



May 22, 2009

Dear Colleagues:

We are pleased to report that the Fiscal 2010 budget is in balance. Numerous on-going strategic actions, designed to generate sustainable savings, were undertaken during Fiscal 2009 to help balance the operating budget for Fiscal 2010. Many of you contributed to these initiatives and we would like to thank you for your collective efforts.

The President's letter distributed on May 7, 2009 <<http://www.bu.edu/president/letters-writings/letters/2009/5-7/>> further elaborates the progress we have made. Our work is not yet done, however, and as the University prepares itself for the upcoming launch of the BUworks initiative <<http://www.bu.edu/buworks/>>, we now more than ever need to find ways to streamline and create efficiencies in our daily business processes. Thus, the work of some of our task forces will continue through the summer and fall. Also, the senior leadership is currently engaged in discussions with Deans and Vice Presidents regarding all open administrative positions to determine if any open positions can be restructured or eliminated.

The University's projected budget for Fiscal 2010 totals just under \$1.97 billion, a 2.9% increase over the Fiscal 2009 budget. The budget for Fiscal 2010 is, of necessity, lean and represents minimal increases; however, even at lower funding levels, our goal is to continue to align operating budgets, capital plans, and fundraising with the academic mission and strategic plan of the University. Next year's \$1.97 billion budget represents a total increase of \$55.7 million. Below is a list of noteworthy highlights of the Fiscal 2010 budget:

- The Fiscal 2010 Budget Development Process began in August 2008. At that time we assumed a freshman class for Fall 2009 of 4,200 students. However only 4,130 students matriculated, 70 students below our goal. Offsetting this freshman decrease was an increase in 79 entering graduate students. Most of these graduate enrollments were in one-year programs, however, and will not have a continuing offsetting financial effect. The smaller freshman class flows through the system for four years. The Fiscal 2010 freshman enrollment target is now established at 4,100 entering students.
- The Fiscal 2010 undergraduate tuition increase is 3.75%, which is the lowest tuition increase at Boston University in 40 years. However, tuition revenue will increase by only 2.6% overall, based on lower total undergraduate enrollment.
- The Office of Financial Assistance has seen an increase in the average need-based financial aid award for next fall. The average need of our admitted students for next fall has increased 4.2%. For Fiscal 2010, Boston University will increase its enrollment and financial aid reserve from \$3.0 million to \$10.0 million in order to respond to additional support that may be required by our students and their parents, as well as to plan prudently during this recessionary environment.
- At this time, the Fiscal 2010 budget includes budgeted funds for faculty and staff salary increases. It should be noted that in Fiscal 2009 salary merit pools for administrative staff were reduced and those savings carried over into Fiscal 2010, contributing to a Fiscal 2010 balanced budget. We must continue to monitor the current economic environment and

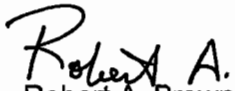
remain sensitive to the ability of students and parents to afford an education at Boston University, but we remain conscious of the needs of our faculty and staff as well.

- Faculty and Staff Benefits are projected to increase by \$10.2 million, or 6.9%. The majority of the increases are in the University's employee health insurance and dental plans. Formulaic increases in statutory benefits, such as social security contributions, also contributed to the growth of this budget category.
- The University's Physical Plant budget is projected to increase by only \$1.5 million. The University will continue to invest the resources it can towards deferred maintenance projects and day-to-day building operational issues. The University's utility expenses of approximately \$50 million comprise almost half of the overall Physical Plant budget. In Fiscal 2009, the University was able to renegotiate various commodity contracts and achieved more favorable rates for Fiscal 2010; taking advantage of the lower pricing has alleviated pressure for next year. Also, increasing our sustainability initiatives <<http://www.bu.edu/green/>> has contributed to additional energy savings.
- Boston University will open its second residence hall on the John Hancock Student Village site this fall. This 390,000 square foot project, which will add 960 student resident spaces to our current undergraduate housing system, will be completed on time and under budget. The newest residence hall is composed of two towers. The 26-story tower will house juniors and seniors in an apartment-style setting. The 19-story tower houses sophomores, juniors, and seniors in suites. These additions will obviate the need to house students in hotels next fall. In addition to improving the undergraduate experience of our students, the new building has been developed under a self-supporting financial model.
- In an effort to continue progress towards the goals of our strategic plan, the Fiscal 2010 budget includes \$2.0 million to support new continuing academic initiatives, and the funding for one-time only academic initiatives has been increased by \$1.0 million over the Fiscal 2009 budget; most of these funds have already been allocated for approved faculty searches and hires.
- Restricted expenditures pertaining to sponsored programs are projected to increase by \$10.0 million in Fiscal 2010, marking an improvement in our grants and contract activity.

The FY-2010 Stage II Income and Expense Budget Targets for your units are included in this package, together with the related forms, instructions, and other materials necessary to prepare the object code and personnel breakdowns of the FY-2010 Budget Targets. Please return the completed forms to the Budget Office by the date specified in the instructions.

Once again, we express our thanks for your cooperation in successfully completing this year's budget development. We recognize that this has been an intense and time-consuming process. As we move forward together in this economic time of uncertainty, we continue to rely on the hard work of all members of our community to help build budgets that achieve sustainable efficiencies and align with the University's strategic goals.

Sincerely,


Robert A. Brown
President


David K. Campbell
University Provost


Joseph P. Mercurio
Executive Vice President