

Department of Education
HOWARD UNIVERSITY
Fiscal Year 2020 Budget Request

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For partial support of Howard University, [\$236,518,000] \$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.¹ (*Department of Education Appropriations Act, 2019.*)

NOTE

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

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Analysis of Language Provisions and Changes

Language Provision	Explanation
¹ ...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.	This language establishes a minimum funding level for the endowment program. Endowment funds would remain available for obligation until expended.

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Appropriation, Adjustments, and Transfers
(dollars in thousands)

Appropriation/Adjustments/Transfers	2018	2019	2020
Discretionary:			
Appropriation	<u>\$232,518</u>	<u>\$236,518</u>	<u>\$221,821</u>
Total, discretionary appropriation.....	232,518	236,518	221,821

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Summary of Changes
(dollars in thousands)

2019 Discretionary.....		\$236,518
2020 Discretionary.....		<u>221,821</u>
Net change		-14,697

	<u>2019 base</u>	<u>Change from base</u>
Decreases:		
<u>Program:</u>		
Decrease funding for Howard University to return the program to the funding level requested in the fiscal year 2019 budget.	0	-\$14,697

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Authorizing Legislation
(dollars in thousands)

Activity	2019 Authorized	2019 Estimate	2020 Authorized	2020 Request
General support (20 U.S.C. 121 et seq.)	Indefinite	\$209,193 ¹	Indefinite	\$194,496
Endowment program (P.L. 98-480)	(2)	(3)	(2)	(3)
Howard University Hospital (20 U.S.C. 128).....	<u>Indefinite</u>	<u>27,325</u>	<u>Indefinite</u>	<u>27,325</u>
Total appropriation.....		236,518		221,821

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.

³ For fiscal year 2019, the University must allocate at least \$3,405 thousand for the endowment program. For fiscal year 2020, the Administration requests that not less than \$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
2011	\$234,977	\$234,977 ¹	\$234,977	\$234,507 ²
2012	234,507	234,507 ³	234,507 ³	234,064
2013	234,064	234,064 ⁴	234,064 ⁴	221,821
2014	234,064	N/A ⁵	234,064	221,821
2015	221,821	N/A ⁵	221,821 ⁶	233,245
2016	221,821	221,821 ⁷	219,500 ⁷	221,821
2017	221,821	221,821 ⁸	221,821 ⁸	221,821
2018	220,314	221,821 ⁹	221,821 ⁹	232,821 ⁹
2019	221,821	232,518 ¹⁰	236,518 ¹⁰	236,518
2020	221,821			

¹ The level for the House allowance reflects the House-passed full-year continuing resolution.

² The level for appropriation reflects the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).

³ The level for the House allowance reflects an introduced bill, and the level for the Senate allowance reflects Senate Committee action only.

⁴ The levels for the House and Senate allowances reflect action on the regular annual 2013 appropriations bill, which proceeded in the 112th Congress only through the House Subcommittee and the Senate Committee.

⁵ The House allowance is shown as N/A because there was no Subcommittee action.

⁶ The level for the Senate allowance reflects Senate Subcommittee action only.

⁷ The levels for House and Senate allowances reflect action on the regular annual 2016 appropriations bill, which proceeded in the 114th Congress only through the House Committee and Senate Committee.

⁸ The levels for the House and Senate allowances reflect Committee action on the regular annual 2017 appropriations bill.

⁹ The levels for the House reflect floor action on an Omnibus appropriation bill; Senate allowances reflect Committee action on the regular annual 2018 appropriations bill; the Appropriation reflects the annualized Continuing Resolution level.

¹⁰ The levels for the House and Senate Allowance reflects Committee action on the regular annual 2019 appropriations bill; the Appropriation reflects enactment of the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 (P.L. 115-245).

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

(dollars in thousands)

FY 2020 Authorization: Indefinite

Budget Authority:

	<u>2019</u>	<u>2020</u>	<u>Change</u>
General Support	\$209,193 ¹	\$194,496 ¹	-\$14,697
Howard University Hospital	<u>27,325</u>	<u>27,325</u>	<u>0</u>
Total	236,518	221,821	-\$14,697

¹ The University has discretion to allocate funds for activities authorized under the general statute for Howard University. However, the 2019 request required the University to allocate at least \$3,405 thousand for the endowment program. The Department proposes the same language for 2020.

