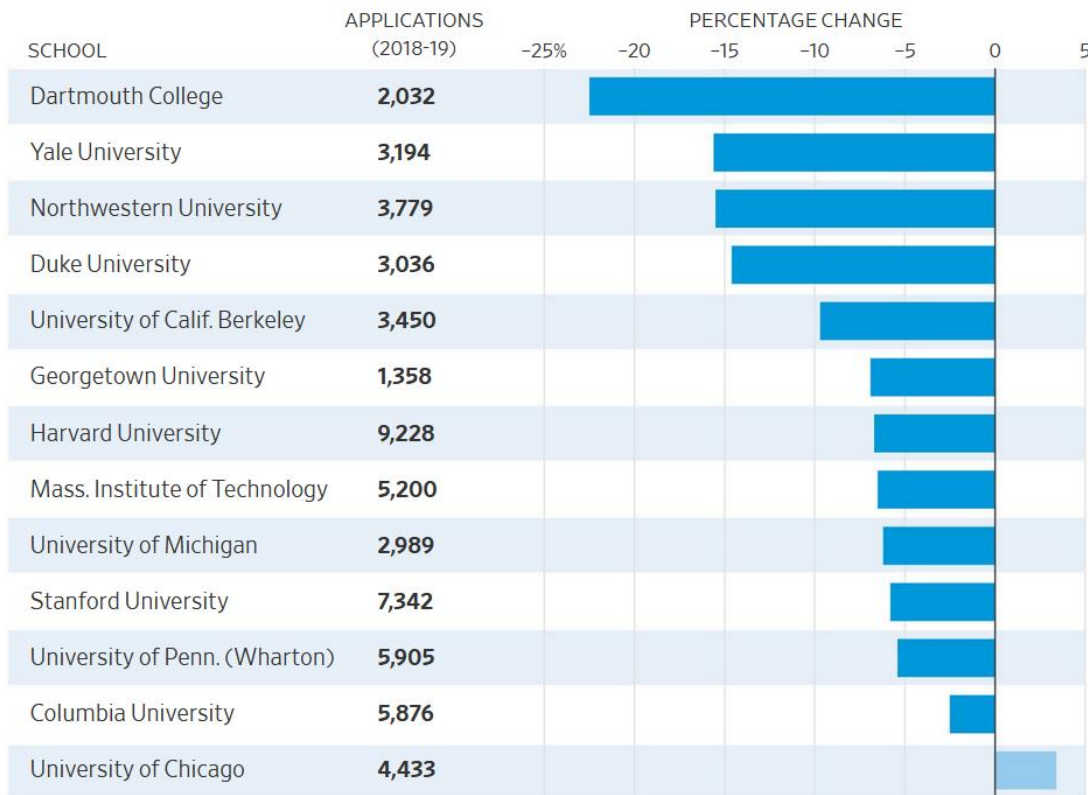


280

Waning Interest

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

Selected programs and change from previous year



Report Steep Drop in Applications

3. MGM Resorts to Sell Bellagio, Circus Circus Properties in Las Vegas

4. LeBron James's Big Miss on China

5. A Good Man Is Getting Even Harder to Find

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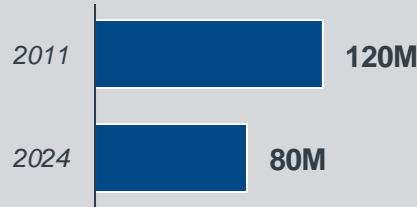
EXPLORE APP



International Challenges Mirror Domestic

Traditional Age Demographic Decline

Drop in China's 18-22 Year Old Population

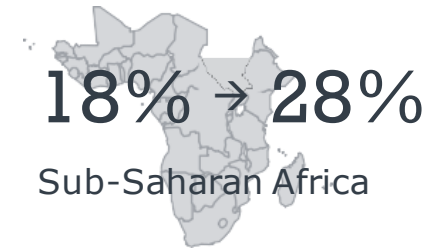
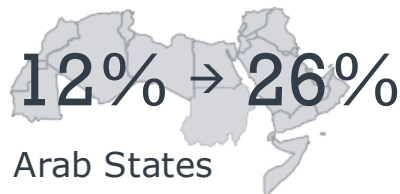


Countries Where 18-24 Year Old Population to Fall 15%+ Between 2005 and 2025

- | | | |
|-----------------------|----------------|------------------------|
| <i>Austria</i> | <i>Greece</i> | <i>Korea</i> |
| <i>Czech Republic</i> | <i>Hungary</i> | <i>Poland</i> |
| <i>Germany</i> | <i>Japan</i> | <i>Slovak Republic</i> |
| | | <i>Spain</i> |

Increased Regionalism

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



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

College/University	Courses Offered (all supplemented by internships)
Arizona State University	*science & technology *business *national security & foreign policy *public policy (focus on water policy & Arizona/regional issues)
Boston University	*multimedia & journalism *health policy
Brown University	*social policy & social justice *national security
California State University, Fullerton	*political science
Claremont McKenna College	*political science *public policy
College of William & Mary	*international commercial diplomacy (current semester) *public art and public policy (next semester)
Cornell University	*political science *economics
Duke University	*public policy, leadership, & innovation
Hillsdale College	*public policy *political science *national security
Johns Hopkins University	*School of Advanced International Studies *Carey Business School *Krieger School of Arts & Sciences
Marquette University	*political science
New York University	*global leadership *business & economics *environmental studies *history *journalism *public policy *political science

College/University	Courses Offered (all supplemented by internships)
Pepperdine University	*art & architecture *communication *history *global leadership/international relations
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
Syracuse University	*informational studies *law *citizenship & public affairs *communications *visual & performing arts
The Ohio State University	*public affairs
University of Missouri	*journalism
University of Southern California	*international relations *political science *economics
University of Texas at Austin (graduate)	*Masters of Public Affairs *Masters of Global Policy Studies
Wake Forest University	*art *law *political science
Washington & Lee University Law School	*law

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The Student of the Future

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Crisis of Confidence in Higher Education

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EMs Confronting a Different Pipeline

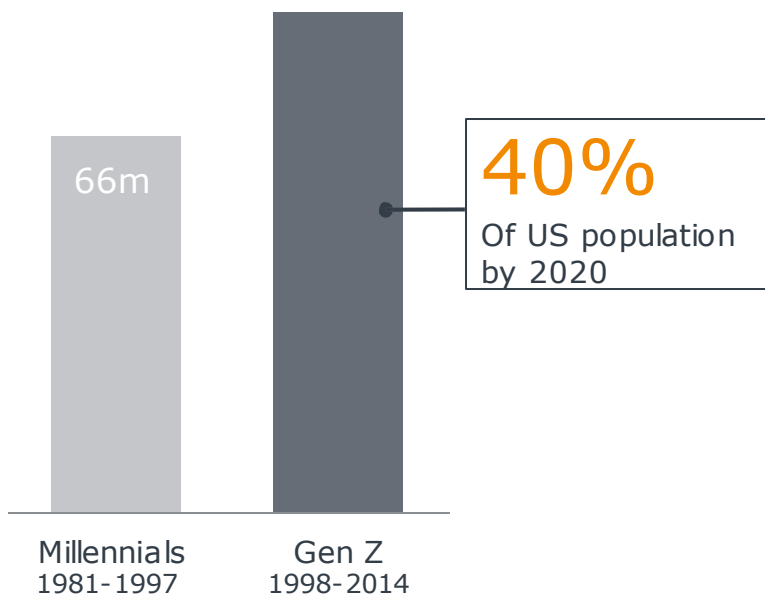


Kids are changing, the world is changing, so we have to change, too."

