

**BOARD OF TRUSTEES  
UNIVERSITY OF THE DISTRICT OF COLUMBIA  
UDC RESOLUTION NO. 2018 - 27**

**SUBJECT: APPROVAL OF A PROPOSED FY2019 BUDGET RETOOLING REQUEST**

**WHEREAS**, pursuant to D.C. Code §38-1202.06(4), the Board of Trustees (“Board”) of the University of the District of Columbia (“University”) is “required to prepare and submit to the Mayor . . . . an annual budget request for each fiscal year[;]” and

**WHEREAS**, pursuant to 8B DCMR §400.2, the President of the University shall prepare an operating budget for Educational and General activities of the University, and an operating budget for Auxiliary Enterprise operations of the University; and

**WHEREAS**, pursuant to 8B DCMR §400.1, the Board shall approve all budgets for expenditures of the institutions of the University and, pursuant to 8B DCMR §400.4, any expansion in operations that would necessitate any substantial change in the approved budget shall be submitted to the Board for its approval; and

**WHEREAS**, pursuant to UDC Resolution No. 2017-31 dated November 28, 2017, the Board approved a proposed budget request for Fiscal Year 2019 for the University (“Proposed Budget Request”), which request was then submitted to the Government of the District of Columbia (“D.C. Government”) for inclusion in its draft FY2019 Proposed Budget and Financial Plan; and

**WHEREAS**, the D.C. Government’s FY2019 Proposed Budget and Financial Plan, as submitted by the Mayor of the District of Columbia to the Congress of the United States, has increased the local funds subsidy to the University by Nine Million Six Hundred Seventy-Three Thousand Four Hundred Ninety-One Dollars and No Cents (\$9,673,491.00), a revenue increase of approximately six percent (6%) over the amount set forth in the Proposed Budget Request previously approved by the Board; and

**WHEREAS**, the President has prepared a supplement to the Proposed Budget Request corresponding to the increased local subsidy in the D.C. Government’s FY2019 Proposed Budget and Financial Plan, a copy of which supplement is attached hereto as **Appendix A** (“Budget Retooling Request”); and

**WHEREAS**, the proposed FY2019 Budget Retooling Request is reflective of the projected revenues, consistent with prudent fiscal and accounting practices, and is in line with the President's, and the Board's, vision for the University.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Trustees hereby approves the Proposed Budget Request, as amended to incorporate the Budget Retooling Request attached hereto as **Appendix A**.

Submitted by the Audit,  
Budget & Finance Committee

September 13, 2018

Approved by the Board of Trustees

September 26, 2018



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Christopher Bell  
Chairperson of the Board

**Exhibit A**  
**Budget Retooling Request**

UNIVERSITY<sup>OF</sup><sub>THE</sub>  
DISTRICT OF  
COLUMBIA  
————— 1851

FY2019 RETOOLED BUDGET REQUEST

Summary Analysis

September 2018

## **Outline**

### **1. Proposed Budget**

- 1.1 Executive Summary**
- 1.2 Projected Revenue**
- 1.2 Proposed Budget**

### **2. Appendix**

- 2.1 APPENDIX A: Definitions**
- 2.2 Original FY19 Budget Presentation (Approved by BOT November 2017)**

## I. Executive Summary

The University of the District of Columbia is pleased to present its FY2019 budget retooling request for Board of Trustee Approval. FY2019 Retooling reflects increased funding of \$9.7 million from the District of Columbia (Mayor's Enhancement), after the original submission of the University's FY2019 budget request. The Mayor characterized the increase as a down payment on the future. This Booklet will only focus on the enhancement funding (increase of local funding) provided by the District.

The Roll-Forward below breaks down the enhancement funding, \$9.7 million, provided by the District, which will increase the University's total operating budget from \$161 million to \$171 million.

