


THE GEORGE  
WASHINGTON  
UNIVERSITY  
WASHINGTON DC

October 18, 2005

**TO:** Deans and Vice Presidents  
**FROM:** Don Boselovic   
**SUBJECT:** Preliminary FY 07 Budget Assumptions

---

I am forwarding a document outlining preliminary planning assumptions for the development of the University's (non-Medical Center) budget for FY 07. The assumptions represent the starting point for planning for next year. They will be updated over the coming months, culminating with the presentation of the proposed FY 07 operating and capital budgets to the Board of Trustees next May.

Please feel free to contact me should you have any questions regarding the assumptions or the planning process.

Attachment

cc: Lou Katz

OFFICE OF THE  
EXECUTIVE  
VICE PRESIDENT

2121 I STREET, NW  
WASHINGTON, DC 20052  
202-994-6600  
FAX 202-994-9304



THE GEORGE WASHINGTON UNIVERSITY

---

---

WASHINGTON DC

---

## FY 2007 Budget Planning

Office of the Executive Vice President  
and Treasurer

October 19, 2005



# Preliminary FY 07 Planning

## **Timeline**

October:

- Review of preliminary revenue and expense assumptions

February:

- Update on revenue and expense assumptions
- Preliminary operating and capital budgets for FY 07 through FY 09
- Proposed FY 07 tuition increases for approval

May:

- Proposed operating and capital budgets for FY 07 for approval.
- Preliminary FY 08 and FY 09 operating budgets for information only.

## **Preliminary Revenue & Expense Assumptions**

Based on the preliminary revenue and expense assumptions outlined on the following pages, there is a gap of approximately \$6 million between preliminary revenue and expense increases for next year.

The gap does not account for any increase in funding for Strategic Plan Initiatives. To close the gap and provide additional funding for the Strategic Plan, some combination of the following strategies will be adopted:

- Budget reallocations. Excluding fixed costs (debt service, utilities, leased space, insurance, etc.) each 1% reduction to the operating budget would yield \$3 million.
- Tuition increases in excess of 4%
- Review of contribution from off campus and summer programs and residence halls
- Increase to the endowment payout rate to help fund an increase for the Advancement Office

# Preliminary FY 07 Revenue Drivers

## Change from FY 06 Budget

(Dollars in Thousands)

### Enrollment, Pricing and Tuition Revenue

	Enrollment	Price	Revenue	Value of 1% Price Increase
Undergraduate, Net of Aid Freshman & Transfers Continuing	None <-1%	+4%	8,000	1,300
On Campus Graduate, Net of Aid	-2.7%	+4%	1,200	500
Off Campus	None	+4%	1,000	250
Non-Degree	None	+4%	240	60
Summer	None	+4%	600	150
Total			11,040	2,260

# Preliminary FY 07 Endowment Payout

## Change from FY 06 Budget

(Dollars in Thousands)

### No Change to Current Payout Policy

University	750
Medical Center	250
<b>Total</b>	<b>1,000</b>

Increasing the current payout rate of 4.6% by 1/10<sup>th</sup> of a percentage point would yield a total of \$900,000.

The increase could be used to help fund an increase for the Advancement Office.

# Preliminary FY 07 Expense Drivers

## Change from FY 06 Budget

(Dollars in Thousands)

<b>Merit Funding:</b>	
Second Half of January 1, 2006 Increase	6,900
Second Half of AAUP Supplemental	800
First Half of January 1, 2007 4% Merit Increase	6,000
<b>Total Merit Funding</b>	<b>13,700</b>
<b>Debt Service</b>	<b>1,600</b>
<b>Duques Hall Operating Costs</b>	<b>1,000</b>
<b>Utilities, Insurance &amp; Other Occupancy Costs</b>	<b>1,000</b>
<b>Advancement</b>	<b>1,000</b>
<b>Total</b>	<b>18,300</b>