Heidi Fletcher, VP EM, Notre Dame of Maryland University

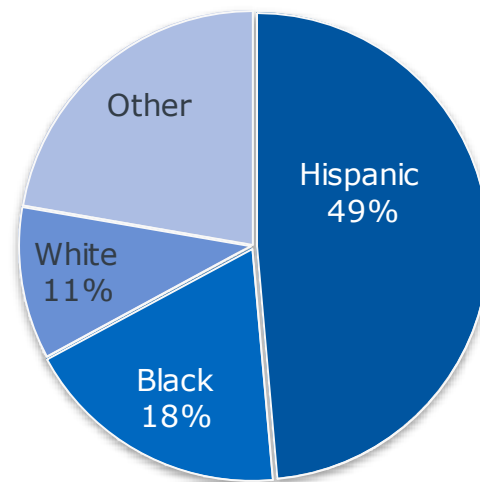
Generational Shift: Gen Z Overtakes Millennials

Size of Generations, 2014



Pipeline Diversification

Net Population Growth, 2000-2050



Source: Jeffery Selingo, "The Future of Enrollment: Where Will Colleges Find Their Next Students", 2017. Pew Research Forum, <http://www.pewresearch.org/fact-tank/2016/04/25/millennials-overtake-baby-boomers/>. Steve Murdock, Population Change in the United States: Implications for Human and Socioeconomic Resources in the 21st Century. "Gen Z and the Future of Retail", <http://www.fitch.com/think/gen-z-and-the-future-of-retail>.

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**

5x

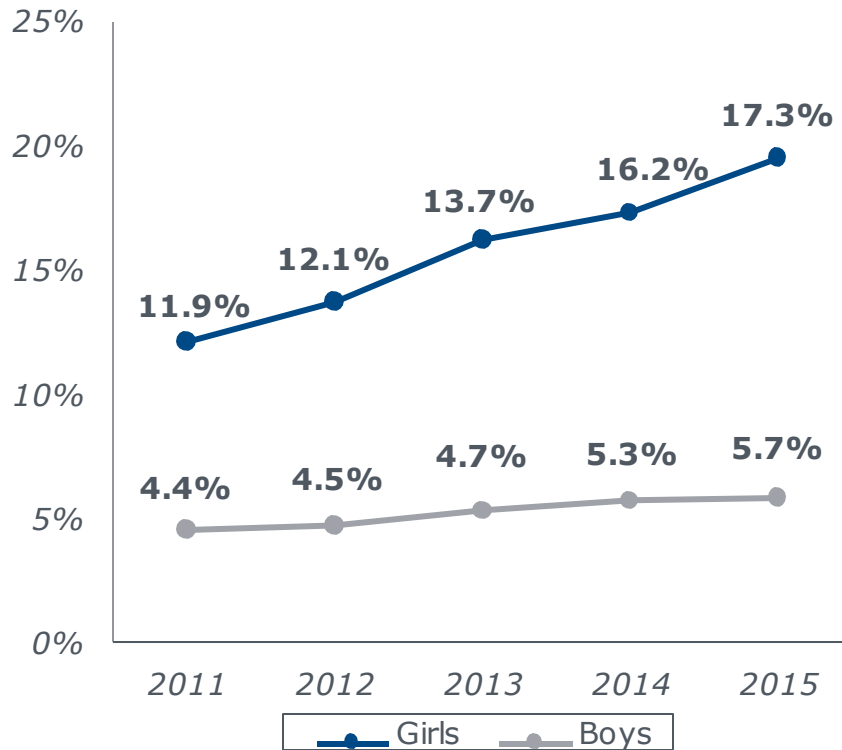
Rate at which counseling center utilization outpaced enrollment growth

Depression and Anxiety on the Rise Among Teens

A Silent Epidemic Is Coming to Campus

Escalating Rates of Depression

Past Year Major Depressive Episode¹ Among Adolescents, By Gender (2011-2015)



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.

Source: National Institute of Mental Health, "Major Depression Among Adolescents," <https://goo.gl/KSk7xT>; Olsson M et al, "Trends in Mental Health Care among Children and Adolescents," *The New England Journal of Medicine*, <https://goo.gl/3GjjFn>; Merikangas K et al, "Lifetime Prevalence of Mental Disorders in US Adolescents: Results from the National Comorbidity Survey Replication..." *Journal of the American Academy of Child & Adolescent Psychiatry*, <https://goo.gl/apDwDe>; "EAB interviews and analysis.

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

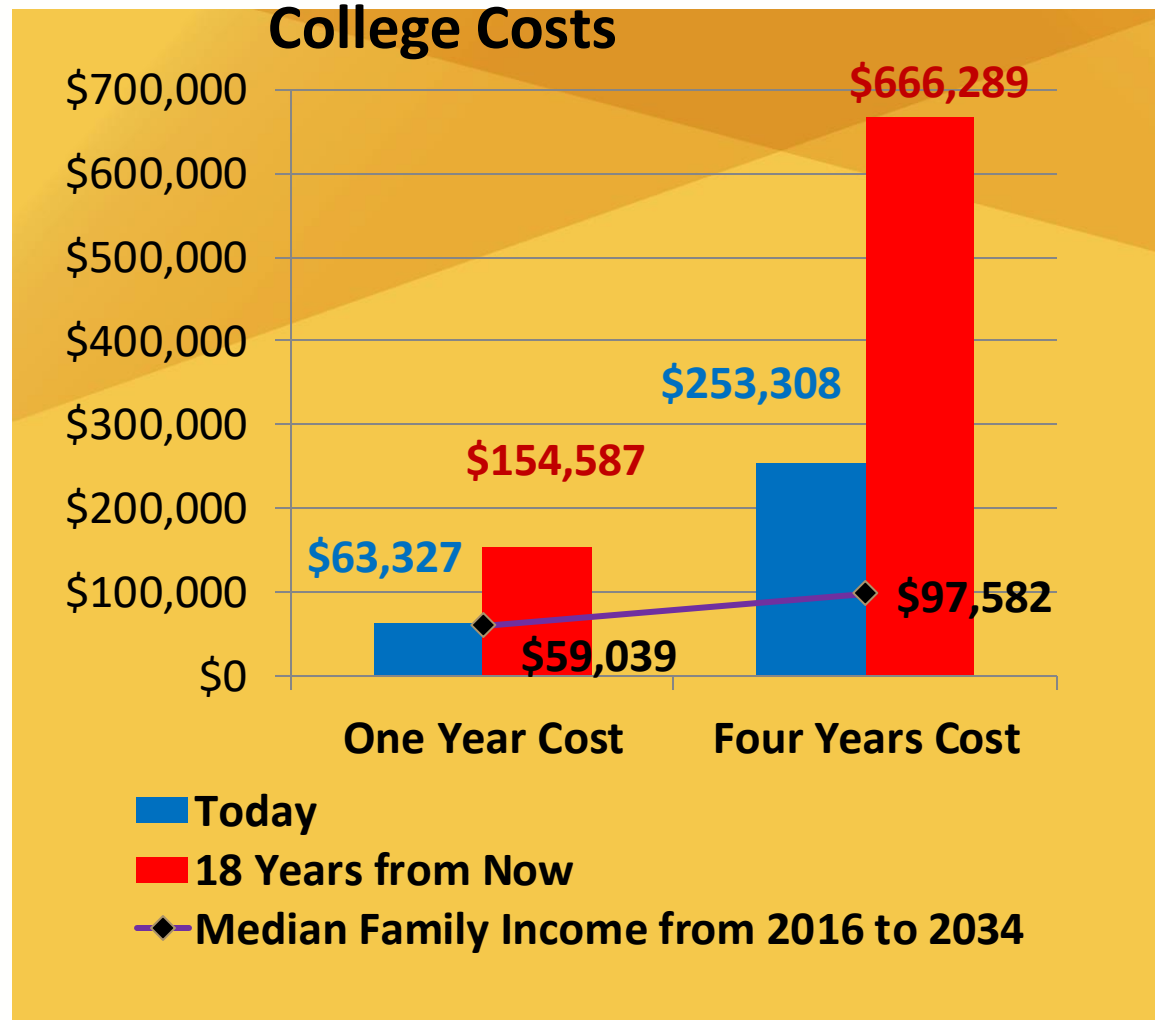
Current Operating Budget = \$749 million

