

# FY 2016 Public Budget Session



**Dr. Mickey L. Burnim, President**

**May 5, 2015**



# Public Budget Session Purpose

- **Spirit of Shared Governance and Transparency:** We began this practice in the spirit of shared governance and transparency and with the hope that it would lead to greater understanding of changing budget realities for the university and leadership decision-making.
- **Format:** Designed to allow any member of our university community to hear about budget planning for next year and how that will affect the allocation of our discretionary financial resources.



# 2013-2018 Strategic Plan: Goals 1-3

- **Goal 1:** Deliver high quality academic programs and relevant co-curricular experiences
- **Goal 2:** Develop and implement programs and services that promote access, affordability, and completion for a diverse student body with an emphasis on underserved populations
- **Goal 3:** Conduct and sustain academic transformation initiatives to improve student success and promote greater faculty collaboration



# 2013-2018 Strategic Plan: Goals 4-6

- **Goal 4:** Develop a comprehensive model of regional, national, and global engagement to address societal needs
- **Goal 5:** Advance the overall effective and efficient use of resources and identify new revenue sources to support the university's core mission
- **Goal 6:** Define and communicate the university's distinctive identity and value proposition



## STRATEGIC GOALS

### STRATEGIC GOAL 5

Advance the overall effective and efficient use of resources and identify new revenue sources to support the university's core mission.

Bowie State University will expand the breadth and depth of resource acquisition to generate revenue through grants, contracts, fundraising and auxiliary enterprises for continuous infrastructure, academic program and resource improvement, while redirecting resources as needed to remain solvent, competitive and relevant.

**Overarching Accountability Measures:**  
Compliance with USM guidelines for fund balance contributions; increase in annual external grant submissions; achievement of annual fundraising goals for private and foundation gifts

# Bowie State University FY 2015 Priorities

1. Improve graduation rates and close the achievement gap while working to increase enrollment.
2. Improve the academic program inventory.
3. Continue implementation of a strategic approach to building BSU's reputation and brand recognition.
4. Implement assessment strategies and activities university-wide to include enhancing institutional efficiency and effectiveness throughout.
5. Enhance the funding stream through growth in grants, contracts, fundraising, and auxiliary enterprises.





# BSU Good News Highlights

- 1,056 students graduated last calendar year
- 2.41% enrollment increase over last AY year
- Three \$1M+ Grant Awards in FY2015 thus far
- Sesquicentennial Activities
  - Three sizable investments in BSU at Gala:  
BSUNAA (\$150K), Gray Foundation  
(\$100K), and Aerojet Rocketdyne (\$150K)



# Good News: Construction Project

Construction of new \$104M  
Center for Natural Sciences, Mathematics, and Nursing (CNSMN)  
*Groundbreaking Ceremony is May 11*





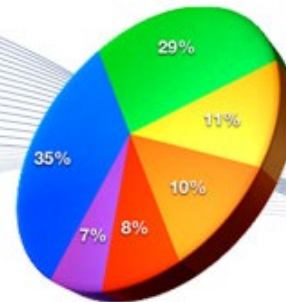
# Construction Highlights





# Budget Planning

- A balanced budget is mandatory, even in the face of substantial cuts in government funding.
- Aligns with BSU Strategic Plan, FY Priorities, and allocated funds from state appropriations, tuition, grants, and contracts.
- Prudent management allows us to continue our journey to becoming one of the best public comprehensive universities in America!



# BSU 2014-2015 Budget Advisory Group

## Faculty

- Dr. Cubie Bragg
- Dr. Patricia Westerman

## Staff

- Ms. April Johnson
- Mr. George Jones

## SGA

- Ms. Jasmine Adkins-Taylor
- Mr. Charles Marshall

## GSA

- Mr. Marcus Craig
- Ms. LaVesha C. Huff

*Shared Governance Groups Representatives*

# Campus Community Budget Updates



## FY 2015 Budget Reductions

Many of you have read in the newspapers that Maryland Governor Martin O'Malley is working on a plan to deal with a state revenue shortfall of approximately \$400 million in the current fiscal year. Though the University System of Maryland has not yet received specific information from the Governor regarding our share of the budget cuts, we anticipate receiving this information in the next few days.

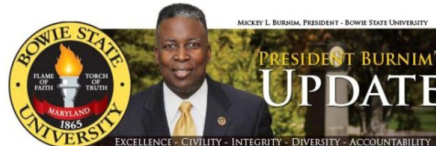
A cut in the state appropriation will require Bowie State University to reduce its state operating budget. We will need to take a number of steps to reduce expenses and constrain spending. Consistent with the guidance from the Chancellor's office thus far, we will slow our spending by taking a careful look at any requests for hiring and spending submitted for state-funded activities. Grant and auxiliary-funded positions and activities will not be affected.

