

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

**SUBJECT: APPROVAL OF A PROPOSED FY2021 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 improvement plan for such fiscal year and the succeeding 5 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 FY2021 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 FY2021 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 FY2021 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 FY2021 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:

November 5, 2019

Approved by the Board of Trustees:

November 19, 2019

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Christopher Bell, Esq.  
Chairperson of the Board

## **Exhibit A**

### **Proposed Budget and Financial Plan**



FY2021 Proposed Operating and Capital Budget  
and Financial Plan

November 2019

## **Outline**

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## 1. Executive Summary

The University of the District of Columbia is pleased to present its FY 2021 (FY 21) budget request. In FY19, Mayor Bowser characterized additional funding (\$9.7M, \$4.7M recurring, \$4.7M one-time) as a “down payment on the future.” The Mayor continued her commitment in FY20 with additional funding of \$7.6M (\$2.8M recurring and \$4.7M one-time). The FY21 Enhancement Request will focus on building on that commitment. Note, the FY21 Enhancement request is not part of the FY21 Budget Submission. Should the District budget process yield additional funding for the University of the District of Columbia, the FY21 Budget will be revised accordingly via review by the University Budget Committee, and approval by the Board’s Audit, Budget, and Finance (ABF) Committee. The FY21 budget request detailed in 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 “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 the Capital Budget Requests. Future budgets presented for approval to the Board of Trustees will use this format.

As part of the budget development, there are several assumptions required. (See below.)

### **Assumptions**

- Local Appropriation Reduced by \$4.7M
- Tuition Revenue Flat at \$28.7M
- Enrollment Slightly down
- Fund Balance will be required to balance budget
- No Cost of Living for Non-Union
- COLA for Union Staff
- Increased Operating Expenses related to new facility leases
- Continued decline in the physical plant

### **Equity Imperative Assumptions**

- Current investments remain the same
- Enhancement Requests will address needs required to meet EI

### **Enhancement Request**

The FY21 Enhancement Request builds toward the accomplishment of the Equity Imperative. Again, we are grateful to the Mayor and the DC Council for their investment in FY19. The pace in meeting the Equity Imperative goals are directly related to the investment pace provided by the District.

To that end, the \$7.7M FY21 Enhancement Requests consists of:

Summary of FY21 Enhancement Request	
Description	Amount
Facilities initiative	2,500,000
Personnel Services Initiative	2,200,000
Information Technology Infrastructure Initiative	1,500,000
Teacher Preparation Pathway	500,000
Healthcare and Human Services Preparation Pathway	500,000
Technology/Engineering/STEM Pathway	500,000
<b>Total FY21 Enhancement Request</b>	<b>7,700,000</b>

**Facilities Initiative** – This enhancement will increase the University’s facilities operating budget to help meet rising maintenance costs related to our 50 year-old physical plant. The University has received capital investment from the District, but needs are 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 help the University maintain an educational facility that reflects the District’s values 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.

**Personnel Services Initiative** - Investing in human capital is the most significant component of achieving the *Equity Imperative*, and completing pathways to the middle class. The University needs to focus on two areas: 1) providing competitive compensation for faculty and staff, and 2) acquiring, retaining, and developing the talent needed to move the University forward. Key focus areas include COLAs and market-based salaries for all faculty and staff, appropriately staffing the Office of Talent Management to increase skillsets and capacity, and building a marketing department.

**Information Technology Infrastructure Initiative** - Continuing investment in IT infrastructure and personnel by converting one-time funding to recurring, will drive the University’s *Equity Imperative* goals. The University will be able to provide efficient IT services to students, faculty, and staff. Technology has an important impact on all aspects of higher education worldwide. Institutions of higher education are seeing technology trends in four areas 1) Video, 2) Learning Management Systems (LMS), 3) Collaborative Platforms (for group and remote work), and 4) Data Visualization/Big Data.

**Teacher Preparation** - Effective educators are developed, not born. Their preparation begins in colleges and universities, and persists through professional development during their careers. As the needs of student learners evolve, so too must our development of educators. This enhancement will support the expansion of teacher preparation options needed to address the shortage and quality of public school teachers in the District of Columbia.

**Healthcare and Human Services Preparation** - Demand for healthcare services has quietly shown robust growth, and this growth will continue. Rising demand for services translates into rising demand for healthcare and human service workers – including nurses, allied health professionals, technologists and coders, rehabilitative counselors, social workers, home health aides, and support personnel. However, the healthcare industry may not be prepared due to workforce shortages. The enhancement will require eleven faculty positions at UDC-CC, and six faculty positions at Van Ness.

