BOWIE STATE UNIVERSITY
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# FY 2026 Budget Forum

## May 6, 2025

## 11:00 AM- 12:30 PM

# Agenda Items

- Budget Calendar
- FY 2025 University Budget Update and Projections
- FY 2026 University Budget Update
  - Tuition and State Funds Revenue Comparison
  - State of Maryland
  - Revenue Assumptions
  - Deficit Breakdown
  - Revenue Comparison
  - Deficit Approach
  - Budget Reduction Detail
  - Budget Projections
  - What does this mean for BSU?

# Budget Development Process Calendar

**May***

- VPAF host campus budget forum

**June**

- Budget Office begins the process of reconciling and preparing the working budget for use in Workday

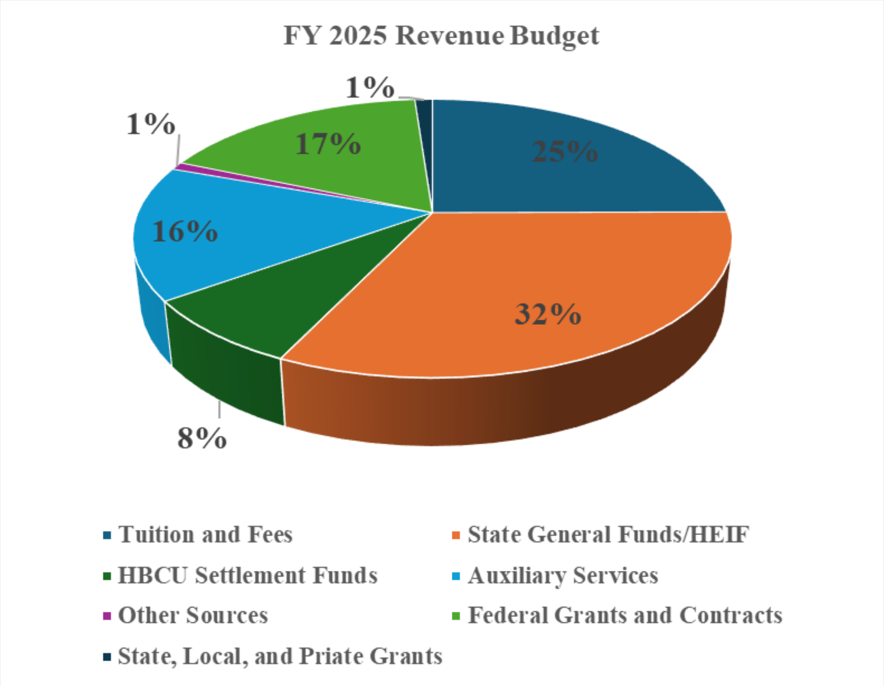
**July**

- Budget Office informs the campus community that budgets are available

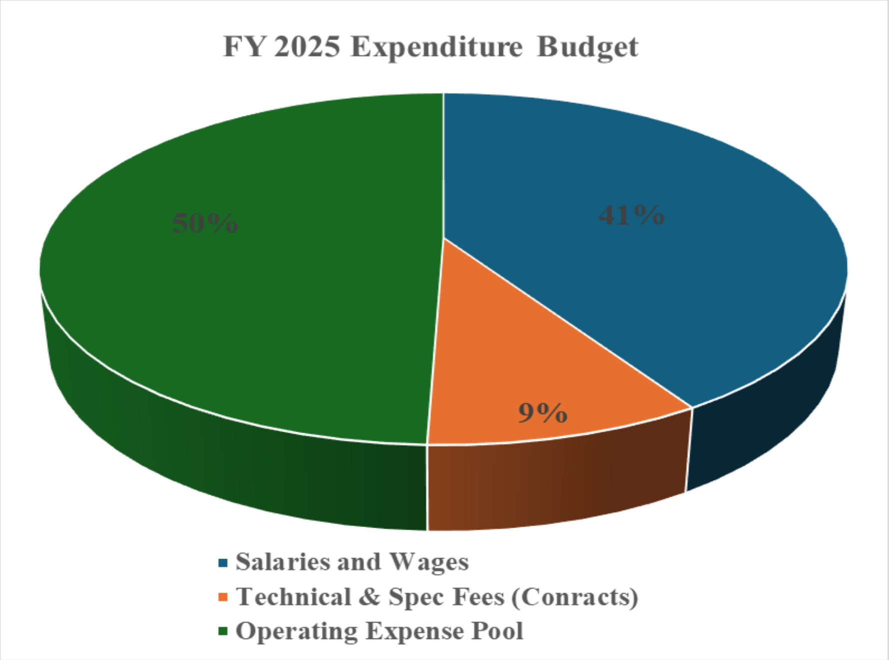
***Due to ongoing fiscal challenges, we re-acknowledge that this year's budget process has not followed its normal course**

