



**Financial Town Hall Presentation  
FY 2021 Fiscal Condition & Response  
September 10, 2020**



# Agenda: Briefing & Discussion

- Principles for Addressing Fiscal Issues
- Estimated FY 2021 Fiscal Situation
- Tentative Plans to Address Shortfalls

# Principles for Response to Unprecedented COVID-19 Financial Impacts and Uncertainties

- Prioritize the health and safety of every member of our campus community.
- Protect and support the educational and research missions to maintain academic excellence.
- Make decisions grounded in our values of equity and inclusion.
- Provide timely and transparent communication and obtain input from internal and external stakeholders about the proposed plans.
- Be responsible stewards of financial resources and take strategic action to reduce expenditures through a combination of permanent and temporary initiatives
- Align human and financial resources to support needed changes in operations.

# Future Financial Planning:

## Highly Dependent on Revenues from State and Students

### FY20 TOTAL CURRENT FUNDS BUDGET (\$2.3B) BY TYPE OF REVENUE

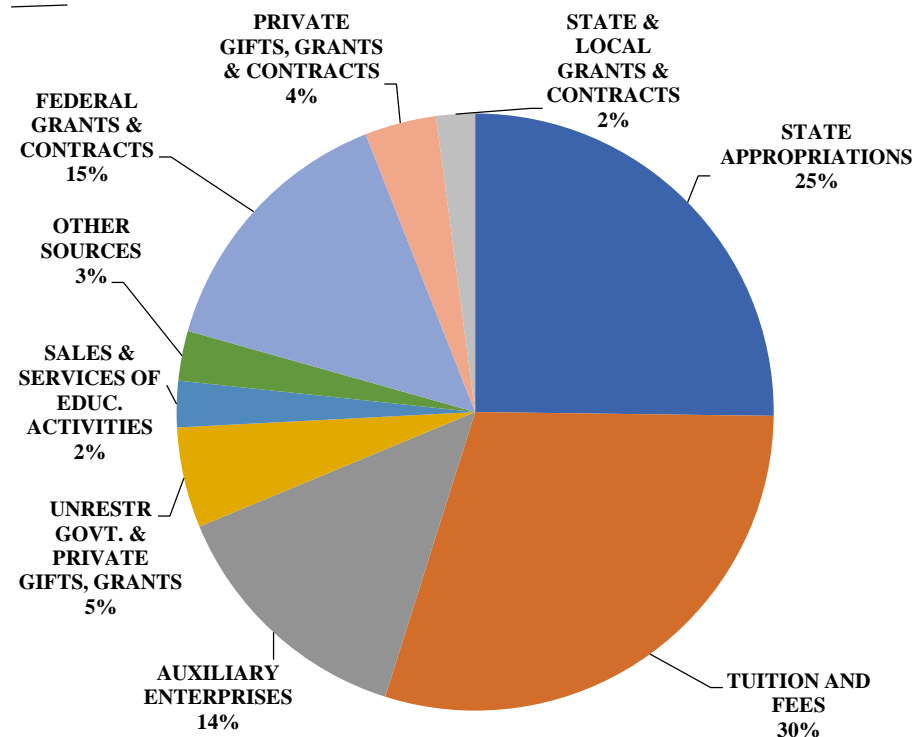
Revenue	Budget	Comment
Tuition & Fees	\$668M	Paid by students for instruction and course fees; includes Academic Year, Fall/Winter
State Appropriation	568M	Funding provided by the Governor for our core state-supported mission.
Auxiliary	312M	Business-like activities (dorms, dining, athletics, etc.)
Gov. & Private Gifts/Grants	123M	Indirect F&A cost recoveries from contract and grant activities & gift revenue from Foundation
Other Sources	61M	Interest and investments, rents, health center medical
Sales-Educ. Activity	56M	Educational-related, such as internal sales, lab services, conferences and short courses, consortiums, licensing and royalties, etc.

**UNRESTRICTED:**      \$1,788M      (79%)

Revenue	Budget	Comment
Federal Contracts & Grants	\$330M	Federal Agencies - Defense, Commerce, HHS, NASA, etc.
Private Gifts, Contracts & Grants	87M	Foundations, corporations, universities, foreign organizations, etc.
State & Local Grants & Contracts	47M	State of Maryland, local government, other state governments