**STEM** - The research is clear: a strong cradle to career STEM education prepares students for high-demand jobs, and contributes to the vitality of their families, communities, and local economies. Students in technology/engineering/STEM classes learn and practice skills that prepare them for diverse post-high school education and training opportunities, from apprenticeships and two-year college programs to four-year college and graduate programs. This enhancement will ensure UDC provides a consistent pipeline of students interested in pursuing certifications in cloud computing, associate's degrees in cloud architectural services, or bachelor's to master's degrees in homeland security, cybersecurity, applied intelligence, artificial intelligence (AI), or another STEM field, and is critical to producing a skilled technical workforce to meet the District's needs.

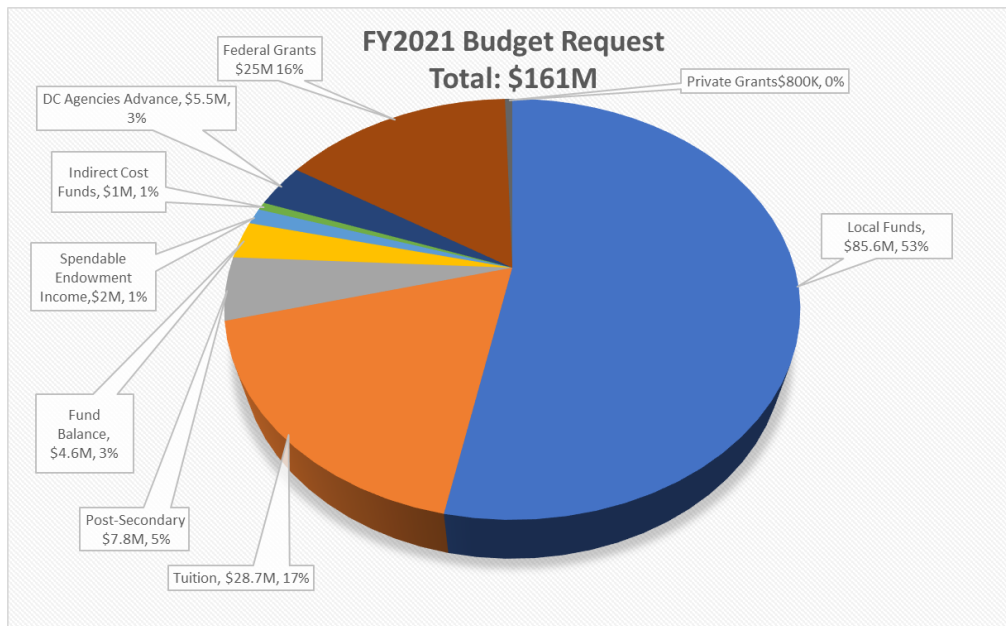
### **Additional Financial Considerations**

The University has identified several areas of focus to review:

- Productivity of Adjunct Professors, and Full-Time Faculty utilization. The Office of the Chief Academic Officer is undertaking this review, and has convened a workgroup to provide recommendations for policies and procedures.
- Grant Spending – For years, grant spending has lagged. The Administration will focus on monitoring spending, and challenges facing the efficient use of grant funds. The Vice President for Sponsored Programs and Graduate Studies has established a procedure for monitoring grant spending, and it will be implemented during FY20.
- Collection of Student Accounts Receivable – The administration has considered all options in balancing the financial obligations of the University and working with students on meeting the financial challenges of gaining a college education. As a first step, the University has reduced the threshold amount for students to be enrolled without being removed from their classes, from \$1,500 to \$1,000.

## **1.1 Projected Revenue**

For fiscal year 2021, the University projects a total available operating (restricted and unrestricted) budget of \$161M based on the following revenue sources:



Unrestricted Revenue			
Revenue Source	Revised FY20 Budget	FY20 One-Time Funding	FY21 Projection
Local Fund	90,303,335	(4,741,000)	85,562,335
Tuition Fund	28,750,000		28,750,000
PostSecondary	7,000,000	812,500	7,812,500
Fund Balance	3,700,000	925,000	4,625,000
Spendable Endowment Income	4,000,000	(2,000,000)	2,000,000
Indirect Cost Funds	1,000,000		1,000,000
<b>Total Unrestricted Revenue</b>	<b>134,753,335</b>	<b>(5,003,500)</b>	<b>129,749,835</b>
Restricted Revenue			
Restricted Source	Revised FY20 Budget	Adjustments	Projected FY21
DC Agencies Advance	8,276,084	(2,776,084)	5,500,000
Federal Grants	33,491,880	(8,491,880)	25,000,000
Private Grants	1,186,162	(386,162)	800,000
<b>Total Restricted Revenue</b>	<b>42,954,126</b>	<b>(11,654,126)</b>	<b>31,300,000</b>
<b>Total Projected FY21 Revenue (Unrestricted and Restricted)</b>	<b>177,707,461</b>	<b>(16,657,626)</b>	<b>161,049,835</b>

