



TOPIC: University System of Maryland: FY 2014 Operating Budget

COMMITTEE: Committee of the Whole

DATE OF COMMITTEE MEETING: May 15, 2013

SUMMARY: The FY 2014 operating budget reflects strong support from the Governor and General Assembly for the University System of Maryland (USM). The budget includes general funds, Higher Education Investment Fund (HEIF), tuition and fees, auxiliary services, contracts and grants, endowment income and other revenues for an overall budget of \$4.97 billion.

The state supported portion of the budget totals \$2.8 billion. Included in this are state funds of \$1.2 billion, an increase of \$100 million or 9.3% (inclusive of January 2014 cost of living adjustment); tuition and fees of \$1.3 billion, an increase of \$34.1 million or 2.6%; and other revenues of \$210 million, an increase of \$7.4 million or 4.0%.

The \$100.0 million increase in state funds will be used for:

- Current Services (e.g., new facilities, fringe benefits, financial aid) \$56.7M
- Academic Transformation/Completion/STEM/other 13.7M
- MPower/Technology Transfer 6.8M
- Enhancement of HBCU's 2.6M
- Cost of Living salary adjustments, January 2014 20.3M

In addition to state funds, \$10.0 million of institutional fund balance will be directed toward funding programmatic enhancement initiatives.

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 \$4.97 billion.

CHANCELLOR'S RECOMMENDATION: That the Board of Regents approve the FY 2014 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 2014 Programmatic Enhancement Increases

- **STEM, Cyber Security & Health-related workforce graduates**
 - a. Increase STEM & health related enrollment by 1,000 FTE students.
 - b. Increase graduates by 700 degrees or 10% increase over current degree production.

- **MPowering the State, Research Entrepreneurship & Commercialization**
 - a. Center for Health-Related Informatics & Bio-Imaging:
 - Leverage research capabilities in computer science and medicine for UMB, UMCP, & UMMS.
 - Critical element in UMB/UMCP's joint application for multi-year, \$37.7M NIH Clinical and Translational Science Award.
 - b. Collaborative School of Public Health
 - Joint curricula offered to incoming students in 2014.
 - Research opportunities for students.
 - c. UM Ventures
 - Unified licensing and patenting processes.
 - Expanded capacity for professional “site miners” to work with faculty and laboratories.
 - Business/faculty/students web portal providing access to UM Ventures expertise.
 - d. Development of new academic model at Shady Grove
 - Strengthened partnerships with NIST.
 - Collaboration with private & public entities in bio-tech corridor.
 - e. School of Law offerings and certain certificate programs offered at College Park.

- **Academic Transformation/College Completion Initiatives**
 - a. Academic Transformation – 40+ additional courses redesigns.
 - b. Increase by 12,000 the number of students in redesigned courses (a 100% increase).
 - c. Additional Completion & Achievement Gap strategies (e.g., targeted need-based financial aid).

- **Regional Center Initiatives***
 - a. Non-USM Regional Centers \$0.7M allocated for new academic program seed money.
 - b. Shady Grove - additional \$0.6M for high demand & workforce targeted programs
 - UMCP Information Science iSchool
 - UMBC Computer Science & Applied Biochemistry
 - SU Exercise Science

- **Institutional Specific Initiatives**
 - UMCP Charter School and Hughes Agro-Ecology Center
 - UMES 1890 Program

*Contributes to both STEM and Completion initiatives

**University System of Maryland
FY 2014 General Funds/HEIF Appropriation**

							Estimated*
		Total		Total			FY 2014
	FY 2013 Base	Current		Total CSB &			Appropriation
	Total	Services	Programmatic	Programmatic	General Funds	Total	General Funds
	<u>GF SF & HEIF</u>	<u>Budget (CSB)</u>	<u>Enhancements</u>	<u>Enhancements</u>	<u>COLA</u>	<u>Increase</u>	<u>& HEIF</u>
UMB	186,455,423	8,955,802	3,769,741	12,725,543	3,605,866	16,331,409	202,786,832
UMCP	415,677,998	20,714,293	8,857,278	29,571,571	8,668,636	38,240,207	453,918,205
BSU	36,032,931	1,668,007	1,530,943	3,198,950	515,337	3,714,287	39,747,218
TU	91,854,369	7,224,850	305,140	7,529,990	1,893,513	9,423,503	101,277,872
UMES	32,344,116	1,413,573	1,964,643	3,378,216	560,324	3,938,540	36,282,656
FSU	33,559,167	2,773,260	59,434	2,832,694	563,385	3,396,079	36,955,246
CSU	38,193,767	1,881,553	1,539,419	3,420,972	451,895	3,872,867	42,066,634
UB	30,553,727	2,208,361	88,788	2,297,149	796,912	3,094,061	33,647,788
SU	39,970,911	2,380,360	442,718	2,823,078	798,976	3,622,054	43,592,965
UMUC	34,142,525	1,658,986	313,683	1,972,669	386,841	2,359,510	36,502,035
UMBC	96,695,992	4,641,919	2,190,239	6,832,158	1,662,708	8,494,866	105,190,858
UMCES	19,645,705	695,342	615,928	1,311,270	201,813	1,513,083	21,158,788
USMO	19,340,508	490,663	1,416,990	1,907,653	171,738	2,079,391	21,419,899
USM total	1,074,467,139	56,706,969	23,094,944	79,801,913	20,277,944	100,079,857	1,174,546,996

