



UNIVERSITY BUDGET UPDATE TOWN HALL

MAY 11, 2020

3:00-4:30 P.M.

Opening Remarks

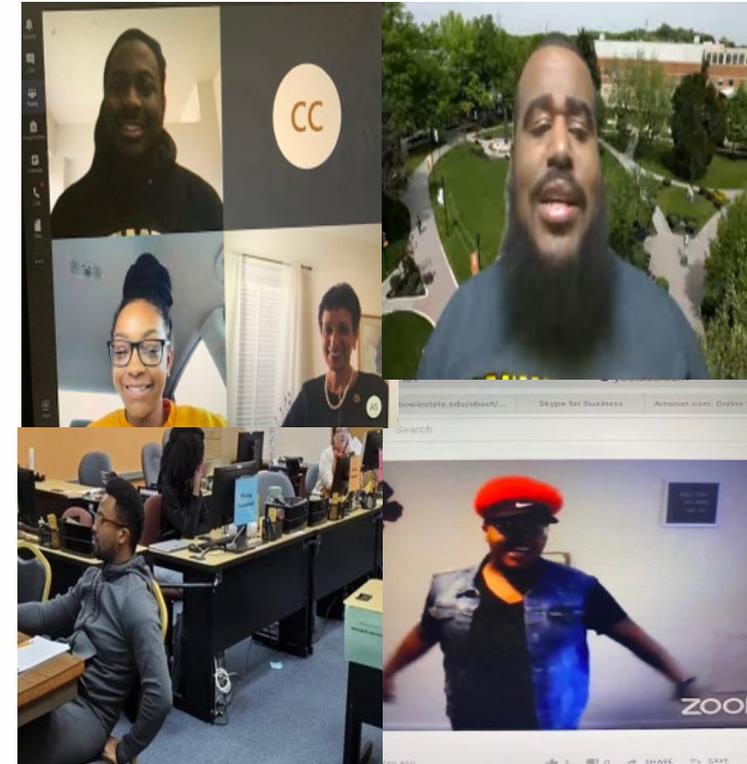
Aminta H. Breaux, Ph.D.

President

Racing to Excellence:

Resetting the Course

- ✓ Overview
- ✓ Purpose
 - ✓ Provide Context for the 2019-2020 Budget
 - ✓ Review Priorities
 - ✓ Review Budget Planning Process
 - ✓ Review Legislative Session Outcomes and Budget Implications
 - ✓ Lay the Foundation for Next Fiscal Year 2020-2021 Budget
 - ✓ Ensure Shared Governance
- ✓ Format
 - ✓ Presentations and Q& A



The Environment for Higher Education

FY 2019-2020

- ✓ Shrinking pools of potential students
- ✓ Slowed growth in international student enrollment
- ✓ Pressure from stakeholders for greater Return on Investments
- ✓ Demand for workforce-ready graduates
- ✓ Demand for new types of credentialing including badges, micro degrees certificates etc.,
- ✓ Greater competition from new types of partnerships including Online Program Mgrs.
 - ✓ Purdue and Kaplan
 - ✓ 2U, an online degree management company, partners with WeWork a co-working firm, to provide workspace sharing for online learners
- ✓ Greater focus on management and analysis of Big Data
 - ✓ Pilot Program with AACSB

The Environment for Higher Education

FY 2019-2020

- ✓ An employer survey from the Association of American Colleges & Universities found that oral communication, critical thinking and decision-making topped the list of skills employers are looking for in new hires.
- ✓ A survey from HSBC found that 85 percent of university students work while in school.
- ✓ According to the Lumina Foundation, 38 percent of all undergraduates are older than 25.
- ✓ Lumina also reports that students work, on average, 19 hours per week.
- ✓ According to Fair Test more than 1000 Accredited Colleges and Universities Do Not Use ACT/SAT Scores to Admit Substantial Numbers of Students Into Bachelor-Degree Programs

Racing to Excellence

3 Strategic Priorities:

- ✓ Academic Excellence
- ✓ Student Success
- ✓ Long-term Viability of the University



