

TOPIC: University System of Maryland: FY 2018 Operating Budget

COMMITTEE: Finance Committee

DATE OF COMMITTEE MEETING: June 8, 2017

SUMMARY: 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 \$5.5 billion. The FY 2018 Tuition and Fee Schedule was approved at the April 21, 2017 Board meeting where resident undergraduate tuition was capped at 2%.

The state supported portion of the budget totals \$3.1 billion. Included in this amount are state appropriations and Higher Education Investment Funds (HEIF) of \$1.4 billion (an increase of \$30.6 million or 2.3% over the revised FY 2017 Appropriation), tuition and fees of \$1.5 billion (an increase of \$43.2 million or 2.9%), and other revenues of \$228 million (a decrease of \$11.3 million or 4.7%).

The net increase of \$30.6 million in state appropriation and HEIF includes the following:

- | | |
|---|-----------|
| • Tuition buy down | \$16.4M |
| • Senate Bill 1052 Implementation-MD Strategic Partnership | \$10.3M |
| • New facilities funding (UMB & SU) | \$ 8.3M |
| • UMCP Judge Alexander Williams Center for Education | \$ 0.4M |
| • State Fringe Benefit Adjustments & Legislative reductions | (\$ 4.8M) |

The non-state supported portion of the budget totals \$2.4 billion. This amount is mainly comprised of Auxiliary Revenues of \$675 million (an increase of \$18 million or 2.7%), and \$1.3 billion of federal grants and other restricted funds (an increase of \$17.6 million or 1.3%).

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 \$5.5 billion.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve the FY 2018 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: RECOMMEND APPROVAL

DATE: 6/8/17

BOARD ACTION:

DATE:

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

University System of Maryland
FY 2018 General Funds and Higher Education Investment Fund (HEIF) Appropriations

FY 2017 Adjusted Base*		\$1,321,441,851	
Tuition Replacement-State funding provided to keep resident UG tuition at 2%		16,428,807	
SB 1052 Funding:			
UMB Center for MD Advanced Ventures	4,000,000		
UMCP Center for Economic Entrepreneurship Development	2,000,000		
UMBC - Funding Guideline Improvement	3,500,000		
Towson- Funding Guideline Improvement	500,000		
System Office Baltimore move	<u>288,149</u>		
subtotal SB 1052 funding increase	10,288,149	10,288,149	
UMB partial funding for new facilities operating costs		5,956,000	
Salisbury - full funding for new facilities operating costs		2,300,000	
UMCP Judge Alexander Williams Center for Education, Justice & Ethics		363,000	
State Across the Board reductions related to fringe benefits and state controlled costs		(4,676,297)	
Towson general fund reduction - operating funds for Hidden Waters		<u>(70,000)</u>	
Net increase over Adjusted FY 2017 Base		<u>\$30,589,659</u>	2.3%
FY 2018 Estimated Legislative Appropriation		\$1,352,031,510	
* \$14.2M mid year reduction made base cut.			
Legislatively mandated Baltimore City Community College Transfer to USM Regional Centers		\$600,000	
note: Governor must approve this change.			

University System of Maryland											
FY 2018 General Funds & Higher Education Investment Funds (HEIF) Appropriations											
	Revised FY 2017	SB1052									
	State Funding	Maryland	New Facility	State Fringe	Governor	Judge Alex		Total	FY 2018 Appropriation		
	Appropriations	Strategic	Operating	Benefit & Other	3% Tuition	Williams	Legislative	State Funding	General	HEIF	Total
	(after \$14.2M Cut)	Partnership	Costs	Reductions	Buy Down	Center	Reduction	Increase	Funds		
UMB	\$224,868,551	\$4,000,000	\$5,956,000	(\$570,541)	\$170,600			\$9,556,059	\$224,485,796	\$9,938,814	\$234,424,610
UMCP	508,600,165	2,000,000		(1,702,543)	5,090,511	363,000		5,750,968	492,174,686	22,176,447	514,351,133
BSU	43,859,943			(167,394)	547,241			379,847	42,334,781	1,905,009	44,239,790
TU	117,803,166	500,000		(652,529)	2,857,194		(70,000)	2,634,665	115,299,691	5,138,140	120,437,831
UMES	40,402,446			(153,428)	420,881			267,453	38,915,062	1,754,837	40,669,899
FSU	41,501,156			(202,599)	759,177			556,578	40,255,176	1,802,558	42,057,734
CSU	46,670,548			(178,734)	261,210			82,476	44,725,939	2,027,085	46,753,024
UB	37,316,678			(201,127)	510,750			309,623	36,005,491	1,620,810	37,626,301
SU	51,701,691		2,300,000	(267,714)	1,310,449			3,342,735	52,699,983	2,344,443	55,044,426
UMUC	41,468,257			(79,415)	2,187,523			2,108,108	41,775,235	1,801,130	43,576,365
UMBC	118,331,397	3,500,000		(414,214)	2,313,271			5,399,057	118,440,454	5,290,000	123,730,454
UMCES	22,868,298			(51,641)				(51,641)	21,823,397	993,260	22,816,657
USMO	26,049,555	288,149		(34,418)				253,731	25,159,469	1,143,817	26,303,286
USM total	\$1,321,441,851	\$10,288,149	\$8,256,000	(\$4,676,297)	\$16,428,807	363,000	(70,000)	\$30,589,659	\$1,294,095,160	\$57,936,350	\$1,352,031,510