Our campus process for developing the budget reduction plan will include the various campus constituencies through the [FY 2015 Budget Advisory Group](#).

Moving forward, we will endeavor to maintain our core capabilities and provide the academic programs and support services to our students to ensure their successful progression.

Sincerely,

Mickey L. Burnim



Dear Faculty, Staff, and Students:

In my Community Announcement of November 13, 2014, you were informed of the budget challenges facing the state of Maryland due to a revenue shortfall of approximately \$400 million in the current fiscal year. You were also informed that former Maryland Governor Martin O'Malley was working on a plan to deal with the revenue shortfall. On January 7, 2015, the Board of Public Works approved Governor O'Malley's recommended budget actions. Included in the approved budget actions was a reduction of \$40.3 million to the FY15 state appropriation for the University System of Maryland. The pro-rata share of the reduction for Bowie State University is \$1.3 million.

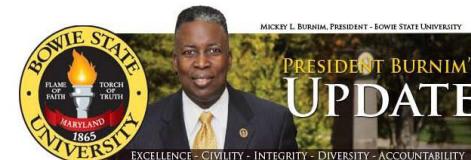
On January 23, 2015, the budget reduction plan for Bowie State University was shared and discussed with various campus constituencies through the [FY15 Budget Advisory Group](#). The following is the plan:

| FY 2015 Mid-Year Target Reductions               |                    |
|--|--------------------|
| Category   | Amount             |
| Vacant Regular Positions                         | \$465,612          |
| Contractual Position                             | \$42,000           |
| Use of Fund Balance                              | \$361,399          |
| Operating Budget (Travel, Supplies, & Equipment) | \$237,481          |
| Facilities Renewal (R&R)                         | \$103,166          |
| Campus Signage Initiative                        | \$150,000          |
| <b>Total Reductions</b>                          | <b>\$1,359,658</b> |

It is important to note that in Maryland Governor Larry Hogan's proposed budget the FY15 cost of living adjustment (COLA), effective January 1, 2015, will be treated as a "bonus" and salaries will revert to the December 31, 2014 level on July 1, 2015. Also, the 2.5% merit increase for faculty and staff has been eliminated in the Governor's proposed budget for FY16.

Consistent with our budget reduction plan and guidance from the Office of the Chancellor, we will continue to expect department budget managers to slow spending by carefully reviewing all hiring and spending submitted for state-funded activities. Grant and auxiliary funded positions and activities will not be affected.

As we continue to work on solutions for further possible budget cuts in FY16, we will endeavor to maintain our core capabilities and provide the academic programs and support services to our students to ensure their successful progression.



## Budget Reduction Planning

In our Community Announcement of January 29, 2015, we advised of the impact that the state of Maryland's efforts to manage a \$400 million budget shortfall in the current fiscal year would have on Bowie State University. We provided an overview of steps that the university was taking to address a reduction of \$1.3 million in our current FY15 operating budget. I would like to commend unit managers on your continuing efforts to slow spending from state accounts.

As the General Assembly works to finalize the budget for FY16, we have been informed by the Office of the Chancellor of the University System of Maryland to expect an additional \$2.6 million reduction to our base budget for the coming fiscal year. This will be in addition to the cuts already made. A budget reduction of this magnitude will be very difficult for the university to absorb without significantly affecting our operations and staffing. Senior leadership has been working with our budget office staff to identify possible solutions to this challenge, and I will be meeting with the Budget Advisory Group in the coming days to seek the guidance of its members.

Because the largest percentage of Bowie State's budget is allocated to salaries, any substantial budget savings can only be achieved by reducing the number of employee positions. Up to this point, we have only eliminated vacant positions. Going forward, there is a strong possibility that some employee reductions may be required. We will make every effort to minimize the impact on personnel and to maintain our core capabilities to provide the academic programs and support services our students need to ensure their successful progression.

We are required to submit a budget reduction proposal to USM by March 16, 2015, but our final budget amount will not be known until the close of the legislative session in April. We will endeavor to keep you informed of developments as they unfold.

# BSU FY 2016 Budget Reduction Plan

| FY 2016 Budget Reduction Plan |                    |
|-------------------------------|--------------------|
| Category                      | Amount             |
| Vacant Regular Positions      | \$323,245          |
| Bulldog Academy               | \$90,000           |
| Disaster Recovery             | \$150,000          |
| Facilities Renewal            | \$100,000          |
| Brand Marketing               | \$50,000           |
| Accreditation                 | \$75,000           |
| Sustainability                | \$15,000           |
| Supplemental Funds            | \$350,526          |
| <b>Total Reductions</b>       | <b>\$1,153,771</b> |