PROGRAM DESCRIPTION

Howard University (University) was federally chartered in 1867 as a private, nonprofit educational institution in Washington, DC. As a comprehensive, research-oriented historically Black university, the University's mission is to provide an educational experience of exceptional quality at the undergraduate, graduate, and professional levels. The University has an enduring commitment to the education and advancement of underrepresented populations in America and the global community, and it ranks among the highest producers of the Nation's Black professionals in medicine, dentistry, pharmacy, engineering, nursing, architecture, religion, law, music, social work, and education. The National Science Foundation consistently ranks the University among the highest producers of Black Ph.D. students. The Association of American Medical Colleges recently named the University the Nation's most prolific source of Black graduates who go on to apply to medical school.

The annual appropriation for Howard University provides substantial support for construction, development, improvement, endowment, and maintenance of the University (30 percent of revenues) and Howard University Hospital (11 percent of revenues). The University has discretion in allocating funds for its academic, research, and endowment programs, and for construction activities.

Academic Excellence Programs —The University offers more than 120 fields of study leading to undergraduate, graduate, and professional degrees within 13 schools and colleges: Arts and Sciences, Business, Communications, Dentistry, Divinity, Education, Engineering and Architecture, Graduate School, Law, Medicine, Nursing and Allied Health Sciences, Pharmacy, and Social Work. A wide range of administrative, library, computer, and technology resources

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and services support these programs. Together, these investments further the University's goals of expanding the opportunities of graduates, particularly minorities, especially in fields in which they are still underrepresented.

In 2017, the University announced a new partnership with Google and launched 'Howard West,' a three-month, summer Computer Science residency for rising juniors and seniors in the University's Computer Science program. The residency includes a dedicated workspace on Google's Mountain View campus and a stipend to cover housing and other expenses in Silicon Valley. Additionally, the University launched a program entitled 'Bison STEM Scholars' to identify high-achieving entering freshmen, with a declared commitment to pursuing Ph.D. or M.D./Ph.D. degrees, and shepherd these students into STEM research and academic careers. The second cohort of these Scholars, with an average GPA of 3.80 and an average SAT score of 1,373, has now been enrolled at the University, raising the total of program participants to 58.

The University has also implemented summer preparatory programs to help support underrepresented undergraduate students from across the country who are interested in professional programs. The programs, which target promising students from other HBCUs, were initiated to provide undergraduate students with exposure to professional curricula, preparation for professional school admissions tests (MCAT, DAT, LSAT, GRE), and experiential opportunities in relevant fields, including Pre-Medicine and Pre-Dentistry, (90 students from 6 HBCUs), Pre-Law (62 students from 22 HBCUs), and Pre-Ph.D. (22 students from 12 HBCUs). The programs already have resulted in admissions to the University's Medical and Law schools, as well as admissions to professional schools at other academic institutions.

Additionally, the Office of Undergraduate Studies was created four years ago and has implemented a number of initiatives to support retention, progression, and success of undergraduate students. These initiatives include: assuring that freshmen register for at least 15 credits each semester, improving the advisement provided to students using state-of-the-art academic software, providing targeted tutorial programs, increasing the maximum number of credits that a student may register for in a semester, and permitting undergraduate students to enroll in up to six credits during the summer at no additional tuition charge. Collectively, these initiatives have resulted in a 15 percent improvement in on-time graduation, as well as improved retention of undergraduate students. These efforts result in real economic savings to students and families by reducing tuition and other education-related costs, and ensuring that students benefit fully from their investment in education by obtaining a degree.

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. The Interdisciplinary Research Center concentrates on a range of emerging disciplines including Nanoscience, Natural Products Research, Microbial Ecology, Diversity and Immunology, Atmospheric Sciences, Developmental Biology, and Stem Cell Differentiation.