Our Community

- ✓ Total Enrollment: 6,171
- ✓ Total Faculty: 192
- ✓ Total Staff: 354

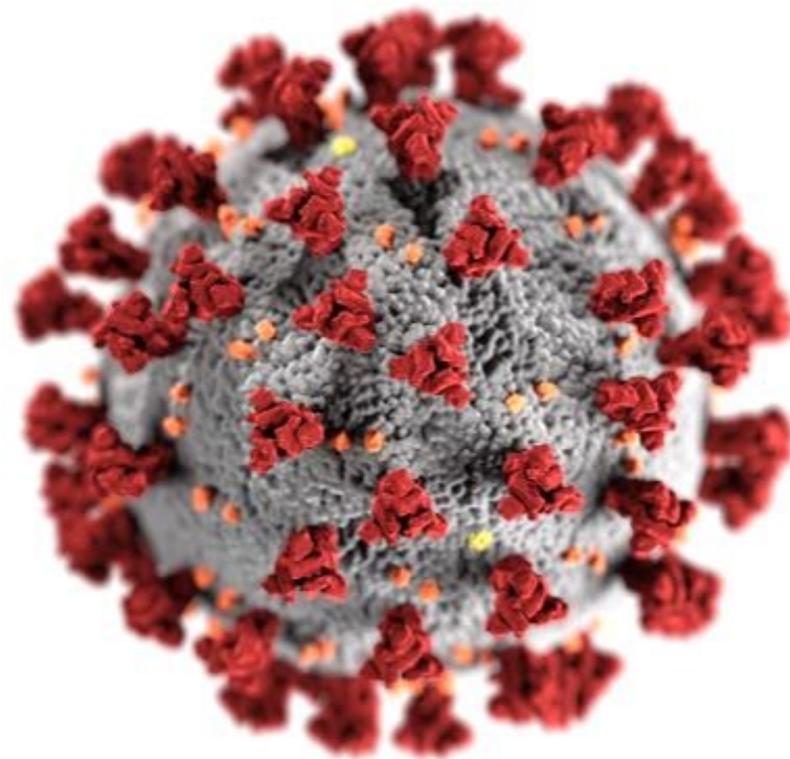


Goal	Actual
Total Enrollment: 6,320	6,171
Undergraduate: 5,308	5,227
Graduate: 1,012	944

2020 Legislative Session

- ✓ The 2020 legislative session ended on March 18th almost three weeks early, due to the COVID-19 pandemic.
- ✓ The Governor proposed, and the General Assembly approved, state support for the USM totaling \$1.581 billion. The General Assembly also approved a \$5 million cut to the USM.
- ✓ House Bill 1260 – Senate Bill 1043 - Historically Black Colleges and Universities – Funding has passed. This bill, introduced by Speaker of the House Adrienne Jones, provides additional funding for Maryland’s Historically Black Colleges and Universities in the amount of \$577 million over the next ten years.
- ✓ House Bill 917 created in memory of 2LT Richard Collins III has passed and strengthens hate crime law in Maryland
- ✓ \$50,000 for the Goodloe House has passed as a bond bill for repairs on this historic property located across from the main campus.

BSU Response



BSU Response

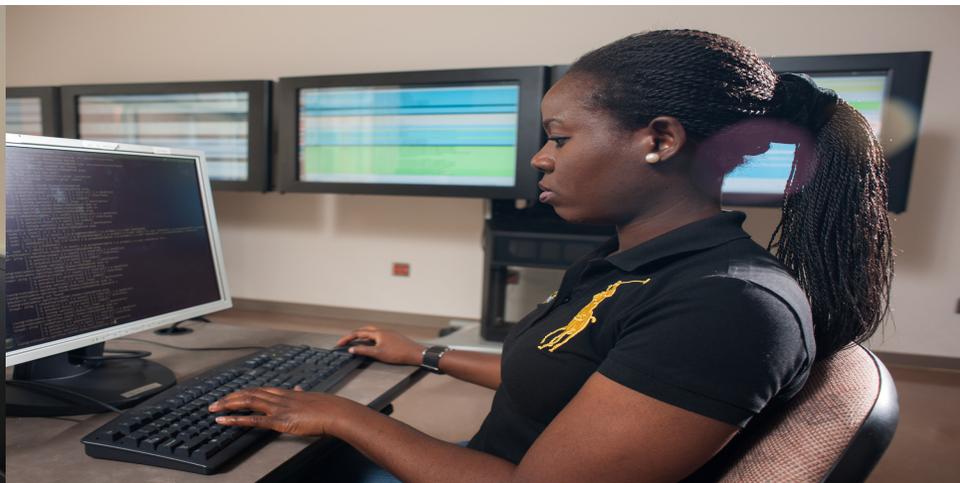
- ✓ First COVID-19 campus alert on January 30, 2020
- ✓ Adherence to CDC Advisories
- ✓ Compliance with evolving State of MD COVID-19 Response
- ✓ USM guidance and collaboration
- ✓ Collaboration across campus community
- ✓ Collaboration with shared governance

