

**BOARD OF TRUSTEES
UNIVERSITY OF THE DISTRICT OF COLUMBIA
UDC RESOLUTION NO. 2018 - 35**

SUBJECT: APPROVAL OF A PROPOSED FY2020 BUDGET AND FINANCIAL PLAN

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 for each fiscal year, which shall include a proposed financial operating plan for such fiscal year, and a capital and educational improvements plan for such fiscal year and the succeeding 4 fiscal years for the University; 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

WHEREAS, the proposed FY2020 Budget and Financial Plan, attached hereto as **Exhibit A**, has been prepared by the University Administration in consultation with the University’s Chief Financial Officer, who has provided a Funding Certification for FY2020 Budget and Financial Plan, attached hereto as **Exhibit B**, and the President recommends its approval for submission to the Mayor by the Board; and

WHEREAS, the proposed FY2020 Budget and Financial Plan 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 approve the Proposed FY2020 Budget and Financial Plan, attached hereto as **Exhibit A** for submission to the Mayor of the District of Columbia.

Submitted by the Audit,
Budget & Finance Committee:

October 30, 2018

Approved by the Board of Trustees:

November 7, 2018



Christopher Bell
Chairperson of the Board

Exhibit A
Proposed Budget and Financial Plan



FY20 Proposed Operating and Capital Budget
and Financial Plan

November 2018

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1. Executive Summary

The University of the District of Columbia is pleased to present its FY 2020 (FY 20) budget request. Mayor Bowser characterized the FY19 additional funding (\$9.7 million; \$4.7M of which is recurring, \$4.7 of which is 1-time) as a “down payment on the future.” The FY20 Enhancement Request will focus on building on that commitment. Note, the FY20 Enhancement request is not part of the FY20 Budget Submission. Should the District budget process yield additional funding for the University of the District of Columbia the FY20 Budget will be revised accordingly via review by the University’s Board of Trustees’ Budget Committee and approved by its Audit, Budget and Finance (ABF) Committee. The FY20 budget request detailed within this book uses confirmed revenue projections. This budget aligns with the University’s Strategic Plan – *Equity Imperative (EI)*.

Goal I: Establish in the District of Columbia a Public Higher Education Model of Urban Student Success

Goal II: Increase the Numbers of UDC Degrees and Workforce Credentials Awarded

Goal III: Graduate Transformative Urban Leaders Who Are Lifelong Learners

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 that “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 ABF Committee, the University Administration has implemented this “*Budget Book*” to provide more transparency and insight into the development of the University’s budget. This book will include both the Operating Budget and Capital Budget Requests. Future budgets presented for approval to the Board of Trustees also will use this format.

Several assumptions are required for budget development. See below:

Assumptions

- Local Appropriation Reduced by \$4.7 million
- Tuition and Fee Revenue Flat at \$28.7million
- Enrollment Slightly Down
- No Longer Using Fund Balance to Balance Budget
- Restricted Endowment Income Increased
- No Cost of Living for Non-Union
- Personnel Increase for COLA for Union Staff
- Increase in Fixed Cost
- Expiration of federal, private and local grants
- Continued Decline in the Physical Plant

Equity Imperative Assumptions

- Current Investments Remain the Same
- Enhancement Request Will Address Needs Required to Meet EI

Equity Imperative Investments

During FY 2018, the University invested about \$2 million in Student Development and Success (SDS) – in personnel, technology and support costs. This investment supported personnel restructuring, and the purchase and launch of student experience tracking software. The Equity Imperative focuses on student outcomes, and putting the support infrastructure in place to enable our students to reach their full potential. This investment will continue in FY19 and FY20, with more anticipated. It is well to note that the success of the Equity Imperative will require additional funding from the District.

Enhancement Request

The Enhancement Request builds on the FY19 Enhancement Request where \$14.0M was requested in recurring and \$2.6M in 1-time funds (for early retirement). Again, we are grateful to the Mayor and DC Council for their investment in FY19; the pace in meeting Equity Imperative goals is directly related to the investment pace provided by the District.

To that end, the \$22M FY20 Enhancement Requests consist of:

- Continuing the investment of \$4.8M in the 3-year process of addressing our below-market salaries as well as providing a more robust professional development program aimed at increasing the efficiency and effectiveness of Team UDC;
- Converting the 1-time \$4.7M for the recurring needs of the IT infrastructure;
- Investing \$5.7M in critical hires, especially in our facility and IT units;
- As requested in FY2019 (FY19), \$2M as a direct appropriation for the nation's only land-grant university focused exclusively on an urban area, to be used as a 1-for-1 match for federal funds and \$2.5M to support UDC's workforce program; and
- Our academic areas are in desperate need of \$350K in NPS funds to meet accreditation needs; and finally
- We want to thank the Mayor and DC Council for the \$147M 6-year capital allocation. However, after 10 years of managing its capital budget for major facilities improvements, the University has not received an increase in operating funding to support the ongoing cost of maintaining the improvements. As with the investment in IT, there are recurring operational maintenance costs. If the maintenance costs are not supported, facilities will return to a state of disrepair. The estimated underfunding impact is at least \$10 million in operating costs, of which we are requesting \$2.3M.

In addition, as we did in FY19, we are requesting \$4M (\$2M from FY19 that was not provided) in funds to begin building the \$10M we need to offer an early retirement program.

