

**BOARD OF TRUSTEES  
UNIVERSITY OF THE DISTRICT OF COLUMBIA  
UDC RESOLUTION NO. 2019 - 06**

**SUBJECT: APPROVAL OF FY2019 BUDGET AMENDMENT #2**

**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**, pursuant to UDC Resolution No. 2018-27 dated September 13, 2018, 2017, the Board approved 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 (“Revised Budget”); and

**WHEREAS**, the President has identified additional spendable endowment income of Six Million Four Hundred Eleven Thousand Four Hundred Seventy Six Dollars and No Cents (\$6,411,476.00), a revenue increase of approximately five percent (5%) over the amount set forth in the Revised Budget previously approved by the Board; and

**WHEREAS**, the President has prepared a supplement to the Revised Budget corresponding to the increased spendable endowment income, a copy of which is attached hereto as **Exhibit A** (“FY2019 Budget Amendment #2”); and

**WHEREAS**, the proposed FY2019 Budget Amendment #2 is reflective of the projected revenues and planned expenditures, consistent with the prudent fiscal and accounting practices, and is in line with the President's and the Board's vision for the University.

**THEREFORE, BE IT RESOLVED**, that the Board of Trustees hereby approves the Revised Budget, as amended to incorporate FY2019 Budget Amendment #2 attached hereto as **Exhibit A**.

Submitted by the Audit,  
Budget & Finance Committee:

February 5, 2019

Approved by the Board of Trustees:

February 26, 2019

  
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Christopher Bell  
Chairperson of the Board

**Exhibit A**

**FY 2019 Budget Amendment #2**

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

FY2019 BUDGET AMENDMENT #2  
INCREASE IN SPENDING ENDOWMENT  
INCOME

FEBRUARY 2019

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## **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 APPENDIX B: Original FY19 Budget Presentation (Approved by BOT November 2017)**
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## 1. Executive Summary

The University of the District of Columbia is pleased to present its FY2019 Budget Amendment #2 request for Board of Trustees Approval. The FY2019 Amendment reflects an increased funding of \$6.4 million in Spendable Endowment Income (Fund Balance). During FY2018, the Board of Trustees approved a plan to use funds from the fund balance to address critical needs at the University. This amendment will revise the FY19 budget for the spendable endowment income from FY2019 and allocate the unexpended funds from FY18.

The Roll-Forward below breaks down the budget amendment, \$6.4 million, which will increase the University's total operating budget from \$171 million to \$177 million.

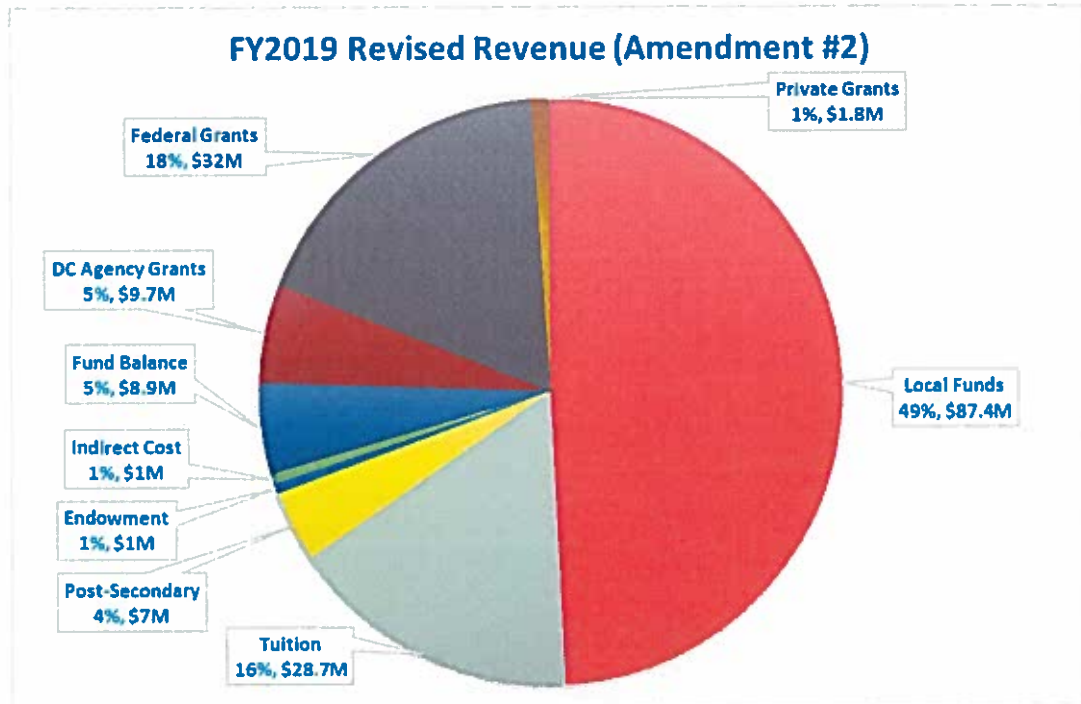
Description	Budget
FY2019 University Budget Submission	161,435
Mayor's Policy-Enhance: To Support the costs of Pre-existing Programmatic initiatives	4,747
Mayor's Policy-Enhance: To align resources with operational spending goals (one-time)	4,741
<b>Total Proposed Mayor's Budget</b>	<b>170,923</b>
Enhance: To Support operational requirements	185
Budget Book Omission Adjustment	201
<b>FY2019 Retooled Budget (Amendment #1)</b>	<b>171,309</b>
FY2018 Carryover - Unexpended Fund Balance	2,811
FY2019 Fund Balance (Spendable Endowment Income)	3,600
<b>FY2019 Revised Budget (Amendment #2)</b>	<b>177,720</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."

