

Archived Information

Department of Education

HOWARD UNIVERSITY

Fiscal Year 2008 Budget Request

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HOWARD UNIVERSITY

For partial support of Howard University (20 U.S.C. 121 et seq.), \$233,866,000.

Note: A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

HOWARD UNIVERSITY
Amounts Available for Obligation
(\$000s)

	2006	2007	2008
Discretionary appropriation:			
Appropriation.....	\$239,790	0	\$233,866
Across-the-board reduction.....	-2,398	0	0
CR annual rate	<u>0</u>	<u>\$233,865</u>	<u>0</u>
Subtotal, appropriation.....	237,392	233,865	233,866
Unobligated balance, start of year	7,076	10,602	3,526
Unobligated balance, end of year	<u>-10,602</u>	<u>-3,526</u>	<u>0</u>
Total obligations.....	233,866	240,941	237,392

Obligations by Object Classification
(\$000s)

	2006	2007	2008
Grants, subsidies, and contributions	\$233,866	\$240,941	\$237,392

HOWARD UNIVERSITY

Authorizing Legislation
(\$000s)

Activity	2007 Authorized	2007 Estimate	2008 Authorized	2008 Request
General support (<i>20 U.S.C. 121 et seq.</i>) ¹	Indefinite	\$204,404	Indefinite	\$204,405
Endowment program (<i>P.L. 98-480</i>)	---	---	---	---
Howard University Hospital (<i>20 U.S.C. 128</i>)	Indefinite	<u>29,461</u>	Indefinite	<u>29,461</u>
Total definite authorization	---		---	
Total appropriation		233,865		233,866

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¹ The University has discretion to allocate funds for activities authorized under the general statute for Howard University.

² Title II of P.L. 98-480, the Howard University Endowment Act, authorized \$2,000 thousand in fiscal year 1985 to establish an endowment program. Subsequent year appropriations language has authorized minimum funding levels for the endowment program under the terms and conditions of the Act.

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Appropriations History (\$000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1999	210,000	214,489	210,000	214,489
2000	219,444	219,444	219,444	219,444
2001	224,000	226,474	224,000	232,474
2002	232,474	242,474	232,474	237,474
2003	237,474	240,000	239,974	238,440
2004	237,474	242,770	238,440	238,763
2005	238,763	243,893	239,763	238,789
2006	238,789	240,790	238,789	237,392
2007	237,392			233,865 ¹
2008	233,866			

¹ A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

HOWARD UNIVERSITY

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(20 U.S.C. 121 et seq.)

FY 2008 Authorization (\$000s): Indefinite

Budget authority (\$000s):

	<u>2007</u>	<u>2008</u>	<u>Change</u>
Howard University Hospital	\$29,461	\$29,461	0
General support ¹	<u>204,404</u>	<u>204,405</u>	<u>+\$1</u>
Total	233,865	233,866	+1

¹ The University has discretion to allocate funds for activities authorized under the general statute for Howard University.

PROGRAM DESCRIPTION

Howard University was established in 1867 as a federally chartered, private, nonprofit educational institution. As a comprehensive, research-oriented, predominantly African-American university, its mission is to provide a high-quality educational experience at reasonable cost. The annual appropriation for Howard University provides partial support for construction, development, improvement, endowment, and maintenance of the University and Howard University Hospital. Howard University has discretion in allocating funds for its academic, research, and endowment programs and construction activities.

Academic Programs—Howard University currently has approximately 11,000 students, of which 7,000 are undergraduate students, 2,000 are graduate students, and 2,000 are enrolled in professional degree programs. The University offers 28 bachelor of arts, 18 master of arts, 26 doctoral, and 5 professional degrees, as well as 11 certificated programs, in approximately 178 fields of study. There are 12 academic schools and colleges including Arts and Sciences, Business, Communications, Dentistry, Divinity, Education, Engineering, Architecture and Computer Sciences, Graduate School; Law, Medicine, Pharmacy, Nursing and Allied Health Sciences, and Social Work. To support these academic programs, the University offers a wide range of administrative, library, computer, and technology resources. As part of Howard University's mission to provide disadvantaged students with a quality education, Howard's tuition, at \$11,490, is one of the lowest in the Nation for private schools. In comparison, the average tuition at the other universities in the Consortium for Student Retention Data Exchange, of which Howard University is a member, is \$16,808.

