



TOPIC: University System of Maryland: FY 2016 Operating Budget

COMMITTEE: Committee of the Whole

DATE OF COMMITTEE MEETING: May 6, 2015

SUMMARY: The FY 2016 operating budget reflects state-wide actions that significantly reduce the State's structural budget deficit. All state employees, including USM employees, will experience a reduction in pay given the reversion of the January 2015 2% Cost of Living Adjustment. The tuition increase included in the budget will help maintain quality and support services to the extent possible, and mitigate the negative impact on instruction and student services. The budget does not include funding for program enhancements or enrollment increases and will require base reduction actions to balance the budget.

The total USM budget includes revenue from state appropriations, tuition and fees, auxiliary services, federal and other contracts and grants, endowment income and other revenues for a total budget of \$5.1 billion.

The state supported portion of the budget totals \$2.9 billion. Included in the \$2.9 billion are state appropriations of \$1.2 billion (an increase of \$15.4 or 1.3%), tuition & fees of \$1.4 billion (an increase of \$53 million or 4%) and other revenues of \$251 million (a decrease of \$9.1 million or 3.5%).

The net increase of \$59 million in state supported funding will be used for:

- Health insurance and other fringe benefit costs \$34M
- Facilities, debt service, utilities and financial aid \$25M

Reflected in the FY 2016 Appropriation are budget reduction actions to achieve the \$40 million structural decrease.

ALTERNATIVE(S): The budget request could be adjusted to increase/decrease expenditures or to move expenditures from one area to another. However, a balanced budget is required and revenue must be adjusted to match any increase in overall expenditures.

FISCAL IMPACT: The USM budget totals \$5.1 billion.

CHANCELLOR'S RECOMMENDATION: That the Board of Regents approve the FY 2016 operating budget as submitted, with the Chancellor authorized to make appropriate changes consistent with existing board policies and guidelines. Any such changes will be reported back to the Board.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Joseph F. Vivona (301) 445-1923

			Table 1
University System of Maryland			
FY 2015 State Appropriations			
(dollars in millions)			
		Board of	
	Original	Public Works	Revised
	FY 2015	January 2015	FY 2015
	<u>Funding</u>	<u>Reduction</u>	<u>Funding</u>
UM Baltimore	\$215.4	(\$7.0)	\$208.5
UM College Park	482.0	(15.6)	466.3
Bowie State University	41.9	(1.4)	40.6
Towson University	106.4	(3.5)	103.0
UM Eastern Shore	37.8	(1.2)	36.6
Frostburg State University	38.6	(1.3)	37.4
Coppin State University	43.7	(1.4)	42.3
University of Baltimore	34.6	(1.1)	33.4
Salisbury University	46.4	(1.5)	44.9
UM University College	40.0	(1.3)	38.7
UM Baltimore County	111.7	(3.6)	108.1
UM Ctr. Environmental Science	22.3	(0.7)	21.6
Shady Grove & Hagerstown	9.9	(0.3)	9.6
USM System Office	<u>12.9</u>	<u>(0.4)</u>	<u>12.5</u>
USM total	\$1,243.8	(\$40.3)	\$1,203.4

			Table 2	
University System of Maryland				
FY 2016 State Appropriations				
(dollars in millions)				
	FY 2016			
	Governor's	FY 2016		
	<u>Allowance</u>	<u>Appropriation</u>	<u>Difference</u>	
UM Baltimore	\$226.8	\$210.8	(\$16.0)	
UM College Park	508.5	469.7	(38.8)	
Bowie State University	43.9	41.0	(2.9)	
Towson University	114.0	104.9	(9.1)	
UM Eastern Shore	40.3	37.4	(2.9)	
Frostburg State University	40.8	37.9	(3.0)	
Coppin State University	47.0	44.3	(2.7)	
University of Baltimore	36.8	33.6	(3.2)	
Salisbury University	50.3	46.6	(3.7)	
UM University College	41.5	38.1	(3.4)	
UM Baltimore County	117.7	109.2	(8.5)	
UM Ctr. Environmental Science	23.2	22.1	(1.1)	
Shady Grove & Hagerstown	10.9	10.5	(0.4)	
USM System Office	<u>13.7</u>	<u>12.8</u>	<u>(0.8)</u>	
USM total	\$1,315.4	\$1,218.8	(\$96.5)	¹
1. The FY 2016 Appropriation reduction consists of a 2% statewide across the board reduction (\$25.4M), the reversion of 2% Cost of Living salary adjustment (\$29.4M), and elimination of the FY 2016 merit increments (\$41.7M).				

