

**Department of Education**  
**HOWARD UNIVERSITY**  
**Fiscal Year 2015 Budget Request**

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## HOWARD UNIVERSITY

For partial support of Howard University, \$221,821,000, of which not less than \$3,405,000 shall be for a matching endowment grant pursuant to the Howard University Endowment Act and shall remain available until expended.<sup>1</sup> (*Department of Education Appropriations Act, 2014.*)

### NOTE

Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document, which follows the appropriation language.

### Analysis of Language Provisions and Changes

Language Provision	Explanation
<p><sup>1</sup> ... of which not less than \$3,405,000 shall be for a matching endowment grant pursuant to the Howard University Endowment Act and shall remain available until expended.</p>	<p>This language establishes a minimum funding level for the endowment program. Endowment funds would remain available for obligation until expended.</p>

HOWARD UNIVERSITY

Appropriation, Adjustments and Transfers  
(dollars in thousands)

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Appropriation/Adjustments/Transfers	2013	2014	2015
<b>Discretionary:</b>			
Appropriation .....	\$234,064	\$221,821	\$221,821
Across-the-board reduction (P.L. 113-6) .....	<u>-468</u>	<u>0</u>	<u>0</u>
Total, discretionary appropriation .....	233,596	0	0
Sequester (P.L. 112-25) .....	<u>-11,775</u>	<u>0</u>	<u>0</u>
Total, adjusted discretionary appropriation.....	221,821	221,821	221,821

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**HOWARD UNIVERSITY**

**Authorizing Legislation**

(dollars in thousands)

Activity	2014 Authorized	2014 Estimate	2015 Authorized	2015 Request
General support (20 U.S.C. 121 et seq.)	Indefinite	\$194,496 <sup>1</sup>	Indefinite <sup>2</sup>	\$194,496 <sup>3</sup>
Endowment program (P.L. 98-480)	<sup>2</sup>	<sup>3</sup>	<sup>2</sup>	<sup>3</sup>
Howard University Hospital (20 U.S.C. 128)	<u>Indefinite</u>	<u>27,325</u>	<u>Indefinite</u>	<u>27,325</u>
Total definite authorization	0		0	
Total appropriation		221,821		221,821

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

<sup>2</sup> 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.

<sup>3</sup> For fiscal year 2014, the University must allocate at least \$3,405 thousand for the endowment program. For fiscal year 2015, the Administration requests that \$3,405 thousand be allocated to the endowment program.

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### Appropriations History (dollars in thousands)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
2006	238,780	240,790	238,789	237,392
2007	237,392	N/A <sup>1</sup>	N/A <sup>1</sup>	233,866
2008	233,866	237,392	237,392	233,245
2009	233,245	236,709 <sup>2</sup>	233,244 <sup>2</sup>	234,977
2010	234,977	234,977	234,977 <sup>3</sup>	234,977
2011	234,977	234,977 <sup>4</sup>	234,977 <sup>3</sup>	234,507 <sup>5</sup>
2012	234,507	234,507 <sup>6</sup>	234,507 <sup>6</sup>	234,064
2013	234,064	234,064 <sup>7</sup>	234,064 <sup>7</sup>	221,821
2014	234,064	N/A <sup>8</sup>	234,064 <sup>3</sup>	221,821
2015	221,821			

<sup>1</sup> This account operated under a full-year continuing resolution (P.L. 110-5). House and Senate allowances are shown as N/A (Not Available) because neither body passed a separate appropriations bill.

<sup>2</sup> The levels for the House and Senate allowances reflect action on the regular annual 2009 appropriations bill, which proceeded in the 110<sup>th</sup> Congress only through the House Subcommittee and the Senate Committee.

<sup>3</sup> The level for the Senate allowance reflects Committee action only.

<sup>4</sup> The level for the House allowance reflects the House-passed full-year continuing resolution.

<sup>5</sup> The level for appropriation reflects the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).

<sup>6</sup> The level for the House allowance reflects an introduced bill and the level for the Senate allowance reflects Senate Committee action only.

<sup>7</sup> The levels for the House and Senate allowances reflect action on the regular annual 2013 appropriations bill, which proceeded in the 112<sup>th</sup> Congress only through the House Subcommittee and the Senate Committee.

<sup>8</sup> The House allowance is shown as N/A because there was no Subcommittee action.