Research Programs—The University's research programs provide support for doctoral and post-doctoral research in scientific disciplines, pilot studies of interdisciplinary faculty teams, and the purchase of laboratory equipment. In addition, they provide new faculty with start-up research funding and offer bridge support for externally funded research programs.

Endowment Program—Howard University's endowment program is designed to assist the University in increasing its financial strength and independence by stimulating private contributions. To receive Federal endowment funds, the University must provide a one-for-one

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match through non-Federal contributions to the endowment. Through low-risk investments, the endowment fund continues to grow by generating income that may be used to pay University expenses. However, Howard University may withdraw no more than 50 percent of the yearly income, except in the case of a financial emergency or another unusual occurrence.

Construction—Howard University has discretion in allocating funds for capital construction and renovation of University buildings to maintain and improve the University’s ability to provide high-quality postsecondary education and research opportunities. The major construction projects currently underway include the Interdisciplinary Science and Engineering Center, which will include new facilities for biomedicine, computational sciences, and engineering.

Howard University’s Allocation of Resources for 2006				
	Federal Appropriation	Tuition	Other Revenues	Total
Academic Instruction	\$112,372	\$19,681	\$9,724	\$141,777
Divinity School	0	1,552	0	1,552
Academic Support	14,393	5,329	0	19,722
Student Services	15,226	5,637	0	20,863
Scholarships and Fellowships	0	37,950	0	37,950
Research	4,614	0	476	5,090
Outreach and Public Service	3,761	668	0	4,429
IT Services	16,199	5,998	0	22,197
Institutional Support	18,089	28,621	4,126	50,836
Plant Operation & Maintenance	18,545	6,866	799	26,210
Faculty Practice Plan	1,480	0	15,539	17,019
Capitol Projects	0	23,810	0	23,810
Debt Service	0	12,300	2,352	14,652

Howard University Hospital—Howard University Hospital was established in 1862 as Freedmen’s Hospital and was incorporated into Howard University by Congress in 1962. Today, Howard University Hospital serves as a major acute and ambulatory care center for the inner city of Washington, DC, receiving over 13,000 admissions and 47,000 emergency room visits annually. The Hospital is also a major teaching and training facility for nurses, paramedics, and physicians, providing training for approximately 450 medical school students and 300 dentistry students annually. As part of the College of Medicine’s mission to provide disadvantaged students with a quality education, Howard’s medical school tuition, at \$24,055, is one of the lowest in the Nation for private schools. In comparison, George Washington University’s Medical School charges \$42,841 and Georgetown University School of Medicine charges \$38,606.

Hospital operations are financed through a combination of Federal funds, hospitalization insurance and Medicare payments, and contractual agreements for patient care services with the Washington, DC, government and other local jurisdictions. In January 2006, the Washington, DC, government signed an agreement with Howard University Hospital to establish a National Capital Medical Center (NCMC). The plan is to establish the NCMC as a non-affiliated, nonprofit corporation, incorporating Howard University Hospital into a larger regional medical center. With the recent election of a new mayor in the District of Columbia, plans for the NCMC are currently uncertain.

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Funding levels for the past 5 fiscal years were as follows:

	(\$000s)
2003	\$238,440
2004	238,763
2005	238,789
2006	237,392
2007	233,865

FY 2008 BUDGET REQUEST

The Administration's request for Howard University is \$233.9 million for fiscal year 2008, the same level as fiscal year 2007. Federal funds, which provide approximately 50 percent of Howard University's operating costs, are needed for the University to maintain its current level of educational services. Funds will be targeted at strengthening academic programs and providing additional support for the priorities identified through the University's second 5-year strategic plan. As a congressionally chartered HBCU serving students throughout the Nation, Howard University plays an important role in providing disadvantaged individuals, particularly African Americans, with access to a high-quality postsecondary education.