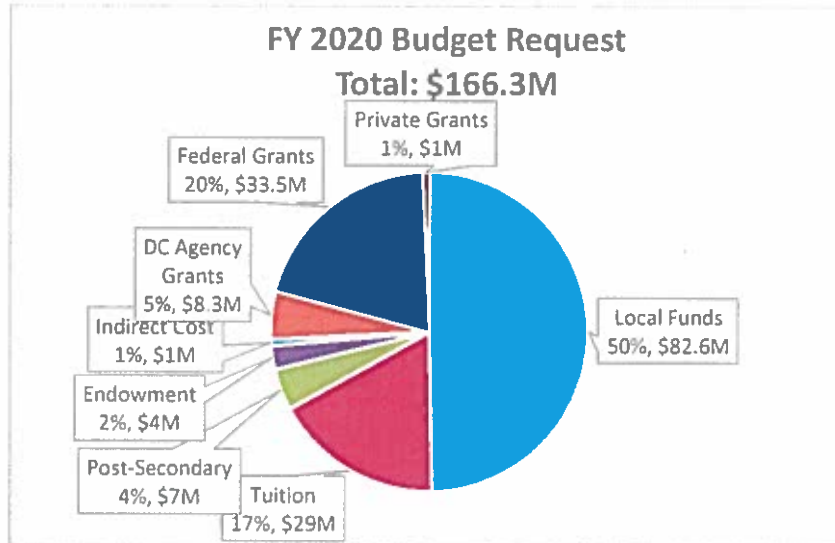
Additional Financial Consideration

The University has identified several areas of focus to review:

- Productivity of Adjunct Professors and Faculty Utilization
- Grant Spending – For Years Grant Spending Has Lagged. The Administration will focus on monitoring spending and challenges facing the efficient use of grant funds.
- Collection of Student Accounts Receivable

1.1 Projected Revenue

For Fiscal Year 2020, the University projects a total available operating budget of \$166.3 million, based on the following revenue sources:



Operating Budget			
	FY19 Approved Budget	Adjustments	Projected FY20
Unrestricted Revenue			
Local Funds	87,353,491	(4,741,156)	82,612,335
Tuition Funds	28,750,000	-	28,750,000
Post-Secondary	7,000,000		7,000,000
Fund Balance	2,500,000	(2,500,000)	-
Spendable Endowment Income	1,000,000	3,000,000	4,000,000
Indirect Cost Funds	1,000,000		1,000,000
Total Unrestricted Revenue	127,603,491	(4,241,156)	123,362,335

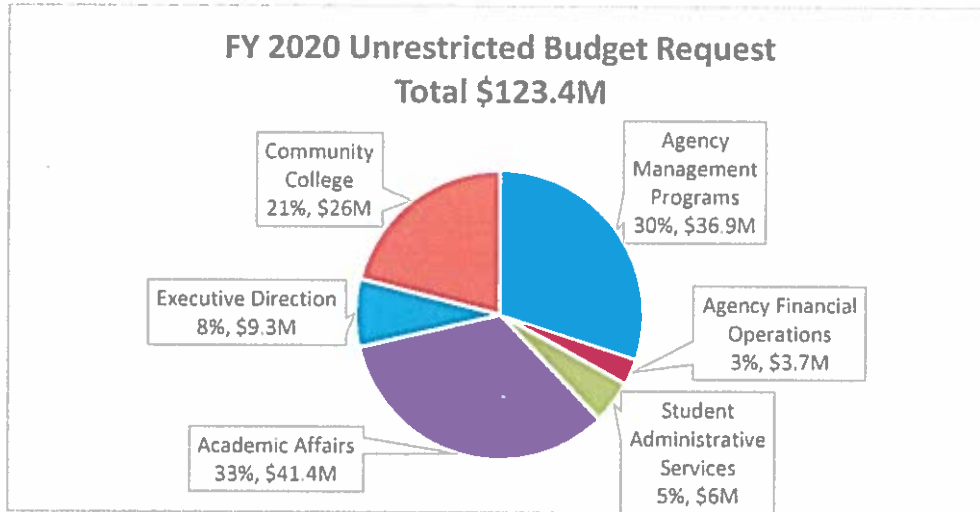
Operating Budget			
	FY19 Approved Budget	Adjustments	Projected FY20
Restricted Revenue			
DC Agencies Advances	9,676,560	(1,400,476)	8,276,084
Federal Grants	32,223,124	1,268,756	33,491,880
Private Grants	1,805,484	(619,322)	1,186,162
Total Restricted Revenue	43,705,168	(751,042)	42,954,126
Total Projected Revenue	171,308,659	(4,992,198)	166,316,461

As compared to Fiscal Year 2019, the University projects \$5 million less revenue. The decrease is primarily driven by the reduction of the one-time \$4.7 million designated for IT infrastructure.

1.2 Proposed Budget

Based on the revenue projection, the University proposes the following spend plans:

Unrestricted



Unrestricted budget by major program area:

Major Program	FY 2019 Approved	Adjustments	FY 2020 Proposed Budget
Agency Management Programs (OCDO)	41,153,480	(4,241,156)	36,912,324
Agency Financial Operations (OCFO)	3,652,701		3,652,701
Student Administrative Services	6,050,185		6,050,185
Academic Affairs	41,394,068		41,394,068
President's Office	9,326,015		9,326,015
Community College	26,027,042		26,027,042
Total Unrestricted Budget	127,603,491		123,362,335

Restricted

The University's restricted budget has three major categories:

- **DC Agencies Advance** – Grants/MOU between the University and other District agencies. These can be year to year or multiyear.
- **Federal Grants** – These grants are provided to the University by the federal government. (e.g., Department of Education, National Science Foundation, Health and Human Services)
- **Private Grants** – These grants and MOU's are provided to the University by private foundations and other nonprofits. (e.g., Walmart Foundation, 4H, Kellogg Foundation, Cafritz Foundation)