Endowment Program — The endowment program is designed to stimulate private contributions to increase the University's financial strength and independence. To receive

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Federal endowment funds, the University must provide a one-for-one match through non-Federal contributions to the endowment. The endowment fund continues to grow by generating income that may be used to pay University expenses such as costs related to operations, maintenance, administration, personnel, construction, technical assistance, and research. The University may withdraw no more than 50 percent of the yearly income generated by the endowment to help meet operating costs, except in the case of a financial emergency or another unusual occurrence.

Construction — Appropriated funds may be allocated to capital construction and renovation of buildings to maintain and improve the University's ability to provide high-quality postsecondary education and research opportunities. For example, in January 2017, the University commenced a \$144 million public-private partnership to overhaul the campus's largest residential development. This 1,850-bed complex, called "The Towers", houses more than a third of the University's residential cohort. Renovation of the first tower was completed in fall 2017, and the second tower was completed for the fall 2018 academic session.

Howard University Hospital — Established in 1862 as Freedmen's Hospital, Howard University Hospital (Hospital) was incorporated into the University by Congress in 1962. Today, the Hospital is a general medical and surgical facility and is designated as a Level 1 Trauma Center. The 241-bed hospital is one of several comprehensive health care facilities serving the Washington, DC metropolitan area, with over 11,000 admissions and 60,000 emergency room visits annually. Hospital operations are financed through a combination of Federal funds, hospitalization insurance, patient payments, Medicare and Medicaid payments, and contractual agreements for patient care services with the District of Columbia government and other local jurisdictions. The Hospital is also a major teaching facility, providing training opportunities across a wide variety of specialty areas for graduate and professional students in the health sciences.

Addressing Deferred Maintenance at the University — The University's rich 150-year history is an asset in many respects, but operating within a single geographic footprint during that period means that many core buildings have long exceeded their useful lives. Deteriorating buildings degrade the academic experience and hamper the University's mission. To address this challenge, the University is strategically densifying its Central Campus, anchored by three primary uses: academic complexes; campus life nodes; and campus housing offerings that are aligned with demand. Each of these pillars encompass a range of goals, such as advancing the development of specialized skills through the academic environment or delivering immersive experiential, social and community learning opportunities through campus life facilities. To realize these goals, the University will have to improve the state of its aged facilities by addressing significant deferred maintenance needs. The University's capital budget to correct deferred maintenance will be balanced with other essential operational and mission-based priorities in order to achieve these goals. The article is available at the following link: <http://washingtoninformer.com/howard-u-celebrates-150-year-legacy/>.

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Funding levels for the past 5 fiscal years were:

Fiscal Year	(dollars in thousands)
2015.....	\$221,821
2016.....	221,821
2017.....	221,821
2018.....	232,518
2019.....	236,518

FY 2020 BUDGET REQUEST

For fiscal year 2020, the Administration requests \$221.8 million for Howard University (the University), a decrease of \$14.7 million from the 2019 appropriation level and the same as the fiscal year 2019 request level. Within this amount, funding for the Hospital would remain at the 2019 level of \$27.3 million. This request supports the Administration's goals to advance opportunities in higher education and strengthen the capacity of Historically Black Colleges and Universities (HBCUs) to provide the highest quality education. As a congressionally-chartered HBCU, the University plays an important role in providing disadvantaged individuals, particularly Blacks and African Americans, with access to a high-quality postsecondary education.

According to the University, the Federal appropriation constituted approximately 30 percent of the University's total revenues and 11 percent of the Howard University Hospital's (Hospital) total revenues in fiscal year 2018. In order to maintain current levels of educational and healthcare services, approximately \$194.5 million of the fiscal year 2020 request would be allocated under General Support to the University, and \$27.3 million would go to the Hospital. General Support includes the University's academic programs, research programs, endowment program, and construction.

Academic Programs: The request would provide approximately \$72.7 million to support instruction, \$7.5 million for public service program services, \$27 million for academic support, \$25.6 million for student services, and \$58.7 million for institutional support and grant aid to students.