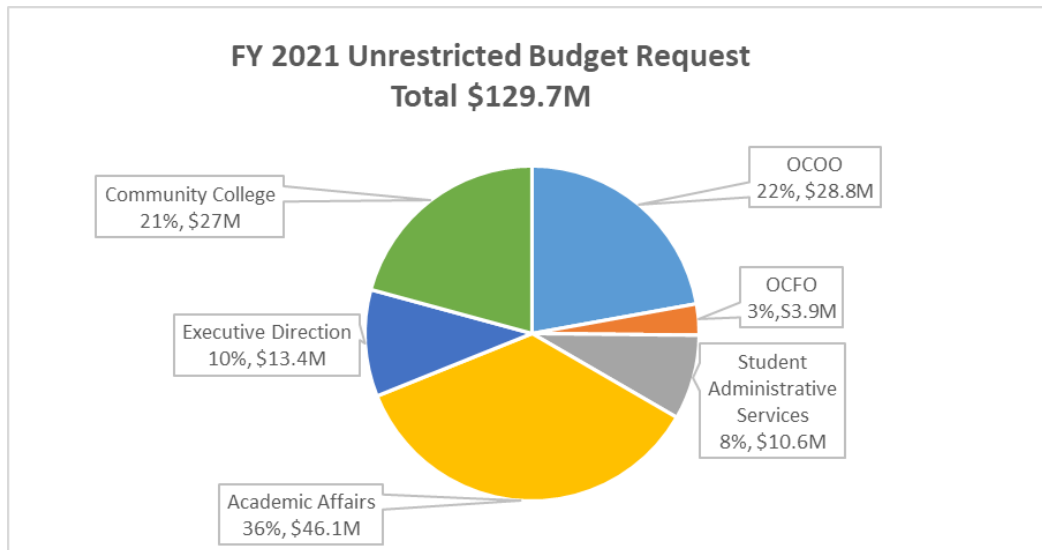
As compared to fiscal year 2020, the revenue projection has decreased \$16.7M million. The decrease is primarily driven by the reduction of the restricted budget authority and the one-time \$4.7M designated for IT infrastructure.



## 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 2020 Revised Budget	Adjustments	FY 2021 Proposed Budget
Office of Chief Operating Officer (OCO)	33,755,227	(5,003,500)	28,751,727
Office of the Chief Financial Officer (OCFO)	3,899,707		3,899,707
Student Administrative Services	10,614,603		10,614,603
Academic Affairs	46,148,553		46,148,553
President's Office	13,381,708		13,381,708
Community College	26,953,537		26,953,537
<b>Total Unrestricted Budget</b>	<b>134,753,335</b>	<b>(5,003,500)</b>	<b>129,749,835</b>

The revised FY2020 Budget includes FY20 Budget Amendment #2 - \$3.7M of Fund Balance and other Additional Revenue.

### Restricted

The University's restricted budget has three major categories:

- **DC Agencies Advance** – Grants/MOUs between the University and other District agencies. These can be year-to-year or multiyear.
- **Federal Grants** – These grants are entered between the University and the federal government. Federal agencies include the Department of Education, National Science Foundation, and Health and Human Services.
- **Private Grants** – These grants/MOUs are between the University and private foundations

or other not-for-profits. Examples include Walmart Foundation, 4H, Kellogg Foundation, and Cafritz Foundation.

Restricted Revenue			
<u>Restricted Source</u>	<u>Revised FY20 Budget</u>	<u>Adjustments</u>	<u>Projected FY21</u>
DC Agencies Advance	8,276,084	(2,776,084)	5,500,000
Federal Grants	33,491,880	(8,491,880)	25,000,000
Private Grants	1,186,162	(386,162)	800,000
<b>Total Restricted Revenue</b>	<b>42,954,126</b>	<b>(11,654,126)</b>	<b>31,300,000</b>

## **Capital**

The FY21 six-year (FY21-FY26) capital budget request is \$663.5M. Those capital expenditures will focus on four major areas:

- **Infrastructure Upgrades** – Continue to upgrade the Mechanical, Electrical and Plumbing systems throughout the campus, including upgrading the environmental controls.
- **Classroom Modernization** – Construct and update learning and research laboratories, classroom upgrades, develop the infrastructure and learning environment at Firebird Farms, and develop 21<sup>st</sup> 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 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.

