


Donald L. Rickford
Chief Financial Officer

FISCAL IMPACT STATEMENT

TO: The Board of Trustees

FROM: Office of the Chief Financial Officer (UDC) 

DATE: May 22, 2014

SUBJECT: Reduction in Force of the Sixth Master Agreement

Conclusion

The reduction in faculty position at the University of the District of Columbia, necessitated by the elimination of certain academic programs, will not have an immediate fiscal impact in FY2014 and FY2015. Future teach out costs will be covered by savings from the reduction in force, thus having a negligible fiscal impact on future years.

Background

The University of the District of Columbia will terminate 17 academic programs which will cause a reduction in force by those faculty members that teach these programs. The faculty members that are affected by this termination will be notified a year in advance, no later than August 16, 2014, pursuant to Article XXI of the Sixth Master Agreement. There are 155 students currently majoring in the academic programs that have been eliminated. Approximately one-third of these students will graduate by the termination date. The remaining students will be required to complete their respective programs by the Spring semester of 2019.

Financial Impact

The funding requirement associated with the reduction in force appears to be negligible and appears to have no tangible foreseen fiscal impact in FY2014 and FY2015. There are potential costs associated with the teach-out of students in the programs through spring semester of FY2019. The estimated teach out cost of \$443,000 will be absorbed by the savings from the salaries and benefits currently being paid to the full-time faculty currently teaching the terminated programs (approx. \$2m) thus providing a net savings of approximately \$1.6m. As such, the Executive Management within the Budget Department of the Office of the Chief Financial Officer of UDC has approved this request based upon information provided.