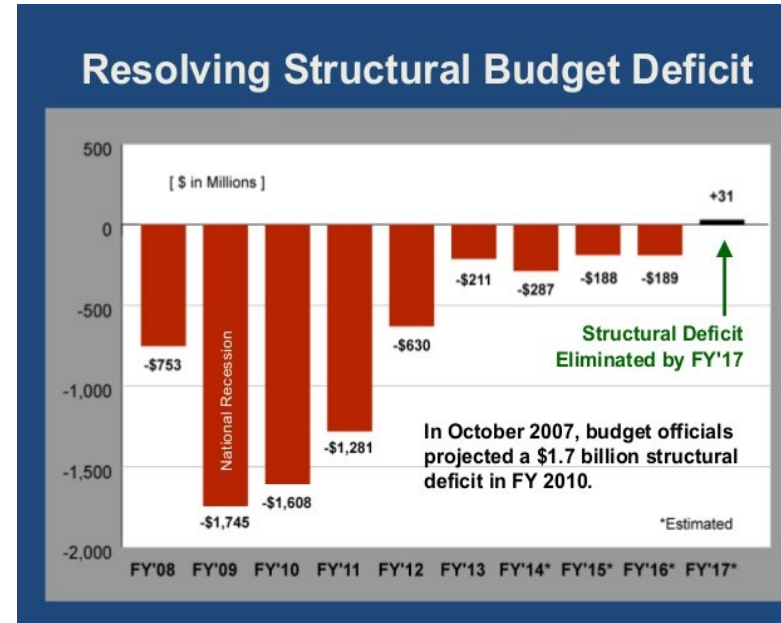
# Board of Revenue Estimates

“These downward revisions reflect the Board’s continued effort to align revenues with the new economic landscape in Maryland. Maryland is in the midst of a structural change as its economic competitive advantage, federal government spending growth has been displaced and is no longer expected to provide the strong growth it had between 2000 and 2011.

Maryland’s economic trajectory has not and will not keep pace.

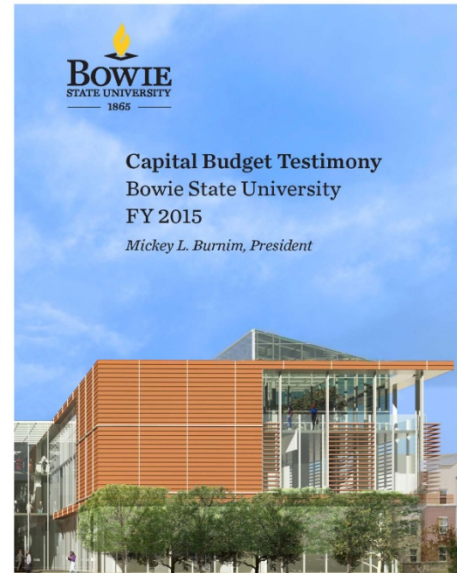
Federal budget sequestration and continued federal budget policy uncertainty in general continue to drive a wedge between Maryland and the nation as a whole.”

*December 2014 Analysis*



# BSU: End of 2015 Legislative Session Update

- Maryland General Assembly adjourned *Sine Die* at midnight on April 14
- **Capital Budget**
  - Approved **\$39.7M** for FY 2016 funding to begin construction of new Natural Sciences, Mathematics, and Nursing Center
- **Operating Budget**
  - Approximately \$2.9M reduction in FY2016 general funds
  - 5% increase in undergraduate in-state tuition
  - COLA?
  - No 2.5% merit for July 1, 2015
  - FY 2016 budget does not include new enhancement funds



# 2015-2016 Budget Overview

**Presented by:  
Dr. Karl Brockenbrough**



# Budget Assumptions

- 5% increase in UG In-State Tuition
- 1% increase in UG Out-of-State Tuition
- 5% increase in Grad In-State Tuition
- 1% increase in Grad Out-of-State Tuition
- Increase in Mandatory Expenses
- Possibility of reduction in State Funding