Endowment Program: The 2020 request also would provide at least \$3.4 million for the University's endowment, and the University would be required to match this contribution on a dollar-for-dollar basis. The Administration believes 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 and independence from Federal support. The University maintains a pooled endowment that is comprised of more than 800 individual endowments that were valued at \$647 million as of June 30, 2017. Revenue earned through the consolidated endowment program is intended to be used for instructional and research support, professorships, scholarships and other forms of student aid, and facilities. In recent years, the University has matched all Federal funds appropriated for endowment purposes in the fiscal year in which they were appropriated. The University plans to match all endowment funds appropriated in fiscal year 2020.

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According to a study published in February 2017 by the National Association of College and University Business Officers (NACUBO), Howard University's total endowment value ranked 136 out of 815 participating institutions for the 2016 Commonfund Study of Endowments. The results from the study show that participating institutions' endowments returned an average of -1.9 percent (net of fees) for the 2016 fiscal year, highlighting a very difficult investment environment. Despite the decline in investment gains, 74 percent of respondents reported they increased the dollars spent from their endowments this year to support their institution's mission and provide financial aid to students.

According to the University, the spending rate for the endowment is 5 percent of a restricted donor endowment pool based on market value, using a three-year moving average with a one year lag. The University is currently reviewing its investment and spending policies going forward and looking for opportunities to increase the annual spending to continue its support of these mission critical goals.

Howard University Hospital: The Administration's request includes \$27.3 million for the Hospital. Federal support for the Hospital provides the University's students with education, research and training opportunities in medical, dental, and other health-related fields. As of October 2014, Paladin Healthcare assumed responsibility for day-to-day operations of the Hospital under the oversight of a joint University and Paladin Healthcare Management Committee. Under this signed Management Service Agreement, the University continues to be the licensed operator of the Hospital.

The University is actively considering options to separate the University and Howard University Hospital as legal entities with a detailed academic affiliation agreement. A successful outcome from such an agreement will enable the University to better manage its risk exposure while preserving the Hospital's role as an academic medical center, closely tied to the University, and operating in support of the University's mission as an educator of medical and other health care students. Such an affiliation would permit Hospital activities that draw from the University's federal appropriation to maintain this source of capital. At this time, no decision to separate the University and the Hospital has been made, and no authorization to separate has been sought from or given by the University's Trustees.

Research Programs: In fiscal year 2018, the University dedicated \$41.8 million to research programs, though the Federal appropriation was not a source of funding in this area. The University does not plan to allocate any of the Federal appropriation for research in fiscal year 2019 and 2020.

Construction: In fiscal year 2018, the University allocated \$3.5 million of the Federal appropriation for construction.

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PROGRAM OUTPUT MEASURES

<u>Output Measures</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Student population by enrollment (in whole numbers):			
Number of full-time undergraduate students	5,832	6,159	6,480
Number of full-time graduate students	1,140	1,242	1,130
Number of full-time professional students	<u>1,486</u>	<u>1,442</u>	<u>1,444</u>
Total number of full-time students	8,458	8,847	9,196
Total number of undergraduate students	6,547	6,934	7,645
Total number of graduate students	1,627	1,766	1,729
Total number of professional students	<u>1,515</u>	<u>1,550</u>	<u>1,541</u>
Total number of students	9,689	10,127	11,016
Student population by race (in whole numbers):			
Number of Black U.S. undergraduate students	5,838	6,271	6,941
Number of other U.S. undergraduate students	237	223	297
Number of international undergraduate students	472	556	546
Number of Black U.S. graduate students	1,226	1,108	1,069
Number of other U.S. graduate students	162	155	141
Number of international graduate students	239	230	272
Number of Black U.S. professional students	1,111	1,010	1,119
Number of other U.S. professional students	339	351	366
Number of international professional students	65	67	71
Student population by family income (in whole numbers):			
Number of undergraduates with family income of less than \$40,000	11,275	9,259	9,259
Number of graduate students with family income of less than \$40,000	1,901	1,357	1,357
Number of professional students with family income of less than \$40,000	2,433	2,010	2,010
Undergraduate student financial aid (in whole number and dollars):			
Number of U.S. students receiving Federal aid	2,994	4,462	4,462
Average amount of aid	\$27,661	\$16,550	\$16,550
Number of U.S. students receiving non-Fed'l aid	2,143	4,228	4,228
Average amount of aid	\$39,741	\$20,513	\$20,513
Number of international students receiving non- Fed'l aid	376	583	583
Average amount of aid	\$29,486	\$25,614	\$25,614

NOTE: Howard University has provided all data, which is based on the University's July 1 to June 30 academic year.