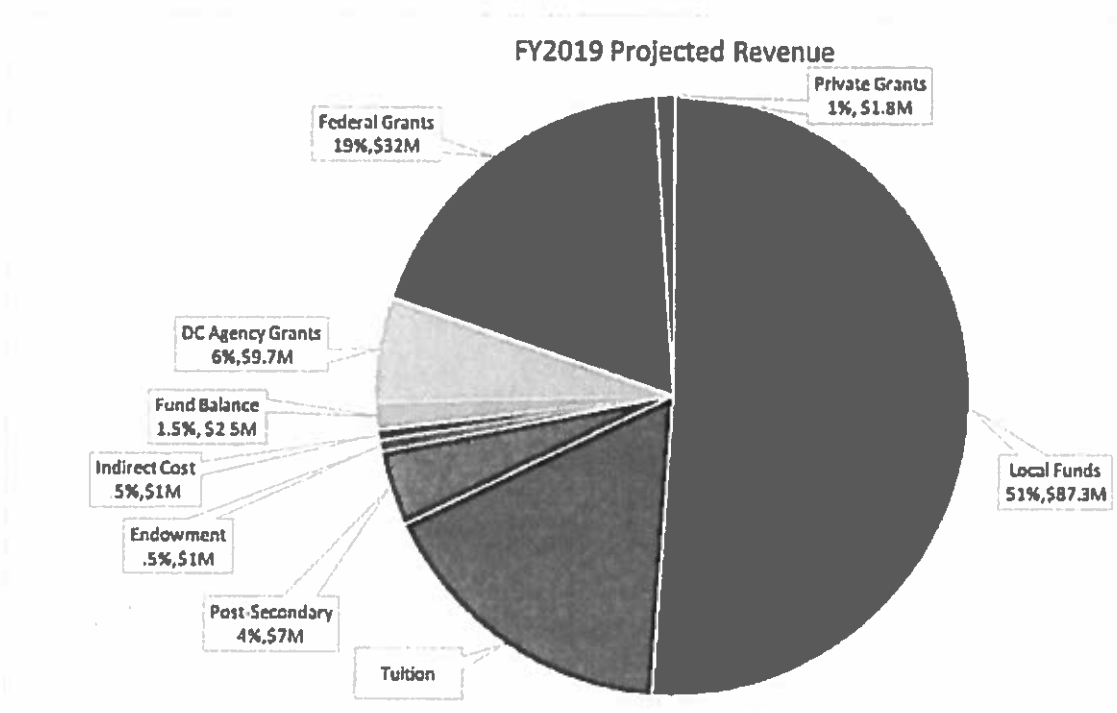
FY 2019 District Funding Roll forward	
Description	Amount
FY 2018 Approved District Funding	78,180,000
FY 2018 One Time Funding	(500,000)
FY 2019 MARC - Amount Approval by BOT (November 2017)	77,680,000
<b>FY 2019: Enhancement Funding</b>	
Mayor's: To Align Staff Salaries with area averages	4,747,000
Mayor's: To Update Information Technology Infrastructure <i>(One-Time Funding)</i>	4,741,156
District's: Increased support for Early Childhood Infant and Toddler degree program and on-site classes	185,335
<b>Total FY2019 Enhancement Funding:</b>	<b>9,673,491</b>
<b>Total FY 2019 Local District Funding</b>	<b>87,353,491</b>

According to DCMR Section 8B-204.2, "Prior to the beginning of each fiscal year, the President shall prepare a financial plan for control of expenditures by the University. Upon approval of the financial plan by the Board, the President shall manage the expenditures of the University in accordance with the financial plan..." Further, DCMR Section 8B-400.1 requires "All budgets for expenditures of the institutions of the University shall be approved by the Board" and Section 8B-400.4 directs that "Any expansion or decrease in operations that would necessitate any substantial change in the approved budget shall be submitted to the Board for approval."

Working with the Audit, Budget and Finance Committee of the Board of Trustees, the University Administration has implemented this '*Budget Book Design*' to provide more transparency and insight into the development of the University budget. Future budgets presented for approval to the Board of Trustees will use this format.