Endowment Value = \$730 million



College Economics Made Simple

Baby Eagle
Born April 5, 2018



Observation and a Question

Current situation is unsustainable

Every university affected

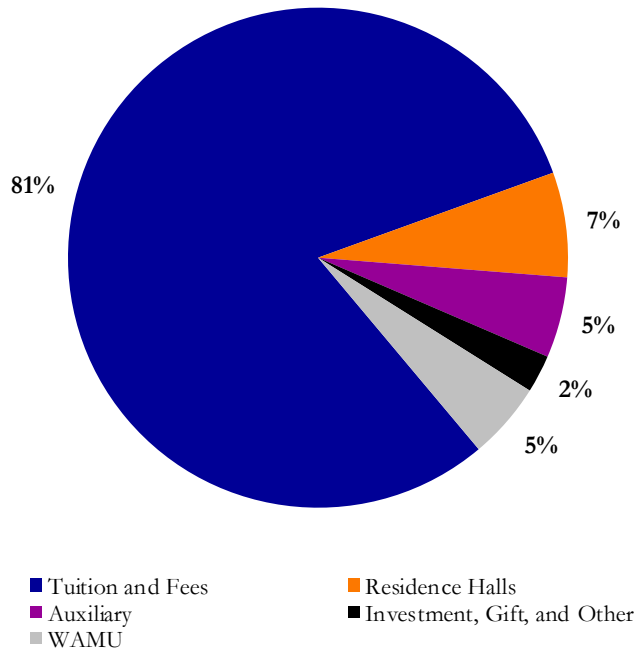
- **Who pays?**
 - Families ?
 - Government ?
 - Universities ?

Question: How will we ensure AU's survival?

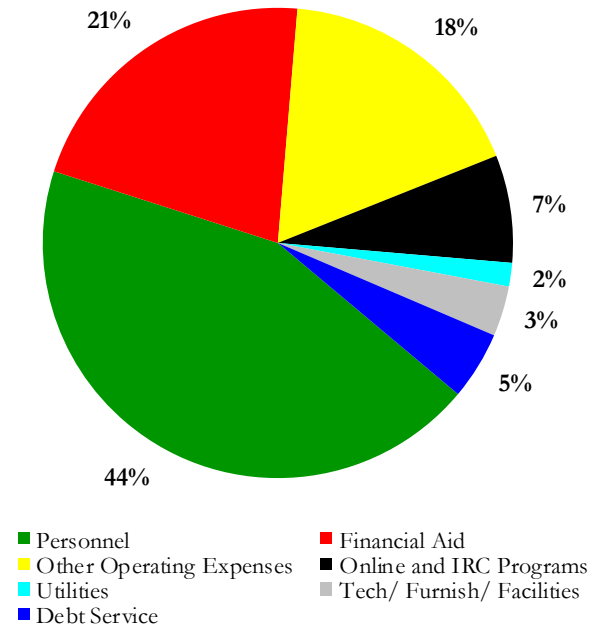


Revenue and Expense Budgets, FY2020

Revenue
(\$749 million)

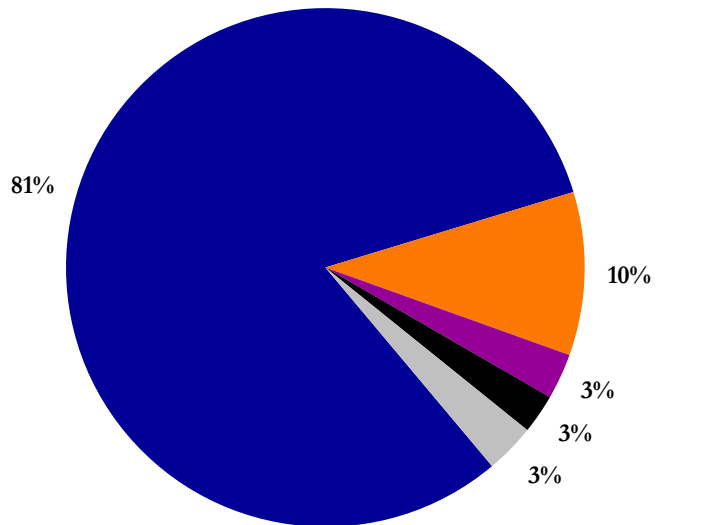


Expense
(\$749 million)



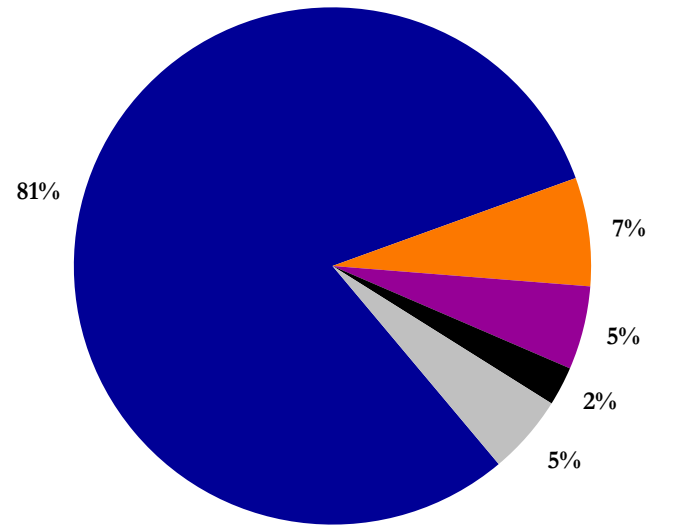
Revenue Budget, FY2004 vs. FY2020

FY2004
(\$312 million)



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

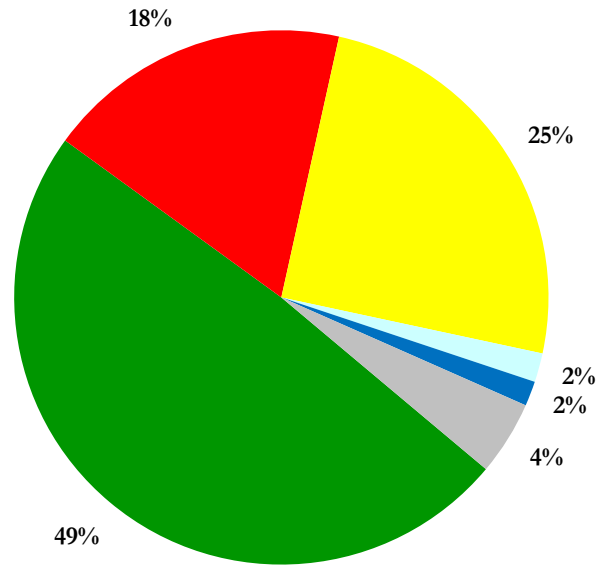
FY2020
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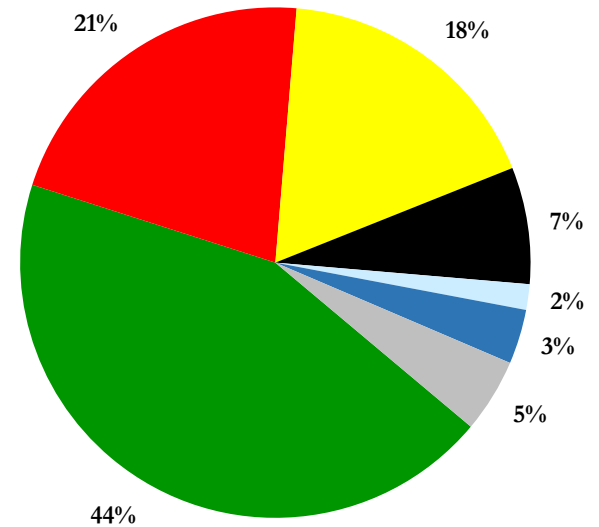
Expenditure Budget, FY2004 vs. FY2020

FY2004
(\$312 million)