Our top-four capital needs are:

1. Renovations at 4250: \$40M
  - a) Expected to be funded over a 2-3-year time frame.
  - b) Renovations needed to transform 4250 into a modern home for our College of Arts and Science (CAS) and our College of Agriculture, Urban Sustainability and Environmental Sciences (or CAUSES), along with other support functions.
  - c) Obtaining these funds will allow for the repurposing of the Building 41 footprint for the new DC Archives project, and transforming Building 44 into our first on-campus housing project, which we intend to leverage with private-public partnership (P3) funding.
2. Transform Backus into a modern living-learning space: \$35M
  - a) Plan is to build a 35-40K square foot space that will allow our associate's program at 801 N Capitol (801) to move to the Backus campus.
  - b) Because the 801 lease expires in Oct-2027, this project needs to be funded and completed soon.
  - c) We are also looking at the possibility of using New Market Tax Credits and Opportunity Zone funds, along with District monies, to build housing (market and student) on the site.
3. Modernize classroom, labs and office spaces at the Van Ness campus: \$250M
  - a) The facilities at our Van Ness campus require modernization of the spaces (except Business and Law) and upgrades to the heating/cooling (HVAC), roofing, electrical,

- lighting, plumbing, access control and elevator systems.
- b) We are beyond the useful life of the buildings and all major systems. Not only is this a life/safety issue, but the spaces do not lend themselves to effective teaching and learning.
  - c) We have the costs per facility and by major system (elevators, access control, lighting, plumbing, electrical, roofs, HVAC, etc.) and the timing by which we want to proceed. We also have data on the impact our deteriorated facilities is having on student success and talent attraction/retention.
4. Purchase Old Congress Heights: \$28M
- a) The lease for Old Congress Heights (OCH) allows UDC to purchase the ownership interests of the facility anytime over the next six years, at \$28M.
  - b) OCH is owned by the District, but was ground-leased to the Old Congress Heights Redevelopment Company LLC (OCHRC LLC).

Proposed Six-Year Timing of Top Four Capital Request							
Project	FY21	FY22	FY23	FY24	FY25	FY26	Total Six-Year Request
Renovation of 4250 Conn. Ave.	20,000,000	20,000,000	-	-	-	-	40,000,000
Backus Living-Learning Space	5,000,000	10,000,000	20,000,000				35,000,000
Van Ness Modernization	15,000,000	20,000,000	40,000,000	80,000,000	50,000,000	45,000,000	250,000,000
Purchase of Old Congress Heights School				14,000,000	14,000,000		28,000,000
<b>Total</b>	<b>40,000,000</b>	<b>50,000,000</b>	<b>60,000,000</b>	<b>94,000,000</b>	<b>64,000,000</b>	<b>45,000,000</b>	<b>353,000,000</b>

### 1.3 Student FTE Summary

Head count	FY2017	FY2018	FY2019	FY2020
	Fall 2016	Fall 2017	Fall 2018	Fall 2019
Community College	1,899	1,850	1,910	1,890
Undergraduate (Flagship)	2,051	2,009	1,957	1,938
Graduate	368	388	377	371
Law School	286	280	256	257
<b>Total</b>	<b>4,604</b>	<b>4,527</b>	<b>4,500</b>	<b>4,456</b>
FTE	FY2017	FY2018	FY2019	FY2020
	Fall 2016	Fall 2017	Fall 2018	Fall 2019
Community College	1,283	1,273	1,357	1,320
Undergraduate (Flagship)	1,735	1,712	1,666	1,657
Graduate	319	345	322	318
Law School	247	244	223	223
<b>Total</b>	<b>3,584</b>	<b>3,574</b>	<b>3,568</b>	<b>3,518</b>

## 2. FY20 Budget Request

### 2.1 Budget Request Summary

For FY21, the University's total operating budget request is **\$161 million**. This includes \$85.6M local appropriation, \$28.7M tuition revenue (special purpose revenue funds), \$7.8M postsecondary (special purpose revenue funds), \$5.5M D.C. agencies, \$25M federal grants, and \$800K private grants.

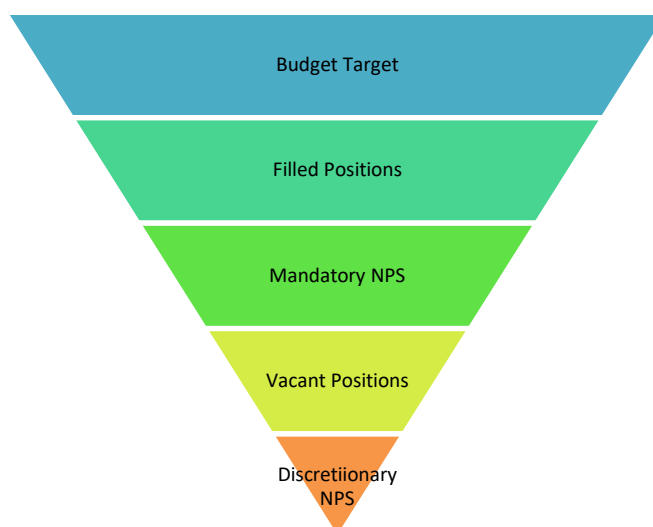
For FY21, the University's capital budget request is **\$663.5 million**. Capital budget funding awards from the District operate on a six-year basis.