Of the amount requested, \$204.4 million would be allocated under General Support to the University. General Support includes Howard University's academic programs, research programs, endowment program, and construction. The Administration's request also includes \$29.5 million for the Howard University Hospital. Federal support for the hospital enables it to provide medical, dental, and other health-related education, research, training, and service opportunities for students.

For fiscal year 2008, the Administration is not requesting that funds be earmarked for Howard University's endowment. The Administration strongly supports the goal of strengthening Howard University's endowment as a way of improving the overall financial health of the institution. As a result, the Administration has annually requested funds to be set aside for the endowment fund. This additional focus has paid dividends for Howard University and, since 1999, its endowment has grown from under \$300 million to \$425 million in fiscal year 2006. However, the University has not yet drawn down the funds that were set aside for the endowment in fiscal years 2004, 2005, and 2006. A total of \$10.6 million remains available and unmatched from these prior years. No additional endowment funding is provided in fiscal year 2007 under the CR and the Administration does not believe that additional endowment funding ought to be provided in fiscal year 2008 until Howard has drawn down the funds that are already available.

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PROGRAM OUTPUT MEASURES¹ (\$000s)

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Student population by enrollment:			
Number of full-time undergraduate students	6,360	6,490	6,470
Number of full-time graduate students	<u>3,365</u>	<u>3,220</u>	<u>3,330</u>
Total number of full-time students	9,725	9,710	9,800
Total number of undergraduate students	7,380	7,550	7,430
Total number of graduate students	<u>4,215</u>	<u>4,065</u>	<u>4,300</u>
Total number of students	11,595	11,615	11,730
Student population by race:			
Number of black U.S. undergraduate students	6,525	6,775	6,670
Number of other U.S. undergraduate students	140	143	140
Number of foreign undergraduate students	715	632	620
Number of black U.S. graduate students	3,335	3,280	3,470
Number of other U.S. graduate students	365	360	380
Number of foreign graduate students	515	425	450
Student population by family income:			
Number of undergraduates with family income of less than \$40,000	3,205	2,295	2,100
Number of graduate students with family income of less than \$40,000	2,090	2,002	1,980
Undergraduate student financial aid:			
Number of U.S. students receiving Federal aid	4,777	5,005	5,115
Average amount of aid	\$12,532	\$12,701	\$12,905
Number of foreign students receiving Fed'l aid	138	108	78
Average amount of aid	\$11,269	\$11,260	\$11,260
Number of U.S. students receiving non-Fed'l aid	3,898	3,018	3,025
Average amount of aid	\$10,099	\$11,668	\$11,725
Num. of foreign students receiving non-Fed'l aid	508	383	380
Average amount of aid	\$12,595	\$13,090	\$13,100
Graduate student financial aid:			
Number of U.S. students receiving Federal aid	2,715	2,550	2,500
Average amount of aid	\$22,099	\$24,504	\$24,710
Number of foreign students receiving Fed'l aid	94	65	65
Average amount of aid	\$24,162	\$24,198	\$24,200

¹ All data have been provided by Howard University. The data reflect activity during the University's academic year, which runs from July 1 to June 30.

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PROGRAM OUTPUT MEASURES¹ (\$000s)