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

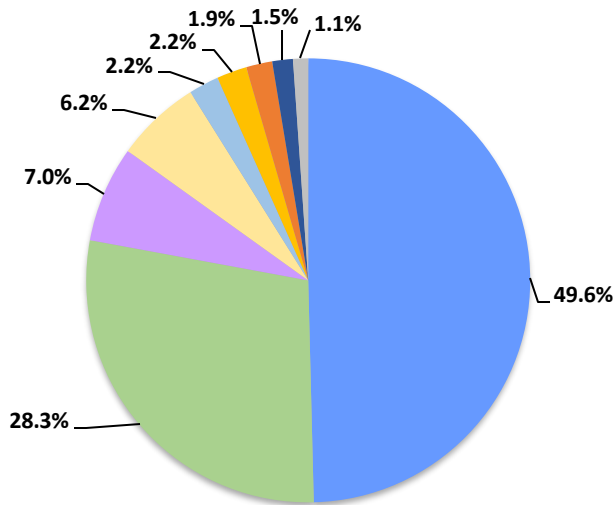
FY2020
(\$749 million)



- Personnel
- Other Operating Expenses
- Utilities
- Tech/ Furnish/ Facilities
- Debt Service
- Financial Aid
- Online and IRC Programs

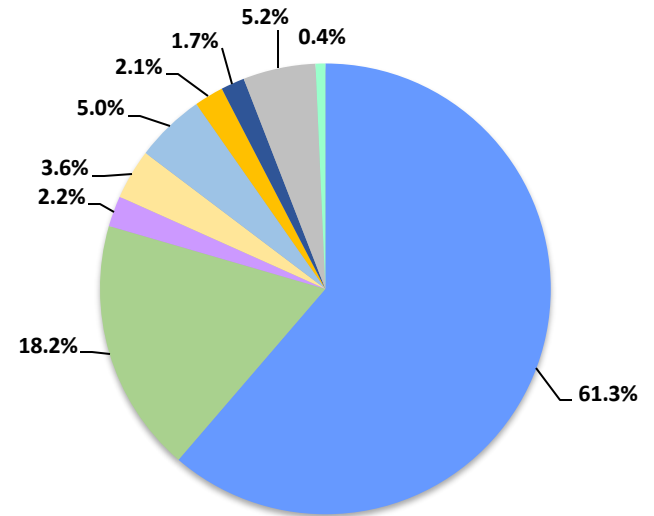
Expenditure Budget by Division, FY2004 vs. FY2020

FY2004
(\$312 million)



- Academic Affairs
- Central Reserves
- WAMU-FM
- International Affairs
- President/General Counsel
- Finance & Treasurer
- Campus Life
- Athletics
- Development

FY2020
(\$749 million)



- Academic Affairs
- Central Reserves
- WAMU-FM
- Development
- UCM
- Finance & Treasurer
- Campus Life
- Athletics
- President/OGS/IT/HR



University Budget Process



FISCAL YEARS 2020 AND 2021

JULY 1, 2019-JUNE 30, 2021

Adopted by the Board of Trustees

March 1, 2019



Undergraduate Program

Overview

- Undergraduate enrollment
- Undergraduate retention



Undergraduate Admissions 7-Year Snapshot

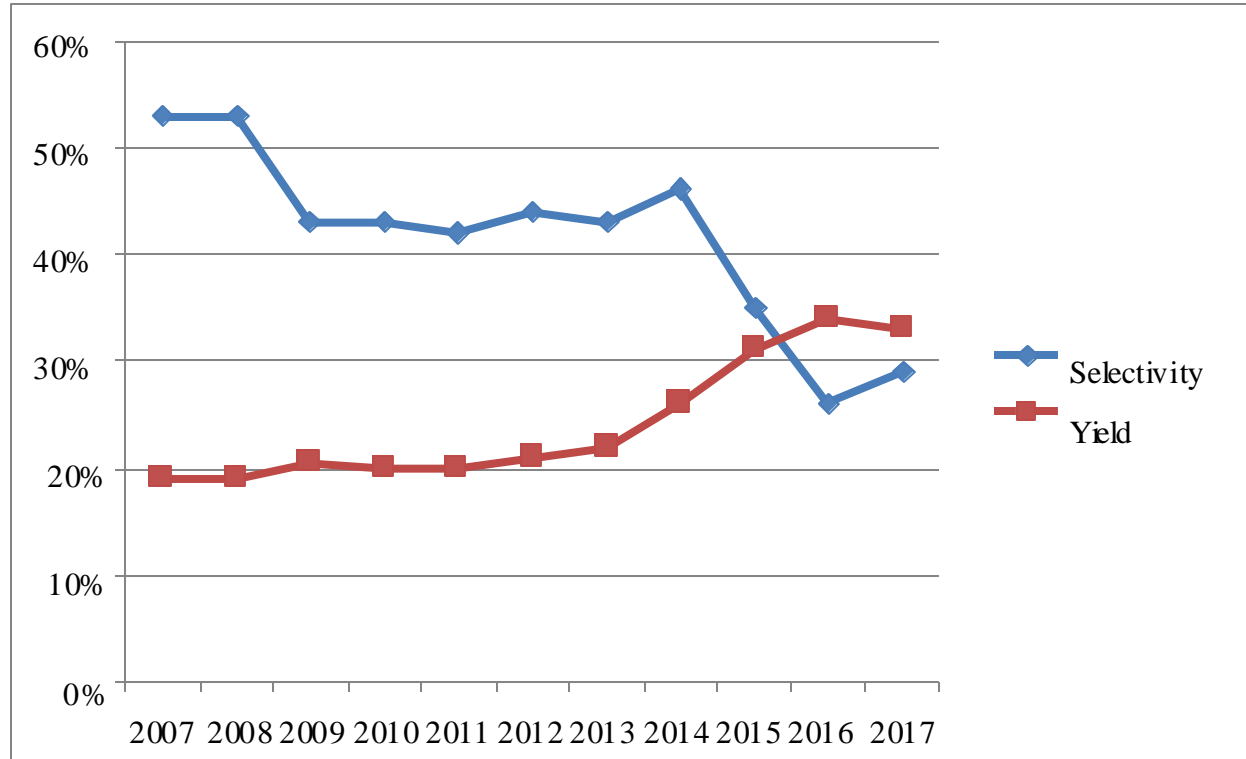
	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2018
Applications	17,041	17,556	15,151	16,736	19,345	18,694	18,997
Admits	7,549	7,548	6,966	5,868	5,024	5,500	6,008
Admit rate	44%	43%	46%	35%	26%	29%	32%
Deposits	1,692	1,697	1,919	1,896	1,776	1,829	1,846
Conversion rate	22%	23%	28%	32%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

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

Freshmen Selectivity and Yield

Fall 2007-2017

- 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

College Affordability

- 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

	School	FY2018	FY2019	Increase FY18 to FY19	
				\$	Percent
1	Tufts University	\$54,318	\$56,382	\$2,064	3.8%
2	Bucknell University	\$53,986	\$56,092	\$2,106	3.9%
3	Colgate University	\$53,980	\$55,870	\$1,890	3.5%
4	Carnegie Mellon University	\$53,910	\$55,465	\$1,555	2.9%
5	Boston College	\$53,346	\$55,464	\$2,118	4.0%
6	Brandeis University	\$53,537	\$55,395	\$1,858	3.5%
7	George Washington University	\$53,518	\$55,230	\$1,712	3.2%
8	Tulane University	\$52,960	\$54,820	\$1,860	3.5%
9	Johns Hopkins University	\$52,670	\$54,240	\$1,570	3.0%
10	Georgetown University	\$52,300	\$54,104	\$1,804	3.4%
11	Boston University	\$52,082	\$53,948	\$1,866	3.6%
12	University of Rochester	\$52,020	\$53,926	\$1,906	3.7%
13	Washington University in St. Louis	\$51,533	\$53,399	\$1,866	3.6%
14	Lehigh University	\$50,740	\$52,930	\$2,190	4.3%
15	Lafayette College	\$50,890	\$52,880	\$1,990	3.9%
16	College of the Holy Cross	\$50,630	\$52,770	\$2,140	4.2%
17	Fordham University	\$50,986	\$52,687	\$1,701	3.3%
18	Syracuse University	\$46,755	\$51,853	\$5,098	10.9%
19	New York University	\$50,464	\$51,828	\$1,364	2.7%
20	Northeastern University	\$49,497	\$51,387	\$1,890	3.8%
21	Emory University	\$49,392	\$51,306	\$1,914	3.9%
22	University of Miami	\$48,484	\$50,226	\$1,742	3.6%
23	Vanderbilt University	\$47,664	\$49,816	\$2,152	4.5%
24	Case Western Reserve University	\$47,500	\$49,042	\$1,542	3.2%
25	American University	\$46,615	\$48,459	\$1,844	4.0%
	Median (private institutions only)	\$51,777	\$53,663	\$1,886	3.6%
	American University vs. Median	(\$5,162)	(\$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)