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PROGRAM OUTPUT MEASURES

<u>Output Measures</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Graduate student financial aid (in whole numbers and dollars):			
Number of U.S. students receiving Federal aid	531	838	838
Average amount of aid	\$43,443	\$33,411	\$33,411
Number of U.S. students receiving non-Fed'l aid	262	429	429
Average amount of aid	\$30,662	\$16,004	\$16,004
Number of international students receiving non-Fed'l aid	79	263	263
Average amount of aid	\$25,868	\$18,260	\$18,260
Professional student financial aid (in whole numbers and dollars):			
Number of U.S. students receiving Federal aid	751	1,296	1,296
Average amount of aid	\$72,105	\$59,175	\$59,175
Number of U.S. students receiving non-Fed'l aid	241	547	547
Average amount of aid	\$46,003	\$16,377	\$16,377
Number of international students receiving non-Fed'l aid	30	48	48
Average amount of aid	\$31,632	\$30,217	\$30,217
Degrees awarded by type and race (in whole numbers):			
Baccalaureates awarded to Black U.S. students	1,086	1,273	1,142
Baccalaureates awarded to other U.S. students	53	62	75
Baccalaureates awarded to international students	<u>90</u>	<u>78</u>	<u>49</u>
Total number of Baccalaureates awarded	1,229	1,343	1,265
Masters awarded to Black U.S. students	257	277	226
Masters awarded to other U.S. students	27	28	32
Masters awarded to international students	<u>30</u>	<u>43</u>	<u>31</u>
Total number of Masters awarded	314	343	307
Ph.D.s awarded to Black U.S. students	65	83	73
Ph.D.s awarded to other U.S. students	5	6	11
Ph.D.s awarded to international students	<u>21</u>	<u>12</u>	<u>21</u>
Total number of Ph.D.s awarded	91	126	100

NOTE: Howard University has provided all data, which is based on the University's July 1 to June 30 academic year.

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PROGRAM OUTPUT MEASURES

<u>Output Measures</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Degrees awarded by type and race (in whole numbers):			
Professional degrees awarded to Black students	284	297	266
Professional degrees awarded to other U.S. students	96	90	68
Professional degrees awarded to international students	<u>18</u>	<u>17</u>	<u>11</u>
Total number of Professional degrees awarded	398	387	363
Faculty (in whole numbers):			
Number of paid faculty	1,229	1,184	1,190
Number of faculty serving without compensation	<u>22</u>	<u>20</u>	<u>20</u>
Total number of faculty	1,251	1,204	1,210
Construction (dollars in thousands):			
Construction expenditures	\$61,637	\$50,000	\$35,303
Endowment program (dollars in thousands):			
Federal appropriation	\$3,405 ¹	\$3,405 ¹	\$3,405 ¹
Matching funds + other funds raised by University	<u>32,991</u>	<u>N/A</u>	<u>N/A</u>
Total new contributions	36,396	3,405	3,405
Market value of total University endowment	681,474	725,770	772,945
Endowment investment income	22,197	23,462	24,524
Investment income as percent of endowment	3.1%	3.2%	3.2%
Howard University General Support (dollars in thousands):			
Federal appropriation	\$205,193 ¹	\$209,193 ¹	\$194,496 ¹
Other Federal funding	<u>32,230</u>	<u>31,720</u>	<u>31,720</u>
Total Federal funding	247,423	240,913	226,216
Restricted non-Federal revenue	25,435	23,639	23,876
Revenue from tuition and fees	260,740	258,391	260,975
Other non-Federal revenue	<u>145,296</u>	<u>127,851</u>	<u>128,293</u>
Total non-Federal revenue	431,471	409,881	413,144
Total University revenue	668,894	650,794	639,360
Total University expenditures	666,556	691,397	694,684
Federal funding as percent of total revenue	35.5%	37.0%	35.4%
Tuition and fees as percent of total revenue	39.0%	39.7%	40.8%
Federal appropriation as percent of total revenue	30.7%	32.1%	30.4%

