## **BOARD OF REGENTS**



SUMMARY OF ITEM FOR ACTION, INFORMATION OR DISCUSSION

**TOPIC**: University System of Maryland: FY 2017 Operating Budget

**COMMITTEE**: Finance Committee

**DATE OF COMMITTEE MEETING:** June 9, 2016

<u>SUMMARY</u>: 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).

<u>ALTERNATIVE(S)</u>: 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

University System of Maryland											
FY 2017 General Fund (GF) - Higher Education Investment Fund (HEIF) Appropriation											
EV 2016 Dags	DDM Funding for	Carraman	Comamania								
				T anialativa	Calama	Comonal		Total			
					•		HEIE	Total Appropriation			
				Reduction							
			·					\$227,284,952			
, ,			, ,					514,065,500			
	1,238,561	190,452	400,000					44,331,255			
107,050,342	7,129,975	933,211	400,000		3,555,532	\$113,746,697	5,322,363	119,069,060			
38,083,911	1,349,322	140,294	200,000		1,063,077	\$38,952,839	1,883,765	40,836,604			
38,470,741	1,765,244	243,857	450,000		1,017,279	\$40,044,079	1,903,042	41,947,121			
44,755,130	1,032,210	89,421	500,000		795,301	\$44,964,876	2,207,186	47,172,062			
34,639,444	1,179,121	175,820	200,000		1,523,292	\$36,004,772	1,712,905	37,717,677			
47,533,057	2,338,733	432,993	400,000		1,552,486	\$49,918,901	2,338,368	52,257,269			
38,596,667	1,899,289	715,807	0		702,105	\$39,959,972	1,953,896	41,913,868			
111,151,119	3,790,127	750,094	750,000		3,161,627	\$114,089,034	5,513,933	119,602,967			
22,353,347	400,253	0	0		360,437	\$22,017,864	1,096,173	23,114,037			
23,567,555	385,104	<u>0</u>	2,000,000	(100,000)	476,820	\$25,179,838	1,149,641	26,329,479			
\$1,244,058,051	\$41,278,956	\$5,341,725	\$6,800,000	(\$100,000)	\$38,263,119	\$1,274,036,800	\$61,605,051	\$1,335,641,851			
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one-time \$16.5M	deficiency.										
	38,470,741 44,755,130 34,639,444 47,533,057 38,596,667 111,151,119 22,353,347 23,567,555 \$1,244,058,051	FY 2016 Base         DBM Funding for Health & Other           GF/HEIF         Health & Other           Total*         Controlled SubObj           \$215,405,339         \$5,050,121           480,925,509         13,720,896           41,525,890         1,238,561           107,050,342         7,129,975           38,083,911         1,349,322           38,470,741         1,765,244           44,755,130         1,032,210           34,639,444         1,179,121           47,533,057         2,338,733           38,596,667         1,899,289           111,151,119         3,790,127           22,353,347         400,253           23,567,555         385,104	FY 2017 General Fund (GF) - High           FY 2016 Base         DBM Funding for Governor         Governor           Total*         Controlled SubObj Buy Down           \$215,405,339         \$5,050,121         \$55,884           480,925,509         13,720,896         1,613,892           41,525,890         1,238,561         190,452           107,050,342         7,129,975         933,211           38,083,911         1,349,322         140,294           38,470,741         1,765,244         243,857           44,755,130         1,032,210         89,421           34,639,444         1,179,121         175,820           47,533,057         2,338,733         432,993           38,596,667         1,899,289         715,807           111,151,119         3,790,127         750,094           22,3567,555         385,104         0           \$1,244,058,051         \$41,278,956         \$5,341,725	FY 2017 General Fund (GF) - Higher Education Investment	FY 2017 General Fund (GF) - Higher Education Investment Fund (H	FY 2017 General Fund (GF) - Higher Education Investment Fund (HEIF) Appropriate   Properties	FY 2017 General Fund (GF) - Higher Education Investment Fund (HEIF) Appropriation	FY 2017 General Fund (GF) - Higher Education Investment Fund (HEIF) Appropriation			