## 2.2 Unrestricted Budget Request

The UDC total unrestricted budget (excluding federal, Intra-District, private grants and contracts) request is \$129.7M. This includes \$85.6M in local subsidy, \$28.7M in tuition revenue, \$7.8M in postsecondary, \$2M in endowment income, \$4.6M in fund balance 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 FY21 is \$86.6M. This was as expected, reflecting an adjustment for the one-time \$4.7M in IT funding included in the FY20 approved budget.

The District's budget process requires the University to submit a budget in accordance with the MARC. Requests for additional investment are included in the enhancement request of \$20M. The enhancement requests are based on the funding needs for the *Equity Imperative*. The pace in meeting the Equity Imperative goals is 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 FY21 restricted budget request is \$31 million, which is a reduction of \$11.6M from FY20 budget request of \$43M. This reduction is the result of several grants ending and the resetting of anticipated grants. Based on the work in the Office of Sponsored Programs, the university expects an increase in the number of awards over the next several years.

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 FY21 capital budget request is \$663.5M. 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 needs significant investment to prevent failure. Additional details are provided in the capital budget section.

### 3. Revenue Analysis

#### 3.1 Revenue Summary

In FY21, the requested operating budget is \$161 M, a decrease of \$16.7M as compared to the FY20 revised budget of \$177.7M. \$129.7M of this budget request is unrestricted, and \$31M is restricted.

#### 3.2 Unrestricted Revenue

The charts below break down the unrestricted revenue.

Unrestricted Revenue					
Unrestricted Revenue	FY2017 Actuals	FY2018 Actuals	Approved FY2019 Budget	Approved FY2020 Budget	Proposed FY2021
Appropriated Funds	78,375,797	78,274,096	87,353,491	82,612,335	85,562,335
Tuition Fund	29,747,959	29,944,562	28,750,000	28,750,000	28,750,000
Post Secondary Education	7,050,601	6,610,502	7,000,000	7,000,000	7,812,500
Spendable Endowment Income Fund	(768)	4,500,000	2,500,000	3,000,000	4,625,000
Land Grant Endowment Spendable	5,118,259	3,161,523	1,000,000	1,000,000	2,000,000
Indirect Cost Recovery	1,616,739	1,130,323	1,000,000	1,000,000	1,000,000
<b>Total Unrestricted Revenue</b>	<b>121,908,586</b>	<b>123,621,005</b>	<b>127,603,491</b>	<b>123,362,335</b>	<b>129,749,835</b>

#### Local Appropriation

The Local Fund is the subsidy from the District Government. The total Local Fund request in FY21 is \$85.6M, a decrease of \$4.7M compared to the FY20 approved amount of \$90.3M. 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 additional funding (\$4.7M one-time) in FY19, as a "down payment" on the future of the University. In FY20, the District provided \$7.6M of additional funding (\$4.7M one-time). University administration will continue to work with the Mayor's office and the Council to increase funding to 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. This includes Endowment Income, Indirect Costs, Postsecondary Education Revenue (includes student fees), and Tuition Revenue.

FY21 Special Purpose Revenue is projected at \$44.2M, a decrease of \$263K in comparison to the FY20 revised budget of \$44.4M.

#### *Tuition Revenue*

FY21 Tuition Revenue remains flat. There are several dynamics in play with the tuition revenue - tuition rates have increased; enrollment is declining, while the mix of full-time to part-time students is increasing. Thus, yielding flat tuition revenue available for the FY21 budget. Collection of student accounts receivable needs to be reviewed.

Head count	FY2017	FY2018	FY2019	FY2020
	Fall 2016	Fall 2017	Fall 2018	Fall 2019
Community College	1,899	1,850	1,910	1,890
Undergraduate (Flagship)	2,051	2,009	1,957	1,938
Graduate	368	388	377	371
Law School	286	280	256	257
Total	4,604	4,527	4,500	4,456
FTE	FY2017	FY2018	FY2019	FY2020
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Community College	1,283	1,273	1,357	1,320
Undergraduate (Flagship)	1,735	1,712	1,666	1,657
Graduate	319	345	322	318
Law School	247	244	223	223
Total	3,584	3,574	3,568	3,518

### ***Postsecondary Revenue***

FY21 Postsecondary Education Revenue projected at \$7.8M, the increase of \$812K from the final year of rental agreement with Eaton Elementary.