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Graduate student financial aid (continued):			
Number of U.S. students receiving non-Fed'l aid	1,721	1,281	1,296
Average amount of aid	\$10,549	\$12,028	\$12,730
Num. of foreign students receiving non-Fed'l aid	328	232	235
Average amount of aid	\$13,873	\$17,296	\$17,300
Degrees awarded by type and race:			
Baccalaureates awarded to Black U.S. students	1,189	1,200	1,210
Baccalaureates awarded to other U.S. students	22	30	45
Baccalaureates awarded to foreign students	<u>154</u>	<u>150</u>	<u>155</u>
Total number of Baccalaureates awarded	1,365	1,380	1,400
Degrees awarded by type and race:			
Ph.D.s awarded to Black U.S. students	67	68	69
Ph.D.s awarded to other U.S. students	5	2	2
Ph.D.s awarded to foreign students	<u>21</u>	<u>20</u>	<u>20</u>
Total number of Ph.D.s awarded	93	90	91
Faculty and staff:			
Number of paid faculty	1,050	1,050	1,050
Number of faculty serving without compensation	<u>399</u>	<u>399</u>	<u>399</u>
Total number of faculty	1,449	1,449	1,449
Total number of staff	1,941	1,941	1,941
Median faculty salaries by academic status:			
Professor	\$91,548	\$94,065	\$96,699
Associate Professor	69,818	71,738	\$73,747
Assistant Professor	61,050	62,729	\$64,485
Instructor	51,468	52,884	\$54,365
Construction:			
Total construction expenditures	\$23,534	\$20,737	\$21,068
Endowment program:			
Funds raised by University	0	\$7,076	\$3,526
Federal appropriation	<u>\$3,526</u>	<u>0</u>	<u>0</u>
Total new contributions	3,526 ²	7,076 ³	3,526

¹ All data have been provided by Howard University. The data reflect activity during the University's academic year, which runs from July 1 to June 30.

² A total of \$7,076 thousand remained unmatched in fiscal year 2005 and carried forward to fiscal year 2006.

³ A total of \$10,602 thousand remained unmatched in fiscal year 2006 and carried forward to fiscal year 2007.

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PROGRAM OUTPUT MEASURES (\$000s) ¹

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Endowment program (continued):			
Market value of total University endowment	\$424,961	\$454,283	\$487,629
Endowment investment income	\$9,600	\$9,600	\$9,600
Investment income as percent of endowment	2.3%	2.1%	2.0%
Howard University general support:			
Federal appropriation	\$208,206 ²	\$205,286 ²	\$204,405 ²
Other Federal funding	<u>59,023</u>	<u>58,504</u>	<u>58,504</u>
Total Federal funding	267,229	263,790	262,909
Revenue from tuition and fees	\$150,017	\$158,267	\$169,346
Other non-Federal revenue	<u>102,500</u>	<u>107,334</u>	<u>104,423</u>
Total non-Federal revenue	252,517	265,601	273,769
Total University revenue	\$519,746	\$529,391	\$536,678
Total University expenditures	\$519,470	\$529,391	\$536,678
Federal funding as percentage of total revenue	51.4%	49.8%	48.7%
Tuition and fees as percentage of total revenue	28.9%	29.9%	31.6%
Howard University Hospital:			
Federal appropriation	\$29,536	\$29,461	29,461
Other Federal funding	<u>50,573</u>	<u>52,090</u>	<u>53,653</u>
Total Federal funding	80,136	81,551	83,114
Revenue from patient services	\$27,245	\$28,062	\$28,904
Other non-Federal revenue	<u>152,226</u>	<u>156,792</u>	<u>161,497</u>
Total non-Federal revenue	179,471	184,854	190,401
Total Hospital revenue	\$259,607 ³	\$266,405	\$273,515
Total Hospital expenditures	\$265,034	\$265,034	\$265,034
Federal appropriation as percent of total revenue	11.4%	11.1%	10.8%

¹ All data have been provided by Howard University. The data reflect activity during the University's academic year, which runs from July 1 to June 30.

² Amounts shown include 25 percent of prior-year and 75 percent of current-year appropriations to correspond with the University's academic year.

³ Howard University Hospital anticipates running a deficit in spending in fiscal year 2006.

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PROGRAM PERFORMANCE INFORMATION

Performance Measures

This section presents program performance information, including GPRA goals, objectives, measures, and performance targets and data; and an assessment of the progress made toward achieving program results. Achievement of program results is based on the cumulative effect of the resources provided in previous years and those requested in fiscal year 2008 and future years, and the resources and efforts invested by those served by this program.

Goal: To assist Howard University with financial resources needed to carry out its educational mission.