## 1.1 Projected Revenue

For FY2019, the University projects a total available budget of \$171.3 million based on the following revenue sources:



FY2019 Revised Projected Revenue						
Source	Original Submission (Nov. 2017)	Revised	FY2020	FY2021	Change	% Change
Local	77,680,000	87,353,000	82,611,844	87,168,156	9,673,000	12.5%
Tuition	28,750,000	28,750,000	28,750,000	28,750,000	-	-
Post-Second	7,000,000	7,000,000	7,000,000	7,000,000	-	-
Endowment	1,000,000	1,000,000	1,000,000	1,000,000	-	-
Indirect Co	1,000,000	1,000,000	1,000,000	1,000,000	-	-
Fund Balan	2,500,000	2,500,000	???	???	-	-
<b>Total Unre</b>	<b>117,930,000</b>	<b>127,603,000</b>	<b>120,361,844</b>	<b>124,918,156</b>	<b>9,673,000</b>	<b>8.2%</b>
<b>Restricted</b>						
DC Agency	9,676,560	9,676,560	9,676,560	9,676,560	-	-
Federal Gra	32,023,124	32,023,124	32,023,124	29,723,124	-	-
Private Gra	1,805,484	1,805,484	1,805,484	1,805,484	-	-
<b>Total Restr</b>	<b>43,505,168</b>	<b>43,505,168</b>	<b>43,505,168</b>	<b>41,205,168</b>	<b>-</b>	<b>-</b>
<b>Total Reve</b>	<b>161,435,168</b>	<b>171,108,168</b>	<b>163,867,012</b>	<b>166,123,324</b>	<b>9,673,000</b>	<b>6.0%</b>

Mayor Browser added an additional \$9.7 million of local funds to the FY2019 budget submission of the University, with \$4.7 million being added to the base budget and \$4.7 million included as one-time funding.

**Mayor's Proposed Budget**

The budget proposal includes a net increase of \$4,747,000 to reflect the alignment of staff salaries with area averages. Additionally, the proposed budget includes a one-time funding increase of \$4,741,156 to update the information technology infrastructure including routers, computers, servers and additional equipment, and to support University initiatives.

**District's Proposed Budget**

The budget proposal reflects an increase of \$185,335 to support Early Childhood Infant and Toddler degree program and on-site classes.

<b>Description</b>	<b>Budget</b>
<b>FY2019 University Budget Submission</b>	<b>161,435</b>
Mayor's Policy-Enhance: To Support the costs of Pre-existing Programmatic initiatives	4,747
Mayor's Policy-Enhance: To align resources with operational spending goals (one-time)	4,741
<b>Total Proposed Mayor's Budget</b>	<b>170,923</b>
Enhance: To Support operational requirements	185
Budget Book Omission Adjustment	201
<b>FY2019 Retooled Budget</b>	<b>171,309</b>

There is a discrepancy between the subsidy account (GG0) and the University Budget (GF0) in the budget books of the District of Columbia. The University will not receive the additional revenue shown in the table above.



## 1.2 Proposed Budget – Enhancement Funding from District \$9.7 Million

In accordance with the approved enhanced funding, the University proposes the following spending plan:

<b>Proposed Budget (Enhancement Funding Only)</b>	
<b>Salary Alignment (Recurring Funding)</b>	
<b>Description</b>	<b>Amount</b>
AFSCME	300,000
Non-Union	1,188,235
NEA	1,071,765
SEIU	240,000
Alignment of staff salaries to market	1,557,918
Faculty Promotions	206,254
SBPA Salary Adjustments	182,828
<b>Total Salary Alignment Budget</b>	<b>4,747,000</b>

<b>Information Technology Infrastructure (One-Time Funding)</b>	
<b>Description</b>	<b>Amount</b>
Update University Audio Visual Systems	1,000,000
Purchase new, updated server systems for the data center	1,200,000
Update Enterprise Storage system	600,000
Software Purchases	971,156
Process Consulting Services for Operations	200,000
Intranet Development and build	200,000
Staff Training and Development	125,000
Redundant Internet Connections	50,000
Professional Memberships with Gartner	95,000
Desktop Refresh	300,000
<b>Total Information Technology Infrastructure Budget</b>	<b>4,741,156</b>

<b>Early Childhood Program (Recurring Funding)</b>	
<b>Description</b>	<b>Amount</b>
Early Childhood Program	185,335

### Salary Alignment (Recurring Funding)

#### **Alignment of Staff Salaries**

The Office of Talent Management is conducting compensation work to bring salaries in line with area salaries.