Private Institutions	Published TFRB Price	Net Tuition (After Institutional Aid)
Fordham University	\$65,828	\$45,627
New York University	\$66,640	\$42,885
University of Southern California	\$66,631	\$39,867
George Washington University	\$64,800	\$39,305
University of Rochester	\$65,032	\$38,975
Tulane University	\$64,854	\$38,848
Northeastern University	\$62,300	\$38,180
Washington University–St. Louis	\$66,878	\$37,686
American University	\$59,379	\$37,572
Tufts University	\$65,996	\$36,012
Boston University	\$65,110	\$35,435
Boston College	\$65,644	\$34,389
Claremont McKenna College	\$66,315	\$32,992
Emory University	\$61,440	\$32,985
Private Institutions Median	\$65,377	\$37,933
Public Institutions	Nonresident	Resident
University of Maryland	45,002	23,138

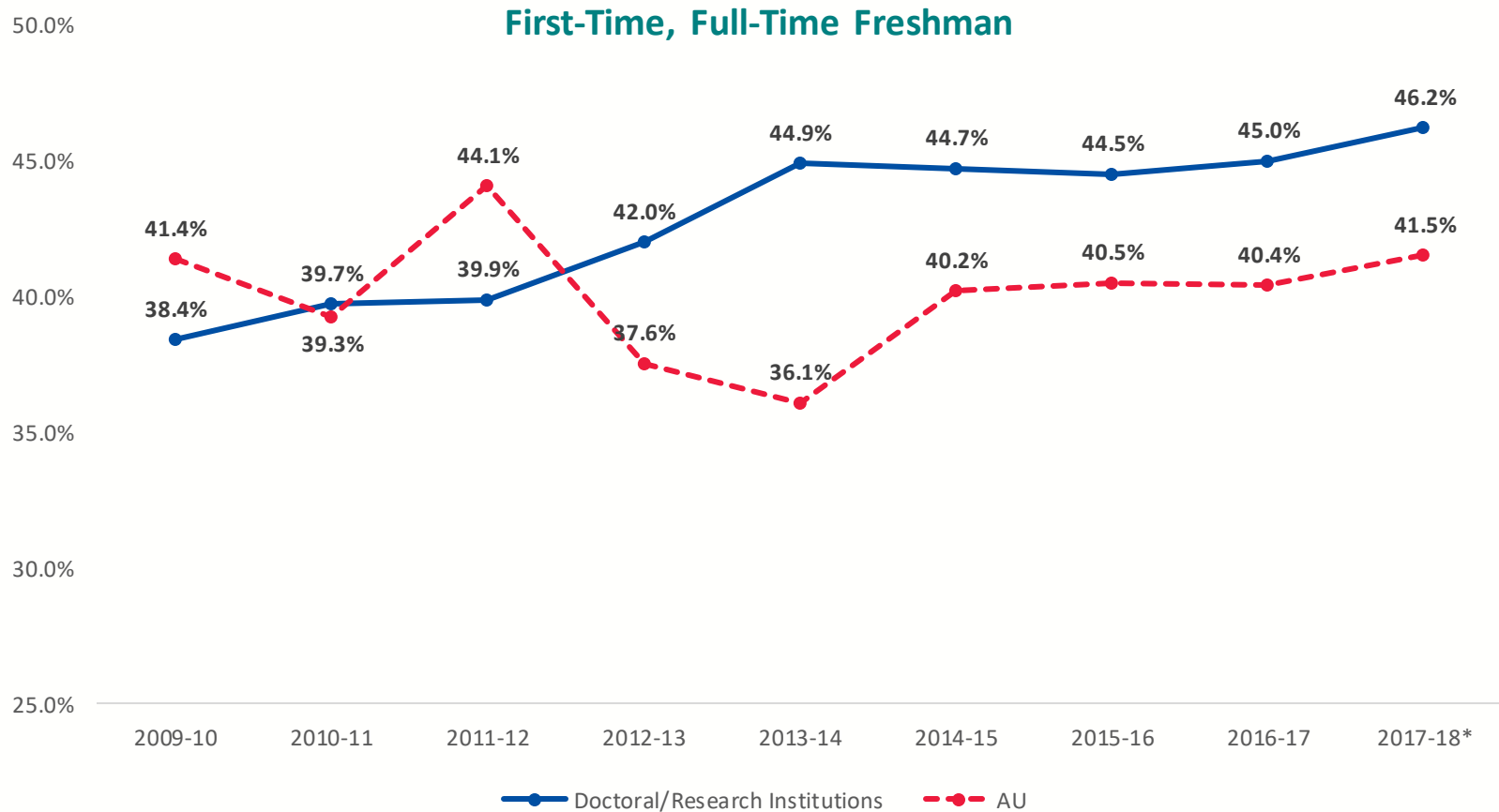
Source: Tuition Pricing Elasticity and Brand Value Study, Stamats, May 2017



Endowment - Comparison

School	FY2015 Endowment	FY2015 Budget	Endowment vs. Budget	Endowment Income	Budget Support
Harvard	\$36,400,000	\$4,771,228	7.6	\$1,539,462	32%
Yale	\$23,900,000	\$3,364,859	7.1	\$1,041,456	31%
Stanford	\$21,400,000	\$4,754,280	4.5	\$985,215	21%
Princeton	\$19,000,000	\$1,800,722	10.6	\$840,881	47%
MIT	\$12,400,000	\$3,395,622	3.7	\$515,431	15%
Emory University	\$6,681,000	\$4,349,861	1.5	\$157,174	4%
Washington University in St. Louis	\$6,643,000	\$2,673,762	2.5	\$247,509	9%
Rice University	\$5,527,000	\$599,999	9.2	\$229,052	38%
Vanderbilt University	\$4,086,000	\$4,046,815	1.0	\$157,560	4%
Johns Hopkins University	\$3,451,000	\$5,236,063	0.7	\$135,134	3%
New York University	\$3,424,000	\$6,898,931	0.5	\$126,661	2%
Boston College	\$2,131,000	\$862,379	2.5	\$110,741	13%
University of Rochester	\$1,908,000	\$3,384,121	0.6	\$85,729	3%
Case Western Reserve University	\$1,768,000	\$1,045,840	1.7	\$63,309	6%
Boston University	\$1,616,000	\$2,027,446	0.8	\$44,528	2%
Carnegie Mellon University	\$1,600,000	\$1,200,504	1.3	\$49,810	4%
Tufts University	\$1,590,000	\$913,590	1.7	\$94,334	10%
George Washington University	\$1,576,000	\$1,520,324	1.0	\$71,455	5%
Georgetown University	\$1,461,000	\$1,258,713	1.2	\$59,163	5%
Lehigh University	\$1,215,000	\$448,333	2.7	\$73,709	16%
Tulane University	\$1,184,000	\$980,434	1.2	\$42,301	4%
Syracuse University	\$1,183,000	\$1,167,044	1.0	\$48,605	4%
Colgate University	\$865,000	\$216,204	4.0	\$37,047	17%
Lafayette College	\$800,000	\$183,912	4.3	\$31,787	17%
Bucknell University	\$751,000	\$255,569	2.9	\$35,551	14%
College of the Holy Cross	\$726,000	\$209,720	3.5	\$24,000	11%
American University	\$611,000	\$615,000	1.0	\$14,522	2%