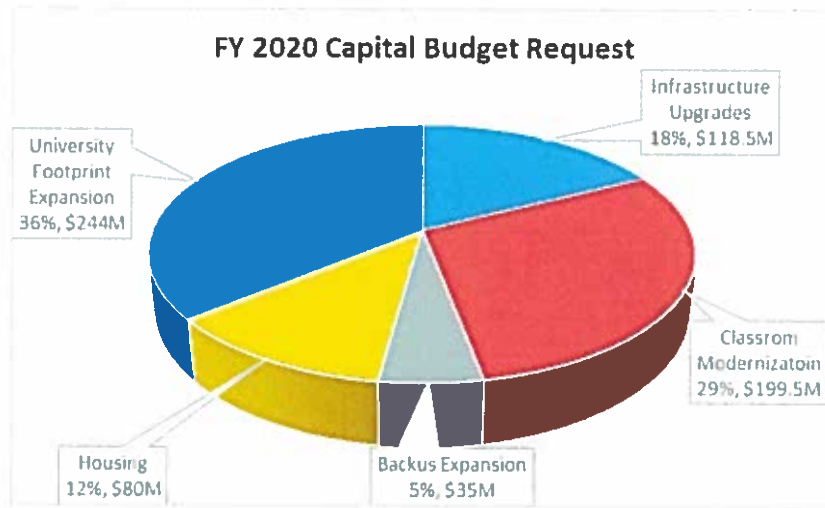
Operating Budget			
Restricted Revenue	FY19 Approved Budget	Adjustments	Projected FY20
DC Agencies Advance	9,676,560	(1,400,476)	8,276,084
Federal Grants	32,223,124	1,268,756	33,491,880
Private Grants	1,805,484	(619,322)	1,186,162
Total Restricted Revenue	43,705,168	(751,042)	42,954,126

The funds are expanded only upon receipt of a fully executed grant or MOU.

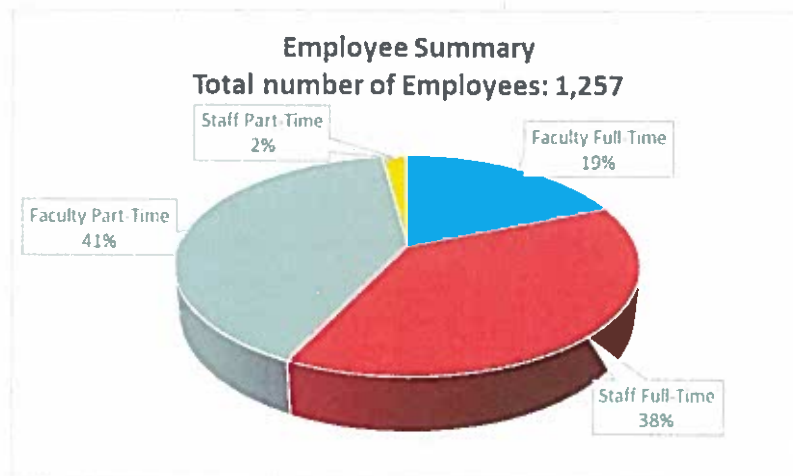
Capital

The FY20 six-year (FY20-FY25) capital budget request is \$677 million. Those capital expenditures will focus on 4 major areas:

- **Infrastructure Upgrades** – Continue to upgrade the mechanical, electrical and plumbing systems throughout the campus, including environmental controls.
- **Classroom Modernization** – Construct and update learning and research laboratories, classroom upgrades, develop the infrastructure and learning environment at Firebird Farms, and develop 21st century learning spaces on all campuses.
- **Backus Expansion** – Expand the use of the Bertie Backus campus for the Community College programs and support operations.
- **Student Housing** – Build new University student housing on the Van Ness Campus and develop Building 44 into a living learning community. Living Learning Communities are specialized living environments that connect students inside-and outside-the classroom experiences. building.
- **University Footprint Expansion** – Acquire and develop space near the Van Ness Campus and in Ward 8, preferably on the St. Elizabeth East Campus, for instruction and administrative spaces.



1.3 FTE Summary – Employment and Students



Employees by Type:

Total Number of Employees each year by Type and Percentage (2015 - 2017)						
Employee Type	Fall 2015		Fall 2016		Fall 2017	
	Count	Percentage	Count	Percentage	Count	Percentage
Faculty Full-Time	237	21%	234	20%	236	19%
Staff Full-Time	470	41%	502	43%	483	38%
Faculty Part-Time	404	35%	407	35%	510	41%
Staff Part-Time	39	3%	35	3%	28	2%
Total	1150	100%	1178	100%	1257	100%

UDC Employees (Male/Female, Full-Time/Part-Time) (2015 - 2017)									
Gender	Fall 2015			Fall 2016			Fall 2017		
	Staff	Faculty	Total	Staff	Faculty	Total	Staff	Faculty	Total
Female	311	404	715	319	408	727	296	402	698
Male	198	237	435	218	233	451	215	344	559
Total	509	641	1150	537	641	1178	511	746	1257
Full/Part-Time	Staff	Faculty	Total	Staff	Faculty	Total	Staff	Faculty	Total
Full-Time	470	237	707	502	234	736	483	236	719
Part-Time	39	404	443	35	407	442	28	510	538
Total	509	641	1,150	537	641	1,178	511	746	1,257

Student Enrollment Summary:

	FY2017	FY2018	FY2019
Headcount	Fall 2016	Fall 2017	Fall 2018
Community College	1,899	1,850	1,910
Undergraduate (Flagship)	2,051	2,009	1,957
Graduate	368	388	377
Law School	286	280	256
Total	4,604	4,527	4,500

	FY2017	FY2018	FY2019
FTE	Fall 2016	Fall 2017	Fall 2018
Community College	1,283	1,273	1,357
Undergraduate (Flagship)	1,735	1,712	1,666
Graduate	319	345	322
Law School	247	244	223
Total	3,584	3,574	3,568

2. FY20 Budget Request

2.1 Budget Request Summary

For FY20, the University's total operating budget request is ***\$166.3 million***. This includes \$82.6M local appropriation, \$28.7M tuition revenue (special purpose revenue funds), \$7M postsecondary (special purpose revenue funds), \$8.2M DC agencies, \$33.5M federal grants, and \$1.1M of private grants.