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

(dollars in thousands)

FY 2015 Authorization: Indefinite

	<u>2014</u>	<u>2015</u>	<u>Change</u>
General Support	\$194,496 <sup>1</sup>	\$194,496 <sup>1</sup>	0
Howard University Hospital	<u>27,325</u>	<u>27,325</u>	<u>0</u>
Total	221,821	221,821	0

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<sup>1</sup> The University has discretion to allocate funds for activities authorized under the general statute for Howard University. However, the 2014 appropriation required the University to allocate at least \$3,405 thousand for the endowment program. The Administration proposes the same language for 2015.

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## 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 for construction activities.

**Academic Programs**—Howard University currently has approximately 10,290 students, of whom 6,970 are undergraduate students, 1,905 are graduate students, and 1,415 are enrolled in professional degree programs. The University offers 27 bachelor, 18 masters, 3 doctoral, and 5 professional degrees, as well as 5 professional certifications and 5 dual degrees, in approximately 181 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 provides 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 at a reasonable cost, Howard's tuition, which was held constant with the 2012-2013 tuition rate at \$22,883 for an entering undergraduate student in academic year 2013-2014, is well below that of nearby private schools. In

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comparison, the tuition for an entering undergraduate student at George Washington University is \$47,290 and at Georgetown University is \$44,280.

**Research Programs**—The University’s research programs provide support for doctoral and post-doctoral research in scientific disciplines, pilot studies by 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 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 2013** (dollars in thousands)

Program	Funding Source			Total Expenditures
	Federal Appropriation <sup>1</sup>	Tuition and Fees	Other Revenues	
Academic Instruction	\$77,062	\$117,541	\$27,377	\$203,218 <sup>2</sup>
Divinity School	0	1,592	0	2,674 <sup>2</sup>
Research	0	0	35,285	35,285
Chapel	0	0	350	1,143 <sup>2</sup>
Public Service	5,963	0	0	7,046 <sup>2</sup>
Academic Support	35,969	0	4,620	40,589
Student Services	26,970	0	184	27,154
Institutional Support	78,388	43,358	19,654	141,400
Patient Care	0	0	280,030	302,772 <sup>2</sup>
Auxiliary Enterprises	0	0	73,148	73,148
Depreciation Expense	3,926	0	0	3,926 <sup>3</sup>
Debt Service - Interest	1,961	0	0	1,961 <sup>3</sup>

<sup>1</sup> In addition to the funds shown above, Congress appropriated \$3.4 million in fiscal year 2013 for the Howard University Endowment program, which the University matched.

<sup>2</sup> Resources in excess of total expenditures constitute an operating surplus, while total expenditures in excess of resources constitute an operating deficit.

<sup>3</sup> Howard assigns costs associated with depreciation expenses and interest on debt service to each program based on a square footage calculation. In general, these costs are paid for using non-Federal appropriation funds. The Federal appropriation only supports depreciation expenses and interest on debt service when a program’s other funding sources are insufficient to cover the costs.

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**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 10,800 admissions and 59,000 emergency room visits annually. 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. The Hospital is also a major teaching and training facility for nurses, paramedics, and physicians, providing training for approximately 450 medical school students and 370 dentistry students annually. The price of Howard’s medical school 2013-2014 tuition and fees is \$47,104 for first-year students. In comparison, the George Washington University School of Medicine charges \$52,742 and the Georgetown University School of Medicine charges \$52,685. The affordability of the School of Medicine at Howard University also compares favorably with local public schools; for example, the tuition and fees for the University of Virginia School of Medicine are \$46,386 for Virginia residents and \$56,848 for non-residents.

Funding levels for the past 5 fiscal years were:

	(dollars in thousands)
2010 .....	\$234,977
2011 .....	234,507
2012 .....	234,064
2013 .....	221,821
2014 .....	221,821

### **FY 2015 BUDGET REQUEST**

The Department requests \$221.8 million for Howard University in fiscal year 2015, the same as the 2014 appropriation. Federal funds, which provided approximately 38 percent of Howard University’s operating costs in fiscal year 2013, are needed for the University to maintain its current level of educational services and for the Hospital to continue offering healthcare services. This request supports the Administration’s goals to increase institutional quality and student completion rates. As a congressionally chartered Historically Black College or University serving students from 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, \$194.5 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 Department’s request also includes \$27.3 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. From the appropriation, \$3.4 million would be earmarked to continue building Howard University’s endowment. The University would be required to increase the endowment by at least an equal amount. The Department believes that earmarking a minimum dollar level to be allocated for the endowment will continue to encourage the University to increase its financial strength and independence from Federal support.