**RESTRICTED:**      \$ 464M      (21%)

**TOTAL REVENUE:**      \$2,252M



# FY 2021 - Estimated Financial Impacts

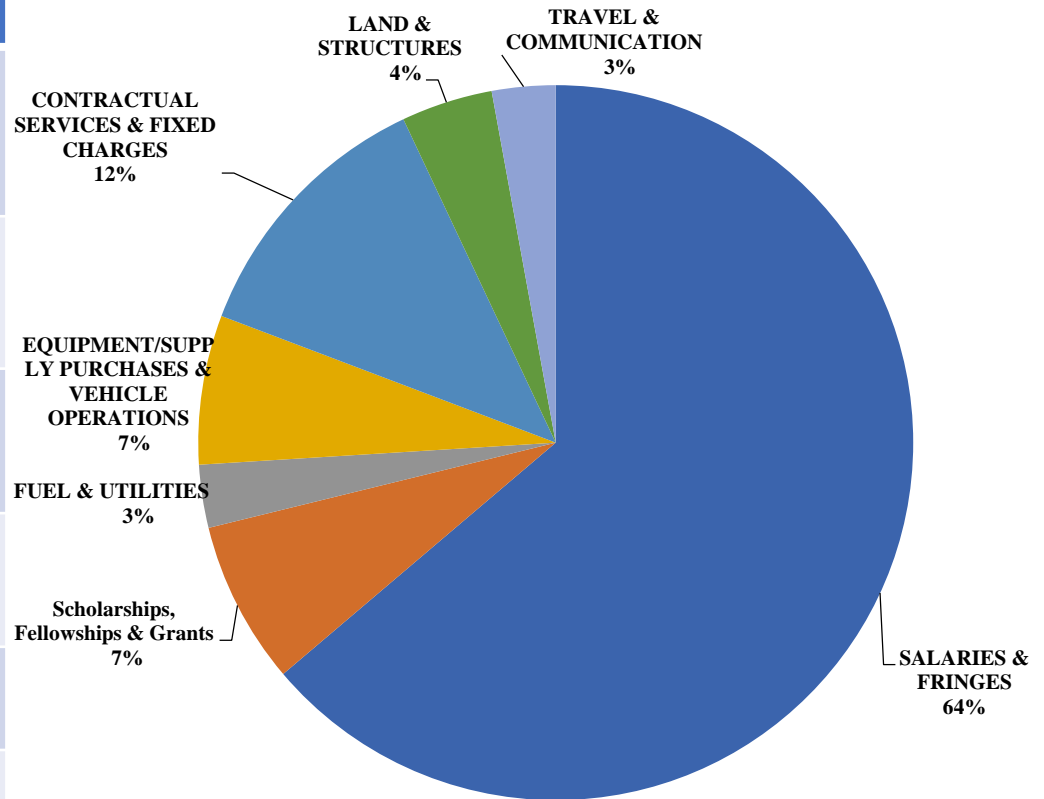
Total		State Supported		Non-State Supported (Auxiliaries, etc.)	
\$ 46.3 M	State General Fund Cut	\$46.3M	--\$44.5M 7.5% ATB --\$ 1.8M Fringe Benefits		
\$ 49.0 M	Tuition & Fees	\$40.8M	-- Loss of 2% Tuition Increase, resulting in unfunded mandatory cost increases --Revenue estimates for enrollment (FY20 and FY21)	\$ 8.2M	--Study Abroad Program --Entrepreneurial Graduate Programs
\$169.3M	Auxiliary Losses (Partial Open)			\$169.3M	
\$ 27.0M	Other	\$ 11.8M	--Misc. revenue losses --COVID costs (after reimb)	\$ 15.2M	--Misc. revenues --COVID costs
<u>\$291.6M</u>	<b>Total</b>	<b>\$98.9M</b>	<b>Total State</b>	<b>\$192.7M</b>	<b>Total Non-State</b>

# Future Financial Planning:

## Cannot Mitigate Shortfalls Without Impacting Personnel

### FY20 TOTAL CURRENT FUNDS BUDGET (\$2.3B) BY EXPENSE TYPE

Exp. Type	Budget	Examples
Salaries & Wages	\$1,437M	Salaries and wages for faculty, staff, and graduate assistants and their benefits, such as health, remissions, etc.
Contractual Services & Fixed Charges	275M	Subcontractors, maintenance and repair, printing and reproduction, insurance, interest of debt, rents
Scholarship, Fellowships & Grants	166M	Financial aid to students and fellowships
Equipment/Supply Purchases & Vehicle Operations	152M	Purchases for resale, office, instructional and research supplies and equipment purchases, vehicle fuel and maintenance
Land & Structures	93M	Transfers to Plant for facilities renewal, new construction, and reserves
Travel & Communication	65M	All travel, business meals, phone and networks, postage
Fuel & Utilities	64M	Natural gas, electricity, water & sewer, steam
	\$2,252M	



# Prior Significant State Cut & UMD's Response

- (\$15.6M) - FY 15 – Mid-Year Budget Cut
- Solved by solution shared by students, employees, and university organizations:

FY15-Mid-Year Budget Cut	Solved By			
	Tuition	Base Cuts	Furloughs	Use of Fund Balance
<b>\$ 4.5M</b> Permanent	<b>\$1.5M</b> (2% Increase (UGRAD Residents))	<b>\$3.0M</b> (layoffs, efficiencies, etc.)		
<b>\$11.1M</b> Temporary	<b>\$2.5M</b> (2% 1-Year Surcharge UGRAD & GRAD, net of addtl. Aid)		<b>\$3.0M</b> (Between 1-3 days based on salary tiers)	<b>\$5.6M</b>
<b>\$15.6M</b> Cut Total	<b>\$4.0M</b> - Tuition Total	<b>\$3.0M</b> - Base Cuts Total	<b>\$3.0M</b> - Furlough Total	<b>\$5.6M</b> - Fund Balance Total

# Tentative Plans to Address FY21 Shortfall

Total		Comments
\$150.3M (52%)	Fund Balance	--\$14.5M - Relief from Fund Balance Growth Goal --\$135.8M – Planned Use of Fund Balance
\$ 13.6M ( 5%)	Temporary Salary Reductions	--Does not apply to 90% of permanent employees nor contingent/temporary --Higher earners will be reduced up to 10%
\$ 97.4M (33%)	Unit General Operating Cuts	--\$33.0M – 5% State permanent reduction --\$ 3.8M -- State cuts for other rev. loss --\$60.6M – Auxiliary unit general cuts
\$ 10.2M ( 3%)	Facilities Renewal Cut	
\$ 20.1M ( 7%)	Other Central Budget Cuts	--Debt Service --Fringe Benefit Savings from Rate Changes -Misc. central budget savings
<u>\$291.6M</u> TOTAL		
	\$ 68.2M ( 23%) – Permanent	
	\$223.4M ( 77%) - Temporary	





# Questions