



James E. Lyons, Sr.  
*Interim President*

March 12, 2014

Mr. Reginald Felton  
Chairman, Budget and Finance Committee  
Board of Trustees  
University of the District of Columbia  
4200 Connecticut Avenue N.W.  
Washington, D.C. 20008

Dear Trustee Felton:

By way of this letter, I am requesting authority from the Board of Trustees to expend up to \$3,912,515 in unspent fiscal year 2013 funds and \$87,485 in unspent funds from previous fiscal years currently held in the University's fund balance, for a total of \$4,000,000. These funds will support specific fiscal year 2014 costs associated with academic program eliminations, enrollment management, strategic planning, and marketing functions. This one-time use of funds will be utilized to support non-personnel expenditures necessary to successfully implement the Vision 2020 Plan.

### **I. Background and Purpose**

On June 19, 2013, the Fiscal Year 2013 Revised Budget Request Temporary Adjustment Act of 2013 (D.C. Law L20-0014) ("Act") was enacted, granting the University \$9,850,000 in additional local budget authority for the remainder of fiscal year 2013. Although the Act was accompanied by emergency legislation to bring its provisions into force immediately, the University was unable to access the additional \$9,850,000 in budget authority until mid-summer 2013.

Between the receipt of the additional budget authority and the close of the fiscal year on September 30, 2013, the University diligently attempted to utilize this newly available funding by bringing forward future planned purchases and purchase items and services that had been previously deferred due to lack of funding. However, given the limited amount of time to properly complete the necessary procurement procedures, particularly for higher cost expenditures, the University was unable to spend a large portion of the additional budget authority.

*Celebrated 160 Years of scholarship and achievement in 2011*

The Office of the Chief Financial Officer has identified \$3,912,515 fiscal year 2013 funding that was unspent and has been accrued to the University's fund balance. I am requesting the use of up to \$3,912,515 (100%) of these funds for the purposes identified below, as well as an additional \$87,485 in unspent funds from prior fiscal years, for a total of \$4,000,000.

*a. Academic Program Elimination*

The first use of the requested funding is to address any outstanding fiscal year 2014 financial obligations the University may be required to satisfy in light of the elimination of 17 academic programs.

As you know, in concurrence with the Board's February 18<sup>th</sup> approval of the Vision 2020 Strategic Plan, the Trustees also voted to eliminate the following academic programs:

1. Graphic Communication Technology (AAS);
2. Sociology
3. Mass Media (BA);
4. Graphic Design (BA);
5. Physics (BS);
6. Math Statistics (MS);
7. History (BA);
8. Special Education (MA);
9. Marketing (BBA);
10. Finance (BBA);
11. Procurement and Public Contracting (BBA);
12. Economics (BA);
13. Management Information Systems (BBA);
14. Nutrition (Food Science Option) (BS);
15. Environmental Science (General) (BS);
16. Environmental Science (Water Resources) (BS); and
17. Environmental Science (Urban Sustainability) (BS).

The University may not maintain the faculty positions that support these 17 programs and may elect to separate all related employees. Should the University make this decision, it would be bound by the terms of existing collective bargaining agreements that address reductions in faculty positions due to program eliminations, and in particular, any terms that require the University to provide continuing or additional compensation to affected employees.

Utilizing funding from unspent fiscal year 2013 funds that have been accrued in the University's fund balance would allow the University to satisfy this one-time obligation, and generate an immediate projected savings in personnel costs beginning in fiscal year 2015.

*b. Enrollment Management*

The second use of the funding requested is to support increased institutional aid expenditures or other itemized, one-time purposes (to be determined by Academic Affairs) to support increased academic year 2014-15 enrollment through recruitment and retention efforts.

*c. Marketing and Advertising Campaign*

The third use of the funding requested is to support the University's existing marketing and advertising campaign to enhance fall 2014 and spring 2015 enrollment. The University has engaged SRB Communications, Inc. to carry-out a comprehensive marketing and advertising strategy during fiscal year 2014. The total cost of the contract is \$365,000, which includes \$200,000 for media and advertising purchases on the University's behalf. Originally, the contract's cost had been scheduled to be funded out of the \$9,850,000 in additional fiscal year 2013 budget authority. However, given the size and scope of the contract, the University was unable to complete its procurement until after the close of fiscal year 2013, after the additional budget authority had expired. Approving the use of the unspent fiscal year 2013 funds for this purpose would allow the University to achieve its original intent.

*d. Strategic Planning Activities*

The fourth use of the funding requested is to support the implementation of the Vision 2020 Strategic Plan. In addition to the additional \$9,850,000 in budget authority received by the University, the University also received a transfer of \$250,000 from the Executive Office of the Mayor to support the cost of retaining a strategic planning consultant to assist in the development and implementation of the Vision 2020 Strategic Plan. The University received this funding in mid-summer 2013 and retained The Carmen Group, LLC, with its partner SRB Communications, Inc., to manage the strategic planning and implementation effort. Of the original \$250,000 transferred from the Executive Office of the Mayor to the University, \$125,650 was expended for services rendered before the close of fiscal year 2013, leaving \$124,350 unspent. Similar to the previous item, approving the use of unspent fiscal year 2013 funds for this purpose would allow the University to achieve its original intent.

**II. Cost Estimate**

The estimated combined cost of the activities contemplated in this request is \$3,990,350. The difference between the estimated cost and the request of \$1,000,000 in additional authority is \$10,650; such funds will be utilized to support one or more of the activities, as needed. The cost of the four activities is discussed below.

*a. Academic Program Elimination*

The estimated cost of satisfying the University's contractual obligations is up to \$3,000,000.

*b. Enrollment Management*

The estimated cost of enhancing the level of resources available for Academic Affairs' enrollment management activities is \$500,000.

*c. Marketing and Advertising Campaign*

The total cost of the contract for fiscal year 2014 is \$365,000, of which the full amount is requested.

*d. Strategic Planning*

Authority to utilize \$124,350 is requested, which represents the unspent portion of the fiscal year 2013 funds transferred to the University from the Executive Office of the Mayor. The remaining balance of the contract will be paid from the University's existing budget.

### **III. Fiscal Impact**

A fiscal impact statement prepared by the Office of the Chief Financial Officer is attached to this letter.

### **IV. Next Steps**

Thank you for your consideration of these requests. Each item is vital to the further reform of the University's operations and smooth implementation of the Vision 2020 Strategic Plan. Should you have any questions about the requests, please do not hesitate to contact me directly.

Sincerely,

A handwritten signature in black ink, appearing to read "James E. Lyons", is written over a horizontal line.

James E. Lyons