### ***Endowment Income***

FY21 Restricted Endowment Income projected to be \$1 million, and \$1 million in unrestricted income, a decrease of \$2M. The University worked with the OCFO to accelerate drawdowns from the endowment for three years. FY20 was the last year of the agreement.

### ***Fund Balance***

In FY21, the University will require \$4.6M of funding from the fund balance to balance the FY21 operating budget. This is consistent with the budget amendment #2 from FY20 (November 2019) to access fund balance. University Administration understands accessing the fund balance for University operating expenses is not a long-term strategy. The administration will undertake a plan of action to mitigate the need for fund balance in future years.

### ***Indirect Cost Recovery***

FY21 Indirect Cost revenue 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 used to incentivize faculty to increase the submission of grant proposals.

## **3.3 Restricted Revenue**

### ***Federal Grants***

The FY21 proposed federal grants budget is \$25M, is reflective of the current awards committed to the university. This represents a reduction based on a few awards ending and the resetting of anticipated awards.

### *DC Agencies Advances (Intra-District Grants)*

The FY21 proposed DC Agencies Advance budget is \$5.5M, is reflective of the current awards committed to the university. This represents a reduction based on a few awards ending and the resetting of anticipated awards.

### *Private Grants*

The FY21 proposed private grants budget is \$800K, is reflective of the current awards committed to the university. This represents a reduction based on a few awards ending and the resetting of anticipated awards.

## 4. Expenditure Analysis (Unrestricted)

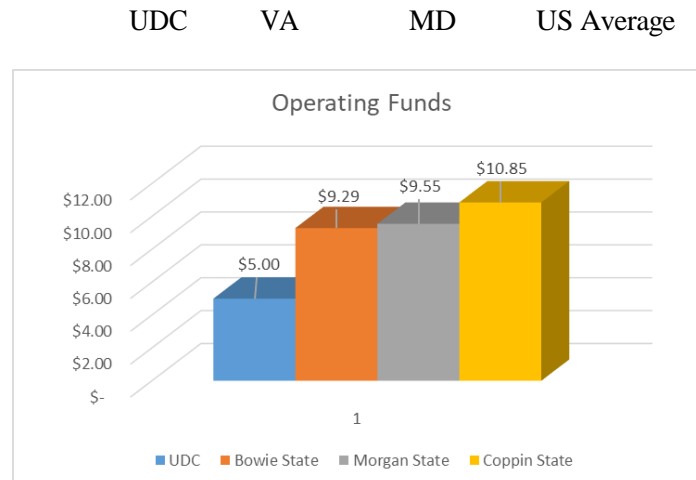
### 4.1 Unrestricted Operating Expense Summary

Major Program	FY16 Actuals	FY17 Actuals	FY18 Actuals	FY19 Approved Budget	FY20 Proposed Budget
Agency Management Programs (OCOO)	30,391,532	26,122,657	34,922,908	41,153,480	36,912,324
Agency Financial Operations (OCFO)	3,295,778	3,766,459	2,954,562	3,652,701	3,652,701
Student Administrative Services	7,840,489	8,993,168	4,279,509	6,050,185	6,050,185
University's Communications & Publi	1,380,024	1,723,282	-	-	-
Academic Affairs	41,969,047	42,518,407	37,554,914	41,394,068	41,394,068
Executive Direction	2,982,465	2,544,135	8,064,126	9,326,015	9,326,015
Community College	22,984,687	21,695,961	21,106,621	26,027,042	26,027,042
Total Unrestricted Budget	110,844,022	107,364,069	108,882,640	127,603,491	123,362,335

### 4.2 CARES Expenses Analysis

“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 months during which nothing is done to improve our physical infrastructure, overall costs increase by \$750K-\$1M; just a year ago, that same six-month window was \$500-750K.

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



## 5. Capital Budget

### 5.1 Capital Improvement Plan

The University operates programs in 14 buildings, totaling approximately 1,544,056 square feet of space on the main campus. The campus includes open spaces, a plaza, amphitheater, and recreation/athletic fields. Nine of the Van Ness Campus 14 buildings, and its 730-car parking garage, were built in the 1970s and 1980s. Although some significant renovations have occurred, no new buildings were constructed on the campus until a new Student Center was opened in 2016. To heat and cool most campus buildings, the University operates a central power plant containing two chillers and two boilers. In addition to the Van Ness Campus, the University operates and maintains multiple sites throughout the District. These include the Bertie Backus campus at 5171 South Dakota Avenue NE; the Old Congress Heights site at 3100 Martin Luther King, Jr. Ave SE; the 144-acre Firebird Farm in Beltsville, Md., and multiple food hub sites. The University also leases an 88,000 square foot building at 801 North Capitol Street NE that serves as the command center for the Community College, as well as a hangar at National Airport. The University also hosts academic food hubs in several locations in the District.