## SUMMARY OF EXPENDITURES UNIVERSITY SYSTEM OF MARYLAND TOTAL

FY 201		2015 FY 2016		FY	2017				
Expenditures	<u>FTE</u>	<u>Actual</u>	<u>FTE</u>	Budget*	<u>FTE</u>	<u>Appropriation</u>	FTE	<u>Amount</u>	<u>%</u>
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 Facilities Renewal Total Operating Expenses	e	1,686,421,979 173,010,131 1,859,432,110		1,817,581,069 <u>151,430,821</u> <u>1,969,011,890</u>		1,866,039,789 <u>165,285,755</u> <u>2,031,325,544</u>		48,458,720 13,854,934 62,313,654	2.7% <u>9.1%</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>	3.2%
Revenue Current Unrestricted Tuition & Fees State Appropriation Higher Ed Investment Fund Sales & Services of Auxiliary Federal Grants & Contracts Other Sources		\$1,500,748,880 1,149,620,702 53,812,939 618,025,959 125,806,705 355,878,731 \$3,803,893,916		\$1,560,272,315 1,187,453,023 * 56,605,028 639,781,962 124,271,561 370,874,387 \$3,939,258,276		\$1,580,914,491 1,274,036,800 61,605,051 667,630,638 126,719,119 <u>371.828.366</u> \$4,082,734,465		\$20,642,176 86,583,777 5,000,023 27,848,676 2,447,558 953,979 \$143,476,189	1.3% 7.3% 8.8% 4.4% 2.0% 0.3% 3.6%
Current Restricted Revenue Federal Grants & Contracts Other Sources Total Restricted Revenue		667,167,730 482,193,218 \$1,149,360,948		697,184,832 512,060,000 \$1,209,244,832		712,457,416 515,902,854 \$1,228,360,270		15,272,584 3,842,854 <b>\$19,115,438</b>	2.2% <u>0.8%</u> <b>1.6%</b>
Total Revenue		\$4,953,254,864		\$5,148,503,108		\$5,311,094,735		\$162,591,627	3.2%

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

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

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

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

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

FY 2015		Y 2015	F	<b>/ 2016</b>	F`	Y 2017	FY 2017 Change		
Expenditures	<u>FTE</u>	<u>Actual</u>	FTE	<u>Budget</u>	FTE	<u>Appropriation</u>	FTE	Amount	<u>%</u>
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 Facilities Renewal Total Operating Expenses	e	966,752,482 <u>84,700,297</u> <u>1,051,452,779</u>		1,038,467,155 <u>84,207,543</u> <u>1,122,674,698</u>		1,062,774,572 <u>87,601,431</u> <u>1,150,376,003</u>		24,307,417 3,393,888 27,701,305	2.3% 4.0% 2.5%
Total Expenditures	7,061.36	\$2,128,139,846	7,090.11	\$2,223,699,428	7,090.11	\$2,269,906,893	0.00	<u>\$46,207,465</u>	2.1%
Revenue Current Unrestricted Tuition & Fees State Appropriation Higher Ed Investment Fund Sales & Services of Auxiliary Federal Grants & Contracts Other Sources		\$124,763,520 0 0 618,025,959 70,297,659 212,173,056 \$1,025,260,194		\$119,370,265 0 0 639,781,962 69,351,610 239,883,177 \$1,068,387,014		\$120,072,018 0 0 667,630,638 71,840,545 234,496.663 \$1,094,039,864		\$701,753 0 0 27,848,676 2,488,935 (5,386,514) \$25,652,850	0.6% 0.0% 0.0% 4.4% 3.6% -2.2% <b>2.4%</b>
Current Restricted Revenue Federal Grants & Contracts Other Sources Total Restricted Revenue		627,681,031 475,198,621 \$1,102,879,652		653,386,663 501,925,751 \$1,155,312,414		669,823,424 506,043,605 \$1,175,867,029		16,436,761 4,117,854 \$20,554,615	2.5% 0.8% <b>1.8%</b>
Total Revenue		\$2,128,139,846		\$2,223,699,428		\$2,269,906,893		\$46,207,465	2.1%