*Final appropriation to be communicated by the Department of Budget & Management by the end of May. Adjustments to retirement rates & associated expenditures are still to be determined.

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

	FY 2012		FY 2013		Estimated FY 2014		FY 2014 Change		
	FTE	Actual	FTE	Working	FTE	Appropriation	FTE	Amount	%
Salaries and Wages									
Teaching Faculty	4,580.93	431,417,277	4,655.01	470,618,304	4,655.01	476,819,519	0.00	6,201,215	1.3%
Non Teaching Faculty	1,163.48	127,133,820	1,172.30	149,350,919	1,172.30	146,192,881	0.00	(3,158,038)	-2.1%
Exempt	5,758.00	394,774,672	5,873.88	440,520,094	5,873.88	444,426,201	0.00	3,906,107	0.9%
Non-Exempt	<u>4,211.22</u>	<u>148,765,240</u>	<u>4,268.87</u>	<u>162,401,188</u>	<u>4,268.87</u>	<u>163,976,907</u>	<u>0.00</u>	<u>1,575,719</u>	<u>1.0%</u>
Subtotal Salaries (01)	15,713.63	1,102,091,009	15,970.06	1,222,890,505	15,970.06	1,231,415,508	0.00	8,525,003	0.7%
Part Time (01)	1,574.75	100,069,179	1,514.53	91,605,205	1,528.88	104,794,645	14.35	13,189,440	14.4%
Part Time-Students (01)		12,944,500		8,318,128		8,309,528		(8,600)	-0.1%
Other Salaries		8,245,204		6,119,863		6,483,245		363,382	5.9%
Fringe Benefits		412,623,444		429,412,982		457,510,161		28,097,179	6.5%
Turnover Expectancy		0		(44,265,612)		(37,481,252)		6,784,360	-15.3%
Salary Adjustments		476,296		873,526		27,762,752		26,889,226	0.0%
01 Total Salaries & Wages	17,288.38	1,636,449,632	17,484.59	1,714,954,597	17,498.94	1,798,794,587	14.35	83,839,990	4.9%
BOT-Special Pymt PR (0220)	1,428.44	52,231,128	1,402.99	47,710,561	1,453.67	50,490,776	50.68	2,780,215	5.8%
Other - Object 02		<u>25,109,636</u>		<u>23,999,966</u>		<u>24,920,040</u>		<u>920,074</u>	<u>3.8%</u>
02 Total Tech & Spec Fees	1,428.44	77,340,764	1,402.99	71,710,527	1,453.67	75,410,816	50.68	3,700,289	5.2%
Object 03 - 13 Operating		690,065,988		748,279,180		792,204,658		43,925,475	5.9%
Object 14 Land and Structures		116,538,694		93,645,718		104,183,880		10,538,162	11.3%
Total Operating Expenses		806,604,682		841,924,898		896,388,538		54,463,637	6.5%
Total Expenditures	18,716.82	2,520,395,078	18,887.58	2,628,590,022	18,952.61	2,770,593,941	65.03	142,003,916	5.4%
REVENUE SUMMARY:									
Current Unrestricted Revenue									
Tuition & Fees		1,246,463,468		1,293,522,862		1,327,591,818		34,068,956	2.6%
GF/HEIF/Budget Restoration		1,063,371,086		1,074,467,139		1,174,546,996		100,079,857	9.3%
Sales & Services of Auxiliary		0		0		0		0	0.0%
Federal Grants & Contracts		56,202,232		65,154,527		63,992,294		(1,162,233)	-1.8%
Other Sources		<u>101,241,481</u>		<u>137,769,429</u>		<u>146,346,470</u>		<u>8,577,041</u>	<u>6.2%</u>
Total Unrestricted Revenue		2,467,278,267		2,570,913,957		2,712,477,578		141,563,618	5.5%
Current Restricted Revenue									
Federal Grants & Contracts		44,740,949		47,522,266		47,868,560		346,294	0.7%
Other Sources		8,375,862		10,153,799		10,247,803		94,004	0.9%
Total Restricted Revenue		53,116,811		57,676,065		58,116,363		440,298	0.8%
Total Revenue		2,520,395,078		2,628,590,022		2,770,593,941		142,003,916	5.4%

