

**BOARD OF TRUSTEES  
UNIVERSITY OF THE DISTRICT OF COLUMBIA  
UDC RESOLUTION NO. 2019 - 48**

**SUBJECT: APPROVAL OF FY2020 BUDGET AMENDMENT #2 – Request for Use of Additional Revenue and Fund Balance for Operating Cost**

**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 October 30, 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**, pursuant to UDC Resolution No. 2019-36 dated September 10, 2019, the Board approved 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 (“Revised Budget”); and

**WHEREAS**, the President has identified additional revenue and fund balance of Four Million Five Hundred Twelve Thousand Five Hundred and No Cents (\$4,512,500.00), a revenue increase of approximately two and half percent (2.5%) 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 use of fund balance, a copy of which is attached hereto as **Exhibit A** (“FY2020 Budget Amendment #2 – Request use of Fund Balance”); and

**WHEREAS**, the proposed FY2020 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 FY2020 Budget Amendment #2 attached hereto as **Exhibit A**.

Submitted by the  
Audit, Budget & Finance Committee:

November 5, 2019

Approved by the Board of Trustees:

November 19, 2019



Christopher Bell  
Chairperson of the Board

**Exhibit A**

**FY 2020 Budget Amendment #2**

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

FY2020 BUDGET AMENDMENT #2  
REQUEST FOR USE OF ADDITIONAL REVENUE  
& FUND BALANCE

November 2019

## Outline

- 1.1 Executive Summary
  - 1.2 Projected Revenue
  - 1.2 Proposed Budget
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  - 2. Appendix

## 1. Executive Summary

The University of the District of Columbia present its FY2020 Budget Amendment #2 – Request for use of Additional Revenue & Fund Balance for Board of Trustees Approval. The FY2020 Amendment reflects an increase funding of \$4.5 million in Fund Balance. During FY2018, the Board of Trustees approved a plan to investment funds from the fund balance to address critical needs at the University. This amendment will revise the FY20 budget for the corresponding investment from FY2020.

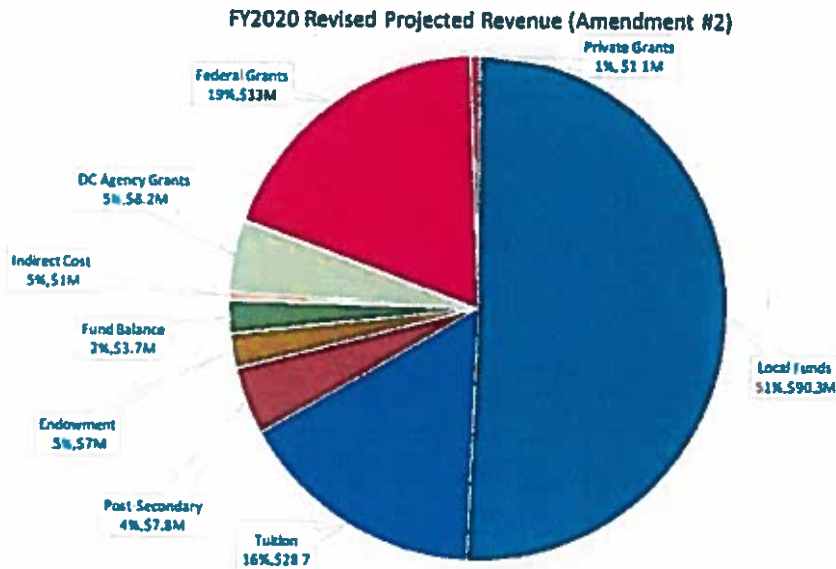
The Roll-Forward below breaks down the budget amendment, \$4.5 million, which will increase the University's total operating budget from \$174.0 million to \$178.5 million.

<b>Description</b>	<b>Budget</b>
FY2020 University Budget Submission	166,316
Mayor's Policy-Enhance: To Support the costs of Pre-existing Programmatic initiative	4,741
Mayor's Policy-Enhance: To align resources with operational spending goals (one-time)	2,800
<b>Total Proposed Mayor's Budget</b>	<b>173,857</b>
Enhance: To Support operational requirements	150
<b>FY2020 Budget Amendment 1</b>	<b>174,007</b>
Fund Balance	3,700
Eaton Elementary Rental Lease	813
<b>FY2020 Budget Amendment 2</b>	<b>178,520</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."

## 1.1 Projected Revenue

For FY2020, the University projects a total available budget of \$178.5 million based on the following revenue sources:



Unrestricted Revenue					
Source	FY19 Approved Budget	Projected FY20 Original Budget Submission	FY20 Enhancement Funding	FY20 Budget Amendment #2	Revised FY20 Budget
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	-	812,500	7,812,500
Fund Balance	2,500,000	-	-	3,700,000	3,700,000
Spendable Endowment Income	1,000,000	4,000,000	-	-	4,000,000
Indirect Cost Funds	1,000,000	1,000,000	-		1,000,000
<b>Total Unrestricted Revenue</b>	<b>127,603,491</b>	<b>123,362,335</b>	<b>7,691,000</b>	<b>4,512,500</b>	<b>135,565,835</b>

Restricted Revenue					
Source	FY19 Approved Budget	Projected FY20 Original Budget Submission	FY20 Enhancement Funding	FY20 Budget Amendment #2	Revised FY20 Budget
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
<b>Total Restricted Revenue</b>	<b>43,705,168</b>	<b>42,954,126</b>	<b>-</b>	<b>-</b>	<b>42,954,126</b>
<b>Total Projected Revenue</b>	<b>171,308,659</b>	<b>166,316,461</b>	<b>7,691,000</b>	<b>4,512,500</b>	<b>178,519,961</b>

Breakdown of additional funding sources:

Revenue Source	Amount
Fund Balance	3,700,000
Eaton Elementary Rental Lease	812,500
<b>Total Additional Revenue</b>	<b>4,512,500</b>

The University Administration understands the use of fund balance is not a long-term plan for funding university operations.

