



FY 2027 Budget Forum

May 15, 2026

Agenda Items



- Communication Timeline
- FY 2026 University Budget Update
- State of Maryland FY 2027 Budget
- Preliminary FY 2027 University Revenue, Budget & Trends, and Budget Assumptions
- Deficit Remediation & Impacts

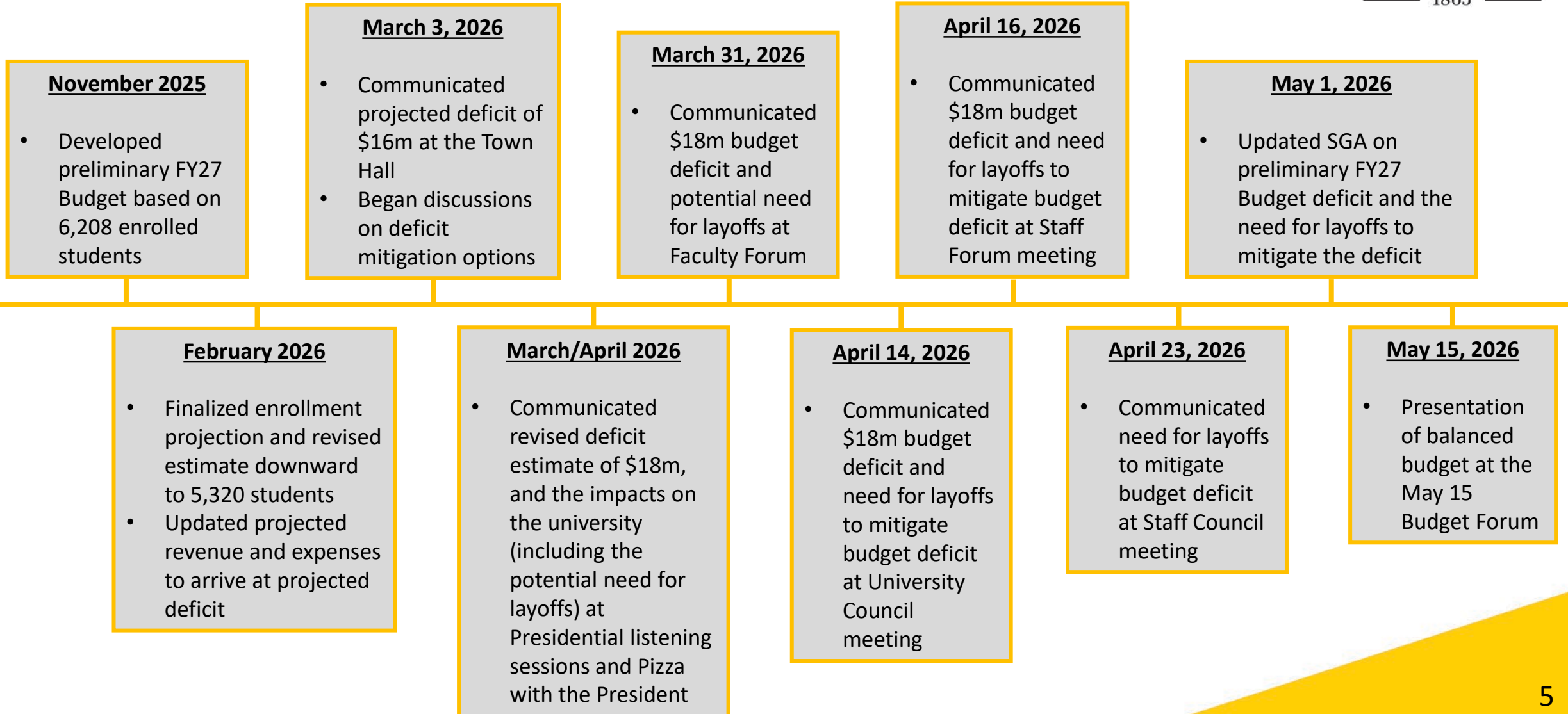
Glossary

| TERM | DESCRIPTION |
|--|---|
| Tuition & Fees | Payments from students for instructions, enrollment and other academic services. Includes mandatory fees (e.g., technology, student activities). |
| State Appropriations & Maryland HEIF Funds | Annual funding from the state of Maryland, including Higher Education Investment Funds (HEIF), which are state-designated revenues for public higher education. |
| Coalition Funds (HBCU Settlement) | Funds provided under the Maryland HBCU Coalition Settlement to support Historically Black Colleges and Universities. The settlement "expires" at the end of the 2023-2032 funding period. |
| Federal Grants & Contracts | Funding from U.S. federal government agencies, typically awarded through competitive grants or contracts to support research, academic programs or institutional initiatives. |
| Sales & Service (Auxiliary) | Revenue from non-academic operations such as housing, dining, bookstores, parking, athletics and other campus services. |
| State, Local & Private Grants | Competitive or formula-based funding from government entities or private organizations to support specific programs or research. |
| Other Sources of Revenue | Miscellaneous income such as interest earnings on investments, rental income or one-time reimbursements. |

Glossary

| TERM | DESCRIPTION |
|-----------------------|---|
| Instruction | Costs directly related to teaching and learning, including faculty salaries, classrooms, labs and instructional materials. |
| Academic Support | Services that support the university’s teaching and research mission, such as libraries, advising, tutoring and curriculum development. |
| Student Services | Programs and services that support student life, success and well-being outside the classroom, including counseling, career services, financial aid administration, student activities and health services. |
| Institutional Support | Administrative and operational functions that keep the university running, such as finance, human resources, legal services, executive leadership, information technology and campus administration. |
| Plant & Maintenance | Costs associated with operating, maintaining and repairing campus buildings and grounds, including utilities, custodial services, landscaping, security and facility repairs. |