#### **AFSCME Cost-of-Living-Adjustment**

This amount represents the cost of the two percent (2%) Cost-of-Living-Adjustment approved in the District Comp 1 and Comp 2 contracts executed by the Mayor of the District of Columbia.

#### **Non-Union Cost-of-Living-Adjustment**

The administration has designated this amount to fund a three-percent (3%) Cost-of-Living-Adjustment for the non-union faculty and staff of the University.

#### **NEA and SEIU**

This funding will address salary adjustment per the Collective Bargaining Agreement.

**Faculty Promotions**

The table below reflects the cost of faculty promotions approved for FY2019.

School/College	Amount of Salary Increase	Number of Professors
College of Arts and Sciences	\$22,612.50	3
David A. Clarke School of Law	\$63,654.50	2
School of Business and Public Administration	\$19,153.78	1
School of Engineering and Applied Sciences	\$55,715.65	3
	\$161,136.43	

**SPBA Salary Adjustment**

This funding will support the adjustment of salaries to support The Association to Advance Collegiate Schools of Business (AACSB) accreditation.

**Information Technology Infrastructure (One-Time Funding)**

**Update University Audio Visual Systems**

Overhaul the Amphitheatre located in Building 42; update A/V systems in the boardroom; provide increased A/V capabilities in various classrooms and meeting spaces across campus.

**Purchase new, updated server systems for the data center**

Enhance cluster-computing options to improve operations at the server level. Old and outdated hardware replacement to improve performance and increased reliability. This new system will provide support for both operational as well as academic teaching.

**Update Enterprise Storage System**

Current University storage is out of date and will be replaced with updated reliable systems with lower Total Cost of Ownership (TCO) than legacy systems currently in place.

**Software Purchases**

Purchase software systems for the implementation of virtual desktop computing. In addition, purchase various software packages used to support platforms used throughout the University. This will include mobile device management, ITSM upgrade, Mac Management, Audio Visual management capabilities and facilities management ticketing systems.

**Consulting Services for Operations**

Engage consultants to develop process mappings for current systems and work functions across the Operations teams.

**Intranet Design and Build**

The design and purchase of necessary systems to manage a UDC Intranet system.

**Staff Training and Development**

Attendance at conferences and onsite training to invest in the ability of ISM team members to develop next generation skills needed to support the future systems being implemented at the University.

**Redundant Internet Connections**

Creation of fault tolerance for Internet connections.

**Desktop Refresh**

Updating desktop computers across the ecosystem to ensure a consistent user experience.

## **APPENDIX A: Definitions**

### **APPENDIX B: Budget Hierarchy**

### **Appendix C: Tuition and Fee Schedule**

#### **APPENDIX A: Definitions**

**Approved Budget.** The University's approved budget is the budget developed by the University, submitted to the executive branch, and incorporated into the City's budget. The budget goes through several stages of executive reviews before submission to the legislative branch as part of the citywide executive budget.

- The legislative branch (Council) reviews the budget with budget hearings, a mark-up period, and a final vote to pass the budget.  
If the executive branch (Mayor) accepts the legislature's changes, he or she will sign the budget and forward it to the US congress for review and approval.  
The budget is included in one of the US Congress appropriations package for the President of the United States's approval. Once the President signs the budget, this becomes the **Approved Budget**.  
The Approved Budget is fixed in time, typically in the spring preceding the year of the actual budget. For example, the FY2010 approved budget is fixed as of April or May 2010, even though the budget year begins in October 2010.

**Requested Budget.** The University's requested budget is the Board approved budget the President of the University submits to the Mayor's office for consideration. The requested budget reflects the resources the University needs to provide services in the coming fiscal years and fulfill its vision and strategic goals for the future years. The requested amount may or may not be the same as the budget OCFO submits to the City's financial system based on Mayor's MARC target. The difference is considered as an enhancement request to the District government.