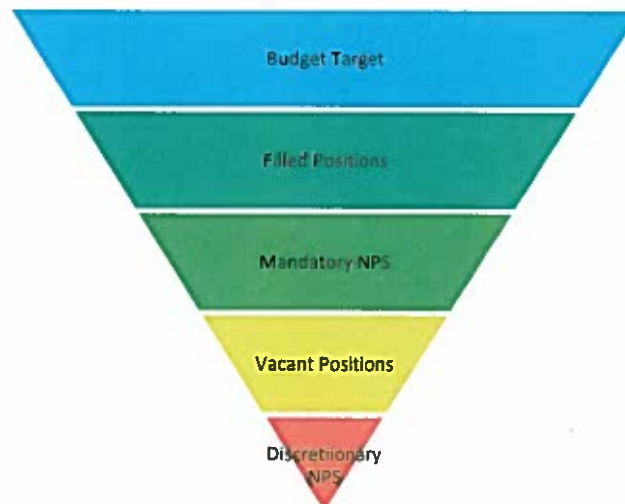
For FY20, the University's capital budget request is ***\$677 million***. Capital budget funding awards from the District are on six-year basis.

2.2 Unrestricted Budget Request

The UDC total unrestricted budget (excluding federal, intra-District, and private grants and contracts) request is \$123M. This includes \$82.6M in local subsidy, \$28.7M in tuition revenue, \$7M in postsecondary, \$4M in endowment income, and \$1M of indirect cost revenue. The Mayor's Office issues guidelines on the Maximum Allowable Request Ceiling (MARC) of the local appropriation for each agency. The University's MARC target for FY20 is \$82.6M. This was as expected, reflecting an adjustment for the one-time \$4.7M in IT funding included in the FY19 approved budget.

The District's budget process requires the University to submit a budget in accordance with the MARC. Unfunded needs are included in the enhancement request of \$22M. The enhancement requests are based on the funding needs for the *Equity Imperative*. The pace in meeting the Equity Imperative goals are directly related to the investment pace provided by the District.

As part of the budget development, the University was guided by:



2.3 Restricted Budget Request

The University's FY20 restricted budget request is \$43 million, a decrease of \$751K in comparison to FY19's approved budget of \$43.7. Federal grants revenue is projected to increase, \$1.2 million to \$33.5 Million for expected new grants. Private grants revenue is projected to decrease from \$1.8M in FY19 to \$1.1M in FY20. Intra-District grants are projected at \$8.2M in FY20, which is decreased from \$1.4 million in FY19.

Federal grants are budgeted under Student Affairs for financial aid and Academic Affairs for sponsored research programs. Private grants are mainly budgeted under Academic Affairs and the Community College. Intra-District grants are budgeted in both flagship academic programs and Community College workforce development programs. Further details are provided in the grants section.

2.4 Capital Budget Request

The University's FY20 capital budget request is \$677 million. This request supports the University's proposed Capital Improvement Plan. Significant components and major systems comprising the University's infrastructure are currently in a state of disrepair. Building 41 has been

designated to close due to these issues and Building 44 is in need of a significant investment to prevent failure. Additional details are provided in the capital budget section.

3. Revenue Analysis

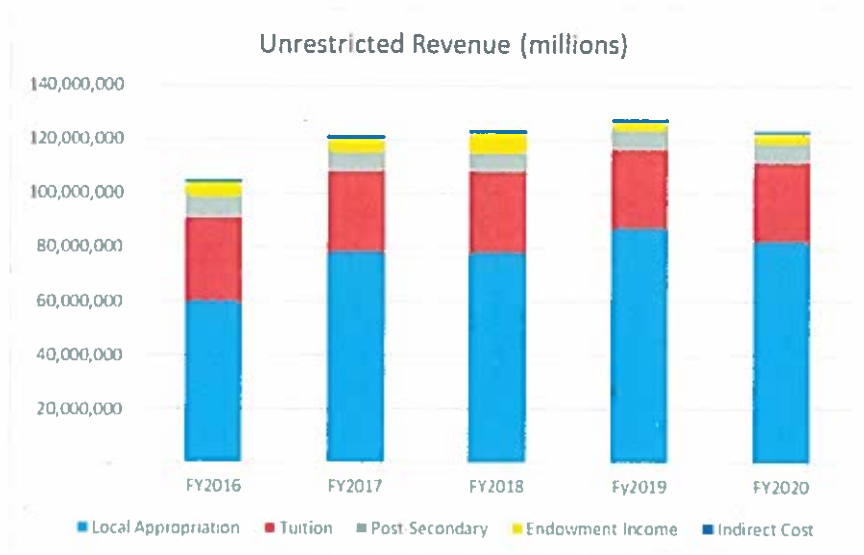
3.1 Revenue Summary

In FY20, the requested operating budget is \$166.3M, a decrease of \$4.9M from the FY19 approved budget of \$127.6M. This budget request includes \$123M that is unrestricted and \$40M that is restricted.