| Public Support | Functions to assist the public in using the university that do not fall into auxiliary services. |

Communication Timeline



FY 2026 Budget Update



- The FY26 university budget resolved a \$13.6m shortfall without layoffs.
 - \$7m revenue reduction over FY25 due to reduction in State appropriations attributed to the State budget deficit, HBCU Settlement Funds contribution due to lower enrollment numbers, federal grants, and the financial impacts of lower enrollment
 - \$6.6m in increased expenses due to increases for COLA & Merit, Health & Fringe Benefits, IT expenses, spending on new facilities, and increases in Financial Aid and Philanthropic Engagement
 - Cost reductions, delayed hiring, implementation of process improvements, and increasing and diversifying revenue streams allowed the university to overcome the deficit
- Actual fall enrollment was 2% lower than budget, resulting in 238 fewer enrolled students and 2,901 fewer credit hours. Spring enrollment is estimated to be 3% lower than budget (267 fewer enrolled students and 3,254 credit hours).
- Over \$3m of unbudgeted expenses are putting pressure on FY26 results.

FY26 University Budget & Projection



| Revenues | | | | | | | | |
|------------------------------------|--------------------|-----------------------|--------------|------------------|-------------|------------------------|-----------------------|----------------------|
| thru 4/30/2026 | | | | | | | | |
| Class Description | FY 2026 Budget | Period Activity (USD) | YTD % | Amount Remaining | % Remaining | Projected thru 6/30/26 | Projected \$ Variance | Projected % Variance |
| Tuition & Fees | 52,327,972 | \$ 47,076,069 | 90.0% | 5,251,903 | 10.0% | 48,364,384 | (3,963,588) | 92.4% |
| State Appropriation/HEIF/Coalition | 86,951,903 | \$ 86,877,145 | 99.9% | 74,758 | 0.1% | 86,951,903 | - | 100.0% |
| Federal Grants & Contracts | 1,224,558 | \$ 1,673,771 | 136.7% | (449,213) | -36.7% | 1,916,410 | 691,852 | 156.5% |
| Sales & Services (Auxiliary) | 34,234,726 | \$ 30,340,573 | 88.6% | 3,894,154 | 11.4% | 31,013,137 | (3,221,590) | 90.6% |
| Other Sources | 3,366,287 | \$ 5,209,264 | 154.7% | (1,842,977) | -54.7% | 5,487,181 | 2,120,894 | 163.0% |
| Transfer to Fund Balance | (1,801,897) | \$ - | 0.0% | (1,801,897) | 100.0% | (1,801,897) | - | 100.0% |
| Grand Total | 176,303,549 | 171,176,821 | 97.1% | 5,126,728 | 2.9% | 171,931,117 | (4,372,432) | 97.5% |