COVID-19 Costs

- ✓ State of Maryland projecting \$2.8 Billion Shortfall
- ✓ BSU's virtual learning support:
 - ✓ \$3.4 million credit/refunds to students
 - ✓ Over \$300k in tech support
- ✓ Transforming for the “New Normal”
 - ✓ Ensuring Safety
 - ✓ Remote Learning Infrastructure Support
 - ✓ Closing the Digital Divide
 - ✓ Continuity of Operations

Resetting the Course

- ✓ Planning Structure
- ✓ University System Of Maryland Workgroups
- ✓ Bowie State University Workgroups



Resetting the Course

**Enrollment Management Snapshot
(Dr. Brian Clemmons)**

Resetting the Course

- ✓ Embrace and Navigate change together
- ✓ Remain focused on our mission to deliver access and affordability to a quality education
- ✓ Remain focused on the strategic priorities:
 - ✓ Academic Excellence
 - ✓ Student Success
 - ✓ Long-term Viability of the University

Budget Update

Legislative Highlights

Operating Budget Updates

General Assembly approved for USM **\$1.58 billion**, coming from the General Fund and the Higher Education Investment Fund. This reflects an increase of \$87 million or 5.8% over the FY 2020 legislative appropriation.

The increase will allow:

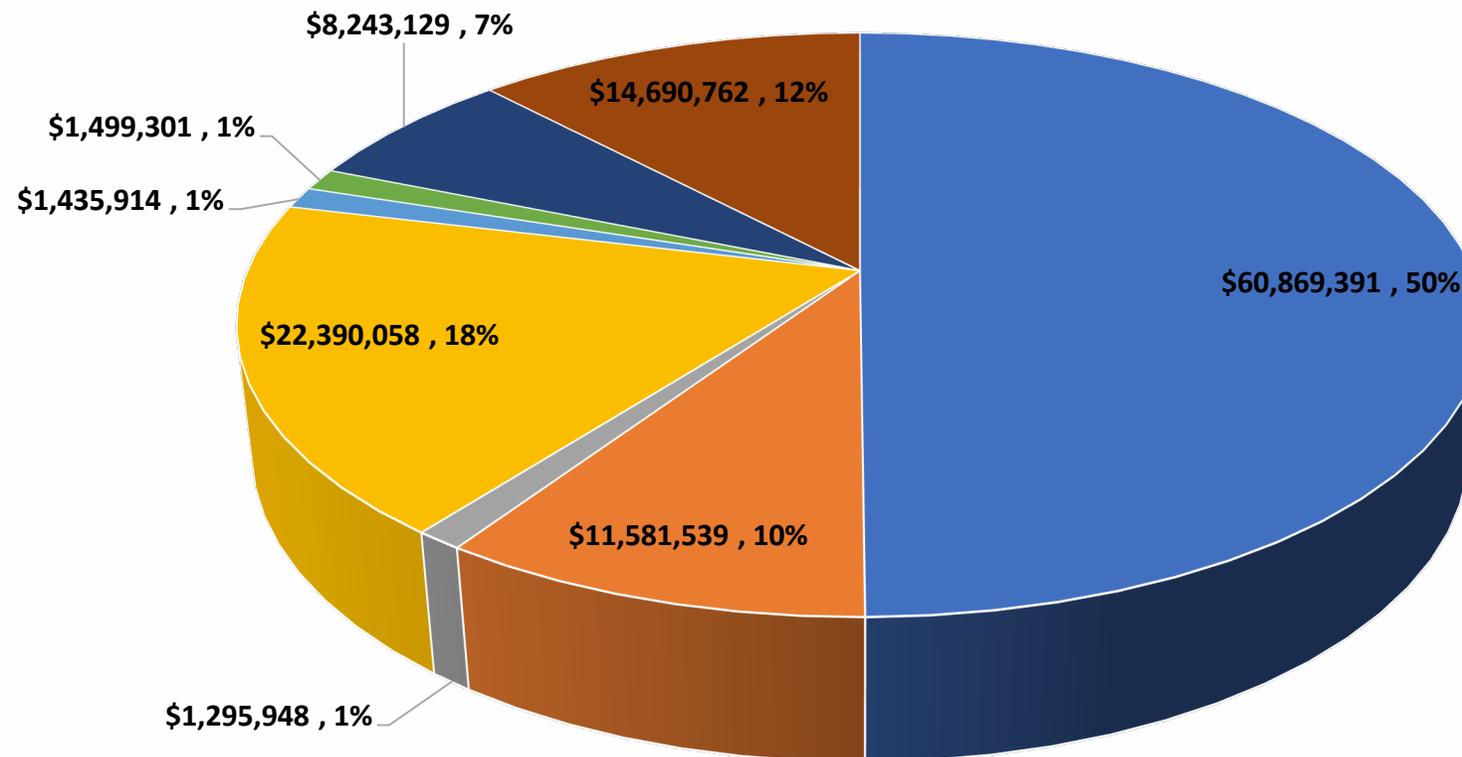
- ✓ Resident Undergraduate tuition capped at 2%
- ✓ Governor's 3rd and final year of Workforce Development Funding
- ✓ New facilities operating and state fringe benefit inflationary increases
- ✓ 2% COLA January 1, 2021