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

Expenditures	FY 2016		FY 2017		FY 2018		FY 2018 Change		%
	FTE	Actual	FTE	Working	FTE	Appropriation	FTE	Amount	
Salaries & Wages	23,636	\$3,043,995,206	23,923	\$3,200,138,740	23,918	\$3,204,798,645	(5)	\$4,659,905	0.1%
Technical & Specials Fees		121,683,583		128,893,343		130,401,460		1,508,117	1.2%
Non Salary Operative & Maintenance		1,750,010,371		1,882,138,915		1,965,930,061		83,791,146	4.5%
Facilities Renewal		<u>197,969,936</u>		<u>163,054,259</u>		<u>181,906,718</u>		<u>18,852,459</u>	<u>11.6%</u>
Sub total Operating Expenses		1,947,980,307		2,045,193,174		2,147,836,779		102,643,605	5.0%
Total Expenditures	23,636	\$5,113,659,096	23,923	\$5,374,225,257	23,918	\$5,483,036,884	(5)	\$108,811,627	2.0%
Revenue									
Current Unrestricted									
Tuition & Fees		\$1,572,803,816		\$1,599,629,958		\$1,644,259,429		\$44,629,471	2.8%
State Appropriation		1,200,718,471		1,264,520,237		1,294,095,160		29,574,923	2.3%
Higher Ed Investment Fund		56,605,028		56,921,614		57,936,350		1,014,736	1.8%
Sales & Services of Auxiliary		614,328,761		657,230,734		674,830,031		17,599,297	2.7%
Federal Grants & Contracts		130,765,118		130,914,790		132,476,214		1,561,424	1.2%
Other Sources		<u>343,021,370</u>		<u>380,678,576</u>		<u>380,990,083</u>		<u>311,507</u>	<u>0.1%</u>
Total Unrestricted Revenue		\$3,918,242,564		\$4,089,895,909		\$4,184,587,267		\$94,691,358	2.3%
Current Restricted Revenue									
Federal Grants & Contracts		692,351,675		743,908,761		754,007,453		10,098,692	1.4%
Other Sources		<u>503,064,857</u>		<u>540,420,587</u>		<u>544,442,164</u>		<u>4,021,577</u>	<u>0.7%</u>
Total Restricted Revenue		\$1,195,416,532		\$1,284,329,348		\$1,298,449,617		\$14,120,269	1.1%
Total Revenue		\$5,113,659,096		\$5,374,225,257		\$5,483,036,884		\$108,811,627	2.0%

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

Expenditures	FY 2016		FY 2017		FY 2018		FY 2018 Change		%
	FTE	Actual	FTE	Working	FTE	Appropriation	FTE	Amount	
Salaries & Wages	16,455	\$1,980,884,822	16,554	\$2,093,155,524	16,554	\$2,097,456,671	0	\$4,301,147	0.2%
Technical & Specials Fees		75,522,747		79,030,614		79,299,418		268,804	0.3%
Non Salary Operative & Maintenance		758,284,177		785,761,167		827,798,559		42,037,392	5.3%
Facilities Renewal		<u>100,236,866</u>		<u>74,593,187</u>		<u>90,543,487</u>		<u>15,950,300</u>	<u>21.4%</u>
Sub total Operating Expenses		858,521,043		860,354,354		918,342,046		57,987,692	6.7%
Total Expenditures	16,455	\$2,914,928,612	16,554	\$3,032,540,492	16,554	\$3,095,098,135	0	\$62,557,643	2.1%
Revenue									
Current Unrestricted									
Tuition & Fees		\$1,445,795,617		\$1,471,410,056		\$1,514,637,022		\$43,226,966	2.9%
State Appropriation		1,200,718,471		1,264,520,237		1,294,095,160		29,574,923	2.3%
Higher Ed Investment Fund		56,605,028		56,921,614		57,936,350		1,014,736	1.8%
Sales & Services of Auxiliary		0		0		0		0	0.0%
Federal Grants & Contracts		61,935,100		63,304,010		63,258,163		(45,847)	-0.1%
Other Sources		<u>103,241,148</u>		<u>121,985,518</u>		<u>112,605,262</u>		<u>(9,380,256)</u>	<u>-7.7%</u>
Total Unrestricted Revenue		\$2,868,295,364		\$2,978,141,435		\$3,042,531,957		\$64,390,522	2.2%
Current Restricted Revenue									
Federal Grants & Contracts		37,962,162		43,744,060		42,411,181		(1,332,879)	-3.0%
Other Sources		<u>8,671,086</u>		<u>10,654,997</u>		<u>10,154,997</u>		<u>(500,000)</u>	<u>-4.7%</u>
Total Restricted Revenue		\$46,633,248		\$54,399,057		\$52,566,178		(\$1,832,879)	-3.4%
Total Revenue		\$2,914,928,612		\$3,032,540,492		\$3,095,098,135		\$62,557,643	0.0%