## 1.2 Proposed Budget – Additional Revenue and Fund Balance \$4.5 Million

This is the proposed budget for the additional revenue and fund balance.

Purpose	Funding Allocation
Facilities Operational Expense New Leases	3,700,000
Umbrella Campaign	500,000
Launch of myUDC Portal	250,000
Academic Program Enhancement	62,500
<b>Total Fund Balance</b>	<b>4,512,500</b>

In FY2020, up to \$3.7 Million will be used to minimize the impact on NPS budget for operating expenses associated with the lease of 4250 Connecticut Ave., NW, 4225 Connecticut Ave., NW and Old Congress Heights School and other facilities related needs across the campus.

The University requested additional enhancement funding from the District for FY20. This would have increased the University's facilities operating budget to address raising maintenance cost related to 50-year-old physical plant. This enhancement request was not funded.

The University has received capital investment from the District. With that said; the needs are still outpacing the investment. Over the years, the University has not received additional operating funds to address the impact of Capital Projects coming into service. The University's capital budget request will seek a significant investment in the physical plant to move the University toward educational facility that reflect the District's value for public education as evidenced in the DCPS capital improvement and investment in DC Public Library facilities. Capital investment will begin to stabilize the University's facilities operating budget in future years.

In the FY21 enhancement request to the District, the University will request additional operating funding to address facilities challenges across the university.



The goal of the Umbrella Campaign is to execute a strategic multi-platform umbrella content driven marketing campaign that will increase the general awareness of the university and elevate the narrative of the brand.

The title of the campaign is "Find Your Possible". The messaging and content of the campaign will focus on the following:

- Focused on affordability and flexibility.
  - UDC is more than your average university.
  - Feed into the vacuum of information that exists about who we really are.
- Strategic content development and deployment across all platforms.
- Develop content that is specifically infused with the stories of UDC Alumni who have successful careers.
- Develop content that showcase stories of UDC Professors that highlight the value of UDC education and programs.

The myUDC portal, transforming it into a platform that positions myUDC as a digital community of comprehensive resources and information for the University's internal community. This transformed version of myUDC will provide many new capabilities, functionality and offerings that will allow stakeholders to communicate, collaborate, and share information more effectively with an improved user experience. Specifically, the updated version of myUDC will provide modified content to track student progress, improve student learning outcomes and increase intuitiveness with improved help assistance for all faculty, staff and students.

## 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 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 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 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 reprogramming's, especially in grant and government services, are ongoing. The revised budget may include reprogramming's that have been made and are not yet processed in the system or intended reprogramming's 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. Reprogramming's 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, bookstore, 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, Board of Trustees approval is required.



Office of the Chief Operating Officer

**TO:** Board of Trustees  
**FROM:** Managing Director of Finance *David A. Franklin*  
**DATE:** November 19, 2019  
**SUBJECT:** FY2020 Budget Amendment #2 – Request Use of Additional Revenue and Fund Balance

#### **Conclusion**

This resolution will approve the President's amended budget, detailed in Exhibit A, for the allocation of the additional revenue and fund balance, \$4,512,500 to address increased operating costs from real estate leases and marketing.

#### **Background**

The University requests the use of \$4,512,500 for FY20. These funds are needed to fund operating costs for 4250 Connecticut Avenue NW, Old Congress Heights School, 4225 Connecticut Avenue NW, and other facility needs across campus. Further, it will address critical one-time investments in marketing and other needs.

In FY2020, up to \$3.7 million will be used to minimize the impact on the NPS budget for operating expenses associated with the lease of 4250 Connecticut Ave. NW, 4225 Connecticut Ave. NW, Old Congress Heights School, and other facility-related needs across campus.

The University requested additional enhancement funding from the District for FY20. That would have increased the University's facilities operating budget to address rising maintenance costs related to its 50-year-old physical plant. This enhancement request was not funded.

The University has received capital investment from the District. With that said, needs are still outpacing the investment. Over the years, the University has not received additional operating funds to address the impact of Capital Projects coming into service. The University's capital budget request will seek a significant investment in the physical plant that matches the levels of capital improvement in DCPS, and investment in DC Public Library facilities that the District has deemed appropriate. Capital investment will begin to stabilize the University's facilities operating budget in future years.

In the FY21 budget enhancement request to the District, the University will request additional operating funding to address facilities challenges across the University.

The University has undertaken an “Umbrella” marketing campaign. The goal of the Umbrella Campaign is to execute a strategic multi-platform umbrella, content-driven marketing campaign that will increase general awareness of the University and elevate the narrative of the brand.

The title of the campaign is “Find Your Possible.” The messaging and content of the campaign will focus on the following:

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### **Fiscal Impact**

There is risk associated with the use of fund balance. This action reduces the University’s available fund balance. Industry standards recommend six months of operating resources in the fund balance. The University is currently operating below the industry standard. The administration has determined that current critical needs outweigh the risk at this time.