

**BOARD OF TRUSTEES
UNIVERSITY OF THE DISTRICT OF COLUMBIA
UDC RESOLUTION NO. 2019 - 36**

**SUBJECT: APPROVAL OF A PROPOSED FY2020 BUDGET AMENDMENT 1
– ACCEPTANCE OF ADDITIONAL LOCAL APPROPRIATION**

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. 2018-35 dated November 7, 2018 the Board approved a proposed budget request for Fiscal Year 2020 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 FY2020 Proposed Budget and Financial Plan; and

WHEREAS, the D.C. Government’s FY2020 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 Seven Million Six Hundred Ninety-One Thousand Dollars and No Cents (\$7,691,000.00), a revenue increase of approximately five percent (5%) 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 FY2020 Proposed Budget and Financial Plan, a copy of which supplement is attached hereto as **Exhibit A** (“FY2020 Budget Amendment 1”); and

WHEREAS, the proposed FY2020 Budget Amendment 1 is reflective of the projected revenues, consistent with the prudent fiscal and accounting practices, and is in line with the President's and the Board's vision for the University.

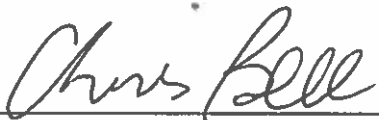
NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees hereby approves the Proposed Budget Request, as amended to incorporate the FY2020 Budget Amendment 1 attached hereto as **Exhibit A**.

Submitted by the Audit,
Budget & Finance Committee:

August 6, 2019

Approved by the Board of Trustees:

September 10, 2019



Christopher Bell
Chairperson of the Board

Exhibit A

Budget Amendment 1 – Acceptance of Additional Local Appropriation



FY2020 BUDGET AMENDMENT #1
Acceptance of Additional Local Appropriation

Summary Analysis

September 2019

Outline

- 1.1 Executive Summary
 - 1.2 Projected Revenue
 - 1.2 Proposed Budget
- 2.1 APPENDIX A: Definitions
- 1. Proposed Budget
 - 2. Appendix

1. Executive Summary

The University of the District of Columbia Administration is pleased to present its FY2020 Budget Amendment #1 – Acceptance of Additional Local Appropriation request for Board of Trustees Approval. FY2020 Amendment #1 reflects increased funding of \$7.7 million from the District of Columbia (Mayor’s Enhancement), after the original submission of the University’s FY2020 budget request. 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, \$7.7 million, provided by the District, which will increase the University’s total operating budget from \$166.3 million to \$174.0 million.

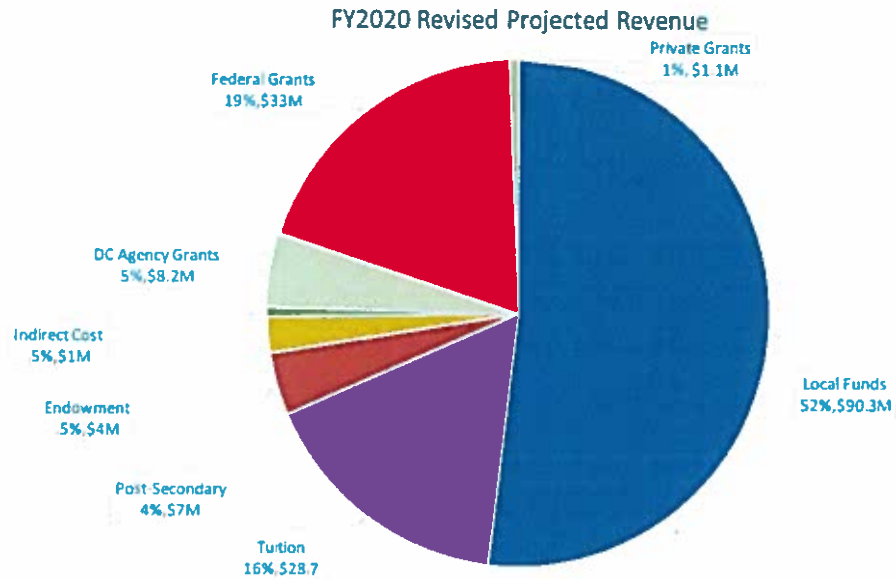
FY 2020 District Funding Roll forward	
Description	Amount
Total FY 2019 Local District Funding	87,353,491
FY 2019 One Time Funding IT	(4,741,000)
FY2020 MARC - Amount Approval by BOT (November 2018)	82,612,491
FY 2020: Mayors' Enhancement Funding	
Mayors: One-Time Funding for Information Technology Infrastructure Initiatives	4,741,000
Mayors: Funding to support Market based salaries for union and non-union employees	2,800,000
Council Enhancement: DC Affordable Law Firm	150,000
Total FY2020 Enhancement Funding:	7,691,000
Total FY2020 Local District Funding	90,303,491