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

Expenditures	FY 2016		FY 2017		FY 2018		FY 2018 Change		%
	FTE	Actual	FTE	Working	FTE	Appropriation	FTE	Amount	
Salaries & Wages	7,181	\$1,063,110,384	7,369	\$1,106,983,216	7,364	\$1,107,341,974	(5)	\$358,758	0.03%
Technical & Specials Fees		46,160,836		49,862,729		51,102,042		1,239,313	2.5%
Non Salary Operative & Maintenance		991,726,194		1,096,377,748		1,138,131,502		41,753,754	3.8%
Facilities Renewal		<u>97,733,070</u>		<u>88,461,072</u>		<u>91,363,231</u>		<u>2,902,159</u>	<u>3.3%</u>
Sub total Operating Expenses		1,089,459,264		1,184,838,820		1,229,494,733		44,655,913	3.8%
Total Expenditures	7,181	\$2,198,730,484	7,369	\$2,341,684,765	7,364	\$2,387,938,749	(5)	\$46,253,984	2.0%
Revenue									
Current Unrestricted									
Tuition & Fees		\$127,008,199		\$128,219,902		\$129,622,407		\$1,402,505	1.1%
State Appropriation		0		0		0		0	0.0%
Higher Ed Investment Fund		0		0		0		0	0.0%
Sales & Services of Auxiliary		614,328,761		657,230,734		674,830,031		17,599,297	2.7%
Federal Grants & Contracts		68,830,018		67,610,780		69,218,051		1,607,271	2.4%
Other Sources		<u>239,780,222</u>		<u>258,693,058</u>		<u>268,384,821</u>		<u>9,691,763</u>	<u>3.7%</u>
Total Unrestricted Revenue		\$1,049,947,200		\$1,111,754,474		\$1,142,055,310		\$30,300,836	2.7%
Current Restricted Revenue									
Federal Grants & Contracts		654,389,513		700,164,701		711,596,272		11,431,571	1.6%
Other Sources		<u>494,393,771</u>		<u>529,765,590</u>		<u>534,287,167</u>		<u>4,521,577</u>	<u>0.9%</u>
Total Restricted Revenue		\$1,148,783,284		\$1,229,930,291		\$1,245,883,439		\$15,953,148	1.3%
Total Revenue		\$2,198,730,484		\$2,341,684,765		\$2,387,938,749		\$46,253,984	2.0%

University System of Maryland								
FY 2018 Operating Budget								
	State				Total	Total	Total	Full Time
	<u>Appropriations</u>	<u>Tuition & Fees</u>	<u>Auxiliary</u>	<u>Other</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Funds</u>	<u>Positions</u>
UMB	\$234,424,610	\$140,407,339	\$29,200,891	\$237,090,312	\$641,123,152	\$483,411,770	\$1,124,534,922	4,790
UMCP	514,351,133	593,707,534	291,350,543	206,676,167	1,606,085,377	484,020,330	2,090,105,707	9,333
BSU	44,239,790	38,869,978	19,972,141	480,326	103,562,235	23,000,000	126,562,235	542
TU	120,437,831	191,658,453	127,585,112	9,971,210	449,652,606	50,112,331	499,764,937	2,131
UMES	40,669,899	31,121,641	32,199,710	1,918,615	105,909,865	33,390,279	139,300,144	807
FSU	42,057,734	40,313,169	18,171,434	7,508,099	108,050,436	13,281,000	121,331,436	731
CSU	46,753,024	17,145,565	11,248,869	48,231	75,195,689	18,000,000	93,195,689	440
UB	37,626,301	68,081,315	8,016,167	1,425,830	115,149,613	23,872,426	139,022,039	669
SU	55,044,426	79,381,844	58,150,206	457,404	193,033,880	13,000,000	206,033,880	1,062
UMUC	43,576,365	311,579,328	6,000	13,556,940	368,718,633	42,274,732	410,993,365	1,034
UMBC	123,730,454	131,993,263	78,928,958	21,033,583	355,686,258	92,883,636	448,569,894	1,998
UMCES	22,816,657	0	0	7,145,684	29,962,341	18,203,113	48,165,454	273
USMO	26,303,286	0	0	6,153,896	32,457,182	3,000,000	35,457,182	110
Total	\$1,352,031,510	\$1,644,259,429	\$674,830,031	\$513,466,297	\$4,184,587,267	\$1,298,449,617	\$5,483,036,884	23,918