# FY 2025 University Budget

| Unrestricted & Restricted Revenues | FY 2025 | % Budget |
|---|---|---|
| Tuition and Fees | 54,885,195 | 25% |
| State General Funds/HEIF | 70,764,911 | 32% |
| HBCU Settlement Funds | 17,476,088 | 8% |
| Auxiliary Services | 34,400,107 | 16% |
| Other Sources (Interest Income, Parking) | 2,014,935 | 1% |
| Federal Grants and Contracts | 38,209,513 | 17% |
| State, Local, and Private Grants | 2,500,000 | 1% |
| | **220,250,749** | **100%** |




| Unrestricted & Restricted Expenditures | FY 2025 | % Budget |
|---|---|---|
| Salaries and Wages | 90,526,023 | 41% |
| Technical & Spec Fees (Contracts) | 20,789,229 | 9% |
| Operating Expense Pool (Travel, Supplies, Equipment, Contractual Services, Scholarships, etc.) | 108,935,497 | 50% |
| | **220,250,749** | **100%** |



# FY 2025 Budget Projections

**Unrestricted Revenues**

| Class Description | FY 2025 Budget | Period Activity (USD) | Projected thru 6/30/25 | $ Variance | % Variance |
|---|---|---|---|---|---|
| Tuition & Fees | 54,885,195 | $ 49,401,832 | 51,401,832 | (3,483,363) | 93.7% |
| State Appropriation/HEIF/Coalition | 88,240,999 | $ 84,086,089 | 88,363,488 | 122,489 | 100.1% |
| Federal Grants and Contracts | 918,843 | $ 978,011 | 918,843 | - | 100.0% |
| Sales & Services-Auxiliary | 34,400,107 | $ 27,096,244 | 30,096,244 | (4,303,863) | 87.5% |
| Other Sources | 2,924,475 | $ 3,215,717 | 4,191,142 | 1,266,667 | 143.3% |
| Transfer to Fund Balance | (1,828,383) | | | 1,828,383 | 0.0% |
| **Grand Total** | **179,541,236** | **164,777,893** | **174,971,549** | **(4,569,687)** | **97.5%** |

