

Consortium Assembly on budget FY 2015 & FY 2016

February 5, 2015

Salisbury
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FY 2015

(July 1, 2014 to June 30, 2015)

Budget Reductions

- Statewide Cut: \$403,060,376
- USM Cut: \$ 40,328,890
(5x more than expected)
- SU Cut: \$ 1,504,566

SU FY 2015

Budget Cut – SU Response

- Savings from delayed hiring \$ 525,000
(over 40 positions put on hold)
- Tuition increase (2%; \$62) 341,000
- Savings from construction fees 300,000
- Delayed facilities renewal 275,000
- Fund balance reduction 63,566

Total January 2015 reduction \$1,504,566

FY 2016

(July 1, 2015 to June 30, 2016)

Budget Reductions

- USM Cut: \$96,508,000
- SU Cut:
 - Unknown at this time
 - Pro rata would be \$3,609,399

FY 2016

So why has it been reported that in FY 2016 USM gets a 1.3% increase?

- \$15 million increase in revenue
- \$86 million increase in mandatory costs

FY 2016

How the State plans to achieve FY 2016 budget reductions

- Reverse January 2015 COLA
- Eliminate July 2015 Merit (2.5%)
- Across the Board Cut of \$25,457,000 to USM
 - SU's Pro rata share would be \$952,092
 - Assumes a 5% tuition increase and elimination of the COLA and Merit increases that had been in Gov. O'Malley's proposed FY 16 budget

Notes:

- Operating funds and Capital funds are not fungible.
- Governor Hogan hopes to eliminate the State's structural budget deficit in one year.
- Governor Hogan campaigned on a promise to reduce taxes.
- Impact of Coalition lawsuit is uncertain.

Conclusion:

All University System of Maryland institutions are facing a tough road ahead.

- Questions?
- Ideas?
 - Should we plan to eliminate programs in order to be able to fill vacant positions in critical, high-demand areas? (This would involve layoffs and retrenchments.)

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