**Revised Budget.** The revised budget is a continually updated budget throughout the course of the year. This allows for authority to meet changes in additional revenue and changes in spending needs. The revised budget reflects adjustments made to the approved budget resulting from:

**Revenue Changes.** The receipt of additional resources that were either not included in the approved budget or marked in the budget as a projected amount. This includes the following:

- Grants (Private and Federal)
- DC Governmental Services (formerly known as Intra-District transactions)

**Reallocations.** Changes in strategic priorities and budgetary pressures that occur after the date of the approved budget. These changes are done through reprogrammings (see definition below). A revised budget is required in order to increase expenditures from new revenues.

The revised budget is continually updated since reprogrammings, especially in grant and government services, are ongoing. The revised budget may include reprogrammings that have been made and are not yet processed in the system or intended reprogrammings that have not yet been made.

**Capital Budget.** The Capital Budget supports a six-year improvement plan to accomplish the following:

- Replacement of worn-out or outdated facilities
- Replacement of obsolete equipment
- Modernization to extend the life of the asset

The capital and operating budget processes are reviewed separately by the administration. The capital budget is funded by General Obligation Bonds (GO Bonds) and the revenue stream is extremely restrictive; this makes it very difficult to change the six-year plan already allocated to a capital project.

FY2010 is the first year that the University is managing its own capital projects, which were initially managed by the Office of Property Management (now called the Department of Real Estate Services).

**Reprogramming.** Reprogramming is the utilization of funds for purposes other than those contemplated at the time of appropriation. It is the reallocation of budget authority from one budget line to another without increasing the sum total of the budget. Reprogrammings are done to reallocate resources to meet changing operational needs or revised strategic priorities that were not reflected at the time of the original budget submission and approval.

**Budget Modification.** Budget modification is similar to reprogramming, but can result in an increase of the budget. This is mostly executed for Federal Grants, Private Grants, and O-Type budgets. The steps in the budget modification are:

The University receives notification of a non-budgeted grant award or need to increase or decrease a grant's approved fiscal year budget authority.

The Principal Investigator submits a request for a budget revision, termed "grant budget modification."

When this request is approved, the grant's total spending limit will increase or decrease, and consequently the total budget will also increase or decrease.

**Fund Accounting.** A fund is a distinct fiscal and accounting entity that accounts for its resources and activities as an independent entity; it has its own assets and liabilities. The University uses funds to separate resources to adhere to restrictions from both the Board of Trustees and the City. The University uses the following funds to account for its operations:

**Local Funds.** This fund is used to account for the annual subsidy that the University receives from the District to help run the University. It is the largest portion of the University's budget.

**Federal Funds.** This fund is used to account for all federal grants the University receives to pursue either research or other services

**Private Funds.** This fund is used to account for privately awarded grants received from other institutions and organizations other than the federal government.

**O-Type Funds.** (Also known as Special Purpose Funds) This fund is used to account for all the University's revenues generated from University services. O-type funds include tuition, student fees, auxiliary services (parking, book store, and cafeteria revenues), and intra-district grants from other DC agencies (this was separate in the past).

**Fund Balance.** Fund balance is the residual amount left from University operating funds at the close of the fiscal year. In the University's financial statements, fund balance is most common in O-type funds (Special Purpose Funds), as this reflects revenues collected and earned by the University. This balance can be carried over from one year to the next. However, in order to use the University's fund balance or include it in the University's budget, budgetary authority is required.

