



Faculty Forum

March 31st, 2026

Agenda Items



- **FY 2026 University Budget Update**
- **State of Maryland FY 2027 Budget**
- **Preliminary FY 2027 University Revenue**
- **Budget & Trends**
- **Budget Deficit by Division**

FY 2026 Budget Update

- The FY 2026 university budget resolved a \$13.6m shortfall without layoffs
 - \$7m revenue reduction over FY 2025 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 & Philanthropic Engagement
 - Cost reductions, delayed hiring, implementation of process improvements, and increasing & 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 putting pressure on FY 2026 results

FY 2026 University Budget & Projection

Unrestricted & Restricted Revenue

Budget Item	FY26 Budget	% of Budget	FY 26 Proj.	% of Budget	Variance to Budget
Tuition and Fees	52,327,972	24%	48,979,083	23%	(3,348,889)
State General Funds	64,286,454	29%	64,286,454	30%	-
HEIF	4,544,801	2%	4,544,801	2%	-
HBCU Settlement General Funds	16,318,751	7%	16,318,751	8%	-
Federal Grants and Contracts Indirect	43,022,955	19%	44,516,087	20%	1,493,132
Auxiliary Services	34,234,726	15%	30,671,292	14%	(3,563,434)
State, Local, & Private Grants	4,300,000	2%	4,300,000	2%	-
Other Sources	3,366,287	2%	3,537,400	2%	171,113
FY 2026 Total	222,401,946		217,153,868		(5,248,078)

Unrestricted & Restricted Expenditures

Budget Item	FY26 Budget	% of Budget	FY 26 Proj.	% of Budget	Variance to Budget
Salaries & Wages	86,953,624	39%	84,641,254	38%	(2,312,370)
Technical & Special Fees	16,339,733	7%	14,511,643	7%	(1,828,090)
Operating Expense Pool (Travel, Supplies, Equipment, Contractual Services, Scholarships, etc.)	119,108,589	54%	121,498,141	55%	2,389,552
FY 2026 Total	222,401,946		220,651,039		(1,750,907)

Projections indicate a potential FY 2026 shortfall of \$3.5m

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

FY 2027 Budget Highlights

Lower revenue & increased expenses creating short-fall in FY27

- Key FY27 Assumptions: Enrollment of 5,320, reduction in state funds of \$1.7m (still awaiting confirmation), increases in operating expenses due to bad debt, and unfunded COLA adjustment
 - Variances to key assumptions could improve or worsen estimated FY 27 deficit
- State funding of \$85.9m, which is a total decrease of \$1m from FY26
 - Coalition funds decreased \$1.8m to \$14.5m in FY27
- \$12m Tuition & Fee revenue decrease from FY 2026 due to lower enrollment estimates
 - 2% In-State and Out-of-State Tuition increases outweighed by lower revenue due to lower enrollment
- Due to revenue constraints, there will not be a call for new initiatives for FY 2027
- **Overall, anticipating an estimated \$18 shortfall in FY 2027 – Combined \$31m in shortfall between FY26 & FY27**

Unrestricted Revenue Trends

Decline in enrollment putting pressure on revenue



Current Unrestricted Revenue:

Enrollment

Tuition and Fees

State General Funds

HEIF

HBCU Settlement General Funds

Federal Grants and Contracts Indirect

Sales and Services Educational Activities

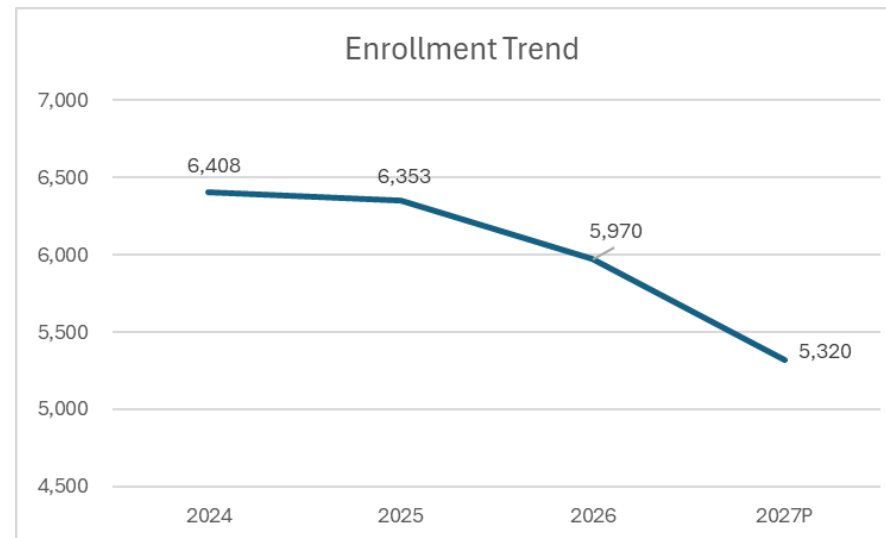
Sales and Services of Auxiliary Enterprises

Other Sources

Transfer to Fund Balance

Total Unrestricted Revenue

	FY 2024 Actual		FY 2025 Actual		FY 2026 Budget		FY 2026 Projected		FY 2027 Budget		FY26-27 Change to Budget
Enrollment	6,408		6,353		6,107		5,970		5,320		(787)
Tuition and Fees	51,560,895	31%	48,608,426	29%	52,327,972	30%	48,979,083	29%	46,561,180	28%	(5,766,792)
State General Funds	62,409,487	37%	66,141,848	39%	66,088,351	37%	66,088,351	39%	67,346,962	41%	1,258,611
HEIF	4,603,583	3%	4,745,552	3%	4,544,801	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%	16,318,751	10%	14,540,692	9%	(1,778,059)
Federal Grants and Contracts Indirect	1,212,434	1%	1,448,923	1%	1,224,558	1%	2,717,690	2%	1,463,412	1%	238,854
Sales and Services Educational Activities	25,000	0%	24,771	0%	23,500	0%	23,500	0%	23,500	0%	-
Sales and Services of Auxiliary Enterprises	25,155,170	15%	27,714,294	16%	34,211,226	19%	30,647,792	18%	28,044,284	17%	(6,166,942)
Other Sources	3,921,470	2%	4,696,821	3%	3,366,287	2%	3,537,400	2%	3,342,787	2%	(23,500)
Transfer to Fund Balance	-	0%	(1,123,786)	-1%	(1,801,897)	-1%	(1,801,897)	-1%	(1,664,761)	-1%	137,136
Total Unrestricted Revenue	167,081,471		169,732,937		176,303,549		171,055,471		163,703,883		(12,599,666)



Estimated Unfunded Expense Increase Detail



Bad Debt Expense: \$2,000,000

- Increase in bad debt expense to align with projections based on historical trends

Assumed unfunded COLA increase: \$1,300,000

- Increase in wages due to assumed COLA adjustments unfunded by the state

Budgeting for key programs: \$118,000

- Ambassadors - \$80,000
- Women's Forum - \$20,000
- Increase in Staff Council funding - \$18,000

Additional campus security: \$100,000

- Funding for additional security services

IT expenses: \$500,000

- Align budget to recurring expenses not recognized in prior budgets and to account for anticipated expense attributable to infrastructure stabilization

Total Share of Deficit by Division by 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		