3.2 Unrestricted Revenue

The charts below break down the unrestricted revenue.

Unrestricted Revenue					
Unrestricted Revenue	FY2016 Actuals	FY2017 Actuals	FY2018 Actuals	Approved FY2019 Budget	Proposed FY2020 Budget
Appropriated Funds	60,034,679	78,375,797	78,274,096	87,353,491	82,612,335
Tuition Funds	30,516,888	29,747,959	29,944,562	28,750,000	28,750,000
Post-Secondary Education	7,990,646	7,050,601	6,610,502	7,000,000	7,000,000
Spendable Endowment Income Fund	131,097	(768)	4,500,000	2,500,000	3,000,000
Land-Grant Endowment Spendable	5,256,667	5,118,259	3,161,523	1,000,000	1,000,000
Indirect Cost Recovery	1,320,686	1,616,739	1,130,323	1,000,000	1,000,000
Total Unrestricted Revenue	105,250,662	121,908,586	123,621,005	127,603,491	123,362,335



Local Appropriation

The Local Fund is the subsidy from the DC Government. The total Local Fund request in FY20 is \$82.6M, a decrease of \$4.2M from the FY19 approved amount of \$87.3M. The MARC provided by the Mayor’s Office is as expected and the MARC drives the budget request. The Mayor provided an additional \$9.7M of funding in FY19 as a “down payment” on the future of the University. University administration will continue to work with the Mayor’s office and the Council to increase funding for the University. Increased funding from the District is critical to the success of the Equity Imperative.

Special Purpose Revenue

Special Purpose Revenue consists of the University's self-generated revenue from a number of sources (excluding the local subsidy and grant funds). This includes Endowment Income, Indirect Costs, Postsecondary Education Revenue and Tuition Revenue.

FY20 Special Purpose Revenue is projected at \$40.8 million, an increase of \$500K compared to the FY19 approved budget of \$40.3. An increase in spendable endowment income is driving the increase.

Tuition Revenue

FY20 Tuition Revenue remains flat. There are several dynamics in play with the tuition revenue: tuition rates have increased and enrollment is declining while the proportion of full-time to part-time students is increasing. Thus, yielding flat tuition revenue available for the FY20 budget.

	FY2017	FY2018	FY2019
Headcount	Fall 2016	Fall 2017	Fall 2018
Community College	1,899	1,850	1,910
Undergraduate (Flagship)	2,051	2,009	1,957
Graduate	368	388	377
Law School	286	280	256
Total	4,604	4,527	4,500

	FY2017	FY2018	FY2019
FTE	Fall 2016	Fall 2017	Fall 2018
Community College	1,283	1,273	1,357
Undergraduate (Flagship)	1,735	1,712	1,666
Graduate	319	345	322
Law School	247	244	223
Total	3,584	3,574	3,568

Postsecondary Revenue

FY20 Postsecondary Education Revenue is projected at \$7 million, consistent with FY19 approved budget of \$7 million. This represents the amount of fees collected, which is correlates to student enrollment and other self-generated revenue.

Endowment Income

FY20 Restricted Endowment Income is projected to be \$3 million, with \$1M in unrestricted income, an increase of \$500,000 from the FY19 approved budget. Working with the Office of the Chief Financial Officer (OCFO), the University is using an accelerated drawdown to address University needs. The plan is contingent upon continued positive earnings from the endowment.

The University will no longer use Fund Balance to balance the budget.

Indirect Cost Recovery

FY20 Indirect Cost revenue is projected to be \$1M, consistent with the FY20 approved budget. Indirect Cost revenues are a percentage of grant revenues mostly used to support the infrastructure of the University. Indirect Cost revenues also are used to incentivize faculty to increase the submission of grant proposals.

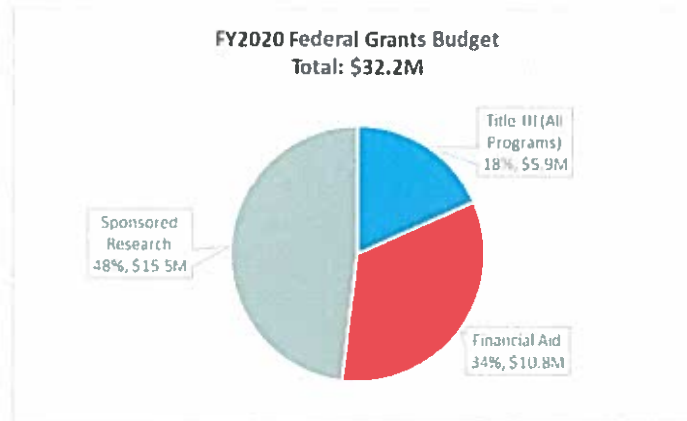
3.3 Restricted Revenue

Based on a review of the restricted revenue, there is a lag in spending of restricted funds. The administration will undertake a review of restricted grant spending.

Restricted Revenue					
Restricted Revenue	FY2016 Actuals	FY2017 Actuals	FY2018 Actuals	Approved FY2019 Budget	Proposed FY2020 Budget
DC Agencies Advance (Intra-District Grants)	6,327,357	4,983,505	4,843,667	9,676,560	8,276,084
Federal Grants	22,646,521	21,433,750	18,662,874	32,223,124	33,491,880
Private Grants	604,343	717,822	276,377	1,805,484	1,186,162
Total Restricted Revenue	29,578,221	27,135,078	23,782,918	43,705,168	42,954,126

Federal Grants

The FY20 proposed federal grants budget is \$33.5 million, an increase of \$1.2 million in comparison to the FY19 approved budget of \$32.2 million. This increase reflects the perspective of new federal awards in the pipeline. Further, this increase reflects the strategy of the Equity Imperative to increase sponsored research at the University and aligns with the hiring of a new Vice President for Research, Graduate Studies and Sponsored Programs (Victor McCrary, hired October 2018).