| Expenses | | | | | | | | |
|---|--------------------|--------------------|--------------|-------------------|--------------|------------------------|-----------------------|----------------------|
| Class Description | FY 2026 Budget | Actuals | YTD % | Amount Remaining | % Remaining | Projected thru 6/30/26 | Projected \$ Variance | Projected % Variance |
| USM - Parent Account Set: 01 - Salaries & Wages | 86,953,624 | 75,217,895 | 86.5% | 11,735,729 | 13.5% | 84,596,124 | 2,357,500 | 97.3% |
| USM - Parent Account Set: 02 - Technical & Special Fees | 16,339,733 | 12,069,512 | 73.9% | 4,270,222 | 26.1% | 15,385,572 | 954,162 | 94.2% |
| USM - Parent Account Set: 06 - Fuel & Utilities | 3,581,063 | 3,907,531 | 109.1% | (326,468) | -9.1% | 4,752,341 | (1,171,278) | 132.7% |
| USM - Parent Account Set: 12 - Grants Subsidies & Contributions | 10,902,298 | 9,450,526 | 86.7% | 1,451,772 | 13.3% | 10,301,356 | 600,942 | 94.5% |
| USM - Parent Account Set: 14 - Land & Structures | 6,158,228 | 3,180,979 | 51.7% | 2,977,249 | 48.3% | 4,616,002 | 1,542,226 | 75.0% |
| USM - Parent Account Set: Operational Expense Pool | 52,368,603 | 43,133,735 | 82.4% | 9,234,867 | 17.6% | 54,543,415 | (2,174,812) | 104.2% |
| Grand Total | 176,303,549 | 146,960,178 | 83.4% | 29,343,371 | 16.6% | 174,194,808 | 2,108,741 | 98.8% |

Projections indicate a potential FY26 shortfall of \$2.2m. Vacancies will be leveraged to balance the FY26 Budget.

Share of Operational Expenses by Category



| FY 2026 Operating Budget (in millions) | | |
|--|----------------|-------------|
| Instruction | \$51.1 | 23% |
| Academic Support | \$37.8 | 17% |
| Student Services | \$16.7 | 8% |
| Scholarships & Fellows | \$27.3 | 12% |
| Research | \$3.1 | 1% |
| Auxiliary Enterprises | \$33.9 | 15% |
| Institutional Support | \$30.1 | 14% |
| Plant & Maintenance | \$21.6 | 10% |
| Public Support | \$0.8 | 1% |
| Total | \$222.4 | 100% |

Employees by Occupational Category

BSU Comparison to Universities in USM

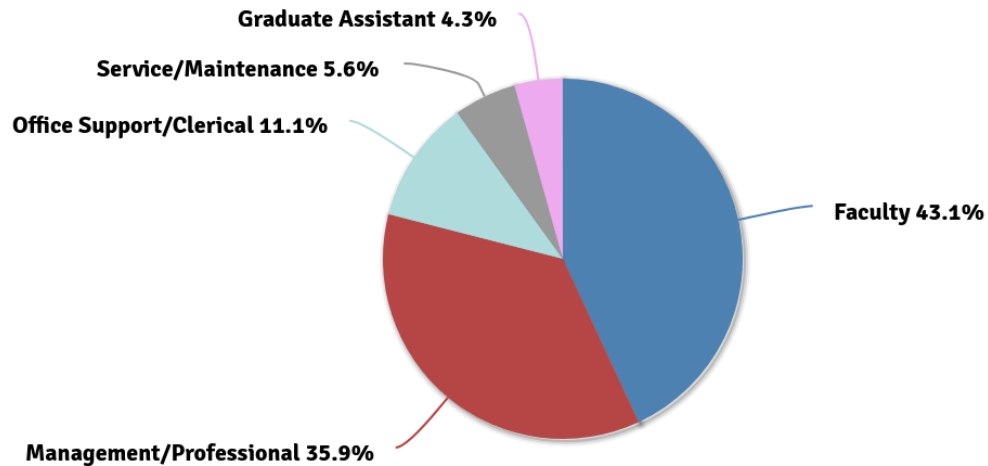
| BSU Percentage Occupational Category Comparison | | | | | |
|---|-------|-------|--------|--------|--------------|
| Role | BSU | USM | Coppin | Towson | College Park |
| Faculty | 43.1% | 39.8% | 40.3% | 45.2% | 29.7% |
| Management/Professional | 35.9% | 33.2% | 37.3% | 30.9% | 29.9% |
| Graduate Assistant | 4.3% | 13.9% | 0.0% | 10.9% | 26.7% |
| Service/Maintenance | 5.6% | 7.8% | 6.9% | 5.7% | 10.5% |
| Office Support/Clerical | 11.1% | 5.2% | 15.5% | 7.2% | 3.2% |