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#### **PROGRAM OUTPUT MEASURES** (dollars in thousands)

<u>Measures</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Student population by enrollment:</b>			
Number of full-time undergraduate students	6,054	6,495	6,550
Number of full-time graduate students	<u>2,764</u>	<u>2,628</u>	<u>2,650</u>
Total number of full-time students	8,818	9,123	9,200
Total number of undergraduate students	7,024	6,974	7,000
Total number of graduate students	<u>3,470</u>	<u>3,323</u>	<u>3,350</u>
Total number of students	10,494	10,297	10,350
<b>Student population by race:</b>			
Number of Black U.S. undergraduate students	6,501	6,389	6,400
Number of other U.S. undergraduate students	342	392	395
Number of foreign undergraduate students	181	203	205
Number of Black U.S. graduate students	2,598	2,438	2,450
Number of other U.S. graduate students	571	578	590
Number of foreign graduate students	301	301	310
<b>Student population by family income:</b>			
Number of undergraduates with family income of less than \$40,000	2,756	2,609	2,470
Number of graduate students with family income of less than \$40,000	1,464	1,164	926
<b>Undergraduate student financial aid:</b>			
Number of U.S. students receiving Federal aid	6,477	6,122	5,766
Average amount of aid	\$12,687	\$10,337	\$8,423
Number of U.S. students receiving non-Fed'l aid	4,662	3,708	2,950
Average amount of aid	\$9,098	\$10,551	\$12,236
Num. of foreign students receiving non-Fed'l aid	195	160	132
Average amount of aid	\$10,561	\$10,966	\$11,386
<b>Graduate student financial aid:</b>			
Number of U.S. students receiving Federal aid	2,200	2,150	2,101
Average amount of aid	\$27,019	\$27,019	\$27,019
Number of U.S. students receiving non-Fed'l aid	911	570	356
Average amount of aid	\$12,640	\$14,909	\$17,586
Num. of foreign students receiving non-Fed'l aid	215	203	191
Average amount of aid	\$19,658	\$27,986	\$39,843

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NOTE: 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 MEASURES** (dollars in thousands)

<u>Measures</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Degrees awarded by type and race:</b>			
Baccalaureates awarded to Black U.S. students	1,137	1,150	1,160
Baccalaureates awarded to other U.S. students	37	35	40
Baccalaureates awarded to foreign students	<u>51</u>	<u>50</u>	<u>50</u>
Total number of Baccalaureates awarded	1,225	1,235	1,250
<b>Degrees awarded by type and race:</b>			
Ph.D.s awarded to Black U.S. students	79	80	81
Ph.D.s awarded to other U.S. students	6	5	6
Ph.D.s awarded to foreign students	<u>11</u>	<u>12</u>	<u>12</u>
Total number of Ph.D.s awarded	96	97	99
<b>Faculty and staff:</b>			
Number of paid faculty	1,260	1,200	1,200
Number of faculty serving without compensation	<u>120</u>	<u>120</u>	<u>120</u>
Total number of faculty	1,380	1,320	1,320
Total number of staff	2,147	1,850	1,850
<b>Median faculty salaries by academic status:</b>			
Professor	\$107,800	\$107,800	\$107,800
Associate Professor	\$81,300	\$81,300	\$81,300
Assistant Professor	\$70,500	\$70,500	\$70,500
Instructor	\$56,000	\$56,000	\$56,000
<b>Construction:</b>			
Total construction expenditures	\$58,939	\$110,000	\$70,000
<b>Endowment program:</b>			
Federal appropriation	\$3,405	\$3,405	\$3,405
Match funds raised by University	<u>\$3,405</u>	<u>\$3,405</u>	<u>\$3,405</u>
Total new contributions	\$6,810	\$6,810	\$6,810
Market value of total University endowment	\$510,263	\$530,000	\$553,000
Endowment investment income	\$10,500	\$11,000	\$11,500
Investment income as percent of endowment	2.1%	2.1%	2.1%

NOTE: 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 MEASURES** (dollars in thousands)