Legislative Highlights

Capital Budget Updates

- ✓ **New Humanities Building** - \$6.1M to complete design phase of the project
- ✓ **Pedestrian and Vehicular Improvements** - \$150K for construction and improvements related to MARC line station

FY20 Operating Budget



- Salaries & Wages
- Contractual Services
- Scholarships
- Technical & Spec Fees (Contingent)
- Supplies & Materials
- Other Operating
- Travel
- Equipment

FY20 Financial Impact

- ✓ The State estimates a 15% revenue shortfall for the current FY 2020 and over multiple years
- ✓ Uncertainty on length of pandemic and long-term impact
- ✓ University faced with losses of revenues, increased costs, and refunds to faculty, staff, and students
- ✓ Uncertainty with summer enrollment and revenue
- ✓ Hiring freeze implemented

FY20 Financial Impact

- ✓ USM have agreed to reduce the FY20 fund balance goal to 0%
- ✓ Received CARES Act funding
 - ✓ Emergency Financial Aid to Students (\$3.3M)
 - ✓ Higher Education Emergency Relief Fund (\$3.3M)
 - ✓ Strengthening HBCU's (\$8.8M)
 - ✓ Strengthening Historically Black Graduate Institutions (HBGIs) (\$4.9M)

FY21 Budget Planning

Key Concepts/Assumptions

- A balanced budget is mandatory, even in the face of substantial cuts in state and government funding
- Aligns with BSU Strategic Plan and FY Priorities
- Prudent management to ensure the viability of the university
- 2% increase in UG/Grad In-State Tuition
- 1% increase in UG/Grad Out-of-State Tuition

FY21 Budget Planning

Key Concepts/Assumptions

- Budget developed with enrollment headcount of 6,171
 - Reflects 149 headcount reduction compared to FY20
 - Reflects reduction of approx. \$200k in revenue compared to FY20
- Funding for Institutional Mandatory Expenses
- Funding for Initiatives
- Freezing Title III conversions to State

FY21 Projected Changes in Revenue

• Tuition and Fees	(\$196K)
• State General Funds/HEIF	\$1.45M
• State Funds Reduction	???
• Fed. Grants & Contracts (Indirect Cost)	\$ 74K
• Other Revenues	\$ 44K
Total	<u>\$1.37M</u>

FY21 Mandatory Expense Increases

• Health/Retiree Rate Changes	546K
• Minimum Wage	364K
• Financial Aid	214K
• EAB	115K
• Technology Fee	30K
• Health Service Fees	50K
• Other (Contracts, Educ Serv Fees, etc.)	49K
Total Projected Expenses	\$1.37M

FY21 Preliminary Budget

• FY20 Base Revenues	\$97.00M
• +FY21 Change in Revenues	<u>\$ 1.37M</u>
• FY21 Projected Revenues	\$98.37M
• FY20 Base Operating Budget	\$97.00M
• +FY21 Mandatory Expenses	\$ 1.37M
• +FY21 Divisional Initiatives	<u>\$ 0</u>
• FY21 Projected Expenses	\$98.37M
FY21 Operating (+/-)	<u>\$0</u>

QUESTIONS?