Tuition Discount Rate at Private Doctoral and Research Institutions



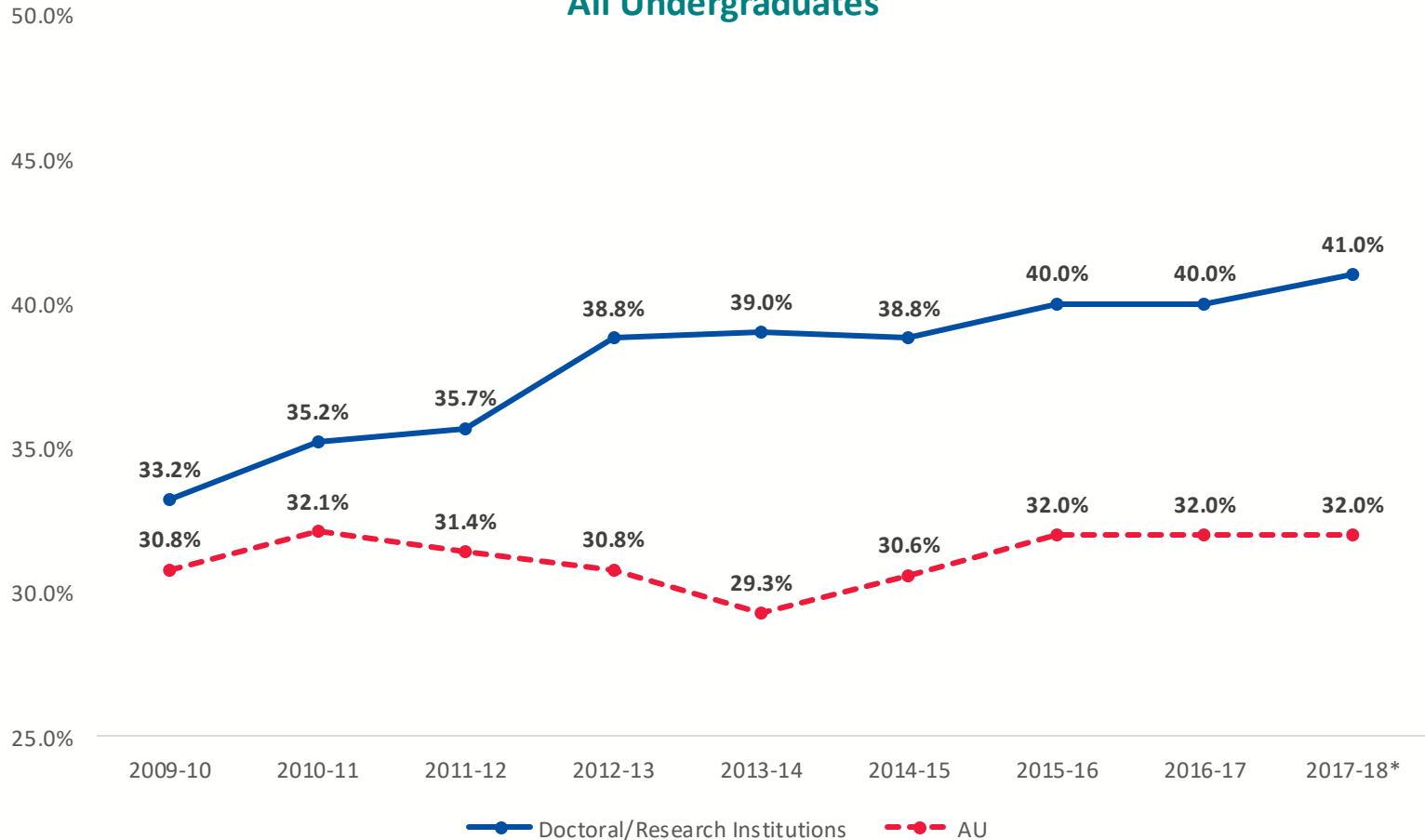
Source: 2017 NACUBO Tuition Discounting Study; data are from the fall of each year. Includes grants in aid and restricted scholarships.

*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

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

	4-year	6-year
American University	76.3%	80.7%
Boston College	89%	93%
Brandeis University	83%	90%
Lehigh University	77%	89%
Syracuse University	69%	82%
Tulane University	72%	83%
University of Rochester	73%	85%

Source: National Center for Education Statistics

Undergrad 1-Year Retention

	Enrolled Fall 2015	Enrolled Fall 2016	Retention %
First-Time FT Freshmen	926	802	86.6%
Honors FT Freshmen	54	51	94.4%
Scholars FT Freshmen	146	138	94.5%
CBRS FT Freshmen	50	49	98.0%
UC+UCC FT Freshmen	603	557	92.4%
Total FT Freshmen	1779	1597	89.8%



GOAL		Fall 2018		
#	%	#	%	FY
1700				FY 2019
1547	91.0%	34	2.0%	FY 2020
1462	86.0%	65	3.8%	FY 2021
1309	77.0%	82	4.38%	FY 2022
3-year grad rate	8.0%			
		Fall 2019		
		#	%	
1700				FY 2020
1556	91.50%	43	2.50%	FY 2021
1471	86.50%	73	4.30%	FY 2022
1318	77.50%	90	5.30%	FY 2023
3-year grad rate	8.0%			
		Fall 2020		
		#	%	
1700				FY 2021
1564	92.00%	51	3.00%	FY 2022
1479	87.00%	82	4.80%	FY 2023
1326	78.00%	99	5.80%	FY 2024
3-year grad rate	8.0%			