<u>Measures</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Howard University General Support:</b>			
Federal appropriation	\$194,496	\$194,496	\$194,496
Other Federal funding	<u>49,905</u>	<u>50,000</u>	<u>51,000</u>
Total Federal funding	244,401	244,496	245,496
Restricted non-Federal revenue	\$16,923	\$16,000	\$17,000
Revenue from tuition and fees	247,129	257,000	260,000
Other non-Federal revenue	<u>126,826</u>	<u>128,000</u>	<u>130,000</u>
Total non-Federal revenue	390,879	401,000	407,000
Total University revenue	\$635,280	\$645,496	\$652,496
Total University expenditures	\$615,437	\$615,606	\$616,000
Federal funding as percentage of total revenue	38.4%	37.9%	37.6%
Tuition and fees as percentage of total revenue	38.3%	39.8%	40.2%
<b>Howard University Hospital:</b>			
Federal appropriation	\$27,325 <sup>1</sup>	\$27,325	\$27,325 <sup>1</sup>
Other Federal funding	<u>64,514</u>	<u>62,009</u>	<u>63,000</u>
Total Federal funding	91,739	89,334	90,325
Unrestricted non-Federal revenue (DC gov't)	\$81,841	\$78,890	\$80,000
Revenue from patient services	34,944	34,439	34,500
Other non-Federal revenue	<u>73,862</u>	<u>74,299</u>	<u>74,500</u>
Total non-Federal revenue	190,647	187,628	189,000
Total Hospital revenue	\$282,396	\$276,962	\$279,325
Total Hospital expenditures	\$303,561	\$277,394	\$280,000
Federal appropriation as percent of total revenue	9.6%	9.9%	9.8%

NOTE: 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.

<sup>1</sup> Amounts shown include 25 percent of prior-year and 75 percent of current-year appropriations to correspond with the University's academic year.

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### PROGRAM PERFORMANCE INFORMATION

#### Performance Measures

This section presents program performance information, including, for example, 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 2015 and future years, as well as 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:** *Maintain or increase the undergraduate graduation rate.*

**Measure:** The percentage of first-time, full-time, degree-seeking, undergraduate students who graduate within 6 years of enrollment.

Year	Target	Actual
2010	70%	68.8%
2011	70	62.5
2012	70	63.1
2013	70	
2014	70	
2015	70	

**Additional Information:** This measure explicitly defines the graduation rate as completion of a 4-year degree within 6 years of enrollment at the University. The 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.

The long-term goal is to maintain Howard University's graduation rate at a level well above the national average for comparable institutions, defined as 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, Howard University's graduation rate significantly increased to 69 percent while the Consortium's rate had increased only to 57 percent. Despite the fact that Howard has not met its target for graduation, Howard's graduation rate is considerably higher than the Consortium's last publicly available graduation rate, which was 55.5 percent in 2009. Data for 2013 are expected to be available in spring 2014. The Department plans to work with Howard in fiscal year 2014 to improve this measure. In addition, the Department will be working to identify other sources of comparison since current Consortium data are not available.

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**Objective:** *Maintain or increase the retention of full-time undergraduate students.*

**Measure:** The percentage of first-time, full-time, degree-seeking, undergraduate students who were in their first year of postsecondary enrollment in the previous year and are enrolled in the current year.

Year	Target	Actual
2010	85%	83%
2011	86	81
2012	87	81
2013	88	
2014	89	
2015	90	

**Additional Information:** The long-term goal for the persistence measure has been for Howard University's rate to exceed the national average for comparable institutions, defined as other institutions in the Consortium. Data from IPEDS, available beginning in 2003, showed that Howard University's persistence rate held steady at 90 percent from 2003 to 2006, before dropping to 85 percent in 2007, and then further through 2012. By comparison, the Consortium's average persistence rate was 77 percent in 2007, the last year for which data were made publicly available. Targets have been adjusted to gradually bring performance back up to the 90 percent level by 2015. Data for 2013 are expected to be available in spring 2014. In addition, the Department will be working to identify other sources of comparison since current Consortium data are not available.

**Objective:** *Increase student enrollment over the long term.*

**Measure:** The number of full-time, degree-seeking, undergraduate and graduate students enrolled at Howard University.

Year	Target	Actual
2010		9,487
2011	12,000	9,445
2012	12,000	8,941
2013	12,000	
2014	12,000	
2015	TBD	

**Additional Information:** This measure utilizes data taken from NCES' IPEDS database to track the enrollment of full-time students at Howard University. Enrollment at Howard increased steadily each year from 2003 to 2006, before dropping in 2007 and 2008. In 2009 and 2010, enrollment increased slightly over the prior year before dropping again in 2011. In 2012, enrollment declined by over 500 students, one of the largest changes in recent years. The target for this measure is based on Howard's internal target of 12,000 students. Because enrollment has declined in recent years, the Department will consider adjusting targets for 2015 and beyond.

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#### Efficiency Measures

The efficiency measure tracks the cost of a successful outcome, where success is defined as graduation and Federal cost is defined as the program appropriation. This measure ties in with the program's performance indicators.