Data from 2025 USM Institutional Research Information System

Employees by Occupational Category BSU versus USM (2025 USM Data)

Employees by Occupational Category

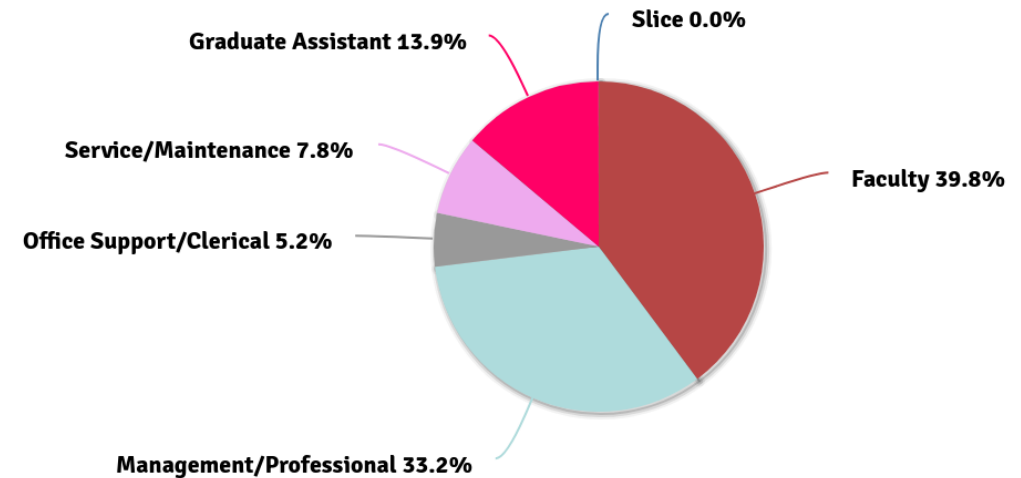
Bowie State University - FY 2025



USM Institutional Research Information

Employees by Occupational Category

University System of Maryland - FY 2025



USM Institutional Research Information System



Preliminary FY 2027 Budget

State of MD FY 2027 Budget



- Revenue shortfalls aligned with Governor Moore’s budget, [Fiscal Year 2027 Proposed Budget Highlights](#)
- State of Maryland’s Revenue Deficit — \$1.5b
- University System of Maryland to receive \$2.3b in state support, an increase of \$12.9m from FY 2026 (0.6%)
 - Please note that USM had a \$111m shortfall in 2026
- 1.5% COLA for FY 2027; approved & funded in Governor’s budget

