



TOPIC: University System of Maryland: FY 2017 Operating Budget

COMMITTEE: Finance Committee

DATE OF COMMITTEE MEETING: June 9, 2016

SUMMARY: The FY 2017 operating budget reflects strong support from the Governor and the General Assembly for the University System of Maryland (USM). 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 \$5.3 billion. FY 2017 Tuition and Fees were approved at the April 15, 2016 Board meeting where resident undergraduate tuition was capped at a 2% increase.

The state-supported portion of the budget totals \$3.0 billion. Included in the \$3.0 billion are state appropriations and Higher Education Investment Funds (HEIF) of \$1.3 billion (an increase of \$91.6 million or 7.4% over the original FY 2016 Appropriation), tuition and fees of \$1.5 billion (an increase of \$20 million or 1.4%) and other revenues of \$245 million (an increase of \$4.9 million or 2.0%).

The net increase of \$91.5 million in state appropriation & HEIF includes the following:

- State Fringe Benefit cost increases \$41.3M
- 2.5% Faculty/Staff salary increases \$38.2M
- 1% Tuition buy down \$ 5.3M
- Enhancement Funding for College Completion \$ 6.8M
- Legislative reduction in the System Office (\$ 0.1M)

The non state-supported portion of the budget totals \$2.3 billion. The \$2.3 billion is mainly comprised of auxiliary revenues of \$667 million (an increase of \$28 million) and \$1.2 billion of federal grants and other restricted funds (an increase of \$21 million).

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 change in overall expenditures.

FISCAL IMPACT: The USM budget totals \$5.3 billion.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve the FY 2017 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

**SUMMARY OF EXPENDITURES
UNIVERSITY SYSTEM OF MARYLAND
TOTAL**

Expenditures	FY 2015		FY 2016		FY 2017		FY 2017 Change		%
	FTE	Actual	FTE	Budget*	FTE	Appropriation	FTE	Amount	
Salaries & Fringes	23,531.06	\$2,978,572,262	23,635.80	\$3,061,097,039	23,635.80	\$3,150,531,977	0.00	\$89,434,938	2.9%
Technical & Special Fees		115,250,492		118,394,179		129,237,214		10,843,035	9.2%
Non Salary Operating & Maintenance		1,686,421,979		1,817,581,069		1,866,039,789		48,458,720	2.7%
Facilities Renewal		173,010,131		151,430,821		165,285,755		13,854,934	9.1%
Total Operating Expenses		<u>1,859,432,110</u>		<u>1,969,011,890</u>		<u>2,031,325,544</u>		<u>62,313,654</u>	<u>3.2%</u>
Total Expenditures	23,531.06	<u>\$4,953,254,864</u>	23,635.80	<u>\$5,148,503,108</u>	23,635.80	<u>\$5,311,094,735</u>	0.00	<u>\$162,591,627</u>	<u>3.2%</u>
Revenue									
Current Unrestricted									
Tuition & Fees		\$1,500,748,880		\$1,560,272,315		\$1,580,914,491		\$20,642,176	1.3%
State Appropriation		1,149,620,702		1,187,453,023 *		1,274,036,800		86,583,777	7.3%
Higher Ed Investment Fund		53,812,939		56,605,028		61,605,051		5,000,023	8.8%
Sales & Services of Auxiliary		618,025,959		639,781,962		667,630,638		27,848,676	4.4%
Federal Grants & Contracts		125,806,705		124,271,561		126,719,119		2,447,558	2.0%
Other Sources		<u>355,878,731</u>		<u>370,874,387</u>		<u>371,828,366</u>		<u>953,979</u>	<u>0.3%</u>
		\$3,803,893,916		\$3,939,258,276		\$4,082,734,465		\$143,476,189	3.6%
Current Restricted Revenue									
Federal Grants & Contracts		667,167,730		697,184,832		712,457,416		15,272,584	2.2%
Other Sources		<u>482,193,218</u>		<u>512,060,000</u>		<u>515,902,854</u>		<u>3,842,854</u>	<u>0.8%</u>
Total Restricted Revenue		\$1,149,360,948		\$1,209,244,832		\$1,228,360,270		\$19,115,438	1.6%
Total Revenue		\$4,953,254,864		\$5,148,503,108		\$5,311,094,735		\$162,591,627	3.2%

* Note: FY 2016 does not include \$16.5M one-time deficiency funds.