**Measure:** Federal cost of degrees and certificates awarded by Howard University.

Year	Target	Actual
2010	\$88,000	\$95,517
2011	88,000	89,191
2012	88,000	85,455
2013	88,000	
2014	88,000	
2015	88,000	

**Additional Information:** The efficiency measure is calculated by dividing the total funds appropriated for Howard University in the Department of Education appropriations act (exclusive of hospital funding) by the number of students successfully completing degree or certificate programs. This measure allows the Department to track program performance in terms of cost to the Federal Government and the efficiency of Federal funds in achieving successful outcomes. From 2010 to 2012, the Federal appropriation to Howard decreased, but the number of degrees and certificates awarded increased, resulting in major gains in efficiency.

A similar efficiency measure has been established for the higher education programs authorized under Titles III and V of the Higher Education Act, as well as for Gallaudet University and the National Technical Institute for the Deaf. This metric may enable the Department to assess relative program performance across institutions with similar types of missions.

#### Other Performance Information

In past site visits, the Department has been concerned with the number and significance of findings on the Howard University A-133 audit report, and Howard's failure to make significant progress in addressing these issues. Since the 2006 onsite review, Howard University has reported attempts to make improvements in this area. However, prior to the 2009 visit, no significant reductions were noted to either the number or significance of audit findings.

During fiscal years 2010 and 2011, Howard transitioned to a new financial and executive leadership team. The new leadership team implemented daily control processes with an emphasis on accountability, transparency, service, and compliance. The previously decentralized sponsored program administrative function was integrated to enhance administrative links between grant principal investigators and financial accounting personnel. Prior to fiscal years 2010 and 2011, there were separate departments for pre-award and post-award accounting, led by two separate vice presidents. Now, both departments report to the Chief Financial Officer (CFO) through a newly created Research Administrative Services (RAS) function. The Offices of the Provost and Senior Vice President for Health Sciences work in concert with RAS under this new relationship.

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Some other improvements to the grants management functions are noted below:

- **Dual Reporting:** Two CFO direct reports have dual reporting roles to their respective operations leaders to further strengthen the integration of grant program implementation and financial accountability.
- **Education/Training:** To facilitate improved education, communication, and training, RAS conducts kick-off meetings with grant principal investigators for new grant awards to review terms and conditions and ensure project deliverables and requirements are understood.
- **Monitoring:** On a monthly basis, RAS distributes Grant Management Reports to grant principal investigators. Such reports include key financial progress for each award and highlight expenditures of regular budget line items.

As part of the organizational restructuring, Howard linked the Office of the CFO to the Federal grant program through both the organizational structure and the financial reporting system. Under the umbrella of the organizational structure linkage, Howard implemented strategies to improve communication between Federal grant program management and financial accountability. Under the reorganization, Howard also established an office of Risk and Controls, which has as its primary responsibility addressing matters related to the A-133 audit report.

In past years, Howard management was divided into 5 portfolios that represent 50 individual cost centers. Previously, accounting had to be maintained for over 1,000 cost centers. Now, each cost center has a responsible manager, who reports to a dedicated portfolio Finance Leader on all financial matters.

In addition to organizational restructuring, Howard has made some internal adjustments that have contributed to positive financial outcomes:

- Accounting books are closed monthly. Previously books were closed only once a year.
- Howard provides quarterly reports to its lenders.
- When donations are received, Howard sends letters to donors to inform them of how their donated funds will be used.
- A new automated effort reporting system has been implemented.
- Personnel are assigned the responsibility of overseeing the endowment funding.

The new financial team at Howard has made notable gains with regard to addressing the findings in Howard's A-133 audit report. The recent audit reports contain far fewer and less serious findings than reports prior to 2010. The importance of continuing to address these

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issues, including the Department's increased attention to risk management, was reiterated to Howard.

Howard's credit is rated Baa1 with a negative outlook by Moody's Investors Service, while Standard & Poor's rates Howard's debt at A-, with a negative outlook.

In past visits, the Department has impressed upon Howard the importance of withdrawing Federal endowment funds in a timely manner. Howard has made improvements in this area. Previously, the date for withdrawing funds had been set for March 30<sup>th</sup> of the following fiscal year. After some discussion, that date was revised and Howard agreed to provide documentation of matching and to request endowment funds 30 days after the funds are appropriated for the fiscal year.

In light of significant leadership changes at Howard University in the fall of 2013, including the departure of President Ribeau, the Department has been in communication with university officials to ensure that these personnel changes do not disrupt the improvements made in the A-133 audit reports and will continue to work closely with Howard University staff to ensure responsible management and full compliance in regards to the Federal appropriation.