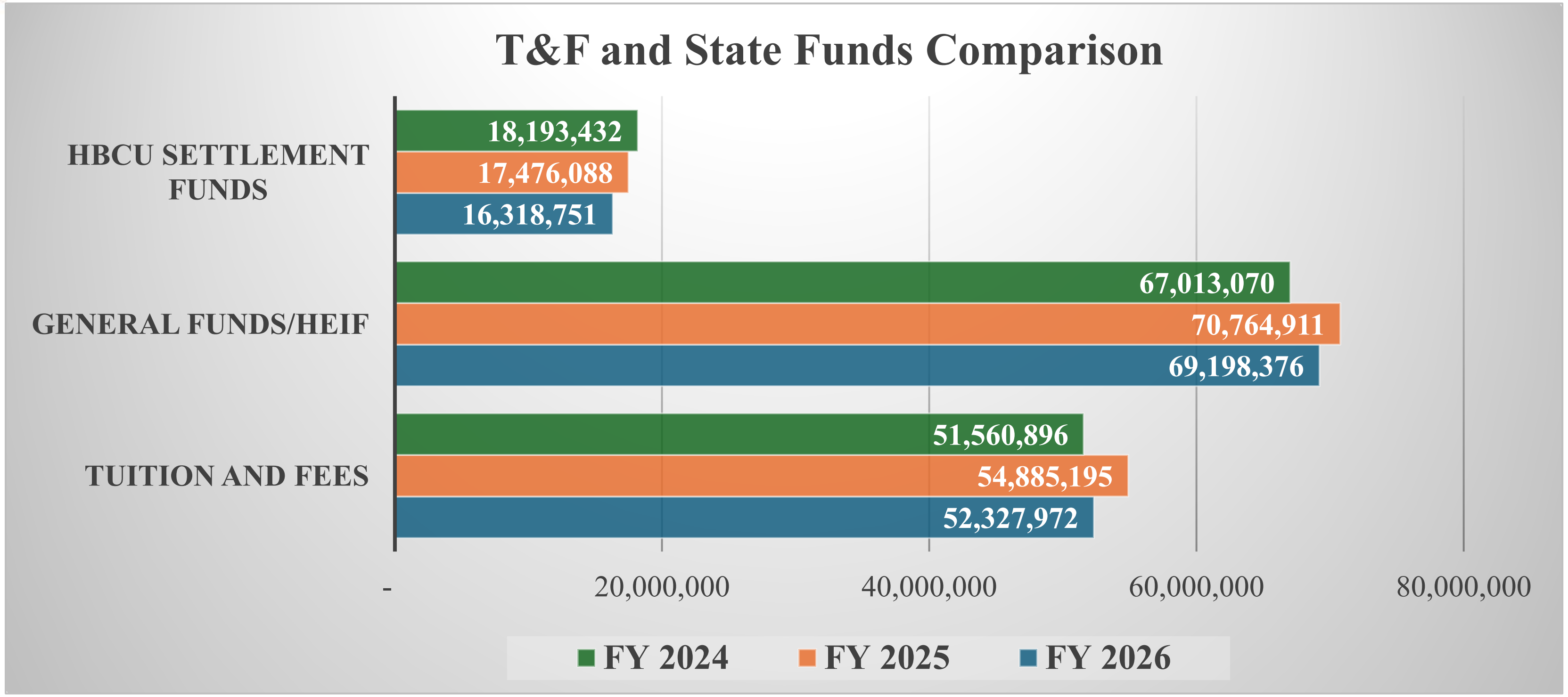
**Unrestricted Expenses**

| Class Description | FY 2025 Budget | Total Encumb/Actuals | Projected thru 6/30/25 | $ Variance | % Variance |
|---|---|---|---|---|---|
| USM - Parent Account Set: 01 - Salaries and Wages | 89,397,24 | 70,542,273 | 88,392,273 | 1,005,251 | 98.9% |
| USM - Parent Account Set: 02 - Technical and Special Fees | 16,957,166 | 11,948,305 | 15,037,140 | 1,920,026 | 88.7% |
| USM - Parent Account Set: 06 - Fuel and Utilities | 3,581,063 | 3,252,479 | 3,518,665 | 62,398 | 98.3% |
| USM - Parent Account Set: 12 - Grants Subsidies and Contributions | 10,763,875 | 3,986,763 | 9,586,763 | 1,177,112 | 89.1% |
| USM - Parent Account Set: 14 - Land and Structures | 6,601,575 | 4,158,576 | 6,601,575 | - | 100.0% |
| USM - Parent Account Set: Operational Expense Pool | 52,240,033 | 43,200,890 | 50,699,071 | 1,540,962 | 97.1% |
| **Grand Total** | **179,541,236** | **137,089,286** | **173,835,487** | **5,705,749** | **96.8%** |

| | | | | | |
|---|---|---|---|---|---|
| +/- | | **Profit** | **1,136,062*** | | |