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 FY2020, the University projects a total revised available budget of \$174.0 million based on the following revenue sources:



Operating Budget				
	FY19 Approved Budget	Projected FY20 Original Budget Submission	FY20 Enhancemnt	Revised FY20 Budget
Unrestricted Revenue				
Local Fund	87,353,491	82,612,335	7,691,000	90,303,335
Tuition Fund	28,750,000	28,750,000	-	28,750,000
Post-Secondary	7,000,000	7,000,000	-	7,000,000
Fund Balance	2,500,000	-	-	-
Spendable Endowment Income	1,000,000	4,000,000	-	4,000,000
Indirect Cost Funds	1,000,000	1,000,000	-	1,000,000
Total Unrestricted Revenue	127,603,491	123,362,335	7,691,000	131,053,335

Operating Budget				
	FY19 Approved Budget	Projected FY20 Original Budget Submission	FY20 Enhancemnt	Revised FY20 Budget
Restricted Revenue				
DC Agencies Advance	9,676,560	8,276,084	-	8,276,084
Federal Grants	32,223,124	33,491,880	-	33,491,880
Private Grants	1,805,484	1,186,162	-	1,186,162
Total Restricted Revenue	43,705,168	42,954,126	-	42,954,126
Total Projected Revenue	171,308,659	166,316,461	7,691,000	174,007,461

Mayor Bowser added an additional \$7.7 million of local funds to the FY2020 budget submission of the University, with \$4.7 million being added as one-time funding and \$2.8 million included as recurring funding.

Mayor's Proposed Budget

The budget proposal includes a net increase of \$7,541,000 in Agency Management program of which \$4,741,000 provides one-time support for the University's IT infrastructure initiatives and the remaining \$2,800,000 is to support programmatic personnel services initiatives.

Council's Proposed Budget

The budget proposal reflects an increase of \$150,000 to support the DC Affordable Law Firm program.

Description	Budget
FY2020 University Budget Submission	166,316
Mayor's Policy-Enhance: To Support the costs of Pre-existing Programmatic initiatives	4,741
Mayor's Policy-Enhance: To align resources with operational spending goals (one-time)	2,800
Total Proposed Mayor's Budget	173,857
Enhance: To Support operational requirements	150
Budget Book Omission Adjustment	
FY2020 Amendment Budget	174,007

1.2 Proposed Budget – Enhancement Funding from District \$7.7 Million

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

**Proposed Budget
FY20 Enhancement Funding**

Personnel Services Enhancement Funding (Recurring)	
Description	Amount
Government Affairs	471,783
Business and Financial Affairs	341,985
School of Business & Public Affairs	91,630
Various other Personnel Services Initiatives	1,894,602
Total Personnel Services Spending Plan	2,800,000

Information Technology Infrastructure (One-Time Funding)	
Description	Amount
Accreditation Efforts	300,000
Operational Readiness	1,225,000
Program Enhancement	1,750,000
Public Safety	366,000
IT Maintenance/Recurring Cost from Year 1 (FY19 Projects)	1,100,000
Total Information Technology Infrastructure Budget	4,741,000

DC Affordable Law Firm	
Description	Amount
Low Bono Law Firm Launch	150,000

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 District'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 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 FY2011 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 District'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 reprogramming's (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 was 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 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 like 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, bookstore, and cafeteria revenues), and intra-district grants from other District 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.

TO: Board of Trustees

FROM: Managing Director of Finance *David A. Franklin*

DATE: September 10, 2019

SUBJECT: FY2020 Budget Amendment 1 – Acceptance of Enhancement Funding from the District

Conclusion

In conclusion, the resolution will approve the FY2020 Budget Amendment 1 with a net increase of \$7.69 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 the Council added \$7,691,000 of local funds to the FY2020 budget submitted by the University of the District of Columbia. The enhanced budget proposal includes a net increase of \$4,741,000 one-time support for the University's IT infrastructure initiatives, \$2,800,000 for the support of programmatic personnel services initiatives and \$150,000 for the DC Affordable Law Firm initiative.

Financial Impact

Purpose	Amount	Classification
Funding for Information Technology Infrastructure Initiatives	4,741,000	One-Time
Funding to support programmatic personnel services initiatives	2,800,000	Recurring
DC Affordable Law Firm	150,000	One-Time
Total FY2020 Enhancement Funding	7,691,000	