Objective: *Increase the undergraduate graduation rate.*

Measure: The percentage of full-time undergraduate students completing a 4-year degree within 6 years of entry at Howard University.		
Year	Target	Actual
2003		69
2004	68	63
2005	68	67
2006	68	
2007	69	
2008	69	

Assessment of progress: This measure was revised in 2005 during the Program Assessment Rating Tool (PART) process to make it consistent with newly created performance measures for other programs that focus on strengthening institutions serving large minority populations. The revised measure explicitly defines the graduation rate as completion of a 4-year degree within 6 years of entry at the University. Furthermore, the new measure uses data taken from the Integrated Postsecondary Education Data System (IPEDS) database maintained by the National Center for Education Statistics (NCES) rather than directly from the University, which should increase the consistency and credibility of the measure.

The long-term goal is to increase Howard University's graduation rate to above the national average for comparable institutions, as measured by comparing Howard University's rate to the average rate of other institutions in the Consortium for Student Retention Data Exchange. According to the IPEDS data, in 1998, the Consortium average was 52 percent, while the graduation rate for Howard University was only 41 percent. By 2003, the Consortium's rate had increased slightly to 57 percent while Howard University's graduation rate had increased significantly to 69 percent. Howard University's graduation rate dropped slightly after that and was 67 percent in 2005, still considerably higher, however, than the Consortium's rate which dropped to 55 percent.

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Objective: Increase the retention of full-time undergraduate students.

Measure: The percentage of full-time undergraduate students who were in their first year of postsecondary enrollment in the previous year and are enrolled in the current year at the same institution.		
Year	Target	Actual
2003	90	90
2004	90	90
2005	90	90
2006	90	90
2007	90	
2008	90	

Assessment of progress: This measure was also revised in 2005 during the PART process to make it consistent with newly created performance measures for other programs that focus on strengthening institutions serving large minority populations. In the past, the Department used a measure that tracked the University's attrition rate, which is the inverse of persistence. The revised measure, which now focuses on persistence, utilizes data taken from NCES' IPEDS database rather than directly from Howard University. This should increase the consistency and credibility of the measure.

The long-term goal for the persistence measure is to increase Howard University's rate to above the national average, as measured by comparing Howard University's rate to the Consortium's rate. NCES only added a question on persistence to IPEDS in 2003, so IPEDS data are insufficient to draw long-term comparisons. Data provided by Howard University show that, in 1997, the student attrition rate at Howard University was 20 percent, while the Consortium's rate was 27 percent. By 2004, the University had improved its attrition rate to 13 percent, whereas the Consortium's attrition rate had declined to 38 percent. Data from IPEDS show that Howard University's persistence rate held steady at 90 percent from 2003 to 2006. By comparison, the Consortium's average persistence rate was 76 percent in 2006.

Objective: Increase student enrollment over the long term.

Measure: Number of full-time students enrolled at Howard University.		
Year	Target	Actual
2003		9,437
2004		9,621
2005		9,663
2006		9,834
2009	10,055	

Assessment of progress: This measure was created during the PART process. The new measure utilizes data taken from NCES' IPEDS database rather than directly from the University. This should increase the consistency and credibility of the measure. The target for this measure represents a 1 percent increase in enrollment annually until 2009. Enrollment has increased steadily each year from 2003 to 2006. As such, it would appear that the University is on track to achieving this long-term goal.

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Efficiency Measures

The Department has created an efficiency measure for this program. The efficiency measure tracks the cost of a successful outcome, where success is defined as graduation. This is a new measure created through the PART process, which ties in with the program's revised performance indicators.

Measure: Cost per graduation	
Year	Actual Performance
2002	\$96,058
2003	\$99,002
2004	\$90,941
2005	\$83,445

The efficiency measure is calculated by dividing the total funds appropriated for Howard University by the number of students successfully completing degree or certificated programs. For 2005, 2,505 students graduated and \$209 million was appropriated for the University. This measure will allow the Department to track program performance in terms of cost to the Federal Government and the efficiency of Federal funds in creating successful outcomes. The Department is currently working on developing meaningful targets for this measure.