Five-Year Enrollment Trends

Significant Decline in Undergraduate Enrollment Over Period



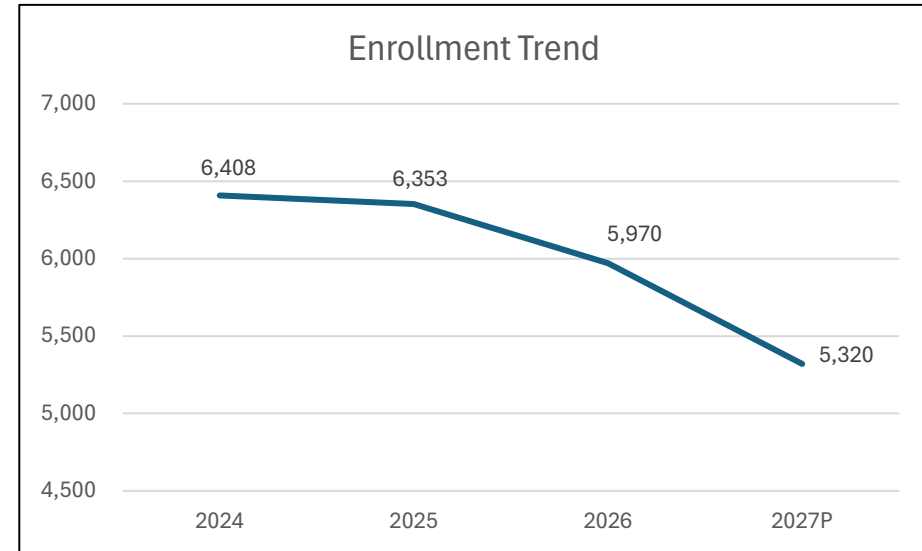
| Level | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 1 year | 2 year | 5 year |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | | | | | % Chg. | % Chg. | % Chg. |
| Undergraduate First-Time, Full-Time | 5,354 | 5,381 | 5,378 | 5,288 | 5,136 | 4,810 | -6.3% | -9.0% | -10.6% |
| Degree Seeking Freshman (IPEDS cohort) | 957 | 888 | 1,170 | 965 | 908 | 855 | -5.8% | -11.4% | -3.7% |
| Graduate | 896 | 927 | 897 | 1,120 | 1,217 | 1,160 | -4.7% | 3.6% | 25.1% |
| Total | 6,250 | 6,308 | 6,275 | 6,408 | 6,353 | 5,970 | -6.0% | -6.8% | -5.4% |

Unrestricted Revenue Trends

Decline in Enrollment Putting Pressure on Revenue



| | FY 2024 Actual | | FY 2025 Actual | | FY 2026 Budget | | FY 2027 Budget | | FY26-27 Change to Budget |
|---|--------------------|-----|--------------------|-----|--------------------|-----|--------------------|-----|--------------------------------|
| Enrollment | 6,408 | | 6,353 | | 6,107 | | 5,320 | | (787) |
| Current Unrestricted Revenue: | | | | | | | | | |
| Tuition & Fees | 51,560,895 | 31% | 48,608,426 | 29% | 52,327,972 | 30% | 46,662,522 | 29% | (5,665,450) |
| State General Funds | 62,409,487 | 37% | 66,141,848 | 39% | 66,088,351 | 37% | 67,346,962 | 41% | 1,258,611 |
| HEIF | 4,603,583 | 3% | 4,745,552 | 3% | 4,544,801 | 3% | 4,045,827 | 2% | (498,974) |
| HBCU Settlement General Funds | 18,193,432 | 11% | 17,476,088 | 10% | 16,318,751 | 9% | 14,540,692 | 9% | (1,778,059) |
| Federal Grants & Contracts Indirect | 1,212,434 | 1% | 1,448,923 | 1% | 1,224,558 | 1% | 1,463,412 | 1% | 238,854 |
| Sales & Services Educational Activities | 25,000 | 0% | 24,771 | 0% | 23,500 | 0% | 23,500 | 0% | - |
| Sales & Services of Auxiliary Enterprises | 25,155,170 | 15% | 27,714,294 | 16% | 34,211,226 | 19% | 27,965,922 | 17% | (6,245,304) |
| Other Sources | 3,921,470 | 2% | 4,696,821 | 3% | 3,366,287 | 2% | 3,342,787 | 2% | (23,500) |
| Transfer to Fund Balance | - | 0% | (1,123,786) | -1% | (1,801,897) | -1% | (1,663,935) | -1% | 137,962 |
| Total Unrestricted Revenue | 167,081,471 | | 169,732,937 | | 176,303,549 | | 163,727,689 | | (12,575,860) |



From FY25 to FY26, 2,800 students were sent to collections. Approximately 400 students dropped.