DC Agencies Advances (Intra-District Grants)

The FY20 proposed DC Agencies Advance budget is \$8.3 million, a decrease of \$1.4 million in comparison to the FY19 approved budget of \$9.7 million. The decrease represents the completion of contracts and non-renewal of several awards.

Private Grants

The FY20 proposed private grants budget is \$1.2 million, a decrease of \$619K in comparison to the FY19 approved budget of \$1.8 million. This is due the expiration of several grants.

4. Capital Budget

4.1 Capital Improvement Plan

The University is making a six-year (FY20 – FY25) capital budget request of \$677 million. Projects included in the plan are required to significantly upgrade campus facilities, extend the useful life of our buildings, and provide a platform for energy conservation and sustainability initiatives. Projects are prioritized using criteria that may include, but are not limited to those on the list below:

- Life safety and security issues
- Regulatory compliance (e.g. ADA, OSHA, etc.)
- Energy conservation and other cost reduction opportunities
- Academic space programming needs
- Technological advancement and applicability to instructional environments
- Overall project workload and disruption vs. existing level and urgency of need
- Long-term needs in a strategic context (e.g. Equity Imperative)

Persistent underfunding has resulted in leaking roofs and windows, frequent elevator outages, and HVAC systems that are constantly on the verge of complete failure. Further complicating the situation, insufficient operational funding makes it increasingly difficult for the University to provide even the most basic services to our students, faculty, and staff.

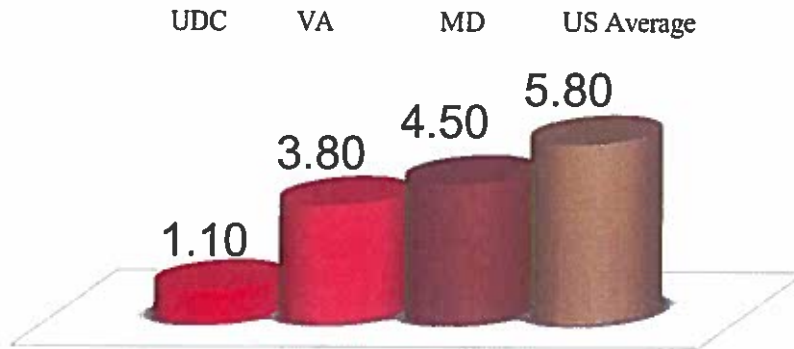
Below is an analysis of capital funding for the University:

University of the District of Columbia Six-Year Capital Funding Analysis (Thousands)								
Fiscal Year	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Total
Approved Capital Funding	27,203	12,000	8,000	5,000	35,000	60,000	N/A	147,203
FY20 Capital Funding Request	N/A	199,000	179,000	174,000	32,000	26,000	67,000	677,000
Operating Impact of Capital Projects		4,343	4,146	496	646	646	796	11,073

The approved capital allocation was in response to the University's request for \$723 million.

“Our older buildings and high deferred maintenance backlog lead to a substantially greater financial burden to support non-labor cost.” (Per Kennedy& Company School/College Financial Performance Update, June 2017). For every six (6) months that nothing is done to improve our physical infrastructure, the overall costs increase by \$750K-\$1M; just a year ago, that same 6-month window was \$500-750K.

The charts below demonstrate the significant underfunding of facilities operation and investment plant.



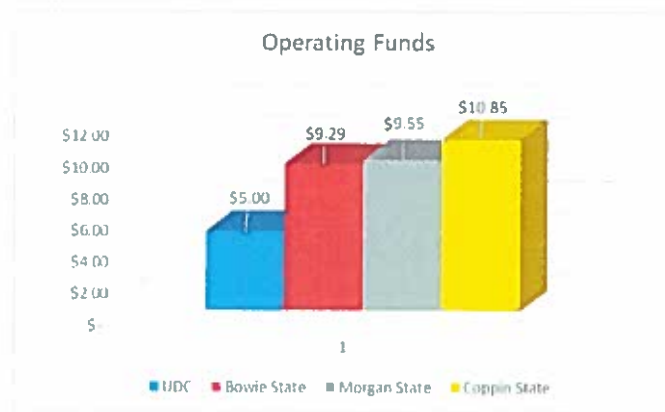
% of state budget (local funds, FY18)

The underfunding translates to

VA: \$200M

MD: \$251M

US Average \$346M



The following is a summary of the projects identified as priorities during each year of the current term:

Fiscal Year 2019 - The focus of the first year of this CIP is securing adequate space to accommodate the closing of Building #41, which was shut down due to deficient building systems. The University will lease space across the street from the Van Ness Campus at 4225 Connecticut Avenue, and property adjacent to the University at 4250 Connecticut Avenue (4250). For the first 3 years of the 4250 agreement, the University will use capital funds to complete any required basic renovations to accommodate the College of Arts and Sciences' (CAS) faculty and staff. This primarily includes the Dean's suite, administrative staff, and some specialty classrooms such as the Speech & Pathology labs.