The Budget Book Omission Adjustment refers to 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.

## 1.1 Projected Revenue

For FY2019, the University projects a total available budget of \$177 million based on the following revenue sources:



FY2019 Revised Projected Revenue						
Source	Original Submission (Nov. 2017)	Revised FY2019	FY2020 Budget Request	FY2021	FY19 Change	FY19% Change
Local	77,680,000	87,353,000	82,612,335	87,168,156	9,673,000	12.5%
Tuition	28,750,000	28,750,000	28,750,000	28,750,000	-	-
Post-Secondary	7,000,000	7,000,000	7,000,000	7,000,000	-	-
Endowment	1,000,000	1,000,000	4,000,000	3,800,000	-	-
Indirect Cost	1,000,000	1,000,000	1,000,000	1,000,000	-	-
Fund Balance	2,500,000	8,911,476	-	-	6,411,476	256%
<b>Total Unrestricted</b>	<b>117,930,000</b>	<b>134,014,476</b>	<b>123,362,335</b>	<b>127,718,156</b>	<b>16,084,476</b>	<b>13.6%</b>
<b>Restricted</b>						
DC Agency Advance	9,676,560	9,676,560	8,276,084	8,276,084	-	-
Federal Grants	32,023,124	32,023,124	33,491,880	33,491,880	-	-
Private Grants	1,805,484	1,805,484	1,186,162	1,186,162	-	-
<b>Total Restricted</b>	<b>43,505,168</b>	<b>43,505,168</b>	<b>42,954,126</b>	<b>42,954,126</b>	<b>-</b>	<b>0.0%</b>
<b>Total Revenue</b>	<b>161,435,168</b>	<b>177,519,644</b>	<b>166,316,461</b>	<b>170,672,282</b>	<b>16,084,476</b>	<b>10.0%</b>

## 1.2 Proposed Budget – Use of Fund Balance (Spendable Endowment Income) \$6.4 Million

Below is the Revised FY 2019 Budget

FY 2019 Revised Budget				
Major Program	FY 2019 Approved	Budget Retooling (Amendment #1) September 2018	Budget Amendment #2 February 2019	FY 2019 Revised
<b>Unrestricted Budget</b>				
Agency Management Programs (OCOO)	41,205,838	9,488,156	6,411,476	57,105,470
Agency Financial Operations (OCFO)	3,573,864	-	-	3,573,864
Student Administrative Services	32,288,080	-	-	32,288,080
Academic Affairs	25,717,705	185,335	-	25,903,040
President's Office	5,835,602	-	-	5,835,602
Community College	9,308,911	-	-	9,308,911
<b>Total Unrestricted Budget</b>	<b>117,930,000</b>	<b>9,673,491</b>	<b>6,411,476</b>	<b>134,014,967</b>
<b>Restricted Budget</b>				
DC Agencies Advance	9,676,560	-	-	9,676,560
Federal Grants	32,223,124	-	-	32,223,124
Private Grants	1,805,484	-	-	1,805,484
<b>Total Restricted Budget</b>	<b>43,705,168</b>	<b>-</b>	<b>-</b>	<b>43,705,168</b>
<b>Total Revised Budget</b>	<b>161,635,168</b>	<b>9,673,491</b>	<b>6,411,476</b>	<b>177,720,135</b>

The endowment funds will be used to address major needs across the university.