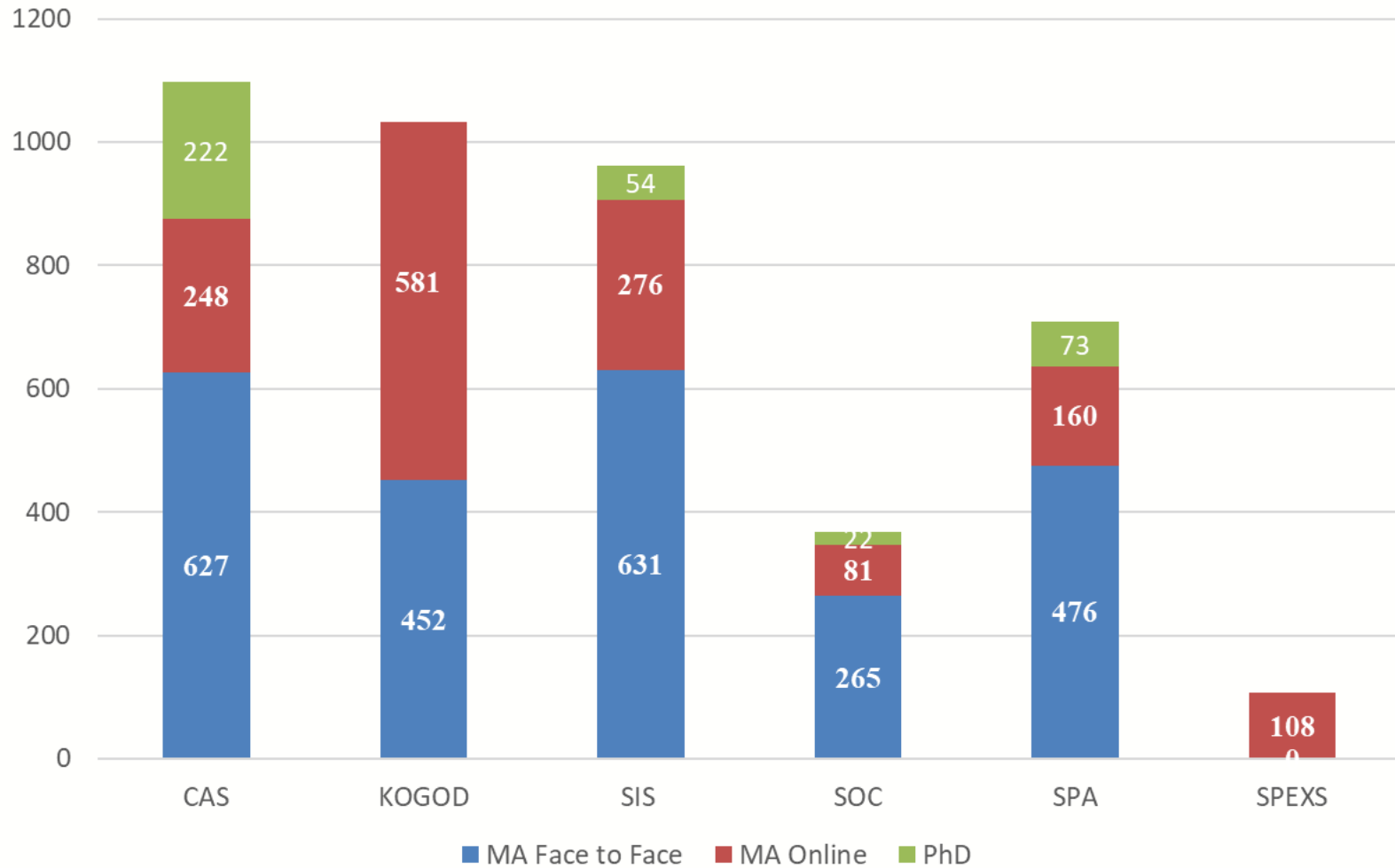
Graduate Education

Overview

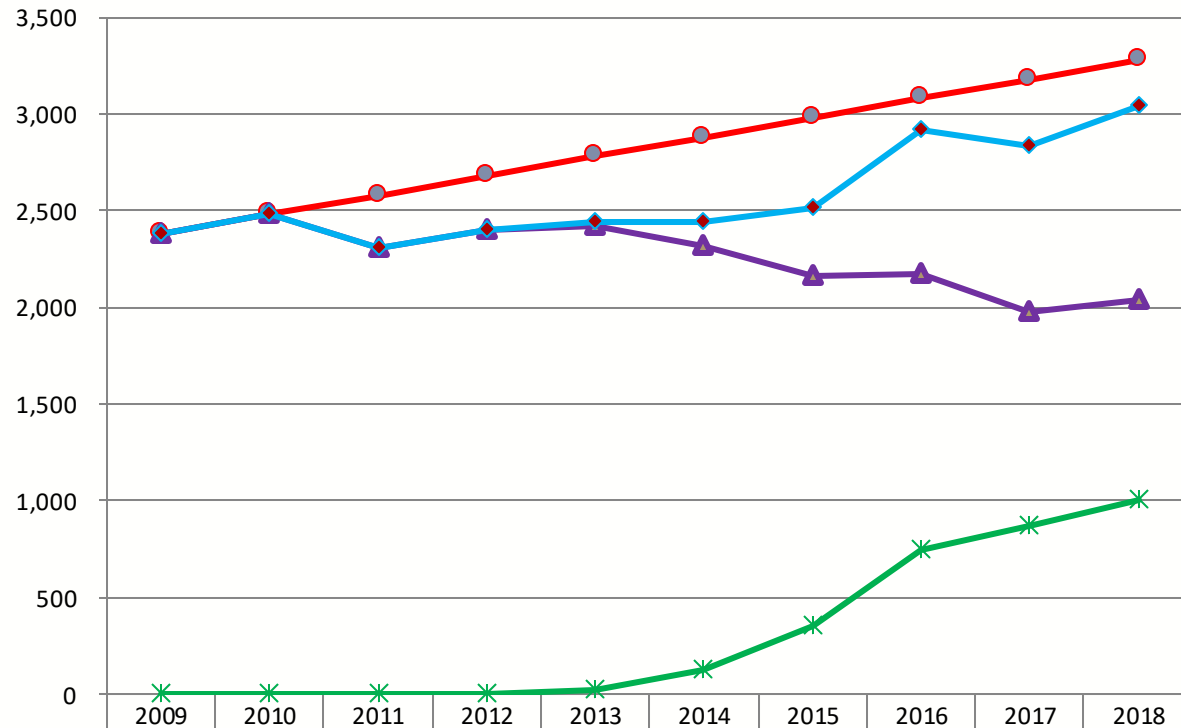
- Master's degree enrollment
 - Face to Face
 - Online



Graduate Enrollment by School/College – Fall 2018

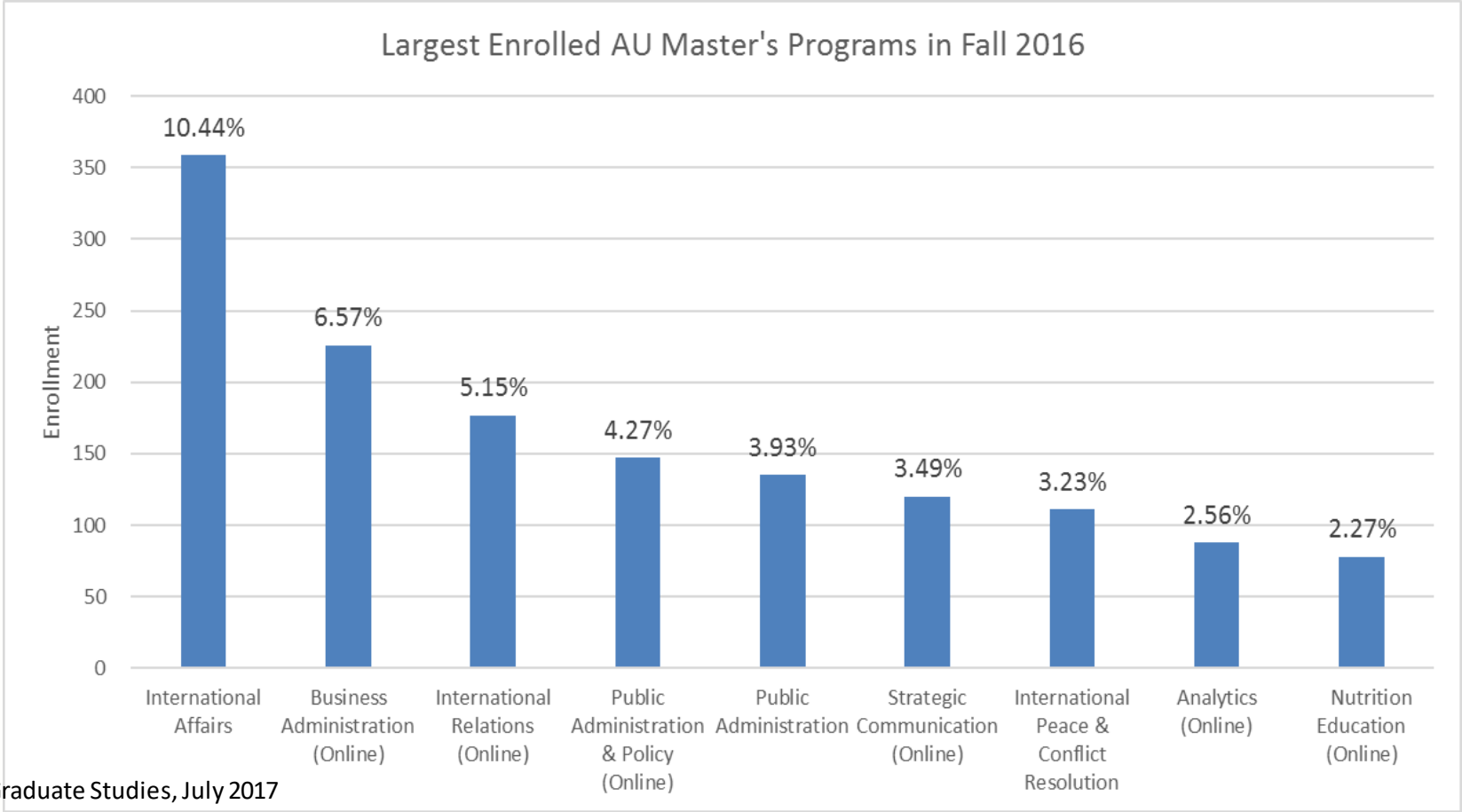


Masters Fall Full Time Equivalent (FTE) Fall 2009 - 2018



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
— Strategic Enrollment Growth	2,378	2,478	2,578	2,678	2,778	2,878	2,978	3,078	3,178	3,278
— Actual F2F Master's FTEs	2,378	2,483	2,309	2,398	2,420	2,317	2,166	2,174	1,971	2,041
— Actual Online Master's FTEs	0	0	0	0	18	127	351	745	864	1,001
— Total Master's FTEs	2,378	2,483	2,309	2,398	2,438	2,444	2,517	2,920	2,835	3,042