The University is making a six-year (FY21 – FY26) capital budget request of \$663.5M. 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 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 more difficult for the University to provide even the most basic services to our students, faculty, and staff.

Below is an analysis of the capital funding for the University:

University of the District of Columbia Six-Year Capital Funding Analysis (Thousands)								
Fiscal Year	FY20	FY21	FY22	FY23	FY24	FY25	FY26	Total
Approved Capital Funding	47,000	8,000	5,000	10,000	25,000	25,000	N/A	120,000
FY21 Capital Funding Request	N/A	179,000	174,500	101,000	103,500	59,750	45,750	663,500
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 \$723M.

#### Capital Improvement Priorities

The University has established its "Top Five" priorities for capital improvement: (1) renovate the



200,000 square foot building recently purchased at 4250 Connecticut Avenue to house the College of Arts and Sciences (CAS) and the College of Agriculture, Urban Sustainability, and Environmental Sciences (CAUSES); (2) Upgrade the Community College Facilities at the Bertie Backus Campus; (3) Replace the roofs, windows, and elevators in each building on the Van Ness campus; (4) mechanical, electrical, and plumbing (MEP) renovations for buildings on the Van Ness campus; and (5) purchase the building currently being leased for the Community College at 3100 Martin Luther King, Jr. Avenue SE, to include that building as a permanent part of the University's facilities inventory.

Proposed Six-Year Timing of Top Four Capital Request							
Project	FY21	FY22	FY23	FY24	FY25	FY26	Total Six-Year Request
Renovation of 4250 Conn. Ave.	20,000,000	20,000,000	-	-	-	-	40,000,000
Backus Living-Learning Space	5,000,000	10,000,000	20,000,000				35,000,000
Van Ness Modernization	15,000,000	20,000,000	40,000,000	80,000,000	50,000,000	45,000,000	250,000,000
Purchase of Old Congress Heights School				14,000,000	14,000,000		28,000,000
<b>Total</b>	<b>40,000,000</b>	<b>50,000,000</b>	<b>60,000,000</b>	<b>94,000,000</b>	<b>64,000,000</b>	<b>45,000,000</b>	<b>353,000,000</b>

In FY 2020, University will be purchasing the building at 4250 Connecticut Avenue. The building is currently configured as an office building. The building will be transformed into the new home for CAS and CAUSES. The new spaces will replace outdated facilities in buildings #41 and #44. The renovations will include demolishing the existing interior spaces and constructing modern learning spaces. New science laboratories will be constructed that will be comparable to the most modern facilities at any school in the nation. Flexible and innovative learning spaces will be installed. The first floor of the building will include retail and restaurant options on Connecticut Avenue, and spaces for University services.

The Community College spaces at Bertie Backus will be upgraded to accommodate expanding Community College programs. About 15,000 square feet of space in the existing building remain to be built out, including the gymnasium. This space will be designed and constructed to house functions that are currently located at the leased building at 801 North Capitol Street.

The roofs, windows, and elevators at the Van Ness campus are in very poor condition, with the roofs and windows often allowing in water and the elevators frequently breaking down and requiring expensive repairs. In many cases, the roofs and windows are the originals that were installed in the 1970s and 1980s. The building envelopes need to be made watertight in order to proceed with the interior renovations that are needed.

The mechanical, electrical, and plumbing (MEP) equipment is also mostly original to the buildings, and in dire need of replacement. The long-term objective is to remove each building from the central plant by installing stand-alone HVAC systems in each individual building. Once the central plant is no longer needed, the building housing the plant - Building #43 - can be converted to academic or administrative space.

The purchase of 3100 Martin Luther King, Jr. Avenue for the Community College will allow the University to customize that facility to suite the demands and needs of the Community College. The University began leasing the former charter school facility in 2019. Although the building is in very good condition, some modifications are needed to make the building more useful for the Community College and its programs.

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

**Fiscal Year 2020** - The focus of the first year of this CIP is relocating occupants of Building #41 so that the building can be decommissioned. Adequate space to accommodate the current occupants of the building has been secured. The University has leased space across the street from the Van Ness Campus at 4225 Connecticut Avenue, and property adjacent to the University at 4250 Connecticut Avenue. The University intends to purchase the 4250 Connecticut Avenue property during this fiscal year. A design has been completed to renovate the interior of the 4225 building to accommodate the Jazz Archives from the “A” level of Building #41, the Photography Studio from the second floor of Building #41, and the UDC-TV studio from the second floor of Building #41. Construction of this project is expected to begin in the spring of 2020 and is expected to be completed in the Fall of 2020.