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

	FY 2012		FY 2013		Estimated FY 2014		FY 2014 Change		
	<u>FTE</u>	<u>Actual</u>	<u>FTE</u>	<u>Working</u>	<u>FTE</u>	<u>Appropriation</u>	<u>FTE</u>	<u>Amount</u>	<u>%</u>
Salaries and Wages									
Teaching Faculty	150.92	28,829,603	128.48	29,343,551	129.95	29,804,407	1.47	460,856	1.6%
Non Teaching Faculty	2,777.45	370,268,634	2,674.37	375,687,663	2,674.37	378,009,542	0.00	2,321,879	0.6%
Exempt	2,657.98	163,473,993	2,742.18	174,238,859	2,738.44	175,502,315	-3.74	1,263,456	0.7%
Non-Exempt	<u>1,431.82</u>	<u>47,536,812</u>	<u>1,459.67</u>	<u>50,323,252</u>	<u>1,458.04</u>	<u>50,945,047</u>	<u>-1.63</u>	<u>621,795</u>	<u>1.2%</u>
Subtotal Salaries (01)	7,018.17	610,109,042	7,004.70	629,593,325	7,000.80	634,261,311	-3.90	4,667,986	0.7%
Part Time (01)	2,039.95	140,970,838	2,190.62	140,478,599	2,176.67	141,222,511	-13.95	743,912	0.5%
Part Time-Students (01)		23,681,805		22,352,841		22,352,841		0	0.0%
Other Salaries		6,514,783		4,993,927		4,986,577		(7,350)	-0.1%
Fringe Benefits		199,604,278		206,863,620		219,540,218		12,676,598	6.1%
Turnover Expectancy		0		(9,443,521)		(8,905,190)		538,331	-5.7%
Salary Adjustments		39,175		87,523		3,733,682		3,646,159	0.0%
01 Total Salaries & Wages	9,058.12	980,919,921	9,195.32	994,926,314	9,177.47	1,017,191,950	-17.85	22,265,636	2.2%
BOT-Special Pymt PR (0220)	491.48	25,863,611	507.88	29,183,834	503.60	29,173,180	-4.28	(10,654)	0.0%
Other - Object 02		<u>20,877,330</u>		<u>20,620,424</u>		<u>20,592,128</u>		<u>(28,296)</u>	<u>-0.1%</u>
02 Total Tech & Spec Fees	491.48	46,740,941	507.88	49,804,258	503.60	49,765,308	-4.28	(38,950)	-0.1%
Object 03 - 13 Operating		982,765,894		1,054,348,187		1,067,566,876		13,218,689	1.3%
Object 14 Land and Structures		77,096,767		85,737,900		65,859,231		(19,878,669)	-23.2%
Total Operating Expenses		1,059,862,661		1,140,086,087		1,133,426,107		(6,659,980)	-0.6%
Total Expenditures	9,549.60	2,087,523,523	9,703.20	2,184,816,659	9,681.07	2,200,383,365	-22.13	15,566,706	0.7%
Current Unrestricted Revenue									
Tuition & Fees		165,859,592		168,379,769		170,035,992		1,656,223	1.0%
GF/HEIF/Budget Restoration		0		0		0		0	0.0%
Sales & Services of Auxiliary		565,632,060		562,071,723		574,631,193		12,559,470	2.2%
Federal Grants & Contracts		69,568,851		63,321,147		66,067,268		2,746,121	4.3%
Other Sources		<u>172,127,326</u>		<u>184,288,358</u>		<u>186,213,120</u>		<u>1,924,762</u>	<u>1.0%</u>
Total Unrestricted Revenue		973,187,829		978,060,997		996,947,573		18,886,576	1.9%
Current Restricted Revenue									
Federal Grants & Contracts		678,882,212		717,721,459		729,626,294		11,904,835	1.7%
Other Sources		435,453,482		489,034,203		473,809,498		(15,224,705)	-3.1%
Total Restricted Revenue		1,114,335,694		1,206,755,662		1,203,435,792		(3,319,870)	-0.3%
Total Revenue		2,087,523,523		2,184,816,659		2,200,383,365		15,566,706	0.7%