Other Performance Information

In recent years, concerns have arisen about oversight, compliance, and internal financial controls. Howard University's Chief Financial Officer (CFO) left in 2001 and the University operated with only an interim CFO until 2005 when the current CFO was hired. During the interim period, findings in the University's annual Management Audit and annual A-133 Audit of Federal awards grew steadily more serious in the areas of oversight, compliance, and internal financial controls. In addition, a 2005 audit by the National Science Foundation identified significant weaknesses in these same areas.

The 2005 Management Audit was carried out by KPMG and contained 13 findings, of which four were considered material weaknesses. The primary concerns were the lack of sufficiently skilled staff and technical capacity at the University, and inadequate internal controls and deficient compliance systems, especially in the areas of bank reconciliations accounts, tax compliance, and grant compliance. The 2005 OMB Circular A-133 Audit Report contained 24 findings involving internal control and noncompliance issues. The NSF Report contained five main findings relating to internal controls, cost sharing issues, sub-recipient monitoring, faculty salary costs, and stipend payments.

The steps that Howard University has taken to respond to these concerns can be grouped into two areas: upgrading the technical skills of Howard staff to give the University the capacity to address these critical issues; and improving the policies and structures relating to oversight, compliance, and internal controls. The University has completely revamped its financial team. They have hired a permanent CFO with substantial experience in both the private sector and the HBCU community. The University has also hired a number of other senior financial managers to provide the skills and expertise to enhance and improve the University's internal controls and fiscal controls. Additionally, the University has established a new cabinet level

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position, the Vice President for Research and Compliance. All administrative functions related to research, compliance, pre-award and post-award, including restricted fund accounting, are organized under this new position that reports directly to the President.

A primary measure for the success of these reforms will be the number of findings on future annual Management Audits and A-133 Audit Reports. Given the timing of the responses put in place by the University, it would be reasonable to expect some improvements in the fiscal year 2006 Management Audit, with the bulk of the impacts bearing fruit for the 2007 Management Audit, which will be due in January 2008.

Follow-Up on PART Findings and Recommendations

This program was assessed using the PART in 2005 and the program was rated Adequate. As part of the PART process, the Department standardized the performance measures for all Department programs that focus on strengthening institutions serving large minority populations, and created new efficiency measures. Although Howard already tracked performance data for the three common performance measures—enrollment, persistence, and graduation—the language of these measures was revised to be consistent with the other programs in the Department that support minority-serving institutions of higher education. In addition, whereas in the past, data for the performance measures had come from Howard University, data for the revised measures comes from NCES' IPEDS. IPEDS data are reported by Howard University and are subject to NCES' consistency and validity checks. This method of data collection ensures comparability to data from other institutions. As indicated in the PART assessment, the IPEDS data show that actual program performance on the revised measures is on track to achieving the program's performance goals pertaining to graduation and persistence rates. The PART assessment noted that the Department is currently undertaking a comprehensive evaluation of all of the Department's programs, including Howard University, that focus on strengthening institutions serving large minority populations. The results of this evaluation will be used to confirm the validity of the performance data.

The PART improvement plan recommendations are presented below, followed by a description of the Department's corrective actions.

- *Conduct annual site visits as required by the authorizing law.* The Department has instituted annual monitoring site visits, the first of which was conducted in November 2006.
- *Work with Howard University to develop a system to document its expenditure of Federal funds.* The Department has worked with Howard University to obtain documentation on expenditures of Federal funds including the expenditure data included in the Program Description section of this request.
- *Complete the study on the financial health of minority serving institutions of higher education and utilize the results to validate program performance measures and improve program performance.* The study is currently underway and it is expected that initial data will be available later in 2007. Data from the financial health study, along with other performance data, will be used to identify opportunities for targeted technical assistance, as well as to improve program performance and validate program performance measures.

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- *Establish targets for the newly created efficiency measure.* The Department is currently working to establish targets for the newly created efficiency measure.