In addition, during this fiscal year, the Main Library construction will take place in Buildings #38 and #39, where the Main Library, along with the Center for Advanced Learning, will relocate from their temporary location in Building #39. The University will also continue its ongoing effort to improve and upgrade building systems campus-wide with elevator replacements, roof replacements, window replacements, and mechanical, electrical, and plumbing (MEP) system upgrades. Interior renovations to several buildings also will be completed. These include construction of the new Architecture School spaces in Buildings #32 and #42, as well as renovations

in the School of Engineering and Applied Sciences. Infrastructure upgrades at the Firebird Farms will be completed as well.

Additionally in this fiscal year, programming for the design of a new building at the Backus campus will be completed. The new building is intended to support programs currently located at 801 North Capitol Street, NE. Lastly, the VNC campus master plan approval process will be started in this fiscal year.

Fiscal Year 2020 - This year will feature some upgrades to MEP and IT systems in various buildings. Partial interior renovations to Buildings #32 and #42 will take place in order to accommodate growing academic programs and increased enrollment in the School of Engineering and Applied Sciences (SEAS). In addition, there will be additional renovations in Building #39. These improvements will accommodate faculty and staff relocated due to Building #41 closing, and organizational shifts.

Fiscal Year 2021 - The Backus & Firebird Farm master plan approval processes will be started in this year. The new plan will allow for a larger building footprint at Backus, providing the potential for continued expansion of the Community College. The Firebird Farm master plan will define a plan of growth for the physical surroundings in order to complement the primary agricultural research mission of the site. The master plan will include ways and means to make the Farm entirely self-sufficient and able to be removed from the utility grids. On the main campus, the resumption of the Dennard Plaza drainage and paver replacement project will take place, with water infiltration issues resulting from a deteriorated drainage system being addressed, as well as creative ways to capture more storm water runoff.

This year will also have a focus on the purchase of the 4250 building and plans for permanent modifications to the building that will become the home of CAS and CAUSES. There will also be more projects to continue to upgrade building envelopes, such as more window and roof replacement projects. MEP systems campus-wide will continue to be addressed. Additional improvements to the law school building will be made as well.

Fiscal Year 2022 – This fiscal year will see the beginning of the complete renovation of the building purchased at 4250 Connecticut Avenue and the execution of plans for permanent modifications that will support the building's new use as the home of CAS and the College of Agriculture, Urban Sustainability, and Environmental Sciences (CAUSES). There will also be projects continuing to upgrade building envelopes. This will include more window and roof replacement projects. MEP systems campus-wide will continue to be addressed. Additional improvements to the law school building will be completed as well.

Fiscal Year 2023: Work will continue on the newly purchased 4250 as permanent renovations proceed that will allow the building to become the new home for CAS & CAUSES. Projects to develop new laboratories and specialty classrooms within the building will be initiated this fiscal year. While the phased project will be ongoing, some new laboratories for CAS & CAUSES will be completed this fiscal year.

Fiscal Year 2024 - Construction for the new Community College building at the Bertie Backus site will begin. This building will provide custom accommodations for the Community College programs and will allow those programs to move out of the current location at 801 North Capitol Street. The building will feature spaces that will be uniquely designed and outfitted for the specific activities that will take place with the varied Community College programs. Significant improvements to the existing building will also take place. These will include completing the build-out of currently unused portions the building, determining a use for the existing gymnasium, and

upgrading the mechanical and drainage systems.

Fiscal Year 2025 - During this fiscal year, the University intends to expand its programs and thus its physical footprint in Ward 8. The plan is to acquire a parcel of land in the ward, perhaps on St. Elizabeth's campus, and further establish the Community College in the District's most underserved and often overlooked areas. Entirely new facilities would be constructed for the students, faculty, and staff and position the Community College as a premier option for workforce training and two-year college education.

The Capital Projects Advisory Panel (CPAP) provides input on the prioritization of proposed capital projects. Panel members include the deans of each school/college, the Community College Chief, department heads, members of the president's cabinet, and other key University stakeholders. The Advisory Panel is considered a significant part of the capital improvement program.

Achievement of the Equity Imperative is directly related to the level of CIP funding. Without full funding of the CIP request, the University will be limited in addressing the major facilities deficiencies facing the campus.

The University operates programs in twelve buildings totaling approximately 1.2 million square feet of space on the Van Ness campus, in addition to open spaces and recreation/athletic fields. Nine of the VNC's twelve buildings and its 730-car parking garage were built in the early 1970s. No significant renovations or construction projects were completed until the Student Center was opened in 2016. The University operates a central power plant consisting of two chillers and two boilers. In addition to the VNC, the University operates multiple sites throughout the District - the Bertie Backus campus at 5171 South Dakota Avenue, NE; the P.R. Harris site at 4600 Livingston Road, SE; the 144-acre Firebird Farm in Beltsville, Maryland; multiple food hub sites, and a hangar at National Airport. The University also operates academic food hubs at several locations in the District.

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 in the District's budget. The budget goes through several stages of executive reviews before submission to the legislative branch as part of the District's 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 accepts the legislature's changes, the Mayor will sign the budget and forward it to the U.S. Congress for review and approval.

The budget is included in one of Congress' appropriations packages for the President of the United States' 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 future years. The requested amount may or may not be the same as the budget OCFO submits to the District's financial system based on Mayor's MARC target. The difference is considered 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 made 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 managed 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 District. 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.


Exhibit B

Funding Certification for FY2020 Budget and Financial Plan



Office of the Chief Financial Officer

TO: Christopher Bell, Esq.
Chair, Board of Trustees
University of the District of Columbia

FROM: Munetsi Musara 
Chief Financial Officer
University of the District of Columbia

DATE: October 29, 2018

RE: Funding Certification for UDC's FY2020 Budget

Upon review of the FY2020 Budget of the University of the District of Columbia (UDC), the Office of the Chief Financial Officer is reasonably assured that based on the local budget allotment provided by the District of Columbia and UDC's projected O-Type and grant revenues, adequate funds will be available to support the budgeted expenses in FY2020.