*Profit subject to change at year-end closing

# Tuition, Fees, and State General Funds Comparison




| | FY24 | % Change | FY25 | % Change | FY26 | % Change FY25-FY26 |
|---|---|---|---|---|---|---|
| Tuition and Fees | 51,560,896 | 6% | 54,885,195 | 6% | 52,327,972 | -5% |
| General Funds/HEIF | 67,013,070 | 8% | 70,764,911 | 6% | 69,198,376 | -2% |
| HBCU Settlement General Funds | 18,193,432 | 72% | 17,476,088 | -4% | 16,318,751 | -7% |
| **Total** | **136,767,398** | **13%** | **143,126,194** | **5%** | **137,845,099** | **-4%** |

# State of MD FY 2026 Budget

- Revenue shortfalls aligned with Governor Moore's budget Budget Highlights Fiscal Year 2026
- State of Maryland's Revenue Deficit - $3B
- University System of Maryland Budget Deficit - $111.1M
- Bowie State University's State Appropriation Budget Deficit - $4.7M
    - Estimated $3.5M State General Funds reduction
    - Estimated $1.2M HBCU Coalition Funds reduction
- In April, USM sent a Supplemental $44M reduction. BSU's portion of reduction is $1.5M
- Recent system-wide budget cuts and projected gaps between revenue and expenses have increased the university's estimated shortfall to **$13.6 million**

# FY 2026 Revenue Assumptions

- The university budget assumes an enrollment headcount of 6,107 for fall 2025 and that headcount will be 5,496 or 90% for spring 2026
- 2% In-State and Out-of-State Tuition increases*
- Continue to address the $22M outstanding student debt. Currently, student debt is $18M
- FY 2026 Total Revenues are $213.1M, a 7.0M reduction over FY 2025
- FY 2026 Total Expenses  are $213.1M, a 6.6M increase over FY 2025
- Overall, anticipating an estimated **$13.6M** revenue shortfall over FY 2025

* The Board of Regents will approve FY 2026 Tuition & Fees and Self-Supporting Fees in June 2025