# Projected Changes in Revenue

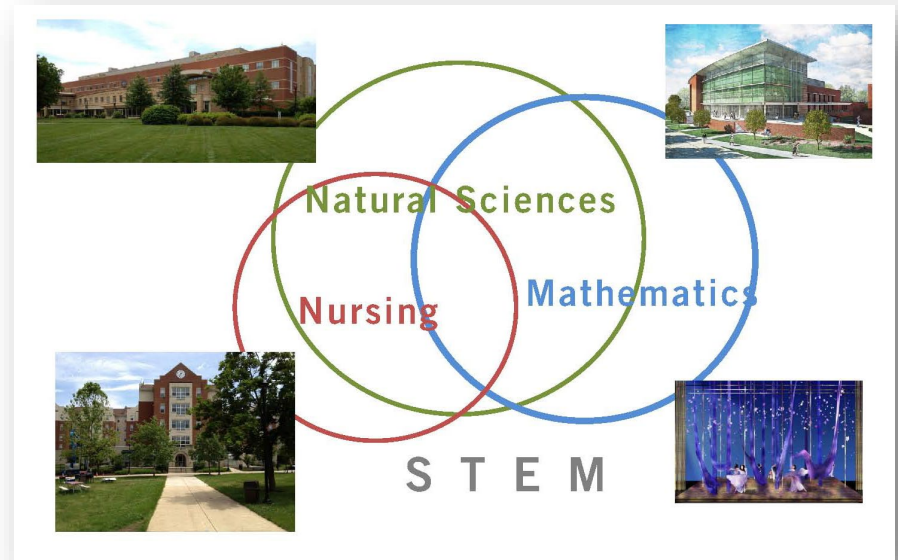
|                            |                      |
|----------------------------|----------------------|
| • State General Funds/HEIF | (\$977K)             |
| • Tuition and Fees         | \$2.9M               |
| • Fed. Grants & Contracts  | \$85K                |
| • Other Revenues           | (\$104K)             |
| • Fund Balance Transfer    | <u>(\$197K)</u>      |
| <b>Total</b>               | <u><u>\$1.7M</u></u> |

# Mandatory Expense Increases

|                                     |                       |
|-------------------------------------|-----------------------|
| • FY '16 2% COLA (Jan 2015)         | \$?                   |
| • Health/Pension & Fringe Adjs.     | \$982K                |
| • Financial Aid                     | \$324K                |
| • Debt Service                      | \$82K                 |
| • Fuel & Utilities                  | \$114K                |
| • Facilities Renewal                | \$238K                |
| • OCR Project – James HVAC Phase II | \$400K                |
| • Title IX Compliance               | <u>\$203K</u>         |
| <b>Total</b>                        | <b><u>\$2.3 M</u></b> |

# University Initiatives

- Nursing, STEM, College Completion, Education Innovation Initiative \$914K
- New Natural Sciences, Nursing, and Mathematics Center Equipment \$1.0M
- Total** **\$1.9 M**



# Fiscal Year (FY) Budget Comparison

|                                     | FY15                         | FY16                         |
|-------------------------------------|------------------------------|------------------------------|
| FY Base Revenues                    | \$72.5M                      | \$77.8M                      |
| +FY Change in Revenues              | <u>\$ 5.2M</u>               | <u>\$ 1.7M</u>               |
| <b><i>FY Projected Revenues</i></b> | <b><u><i>\$77.7M</i></u></b> | <b><u><i>\$79.5M</i></u></b> |
| <br>                                |                              |                              |
| FY Base Operating Budget            | \$71.8M                      | \$76.5M                      |
| +FY Mandatory Expenses/Initiatives  | <u>\$ 4.7M</u>               | <u>\$ 4.2M</u>               |
| <b><i>FY Projected Expenses</i></b> | <b><u><i>\$76.5M</i></u></b> | <b><u><i>\$80.7M</i></u></b> |
| <br>                                |                              |                              |
| <b>FY Operating (+/-)</b>           | <b><u>\$ 1.3M</u></b>        | <b><u>(\$ 1.2M)</u></b>      |



# FY 2016 Budget

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| Sustainability                | \$15,000           |
| Supplemental Funds            | \$350,526          |
| <b>Total Reductions</b>       | <b>\$1,153,771</b> |

# FY 2016 Preliminary Budget

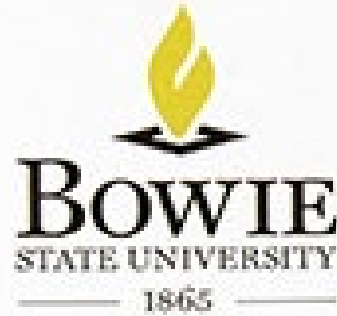
|                                    | <b>FY16</b>    |
|------------------------------------|----------------|
| FY Base Revenues                   | \$77.8M        |
| +FY Change in Revenues             | <u>\$ 1.7M</u> |
| FY Projected Revenues              | <u>\$79.5M</u> |
| <br>FY Base Operating Budget       | <br>\$76.5M    |
| -FY16 Budget Reduction Plan        | (\$1.2M)       |
| +FY Mandatory Expenses/Initiatives | <u>\$ 4.2M</u> |
| FY Projected Expenses              | <u>\$79.5M</u> |
| <b>FY Operating (+/-)</b>          | <b>\$0</b>     |

# FY 2016 Challenges

1. Maintaining a balanced budget
2. Funding reallocation of resources to fund initiatives
3. Funding mandatory expenses
4. Cost of technology
5. Addressing any cost overruns related to constructing and equipping CNSMN
6. Returning 1% for fund balance requirement
7. Possibility of additional budget reductions in FY 2016



# Questions and Answers



Find Strength.  
Take Pride.