Should you require additional information, please contact me at 202-274-6410.



Troy A. LeMaile-Stovall
Chief Operating Officer
Office of Operations

October 30, 2018

TO: Ronald Mason, Jr.
President, University of the District of Columbia

FM: Troy A LeMaile-Stovall *TALS*
Chief Operating Officer, University of the District of Columbia

RE: Submission of FY2020 Operating and Capital Budget requests

Please find attached the submission of the FY2020 Operating and Capital Budget requests for the University of the District of Columbia (UDC). Per our process, this budget has been reviewed and recommend for submission to the UDC Board of Trustees by the University Budget Committee on October 22, 2018; will be submitted to a Joint Audit, Budget and Finance (ABF)/Operations/Executive Committee on October 30, 2018; and submitted to Mayor (through OBPM) and OCFO prior to the November 7, 2018 submission.

The FY2020 submission is different from previous year's as it includes both our operating and capital requests.

Operating Funds

The University's Operating Funds request for FY20 is \$166.3M, \$4.2M less than our FY2019 approved budget. The difference being:

- Our MARC from the Mayor did not include the \$4.7M in 1-time funds for addressing our IT infrastructure;
- We reduced the use of Fund balance from \$2.5M to zero per direction from the OCFO.
- In conjunction with the OCFO, we increase the spendable income draw from the endowments to \$4 million from \$1 million

Other assumptions include

- Flat tuition and fee revenues of \$28.8M as compared to FY2019;
- Restricted endowment income of \$2.75M as compared to \$2.5M in FY2019;
- No Cost of Living (COLA) for non-Union employees but continuing to meet COLA requirements of our union employees by \$460K
- Increase in fixed costs of 3% or \$450,000; and
- Expiration of grants \$751,042

The Enhancement Request builds on the FY2019 Enhancement Request where we requested \$14.0M in recurring and \$2.6M in 1-time funds (for early retirement). Again, we are grateful to the Mayor and DC Council for their investment in FY2019, the pace in meeting the Equity Imperative goals is directly related to the investment pace provided by the District.

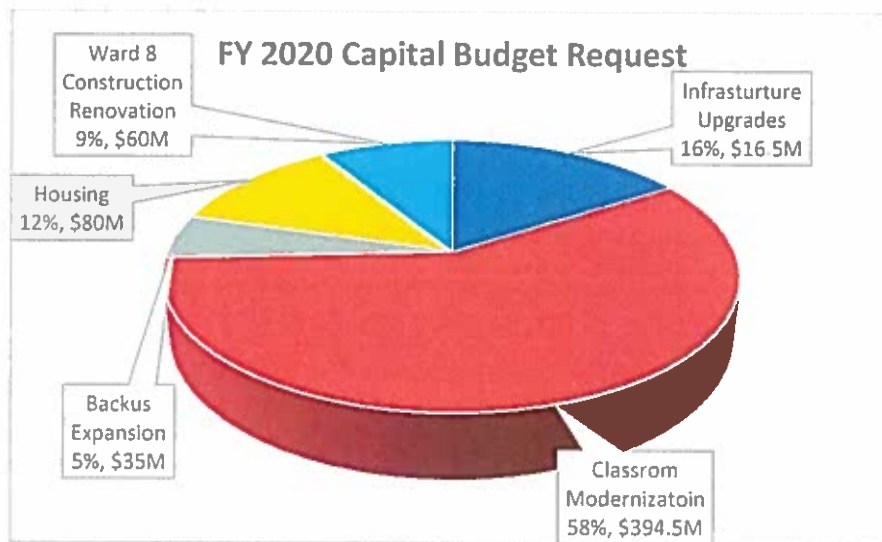
To that end, the \$22M FY2020 Enhancement Requests is asking for

- Continuing the investment of \$4.8M in the 3-year process of addressing our below market salaries as well as providing a more robust professional development program aimed at increasing the efficiency and effectiveness of Team UDC;
- Converting the 1-time \$4.7M for the recurring needs of the IT infrastructure;
- Investing \$5.7M in critical hires, esp. in our facility and IT units;
- As requested in FY2019, \$2M as a direct appropriation for the Nation's only Land Grant focused on an urban area to be sued as a 1-for-1 match for Federal funds and \$2.5M to support UDC's workforce program; and
- Our Academic areas are in desperate need of \$350K in NPS funds to provide funds to meet accreditation needs; and finally
- We want to thank the Mayor and DC Council for the \$147M 6-year capital allocation. But, after 10 years of managing the capital budget for the major facilities improvement, the university has not received an increase in operating funding to support the ongoing cost of maintaining the improvements. Similar to the investment in IT, there are recurring operational maintains cost. If the maintain cost are no supported, it creates a cycle allowing facilities to return to a state of disrepair. The estimated underfunding impact is \$5 million in operating cost, of which we are requesting \$2.3M.

In addition, as we did in FY2019, we are requesting \$4M (\$2M from FY2019 that was not provided) in funds to begin building the \$10M we need to offer an early retirement program for our faculty and staff that have served well for many decades.

Capital Funds

The University's Capital Request also builds on our FY2019 submission. While are grateful for the Mayor and Council's support of our \$147M 6-year capital plan we are still in need of significant investments to bring a modern set of facilities for the District's Flagship institution of higher learning. These investments are also needed to ensure the success of the EI plan.



Please let me know if there are any questions.

attachments