# FY 2026 Deficit Breakdown

**Revenue Explanations - $7M**

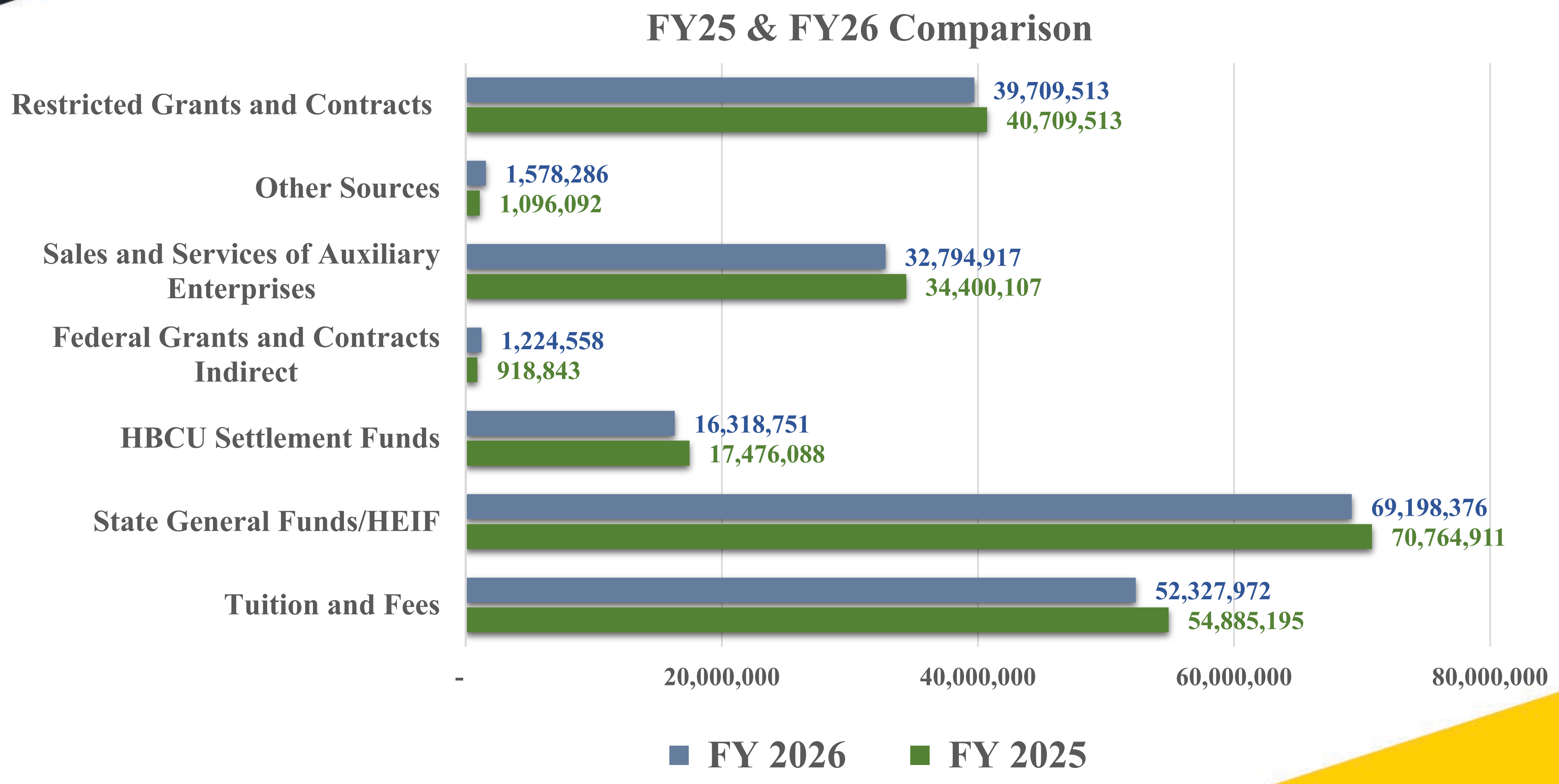
- $3.5M State General Fund reduction; net reduction of $1.6M over FY25
- $2.6M Tuition & Fee reduction - 6,107 vs. 6513 (FY25)
- $1.2 M HBCU Settlement Funds reduction
- $1.6M reduction associated with Auxiliary Services
- $1M net reduction associated with Federal Grants
- $800k increase associated with Other Revenues

**Expenditure Explanations - $6.6M**

- $2.4M increase for COLA & Merit
- $800k increase for Health & Fringe changes
- $800K increase for CRM Philanthropic Engagement
- $200k increase for Financial Aid
- $1.1M increase for New Facilities (Humanities) operating
- $1.2M reduction associated with HBCU Settlement Funds
- $2.5M increase for IT Contingency

*102 AFSCME Exempt Employees
114 AFSCME Non-Exempt Employees

# FY 2026 University Revenue Comparison



# BSU's Approach to Addressing the Deficit

All options are being considered, including layoffs. Our approach to addressing the budget gap includes:

- Cost reduction strategies
  - **Regaining efficiency by eliminating redundancy.**. Example: Removing 2 room scheduling software, EduNav, Occulist, SFP vs. CS.
  - **Re-negotiating Contracts**- replacing high-cost contracts with lower-cost options. Example: Replacing Randstad staffing
  - **Use of technology and AI**: Using vendors for one-time investments and hiring engineering talent to reduce talent and process debt. Example: Network assessment and refresh of the infrastructure.
  - **Gaining effectiveness through improving business processes.**.
- Reduction in vacant positions and operational expenses
- Online Program Management
- Improving operational/functional efficiency
  - Efficient lighting aids in the reduction of utility costs.
  - Evaluating classroom schedules for better space management utilization
- Conducting comprehensive program assessments.
- Increasing and diversifying Auxiliary revenue streams
  - Additional Camps
  - Food Service Contract review
  - External rentals of our facilities