FY2019, up to \$4 million will be used to minimize the impact on NPS budget for operating expenses associated with the lease of 4250 Connecticut Ave., NW and other facilities related needs across the campus

The FY18 carryover funds from FY18 will be used to continue projects and meet other critical needs.

- Developing Labs for CAUSES
- Continued Investment in Student Development and Success
- Investment in Talent Management for improving efficiency
- Professional Development
- Investment in Public Safety
- AACSB Accreditation



## APPENDIX A: Definitions

### APPENDIX B: Original FY19 Budget

#### 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' 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**

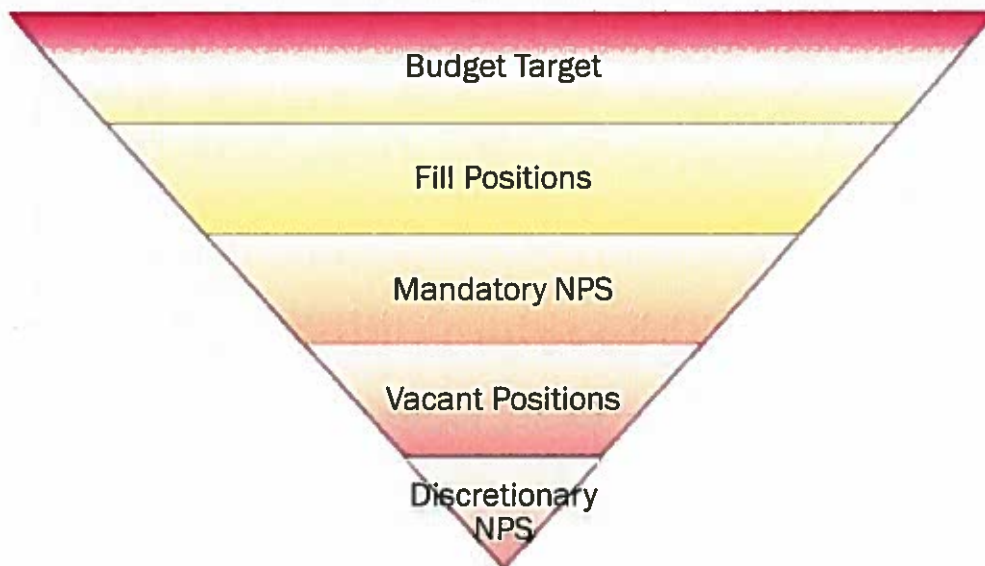
# FY2019 BUDGET OVERVIEW

## 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	78,180,000	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>-0.64%</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>-0.64%</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>

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# 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>



# FY2019 UNRESTRICTED PS BUDGET



# 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>



# FY2019 UNRESRICTED NPS BUDGET

# 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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**TO:** Board of Trustees  
**FROM:** Managing Director of Finance *David A. Franklin*  
**DATE:** February 5, 2019  
**SUBJECT:** FY2019 Budget Amendment #2

**Conclusion**

This resolution will approve the President's amended budget detailed in Exhibit A for the allocation of the additional spendable endowment income.

**Background**

In accordance with the President's, planned use of the spendable endowment income the University began drawing down funding in FY19. The University had carryover funding of \$2,811,476 from the FY18 \$4 million drawdown per the Board approved Spend Plan. The University also requests using \$3,800,000 from its Fund Balance for a total FY19 budget increase of \$6,411,476. These funds are needed to complete the FY18 projects that did not have time to complete due to the aforementioned timing of the draw and provide resources for facility projects, especially the recently signed 4250 Connecticut Ave lease.

**Fiscal Impact**

There is risk associated with the use of spendable endowment income. It reduces potential future investment earnings. The administration has determined current critical needs outweigh the risk.