Key FY27 Budget Assumptions

Assumptions & Results May Change if Information Changes



- State universities are required to have an annual balanced budget
- Enrollment: 5,320 students – 11% decrease from FY26 Budget
- Tuition & Fee increase of 2%
- State General & HEIF funds: \$71,392,789 – 1% increase from FY26 Budget
- HBCU Settlement Funds: \$14,540,692
 - \$1,778,059 (11%) reduction from FY26 driven by lower enrollment
- Tuition & Fee Revenue: \$74,628,444 – 14% decrease from FY26 Budget
 - 2% In-State and Out-of-State Tuition increases outweighed by lower revenue due to lower enrollment
- Expense increase of \$5.7m to cover increased expenses for bad debt, change in attrition assumptions, public safety and technology
- **Overall, anticipating an estimated \$18m shortfall in FY27**
 - **Combined \$31m in shortfall between FY26 & FY27**



FY 2027 Projected Budget Deficit Mitigation Plan

Estimated FY27 Budget Deficit Detail

Decrease in Revenue Plus Increase in Expense Yields \$18m Deficit



| Reduced Revenue | |
|-----------------------------------|-------------------|
| • Non-Auxiliary Revenue | 4,602,509 |
| • Auxiliary Revenue | 6,195,292 |
| • Reduction HBCU Coalition Funds | <u>1,778,059</u> |
| Total Reduction in Revenue | 12,575,860 |

| Estimated Increased Expenses | |
|--|-------------------|
| • Bad Debt Expense | 2,000,000 |
| • Decrease in employee attrition assumption | 2,000,000 |
| • Increase in Operating Expenses | 782,000 |
| • Appropriate budgeting for special campus events & programs | 118,000 |
| • Change in funding source | 240,000 |
| • Provision for unidentified increases | <u>560,000</u> |
| Total Est. Increase in Expenses | 5,700,000 |
| Total Estimated FY27 Budget Deficit | 18,275,860 |

Share of Deficit by Division & Source



| Accountability Area | Share from Non-Aux & Exp | Share from Aux. Deficit | Share from Coal. Deficit | Total Share | Share as % of Budget | Share as % of Total |
|----------------------------------|--------------------------|-------------------------|--------------------------|-------------------|----------------------|---------------------|
| Auxiliary Services | - | 6,195,292 | - | 6,195,292 | N/A | 33.9% |
| Academic Affairs | 4,062,577 | - | 1,274,863 | 5,337,440 | 39.4% | 29.2% |
| Administration & Finance | 3,262,714 | - | - | 3,262,714 | 31.7% | 17.9% |
| Enrollment Mgmt. & Stud. Affairs | 2,118,627 | - | 179,567 | 2,298,194 | 20.6% | 12.6% |
| President | 375,760 | - | 323,629 | 699,389 | 3.6% | 3.8% |
| Philanthropic Engagement | 279,535 | - | - | 279,535 | 2.7% | 1.5% |
| Research | 203,296 | - | - | 203,296 | 2.0% | 1.1% |
| Total | 10,302,509 | 6,195,292 | 1,778,059 | 18,275,860 | | |

- Each division tasked with finding expense reductions based on their share of the overall budget and their share of coalition funds received
- VPs worked with their teams to identify expense reductions to meet their target
- Auxiliary services reduced expenses in line with their revenue decrease
- Deficit mitigation will come from operational cost reductions and elimination of vacant and currently filled roles

Mitigation Results Summary



| | |
|--|--------------------------|
| Estimated Deficit | 18,275,860 |
| <i>University Mitigation Items</i> | |
| Total Operating Expense Reductions | 4,529,912 |
| Total Reductions from Personnel Changes | 7,302,524 |
| • Vacancies | 5,536,900 |
| • Layoffs | 1,757,217 |
| • Departmental reorganizations | 501,063 |
| • Add-backs to support cuts | (492,656) |
| Total Other Expense Reductions | 6,443,424 |
| • Reduction in reserves | 144,882 |
| • General reductions | 103,250 |
| • Athletics | 275,000 |
| • Auxiliary | 5,920,292 |
| Total University Mitigation Result | <u>18,275,860</u> |
| Remaining Deficit | 0 |

- Athletics to realize savings for the first time through efficiency gains (no cuts to programs).
- Conference & Event Services improving by \$800k, resulting in positive net revenue of \$341k. This will be the first time CES has had positive annual net income.