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# Vacant Position and Operations Budget Reduction Detail

| Division | FTE | Salary & Fringes | Operational | Total | % |
|---|---|---|---|---|---|
| Academic Affairs | 37.00 | 4,584,736 | 1,604,884 | 6,189,620 | 45.5% |
| Administration & Finance | 5.00 | 409,525 | 1,994,375 | 2,403,900 | 17.7% |
| Enrollment Mgmt & Student Affairs | 1.00 | 93,380 | 827,972 | 921,352 | 6.8% |
| IT | 1.00 | 122,773 | 563,007 | 685,780 | 5.0% |
| Philanthropic Engagement | 0.00 | - | 178,000 | 178,000 | 1.3% |
| Research & Innovation | 0.00 | - | 12,268 | 12,268 | 0.1% |
| University Relations | 1.00 | 146,076 | 140,683 | 286,759 | 2.1% |
| Legal and Equity | 1.00 | 103,226 | 39,966 | 143,192 | 1.1% |
| President | 0.00 | | 46,189 | 46,189 | 0.3% |
| Economic Development | 1.00 | 129,286 | 13,682 | 142,968 | 1.1% |
| Auxiliary Services | 4.00 | | 1,605,190 | 1,605,190 | 11.8% |
| HEERF (Restricted Funds) | | | 1,000,000 | 1,000,000 | 7.3% |
| **Total** | **51.00** | **5,589,002** | **8,026,216** | **13,615,218** | **100%** |

# FY 2026 Revenue Budget Projections

| | FY 2025 Budget | | FY 2026 Budget | | FY 25-26 Change |
|---|---|---|---|---|---|
| **Current Unrestricted Revenue:** | | | | | |
| Tuition and Fees | 54,885,195 | 31% | 52,327,972 | 30% | (2,557,223) |
| State General Funds/HEIF | 66,781,842 | 37% | 64,653,575 | 37% | (2,128,267) |
| HEIF | 3,983,069 | 2% | 4,544,801 | 3% | 561,732 |
| HBCU Settlement General Funds | 17,476,088 | 10% | 16,318,751 | 9% | (1,157,337) |
| Federal Grants and Contracts Indirect | 918,843 | 1% | 1,224,558 | 1% | 305,715 |
| Sales and Services Educational Activities | 23,500 | 0% | 23,500 | 0% | - |
| Sales and Services of Auxiliary Enterprises | 34,400,107 | 19% | 32,794,917 | 19% | (1,605,190) |
| Other Sources | 2,900,975 | 2% | 3,342,787 | 2% | 441,813 |
| Transfer to Fund Balance | (1,828,383) | -1% | (1,788,001) | -1% | 40,382 |
| **Total Unrestricted Revenue** | **179,541,236** | | **173,442,860** | | **(6,098,376)** |
| | | | | | |
| **Current Restricted Revenue:** | | | | | |
| Federal Grants and Contracts | 34,209,513 | | 37,209,513 | | 3,000,000 |
| HEERF | 4,000,000 | | - | | (4,000,000) |
| Private Gifts, Grants and Contracts | 500,000 | | 500,000 | | - |
| State and Local Grants and Contracts | 2,000,000 | | 2,000,000 | | - |
| **Total Restricted Revenue** | **40,709,513** | | **39,709,513** | | **(1,000,000)** |
| | | | | | |
| **Total Revenue** | **220,250,749** | | **213,152,373** | | **(7,098,376)** |

# What does this mean for BSU?

1. Difficult times are ahead
2. Focus on the bigger picture
3. Recruitment and retention belong to everyone
4. Everyone helps with Auxiliary Revenue
5. Everyone must manage their budget efficiently
6. Limited/Essential spending

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# Questions