NOTE: Howard University has provided all data, which is based on the University's July 1 to June 30 academic year.

¹ Federal funding for the Howard endowment program (\$3,405 thousand) is drawn from the appropriation for Howard University General Support.

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PROGRAM OUTPUT MEASURES

<u>Output Measures</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Howard University Hospital (dollars in thousands):			
Federal appropriation	\$27,325	\$27,325	\$27,325
Other Federal funding	<u>60,309</u>	<u>66,713</u>	<u>67,380</u>
Total Federal funding	87,634	94,038	94,705
Total Hospital revenue	250,953	283,290	283,574
Total Hospital expenditures	247,290	265,897	271,215
Federal appropriation as percent of total revenue	10.9%	9.6%	9.6%

NOTE: Howard University has provided all data, which is based on the University's July 1 to June 30 academic year.

PROGRAM PERFORMANCE INFORMATION

Performance Measures

This section presents selected 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 2020 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
2015	70	61%
2016	70	61
2017	70	63
2018	70	
2019	70	
2020	70	

Additional Information: This measure 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

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National Center for Education Statistics (NCES) rather than directly from the University. Previous years in this table have been updated to reflect actual IPEDS reporting.

The long-term goal is to increase Howard University's graduation rate. According to the IPEDS data, in 1998, the graduation rate for Howard University was only 41 percent, but by 2003, it had significantly increased to 69 percent. Since then, Howard's graduation rate has declined, and has hovered around 60 percent.

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
2015	90%	89%
2016	90	86
2017	90	94
2018	90	
2019	90	
2020	90	

Additional Information: The long-term goal is to increase the percentage of first-time, full-time students who return for their second year of undergraduate education. Data from IPEDS showed Howard University's persistence rate steadily dropped beginning in 2007, when it dipped to 85 percent after multiple years at 90. The rate fell further through 2014 before improving in 2015, decreasing in 2016, and rebounding to exceed the target in 2017.

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
2015	12,000	9,029
2016	12,000	8,717
2017	12,000	8,614
2018	10,000	
2019	10,000	
2020	10,000	

Additional Information: This measure utilizes data provided by Howard University. Combined enrollment of degree-seeking undergraduates and graduates at the University has remained around 9,000 students annually since fiscal year 2012 but decreased by 3.5 percent in fiscal year 2016. The University experienced significant difficulties accommodating the large enrollment in 2015 and subsequently recognized the need to better balance enrollment and capacity.

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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
2015	88,000	\$88,127
2016	88,000	97,073
2017	88,000	95,478
2018	88,000	
2019	88,000	
2020	88,000	

Additional Information: The efficiency measure is calculated by dividing the total funds appropriated for Howard (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. With the exception of 2015, the Federal cost per degree or certificate awarded has remained well above the target, in part due to the declining enrollment noted above. As a result of the decreased enrollment at the University, the Department will consider revising targets for future years.

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.

Other Performance Information

Howard University's 2016 Financial Statement and Uniform Guidance Single Audit Report, Subpart F (OMB Circular A-133 Audit Report) both earned unmodified statuses noting that the financial statements were prepared in accordance to GAAP and the Single Audit Report was compiled in accordance with federal statutes, regulations, terms and conditions, although significant deficiencies were cited.

Howard University's Uniform Guidance Single Audit Report received no questioned costs and corrective action plans are being executed to eliminate the Single Audit Report significant deficiencies. Policies and procedures are currently being updated in accordance to the new Uniform Guidance and Grants and Contracts Internal Control Management documents are in place to mediate any risks regarding compliance.

