

Budget and Finance Committee Meeting
Wednesday, March 19, 2014
Revised Draft Minutes

Trustees Present:

Reginald Felton, Chair (Budget and Finance)
Alejandra Castillo (Budget and Finance)
James Lyons, Ex-officio
Errol Schwartz (Budget and Finance)
George Vradenburg (Budget and Finance)
Jerome Shelton, Trustees
Elaine Crider, Chair, BOT
Joseph Askew, Trustee*

Trustees Absent:

Kenneth Isaacs

**via conference call*

Staff Present:

Donald Rickford, Interim Chief Financial Officer
David Franklin, Budget Director
Rachel Petty, Interim Provost and Vice President for Academic Affairs
William Nelson, Associate Dean, David A. Clarke School of Law
Scott Barash, General Counsel
Stacie Mills, Office of the General Counsel
Beverly Franklin, Executive Secretary, Board of Trustees

Call to Order and Roll Call

Chair Felton called the meeting to order at 6:13 p.m. The roll was called and a quorum was present.

A motion was made and the roll was called to enter executive session. Chair Felton read the following statement:

In accordance with Section 2-575(b) (5) of the D.C. Code, the Budget and Finance Committee hereby gives notice that it may conduct an executive session, for the purpose of planning, discussing or conducting specific collective bargaining negotiations.

The Committee entered executive session at 6:15 p.m.

Executive Session

At the conclusion of the executive session, Chair Felton reconvened the public session (7:06 pm.) He announced that all matters acted upon in the executive session were proper.

Approval of Minutes

The minutes of the January 15, 2014 meeting were unanimously approved .

Fund Balance

Mr. Rickford discussed the proposed resolution for the use of \$4 million from the university's fund balance to address the following :

- satisfaction of the university's obligation to employees affected by the proposed academic program eliminations;
- establish an enrollment management fund to improve enrollment and retention;
- fund an ongoing marketing and recruitment effort to improve fall 2014 and spring 2015 enrollments; and
- fund the final phase of the strategic planning process.

Committee members discussed the use of the fund balance to cover operational expenses. A motion was made which opposed recommending the proposed fund balance resolution (Use of Fund Balance for University Expenses) be moved to the full Board for consideration. That motion was unanimously approved.

Reprogramming

Mr. Rickford discussed the three reprogramming requests.

The first reprogramming is \$4.3 million to balance the FY2014 budget. There was a reduction in the estimated tuition revenue which had been budgeted in anticipation of the Board's approval of tuition and fee increases and projected enrollment increases. The budget was prepared in advance of the Board's approval of the increases and included in the budget submitted to the city. However, the Board did not approve the increases.

The second reprogramming of \$396,598 (Indirect Cost Funds) was inadvertently loaded in Academic Affairs – Graduate Studies and Research. Those funds would be moved to the Contingency Reserve account.

The third reprogramming for \$1.6 million was necessary to address the flagship's Academic Affairs Adjunct Pool deficits. The adjunct pool budget was approximately \$700,000. An additional \$1.6 million was needed to address the projected costs which are consistent with the costs in prior years.

Mr. Rickford explained that none of the reprogramming funds were coming from the fund balance. The \$4.3 million reprogramming will come from various (PS and NPS) programs. The \$386,000 (Indirect Cost Funds) are the funds recovered from the federal government as a result of grants. Those funds had been placed in the wrong account. The \$1.6 million will come from the current year reserve account. After the funds are removed, there will be approximately \$700,000 left in the reserve fund.

With regard to the adjunct pool reprogramming, Mr. Rickford reported that when the budget was prepared, the funds provided were underestimated. Dr. Petty explained that the adjunct budget includes funding for summer school and the adjunct costs for the year at the flagship and community college. It had been expected that more full-time vacant positions would have been filled. Some positions were pulled to balance the budget.

The motion recommending the reprogramming resolution to the full Board was approved with one no vote.

FY15 Budget

Mr. Rickford presented the FY15 budget which consists of \$103 million (unrestricted) and \$45 million (restricted) for a total budget of \$148 million. He provided a breakdown of the unrestricted budget

(local subsidy - \$66.7M, tuition - \$27.2M, postsecondary - \$7M, endowment - \$750,000, and indirect costs - \$1.5M).

Mr. Rickford reviewed the budget development process. President Lyons established a budget team with representatives from the university including vice presidents, students and faculty.

Mr. Rickford discussed the unrestricted budget. The various departments requested a total of \$116.5 million for FY15 in comparison to the actual FY13 budget of \$105 million. The total amount presented to the committee for FY15 is \$103 million.

Due to concerns about maintaining a quorum, Mr. Shelton suggested the committee vote to move the budget forward for full Board consideration with the expectation that there will be a full discussion. A motion was made and unanimously approved to forward the budget to the Board.

The discussion continued regarding the FY15 Budget. Dr. Crider noted the discrepancy in the number of new positions listed on page 8 (21 new positions) and page 15 (28 positions). It was noted that the correct number is 28 positions. Dr. Crider briefly spoke about previously abolished positions and asked about the total number of current employees. Mr. Rickford indicated there are 686 employees.

Mr. Askew asked about the unfunded initiatives (page 21). Mr. Rickford received unofficial word that the city would fund some of the enhancement requests (\$2.5 million – workforce development, \$400,000 – law library, \$1.3 million – 2% inflation factor for the university). Dr. Lyons noted sixteen items were on the university's enhancement requests list which he will share with the Board. Mr. Shelton asked if moving the law library was a priority. Mr. Nelson reported that the funds approved for the law library were for services related to accreditation and not relocation.

Mr. Askew noted the new positions that were listed and the importance of enhancing advancement which has the potential for generating revenue for the institution. Dr. Crider asked about the IT positions (new positions) and if they were related to the A-133 deficiencies. Mr. Rickford said they were related to the issues the university has had in the last few years.

Chair Felton suggested that when the budget is sent to the Board for review, any questions regarding the budget should be submitted to the administration prior to the upcoming Board meeting. Dr. Crider noted Mr. Shelton submitted a series of questions specifically related to finance and requested a commitment from the president to obtain answers to those questions.

Mr. David Bardin, a resident of the city, asked about the monthly financial reports that the Board should receive from the agency financial officer. Chair Felton said they should be on the university website within the next 48 hours.

The meeting adjourned at 7:53 p.m.