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

	FY 2012		FY 2013		Estimated FY 2014		FY 2014 Change		
	FTE	Actual	FTE	Working	FTE	Appropriation	FTE	Amount	%
Salaries and Wages									
Teaching Faculty	4,731.85	460,246,880	4,783.49	499,961,855	4,784.96	506,623,926	1.47	6,662,071	1.3%
Non Teaching Faculty	3,940.93	497,402,454	3,846.67	525,038,582	3,846.67	524,202,423	0.00	(836,159)	-0.2%
Exempt	8,415.98	558,248,665	8,616.06	614,758,953	8,612.32	619,928,516	-3.74	5,169,563	0.8%
Non-Exempt	<u>5,643.04</u>	<u>196,302,052</u>	<u>5,728.54</u>	<u>212,724,440</u>	<u>5,726.91</u>	<u>214,921,954</u>	<u>-1.63</u>	<u>2,197,514</u>	<u>1.0%</u>
Subtotal Salaries (01)	22,731.80	1,712,200,051	22,974.76	1,852,483,830	22,970.86	1,865,676,819	-3.90	13,192,989	0.7%
Part Time (01)	3,614.70	241,040,017	3,705.15	232,083,804	3,705.55	246,017,156	0.40	13,933,352	6.0%
Part Time-Students (01)		36,626,305		30,670,969		30,662,369		(8,600)	0.0%
Other Salaries		14,759,987		11,113,790		11,469,822		356,032	3.2%
Fringe Benefits		612,227,722		636,276,602		677,050,379		40,773,777	6.4%
Turnover Expectancy		0		(53,709,133)		(46,386,442)		7,322,691	-13.6%
Salary Adjustments		515,471		961,049		31,496,434		30,535,385	0.0%
01 Total Salaries & Wages	26,346.50	<u>2,617,369,553</u>	26,679.91	<u>2,709,880,911</u>	26,676.41	<u>2,815,986,537</u>	-3.50	<u>106,105,626</u>	3.9%
BOT-Special Pymt PR (0220)	1,919.92	78,094,739	1,910.87	76,894,395	1,957.27	79,663,956	46.40	2,769,561	3.6%
Other - Object 02		<u>45,986,966</u>		<u>44,620,390</u>		<u>45,512,168</u>		<u>891,778</u>	<u>2.0%</u>
02 Total Tech & Spec Fees	1,919.92	124,081,705	1,910.87	121,514,785	1,957.27	125,176,124	46.40	3,661,339	3.0%
Object 03 - 13 Operating		1,672,831,882		1,802,627,367		1,859,771,534		57,144,164	3.2%
Object 14 Land and Structures		193,635,461		179,383,618		170,043,111		(9,340,507)	-5.2%
Total Operating Expenses		<u>1,866,467,343</u>		<u>1,982,010,985</u>		<u>2,029,814,645</u>		<u>47,803,657</u>	2.4%
Total Expenditures	28,266.42	<u>4,607,918,601</u>	28,590.78	<u>4,813,406,681</u>	28,633.68	<u>4,970,977,306</u>	42.90	<u>157,570,622</u>	3.3%
Current Unrestricted Revenue									
Tuition & Fees		1,412,323,060		1,461,902,631		1,497,627,810		35,725,179	2.4%
GF/HEIF/Budget Restoration		1,063,371,086		1,074,467,139		1,174,546,996		100,079,857	9.3%
Sales & Services of Auxiliary		565,632,060		562,071,723		574,631,193		12,559,470	2.2%
Federal Grants & Contracts		125,771,083		128,475,674		130,059,562		1,583,888	1.2%
Other Sources		<u>273,368,807</u>		<u>322,057,787</u>		<u>332,559,590</u>		<u>10,501,803</u>	<u>3.3%</u>
Total Unrestricted Revenue		<u>3,440,466,096</u>		<u>3,548,974,954</u>		<u>3,709,425,151</u>		<u>160,450,194</u>	4.5%
Current Restricted Revenue									
Federal Grants & Contracts		723,623,161		765,243,725		777,494,854		12,251,129	1.6%
Other Sources		443,829,344		499,188,002		484,057,301		(15,130,701)	-3.0%
Total Restricted Revenue		<u>1,167,452,505</u>		<u>1,264,431,727</u>		<u>1,261,552,155</u>		<u>(2,879,572)</u>	-0.2%
Total Revenue		<u>4,607,918,601</u>		<u>4,813,406,681</u>		<u>4,970,977,306</u>		<u>157,570,622</u>	3.3%