APPENDIX B: Original FY19 Budget



October 2017

**FY2019 BUDGET**

# FY2019 BUDGET OVERVIEW

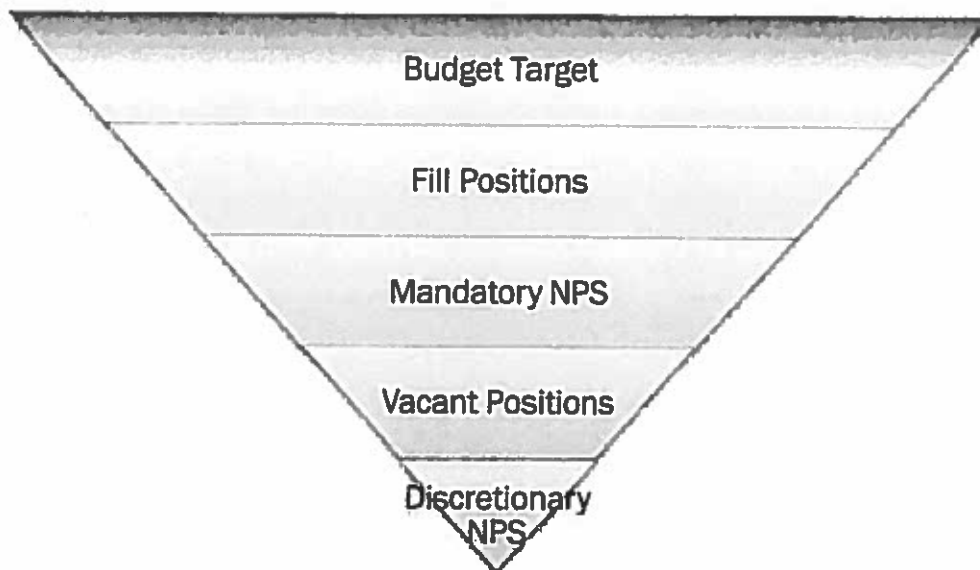
## FY19 BUDGET BACKGROUND



- The FY19 MARC provided by DC Mayor Bowser is decreased by \$500k from the MARC in FY18. The total Marc for FY19 is \$77M.
- The following are FY19 budget pressures
  - Fixed Cost Inflation Utilities - \$200,000 (Community College)
  - IT Increase costs (Verizon/Comcast) - \$75,000

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## FY18 BUDGET CONSTRUCTION - \$116.9M



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## FY19 BUDGET OUTCOMES



- **What is not included**
  - No non-union COLA
  - Certain utility costs – IT and CC
  - Contingency Reserve
  
- **What is included**
  - \$2.5M in Fund Balance
  - Personnel Service Increase - \$3,000,000
  - Additional NPS Allocations - \$1,000,000

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## FY2019 PROPOSED BUDGET

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# FY2019 GROSS REVENUE BUDGET



Unrestricted

## FY2019 Budgeted Revenue Projections

	FY 2018	FY 2019	Change	% Change
Local	78,160,000	77,680,000	(500,000)	-0.64%
Tuition	28,750,000	28,750,000	0	0%
Post-Secondary (Fees)	7,000,000	7,000,000	0	0%
Endowment	1,000,000	1,000,000	0	0%
Indirect Cost	1,000,000	1,000,000	0	0%
Fund Balance	2,500,000	2,500,000	0	0%
<b>Total Unrestricted</b>	<b>118,430,000</b>	<b>117,930,000</b>	<b>(500,000)</b>	<b>-0.42%</b>

Restricted

## FY2019 Budgeted Revenue Projections

	FY 2018	FY 2019	Change	% Change
DC Agency Advance	9,676,560	9,676,560	0	0%
Federal Grants	32,023,124	32,023,124	0	0%
Private Grants	1,805,484	1,805,484	0	0%
<b>Total Restricted</b>	<b>43,505,168</b>	<b>43,505,168</b>	<b>0</b>	<b>0%</b>

<b>TOTAL</b>	<b>161,935,168</b>	<b>161,435,168</b>	<b>(500,000)</b>	<b>-0.31%</b>
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# UNRESTRICTED BUDGET BY DIVISION