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Audit findings resulting from the significant deficiencies included the following clusters: Student Financial Assistance, Research and Development, Highway Planning and Construction, USAID Foreign Assistance Programs and the Charles Rangel International Affairs Program.

In October 2014, based on a deliberate plan set forth by the University trustees' health sciences committee, Paladin Healthcare was contracted to assist with a turnaround of the Hospital. Paladin assumed responsibility for day-to-day operations of the Hospital under the oversight of a joint University and Paladin Management Committee. Under this signed Management Service Agreement, the University continues to be the licensed operator of the Hospital. The partnership has been successful, exceeding almost every goal set forth when the relationship was established, as demonstrated by the following metrics:

- Financial performance has vastly improved, and the hospital is now profitable and stable;
- Emergency department length of stay has decreased by more than 20 percent;
- Time to triage has decreased by 78 percent;
- Costs per adjusted patient day have decreased;
- Patient satisfaction scores related to communication with nurses, physicians, and recommendation of the hospital to others have improved significantly;
- Howard University Hospital is one of 90 hospitals in the country certified by The Joint Commission in Disease Specific Diabetes care.

The University claimed its strongest financial performance in five years in fiscal year 2016, with a gain from operations of almost \$12 million for the year ending June 30, 2016. According to the University, operating revenues stabilized compared to fiscal year 2015, due to improved fiscal management and increases in operating efficiencies, namely costs associated with employment.

During fiscal year 2017, the University created a University Budget Office to focus on improved revenue projections, multi-year financial forecasts, and intra-year and year-end projections at the enterprise level and at the Accountable Unit level. In an effort to provide managers with tools needed to monitor finances and ensure accountability and compliance, the University engaged Oracle Consulting in October 2016, to create monthly financial reports for University accountable unit managers, including revenue and expense reports, position and headcount reports, vendor spending reports, and restricted funds. Additionally, the University is seeking to improve forecasting models for enrollment, financial aid packaging, and net tuition revenue realization. The Department will work with the University in fiscal years 2019 and 2020, to determine what impact, if any, these initiatives had on the institution's financial standing, as well as enrollment patterns and graduation rates. In addition, the Department will analyze the effects of these initiatives over longer periods of time.

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The University has recently undertaken efforts to monetize certain non-core real estate assets. The gains from these transactions are primarily intended for capital investments and debt reduction. The University has also filled several key senior management positions with permanent hires to replace and/or confirm interim managers hired to address turnover in the recent past. These actions have enabled the University to generate better capability and focus on improving fiscal operations.

Despite recent improvements and institutional enhancements, the Department has ongoing concerns about Howard's overall financial health and stability. Recent (April and August 2018) Washington Post articles described numerous challenges facing the University:

- https://www.washingtonpost.com/news/grade-point/wp/2018/04/09/howard-university-reveals-that-terminated-employees-misappropriated-369000/?utm_term=.1328e4184385,
- https://www.washingtonpost.com/education/2018/08/29/big-trouble-howard-university-devoss-education-department-puts-it-list-it-doesnt-want-be/?utm_term=.4a1a8e64ae97, and
- https://www.washingtonpost.com/local/education/federal-government-tightens-control-of-howard-universitys-aid-funds-after-reported-lapses/2018/08/28/1c3233f8-aafa-11e8-b1da-ff7faa680710_story.html?utm_term=.eb55b6901001

In a letter dated August 13, 2018, the Department informed the University that it had been placed on Heightened Cash Monitoring 2 (HCM2) status so that the Department can closely monitor the institution's financial aid management. This means the University will no longer receive financial aid dollars in advance to award to students but will have to make awards to students and then seek reimbursement from the Federal Government. The Department's letter cited numerous problems that prompted this action and noted that Howard had "failed to provide all documentation requested" during past compliance audits and a recent program review.

The Department will continue working with leadership to stabilize the University's financial condition in fiscal year 2019 and 2020 to ensure continued improvements in financial and operational management and full compliance in regards to the Federal appropriation.