**SUMMARY OF EXPENDITURES
UNIVERSITY SYSTEM OF MARYLAND
STATE-SUPPORTED**

Expenditures	FY 2015		FY 2016		FY 2017		FY 2017 Change		%
	FTE	Actual	FTE	Budget*	FTE	Appropriation	FTE	Amount	
Salaries & Fringes	16,469.70	\$1,945,610,795	16,545.69	\$2,008,840,746	16,545.69	\$2,080,391,234	0.00	\$71,550,488	3.6%
Technical & Special Fees		71,524,892		69,625,742		79,847,067		10,221,325	14.7%
Non Salary Operating & Maintenance		719,669,497		779,113,914		803,265,217		24,151,303	3.1%
Facilities Renewal		88,309,834		67,223,278		77,684,324		10,461,046	15.6%
Total Operating Expenses		807,979,331		846,337,192		880,949,541		34,612,349	4.1%
Total Expenditures	16,469.70	\$2,825,115,018	16,545.69	\$2,924,803,680	16,545.69	\$3,041,187,842	0.00	\$116,384,162	4.0%
Revenue									
Current Unrestricted									
Tuition & Fees		\$1,375,985,360		\$1,440,902,050		\$1,460,842,473	48%	\$19,940,423	1.4%
State Appropriation		1,149,620,702		1,187,453,023 *		1,274,036,800	44%	86,583,777	7.3%
Higher Ed Investment Fund		53,812,939		56,605,028		61,605,051		5,000,023	8.8%
Sales & Services of Auxiliary		0		0		0		0	0.0%
Federal Grants & Contracts		55,509,046		54,919,951		54,878,574		-41,377	-0.1%
Other Sources		143,705,675		130,991,210		137,331,703		6,340,493	4.8%
		\$2,778,633,722		\$2,870,871,262		\$2,988,694,601		\$117,823,339	4.1%
Current Restricted Revenue									
Federal Grants & Contracts		39,486,699		43,798,169		42,633,992		-1,164,177	-2.7%
Other Sources		6,994,597		10,134,249		9,859,249		-275,000	-2.7%
Total Restricted Revenue		\$46,481,296		\$53,932,418		\$52,493,241		(\$1,439,177)	-2.7%
Total Revenue		\$2,825,115,018		\$2,924,803,680		\$3,041,187,842		\$116,384,162	4.0%

* Note: FY 2016 does not include \$16.5M one-time deficiency funds.

**SUMMARY OF EXPENDITURES
UNIVERSITY SYSTEM OF MARYLAND
NON STATE-SUPPORTED**

Expenditures	FY 2015		FY 2016		FY 2017		FY 2017 Change		
	FTE	Actual	FTE	Budget	FTE	Appropriation	FTE	Amount	%
Salaries & Fringes	7,061.36	\$1,032,961,467	7,090.11	\$1,052,256,293	7,090.11	\$1,070,140,743	0.00	\$17,884,450	1.7%
Technical & Special Fees		43,725,600		48,768,437		49,390,147		621,710	1.3%
Non Salary Operating & Maintenance		966,752,482		1,038,467,155		1,062,774,572		24,307,417	2.3%
Facilities Renewal		84,700,297		84,207,543		87,601,431		3,393,888	4.0%
Total Operating Expenses		<u>1,051,452,779</u>		<u>1,122,674,698</u>		<u>1,150,376,003</u>		<u>27,701,305</u>	2.5%
Total Expenditures	7,061.36	<u>\$2,128,139,846</u>	7,090.11	<u>\$2,223,699,428</u>	7,090.11	<u>\$2,269,906,893</u>	0.00	<u>\$46,207,465</u>	2.1%
Revenue									
Current Unrestricted									
Tuition & Fees		\$124,763,520		\$119,370,265		\$120,072,018		\$701,753	0.6%
State Appropriation		0		0		0		0	0.0%
Higher Ed Investment Fund		0		0		0		0	0.0%
Sales & Services of Auxiliary		618,025,959		639,781,962		667,630,638		27,848,676	4.4%
Federal Grants & Contracts		70,297,659		69,351,610		71,840,545		2,488,935	3.6%
Other Sources		<u>212,173,056</u>		<u>239,883,177</u>		<u>234,496,663</u>		<u>(5,386,514)</u>	<u>-2.2%</u>
		\$1,025,260,194		\$1,068,387,014		\$1,094,039,864		\$25,652,850	2.4%
Current Restricted Revenue									
Federal Grants & Contracts		627,681,031		653,386,663		669,823,424		16,436,761	2.5%
Other Sources		<u>475,198,621</u>		<u>501,925,751</u>		<u>506,043,605</u>		<u>4,117,854</u>	<u>0.8%</u>
Total Restricted Revenue		\$1,102,879,652		\$1,155,312,414		\$1,175,867,029		\$20,554,615	1.8%
Total Revenue		\$2,128,139,846		\$2,223,699,428		\$2,269,906,893		\$46,207,465	2.1%