Program Title	FY18 Approved	FY19 Proposed	FY18 vs FY19 (\$)	FY18 vs FY19 (% Change)
Academic Affairs	40,700,298	41,205,838	505,540	1.23%
Agency Financial Operations	3,630,686	3,573,864	(56,822)	-1.59%
Agency Management	34,266,760	32,288,080	(1,978,680)	-6.13%
Community College	25,531,132	25,717,705	186,573	0.73%
Student Administrative Services	5,062,900	5,835,602	772,702	13.24%
University President	9,238,225	9,308,911	70,686	0.76%
<b>Grand Total</b>	<b>118,430,001</b>	<b>117,930,000</b>	<b>(500,001)</b>	<b>-0.42%</b>

# UNRESTRICTED BUDGET - PS VS NPS

Program Title	FY19 Proposed - PS	FY19 Proposed - NPS	FY19 Proposed Total Budget
Academic Affairs	36,968,276	4,237,562	41,205,838
Agency Financial Operations	3,409,615	164,249	3,573,864
Agency Management	18,528,331	13,759,749	32,288,080
Community College	15,667,000	10,050,706	25,717,705
Student Administrative Services	4,077,172	1,758,429	5,835,602
University President	5,141,097	4,167,814	9,308,911
<b>Total</b>	<b>83,791,490</b>	<b>34,138,510</b>	<b>117,930,000</b>

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# FY2019 UNRESTRICTED PS BUDGET

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# PS BUDGET BY DIVISION



Program Title	FY18 Approved	FY19 Proposed	FY18 vs FY19 (\$)	FY18 vs FY19 (% Change)
Academic Affairs	36,462,735	36,968,276	505,541	1.39%
Agency Financial Operations	3,466,437	3,409,615	(56,822)	-1.64%
Agency Management	15,941,299	18,528,331	2,587,032	16.23%
Community College	15,480,426	15,667,000	186,574	1.21%
Student Administrative Services	3,304,471	4,077,172	772,701	23.38%
University President	5,053,911	5,141,097	87,186	1.73%
<b>Total</b>	<b>79,709,279</b>	<b>83,791,490</b>	<b>4,082,211</b>	<b>5.12%</b>

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# FY2019 UNRESTRICTED NPS BUDGET

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# NPS BUDGET BY DIVISION



Program Title	FY18 Approved	FY19 Proposed	FY18 vs FY19 (\$)	FY17 vs FY18 (% Change)
Academic Affairs	4,237,563	4,237,562	(1)	0.00%
Agency Financial Operations	164,249	164,249	0	0.00%
Agency Management	18,325,461	13,759,749	(4,565,712)	-24.91%
Community College	10,050,706	10,050,706	(0)	0.00%
Student Administrative Services	1,758,429	1,758,429	0	0.00%
University President	4,184,314	4,167,814	(16,500)	-0.39%
<b>Total</b>	<b>38,720,722</b>	<b>34,138,510</b>	<b>(4,582,212)</b>	<b>-11.83%</b>

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Q&A

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**FISCAL IMPACT STATEMENT**

**TO:** The Board of Trustees  
**FROM:** Managing Director of Finance *David A. Franklin*  
**DATE:** August 31, 2018  
**SUBJECT:** FY19 Budget Retooling

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**Conclusion**

In conclusion, this resolution will approve the FY2019 retooled operating budget with a net increase of \$9.67 million of enhanced funding designated by the Mayor and Council. The fiscal impact of this action will increase the University's local subsidy.

**Background**

The Mayor and Council added \$9,673,491 of local funds to the FY2019 budget submitted by the University of the District of Columbia. The enhanced budget proposal includes a net increase of \$4,747,000 to align staff salaries with area averages, a one-time funding increase of \$4,741,156 to update the information technology infrastructure, and an increase of \$185,335 to support an Early Childhood Infant and Toddler degree program and on-site classes.

**Financial Impact**

<i>FY19 Enhanced Budget Proposal</i>		
<b>Purpose</b>	<b>Amount</b>	<b>Classification</b>
Alignment of Staff Salaries with Area Averages	4,747,000	Recurring Funding
Update the Information Technology Infrastructure including routers, computers, servers and additional equipment, and to support University initiatives	4,741,156	One-time Funding
Support Early Childhood Infant and Toddler Degree Program	185,335	Recurring Funding
<b>Total</b>	<b>9,673,491</b>	