The University has leased the building at 4250 Connecticut Avenue (the former Fannie Mae building) with an option to purchase the building. The University is currently completing 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. CAS faculty and staff will be moved out of Building #41. Staff from the College of Agriculture Urban Sustainability and Environmental Sciences (CAUSES) will be moved out of Building #44 to lessen the HVAC and utilities demand on that building’s deteriorated infrastructure.

During this fiscal year, the new Main Library construction that will allow the library to occupy the entire “B” level of Buildings #38 and #39 will take place. The Main Library, along with the Center for Advanced Learning, will relocate from their temporary location in the old law school library 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) upgrades. Some interior renovations to several buildings will also be completed. The Student Center kitchen construction is expected to be completed by the end of the fiscal year. New stage and house lighting for the campus theater will be installed in December 2019, and into January. New windows will be installed in Buildings 46E/W. Mechanical system upgrades will take place in Building #47, and in Building #44. Existing exterior lighting will be replaced with LED lighting. A new wayfinding signage system will be installed in the Van Ness garage, and new building signs will be placed on the newly acquired buildings, and on the Law School, Bertie Backus, 801 N. Capitol Street, and at the hangar. Also, during the fiscal year, elevators will be replaced in Buildings #32/42, and in Building #38. New air handling units will be installed in Buildings #38/39. New commercial and student kitchens and support facilities will be constructed at Bertie Backus. A new restroom, septic system, and classroom will be constructed at Firebird Farm. Utilities and other infrastructure upgrades will also take place at the Farm.

Athletic facilities improvements during the fiscal year will include installing a new artificial turf athletic field, and replacing the existing tennis courts.

Construction of the new Data Center in the lower level of the Student Center is expected to be completed in April of 2020. The Data Center will house the University’s new servers and supporting IT infrastructure. Once the Data Center is relocated, the Information Services and Management staff will be moved out of Building #41, and into renovated spaces in 4250.

The new campus master plan will be started this fiscal year, and will be completed and approved by December 2020. The master plan will be completed in three parts, comprised of the main Van Ness campus, the Community College, and Firebird Farms. The Backus & Firebird Farm master plans will provide 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 to complement the primary agricultural mission of the site. The master plan will include ways and means to make the Farm entirely self-sufficient, and thus able to be removed from the utility grids.

Back on the main campus, the resumption of the Dennard Plaza drainage and paver replacement project will take place, with the next phase addressing water infiltration issues resulting from a deteriorated drainage system, as well as creative ways to capture more storm water runoff.

Programming to efficiently house SEAS in Buildings 32/42 will be completed, as well as programming to relocate CAS and CAUSES in 4250 Connecticut Avenue. The programming effort to transform 4250 Connecticut Avenue will commence.

**Fiscal Year 2021** - This year will also have a focus on the beginning of the renovation of 4250 Connecticut Avenue, to convert the office building into world-class academic and learning spaces. New academic and administrative environments will be provided for 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. The design for a new building at Bertie Backus will be completed. Significant improvements to the existing building will also take place. These improvements 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 2022** - The year will see the beginning of the complete renovation of the building purchased at 4250 Connecticut Avenue, and plans for permanent modifications for the building to become the home of CAS and CAUSES. There will also be projects continuing to upgrade building envelopes. These 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** - The renovations to 4250 Connecticut Avenue will be completed this fiscal year. Along with 4250 becoming the new home for CAS & CAUSES, projects to develop new laboratories and specialty classrooms within the building will be completed. While the phased project will be ongoing, some new laboratories for CAS & CAUSES will be completed this fiscal year.

**Fiscal Year 2024** - The University will purchase the building at Old Congress Heights to be used by the Community College. This site has consolidated the functions that were housed at P.R. Harris, Shadd, and United Medical Center. Construction for the new Community College building at the Bertie Backus site will also 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.

**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 identify 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 planned for construction for the students, faculty, and staff, and enhance the position of the Community College as a premier option for workforce training and two-year college education.

**Fiscal Year 2026** - Modernization of the academic spaces at the Van Ness campus will be a priority

during this fiscal year. This will include significant interior renovations, particularly to the School of Engineering and Applied Sciences (SEAS) spaces. The remainder of the campus windows will be replaced. MEP upgrades will continue. Additional objectives of the plan include learning enhancement through facility improvements; designing and building opportunities for improved sustainable practices; protecting and extending the life of existing buildings and systems; and improving spaces to promote learning and success of students.

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.

## 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 FY2019 approved budget is fixed as of April or May 2019, even though the budget year begins in October 2019.

**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 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 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. It 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 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, budgetary authority is required.

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.

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

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

**DATE:** October 29, 2019

**RE:** Funding Certification for UDC's FY2021 Budget

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Upon review of the FY2021 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 FY2021.

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