Reduce Operating & Other Expenses

Estimated \$10,973,336 million in FY27 reductions



Key operational savings initiatives:

- Renegotiation of key vendor contracts to secure discounts over current rates
 - ABM & JCI renegotiations are in process
- Elimination or reduction of underutilized software licenses
 - Reducing Adobe paper transaction with Zendesk & Workday automations for HR, Research, and Enrollment
 - Replacing Ad-Astra with 25Live for classroom & events scheduling and management
- Reduce external consulting and IT security services through targeted insourcing
 - Decreasing external support from Huron and transition services to internal staff
- Improved efficiency in the deployment of marketing dollars
- Reduction in expenses associated with The Nine
- Decrease in spending around special events
- Department reorganizations to gain efficiencies and cost savings
- Auxiliary reductions will be addressed by renegotiating or reducing vendor contract obligations, implementing operational efficiencies, reducing contractual staff and other operational budget reductions

Personnel Changes

Estimated FY27 savings of \$7,302,524*



FY27 budget will require a reduction of an estimated 75 positions through a combination of vacancies, reorganization and layoffs. No Tenured or Tenure-Track individuals will be impacted in FY27.

Staff Layoffs: 26 totaling \$1,757,217 (Total of \$2,067,314 reduced by 15% due to timing of payouts for layoffs)

- Academic Affairs: 9 positions
- Administration & Finance: 8 positions
- Enrollment Management & Student Affairs: 8 positions
- Philanthropic Engagement: 1 position

Faculty & Staff Vacancies: 49 totaling \$5,536,900

- Faculty Positions: 23 (\$2,920,884)
- Staff Positions: 26 (\$2,616,015)

Realignment of Positions: 9 totaling \$264,288

Non-Academic Departmental Reorganizations: \$236,775

- Enrollment Management & Student Affairs: \$185,000
- Budget Office: \$51,775

***Permanent annual savings of \$7,612,621**

Individual Employee Meetings & Next Steps



Values & Standards Guiding the Process

- Respectful and Compassionate Communication
- Consistency and Legal Compliance
- Protection of Dignity and Confidentiality
- Leadership Accountability

Week of May 18 – Individual Impact Meetings

- **Structured One-on-One Meetings**
 - Meetings will be led jointly by the area Vice President and an HR Representative to ensure clarity and support. The area Vice President or designee will advise you of your scheduled meeting time.
 - Clear Communication of Employment Status: Separation timeline (if applicable), employee rights and entitlements
 - HR Support and Benefits Explanation: Benefits coverage, leave payout, career transition services and BSU asset and equipment return

Resources Available to Support Employees

- Employee Assistance Program (EAP): Wellness and mental health resources
- Benefits and retirement counseling
- Career transition assistance thru LHH (Lee Hecht Harrison)

Career Transition Support & Services



We are committed to helping individuals transition with confidence and position themselves for future success.

Career Transition Support Program

Employees impacted by workforce reductions will receive six months of professional career transition services through Lee Hecht Harrison (LHH) – at no cost.

Purpose

- Find a new job faster
- Pivot careers
- Upskill & Reskill
- Explore entrepreneurship or retirement options
- Gain professional development tools and support

Key Benefits Offered

- Dedicated Career Coach – personalized guidance
- 24/7 access to LHH Career Studio – AI-powered platform tools & resources
- Workshops & LinkedIn Learning Access
- Resume & LinkedIn Support
- Networking & Skills Training
- Recruiter Access
- Lifetime Alumni Access



Impact on Students

Impact to Students



Students should not experience any direct impact from the budget deficit remediations.

- Student-centered programming is largely funded through the student activity fee, which is not a part of projected budget cuts. Student programming will continue as usual.
- Internal scholarships will not be affected. There will be an increase in scholarship awards available to students, thanks to our recent MacKenzie Scott donation. A portion of this donation will be used to support student affordability.
- The approved 2% tuition increase is a part of the normal and increasing cost of delivering a high-quality, safe and competitive university experience. This is not directly tied to the budget deficit.
- Currently, VA educational benefits remain federally protected and will not be affected by the state's deficit.
- Students should expect to see the normal amount of course offerings for the 2026-2027 academic year.



FY 2028 Academic Affairs Plan

Establishing The Retrenchment Committee

- The university is establishing a formal review process of faculty resources and positions according to policy ([II - 8.00 - Policy on Faculty Retrenchment](#)) to address:
 - Enrollment declines
 - Program demand changes
 - Budget and funding pressures
- Retrenchment Committee
 - Advises the President regarding retrenchment
 - Provides administrative recommendations for Presidential Action
- Goal: Membership of the Retrenchment Committee will be provided by May 22, 2026



Positioning for the Future