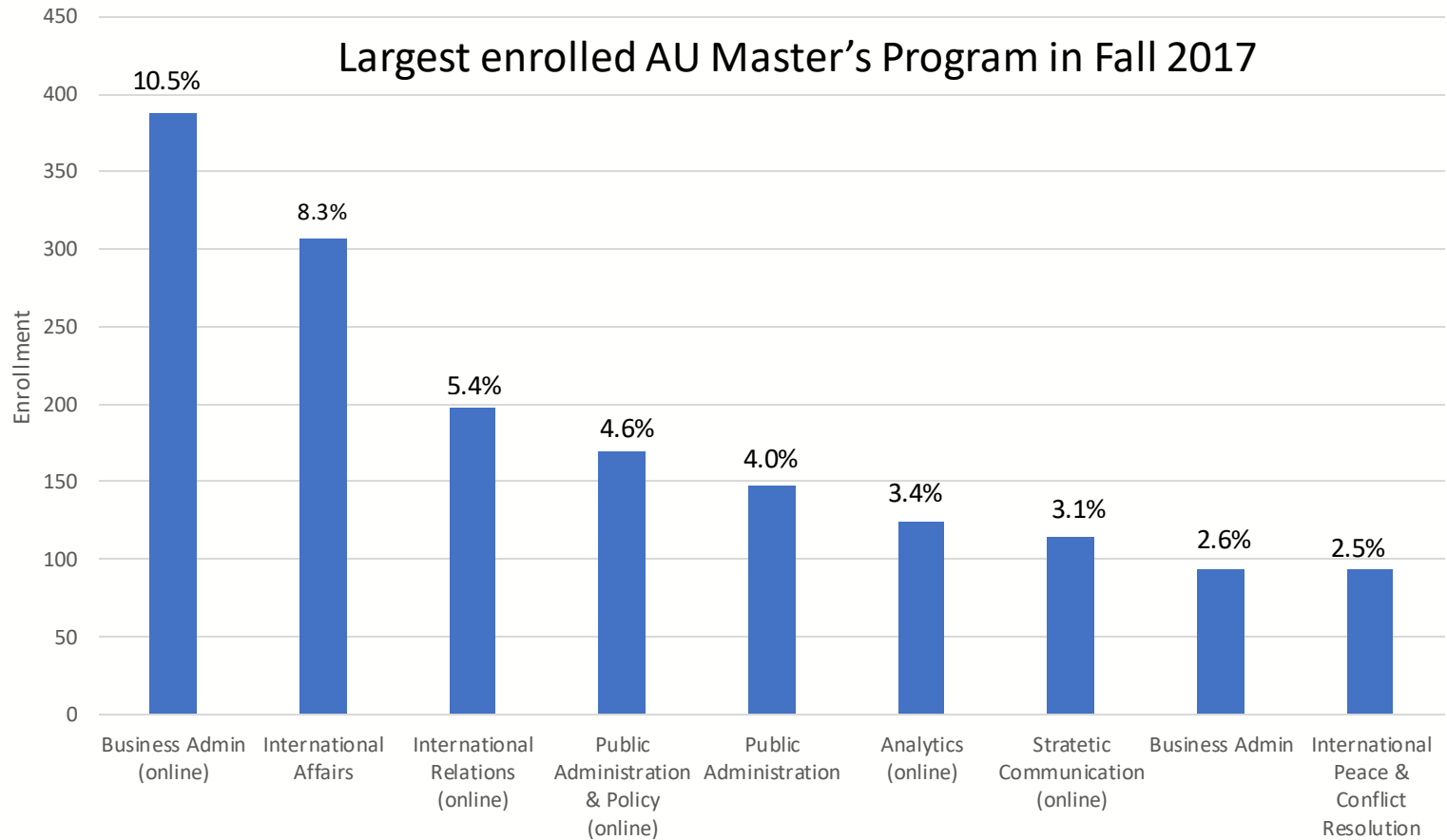
Largest AU Master's Programs



Source: Graduate Studies, July 2017

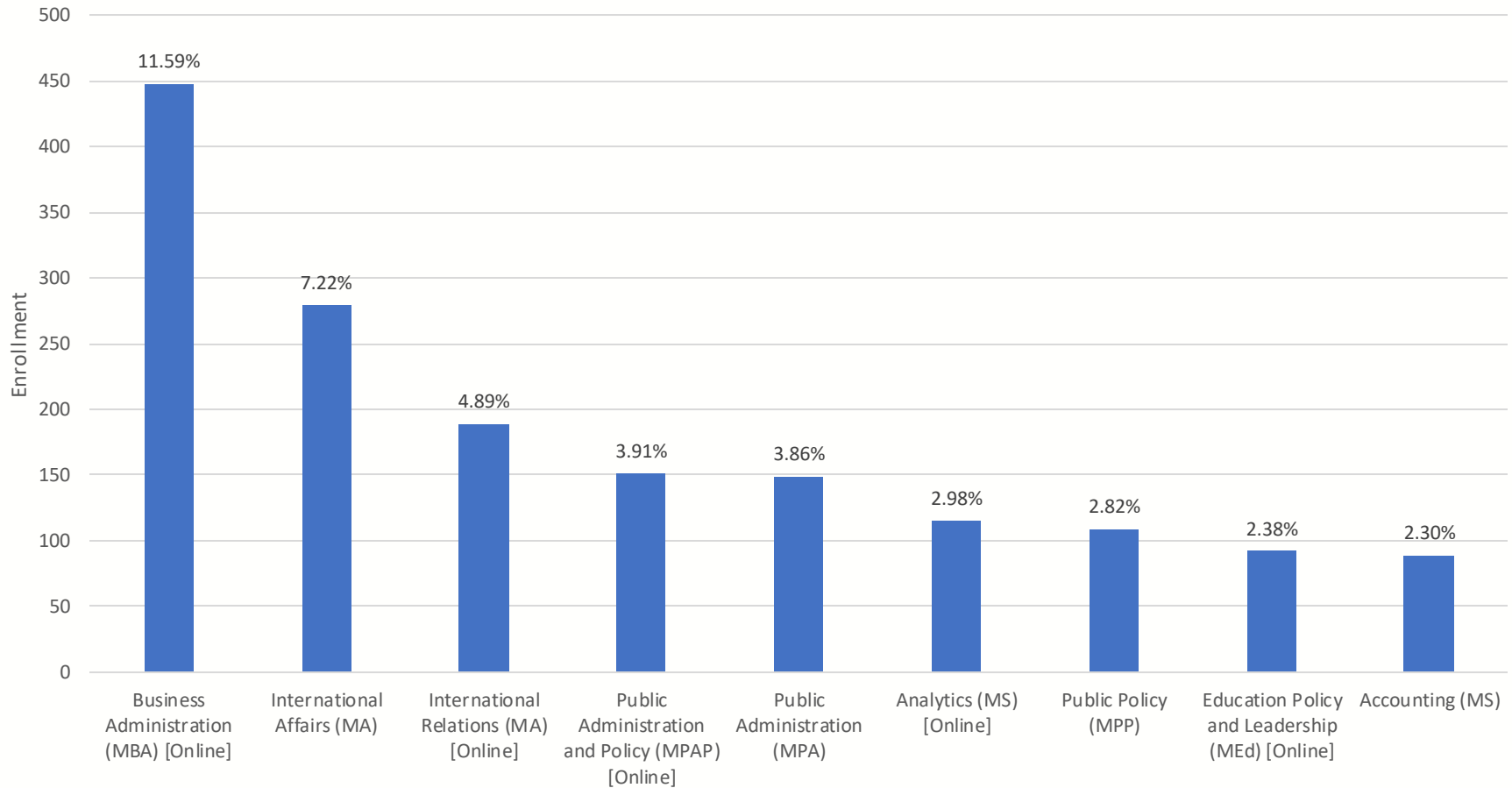


Largest AU Master's Programs



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.