

American University of Beirut Office of the President



Dear AUB Community,

Over the past few weeks, there has been a campus-wide discussion about the university's finances and the likelihood of an increase in tuition fees. Over that period of time, we have corresponded and met with student representatives to listen to their concerns and to discuss the process of creating the budget. At our most recent meeting on Friday, February 21, Provost Ahmad Dallal and Dean of Student Affairs Talal Nizameddin, and I met with the students' Tuition Increase Committee (TIC), which requested direct involvement in the management of university finances. We are also discussing university finances with the faculty Senate, looking for ways to achieve savings and balance the budget with minimal impact on students.

I would like to assure you that I take all matters related to tuition fees with the utmost seriousness. In fact, my administration has championed and secured increased financial aid and loan support for students, and is making financial aid a priority in our forthcoming fundraising campaign. But I am also firmly committed to ensuring that AUB students get the best possible education and that an AUB degree continues to be considered the finest academic qualification from any university in this region, by our graduates, their families, employers, and overseas universities.

We remain committed to these aims but we have certain realities. AUB consistently delivers an exceptional educational experience despite our location in a region that puts additional demands on our limited resources. The challenges of the region add costs to many aspects of our activities, from attracting and retaining highly qualified faculty, staff and students, to impacting our construction and operational costs. We are also a university that suffered from serious under-investment during the years of the civil war, not least to our faculty, infrastructure, IT systems and heritage buildings. During periods of strong financial growth, while other universities in the West were building their endowments, we were using our resources to restore AUB to its traditional strengths. We have never been deterred from our mission to provide an excellent education to our students.

With over 8,400 students, 1,000 faculty, more than 3,900 staff, and a leading regional medical center, AUB is a large and complex organization—the largest private employer in Lebanon. We have an annual budget of \$300 million and an endowment of nearly \$500 million. These resources must support all aspects of the institution and secure us, to the extent possible, in the event of a threat to our operations. Our finances are managed by our own experienced and credentialed professional staff and senior executives, and monitored by independent auditors, both internal and external. Ultimately we are guided by, and accountable to, AUB's Board of Trustees, whose members include leading international figures representing higher education, medicine, global finance, banking, and investment. At the Board level, we have committees for finance and investment (among others) that advise

With regard to the recent article in Outlook (February 18, 2014), I would like to make a few clarifications.

Outlook cites the TIC findings regarding administration and faculty earnings. To preserve its non-profit tax-exempt status under the regulations of the Internal Revenue Service, AUB must benchmark all senior compensation against similar positions at peer institutions on an annual basis and provide such information publicly. Similarly, we benchmark faculty salaries in the same fashion to ensure that faculty and administrative compensation are within close range of our US and international peers.

I remain fully committed to ongoing discussion about the university's finances with student representatives and with faculty and staff. I look forward to our next meeting to advance this dialogue. As always, I welcome your input on matters related to tuition, alternative ways of diversifying income, and ways that we can increase savings in the university's budget.

Peter Dorman