**UNIVERSITY SYSTEM OF MARYLAND
TOTAL**

	FY 2015 Revised		FY 2016 Appropriation		FY 2016 Change		
	<u>Full Time Positions</u>	<u>Amount (\$)</u>	<u>Full Time Positions</u>	<u>Amount (\$)</u>	<u>Full Time Positions</u>	<u>Amount (\$)</u>	<u>%</u>
Expenditures							
Salaries & Fringes	23,527.06	2,944,257,359	23,459.56	2,976,945,646	(67.50)	32,688,287	1.1%
Technical and Special Fees		119,551,841		120,961,752		1,409,911	1.2%
Non Salary Operating & Maintenance		1,807,022,180		1,853,802,480		46,780,300	2.6%
Facilities Renewal		<u>141,603,409</u>		<u>147,805,091</u>		<u>6,201,682</u>	<u>4.4%</u>
Total Operating Expenses		1,948,625,589		2,001,607,571		52,981,982	2.7%
Total Expenditures	23,527.06	5,012,434,789	23,459.56	5,099,514,969	(67.50)	87,080,180	1.7%
Revenue							
Current Unrestricted							
Tuition & Fees		1,474,174,314		1,528,400,108		54,225,794	3.7%
State Appropriations		1,203,433,641		1,218,844,919		15,411,278	1.3%
Sales & Services of Auxiliary		622,908,765		647,353,728		24,444,963	3.9%
Federal Grants & Contracts		116,630,212		116,348,533		(281,679)	-0.2%
Other Sources		<u>369,437,446</u>		<u>356,525,197</u>		<u>(12,912,249)</u>	<u>-3.5%</u>
Total Unrestricted Revenue		3,786,584,378		3,867,472,485		80,888,107	2.1%
Current Restricted							
Federal Grants & Contracts		704,609,044		714,671,795		10,062,751	1.4%
Other Sources		<u>521,241,367</u>		<u>517,370,689</u>		<u>(3,870,678)</u>	<u>-0.7%</u>
Total Restricted Revenue		1,225,850,411		1,232,042,484		6,192,073	0.5%
Total Revenue		5,012,434,789		5,099,514,969		87,080,180	1.7%

**UNIVERSITY SYSTEM OF MARYLAND
TOTAL STATE SUPPORTED**

	FY 2015 Revised		FY 2016 Appropriation		FY 2016 Change		
	<u>Full Time Positions</u>	<u>Amount (\$)</u>	<u>Full Time Positions</u>	<u>Amount (\$)</u>	<u>Full Time Positions</u>	<u>Amount (\$)</u>	<u>%</u>
Expenditures							
Salaries & Fringes	16,625.66	1,895,498,575	16,556.16	1,930,213,164	(69.50)	34,714,589	1.8%
Technical and Special Fees		69,228,526		69,688,586		460,060	0.7%
Non Salary Operating & Maintenance		783,198,602		800,897,527		17,698,925	2.3%
Facilities Renewal		<u>47,073,573</u>		<u>53,630,941</u>		<u>6,557,368</u>	<u>13.9%</u>
Total Operating Expenses		830,272,175		854,528,468		24,256,293	2.9%
Total Expenditures	16,625.66	2,794,999,276	16,556.16	2,854,430,218	(69.50)	59,430,942	2.1%
Revenue							
Current Unrestricted							
Tuition & Fees		1,331,079,693		1,384,251,898		53,172,205	4.0%
State Appropriations		1,203,433,641		1,218,844,919		15,411,278	1.3%
Sales & Services of Auxiliary		0		0		0	0.0%
Federal Grants & Contracts		50,436,329		50,238,021		(198,308)	-0.4%
Other Sources		<u>155,554,469</u>		<u>147,121,306</u>		<u>(8,433,163)</u>	<u>-5.4%</u>
Total Unrestricted Revenue		2,740,504,132		2,800,456,144		59,952,012	2.2%
Current Restricted							
Federal Grants & Contracts		43,536,573		43,515,503		(21,070)	-0.05%
Other Sources		<u>10,958,571</u>		<u>10,458,571</u>		<u>(500,000)</u>	<u>-4.6%</u>
Total Restricted Revenue		54,495,144		53,974,074		(521,070)	-1.0%
Total Revenue		2,794,999,276		2,854,430,218		59,430,942	2.1%

**UNIVERSITY SYSTEM OF MARYLAND
TOTAL NON STATE SUPPORTED**

	FY 2015 Revised		FY 2016 Appropriation		FY 2016 Change		
	<u>Full Time Positions</u>	<u>Amount (\$)</u>	<u>Full Time Positions</u>	<u>Amount (\$)</u>	<u>Full Time Positions</u>	<u>Amount (\$)</u>	<u>%</u>
Expenditures							
Salaries & Fringes	6,901.40	1,048,758,784	6,903.40	1,046,732,482	2.00	(2,026,302)	-0.2%
Technical and Special Fees		50,323,315		51,273,166		949,851	1.9%
Non Salary Operating & Maintenance		1,023,823,578		1,052,904,953		29,081,375	2.8%
Facilities Renewal		<u>94,529,836</u>		<u>94,174,150</u>		<u>(355,686)</u>	<u>-0.4%</u>
Total Operating Expenses		1,118,353,414		1,147,079,103		28,725,689	2.6%
Total Expenditures	6,901.40	2,217,435,513	6,903.40	2,245,084,751	2.00	27,649,238	1.2%
Revenue							
Current Unrestricted							
Tuition & Fees		143,094,621		144,148,210		1,053,589	0.7%
State Appropriations		0		0		0	0.0%
Sales & Services of Auxiliary		622,908,765		647,353,728		24,444,963	3.9%
Federal Grants & Contracts		66,193,883		66,110,512		(83,371)	-0.1%
Other Sources		<u>213,882,977</u>		<u>209,403,891</u>		<u>(4,479,086)</u>	<u>-2.1%</u>
Total Unrestricted Revenue		1,046,080,246		1,067,016,341		20,936,095	2.0%
Current Restricted							
Federal Grants & Contracts		661,072,471		671,156,292		10,083,821	1.5%
Other Sources		<u>510,282,796</u>		<u>506,912,118</u>		<u>(3,370,678)</u>	<u>-0.7%</u>
Total Restricted Revenue		1,171,355,267		1,178,068,410		6,713,143	0.6%
Total Revenue		2,217,435,513		2,245,084,751		27,649,238	1.2%