

Salisbury University

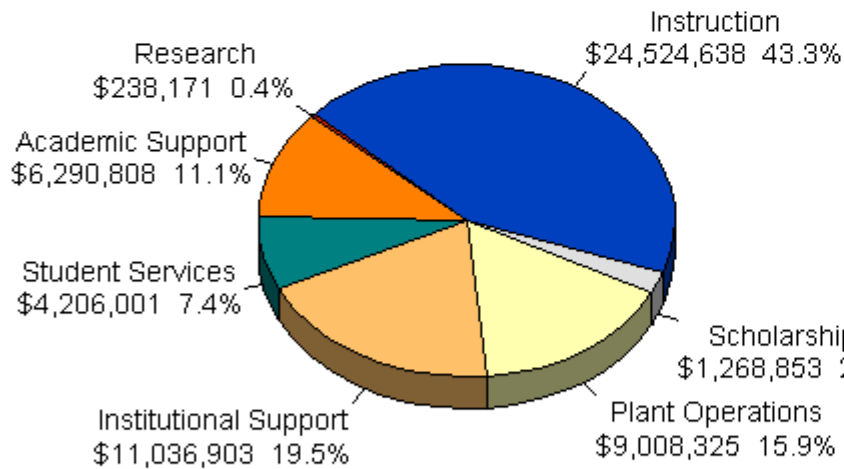
Budget Presentation

FY 2004

Salisbury University

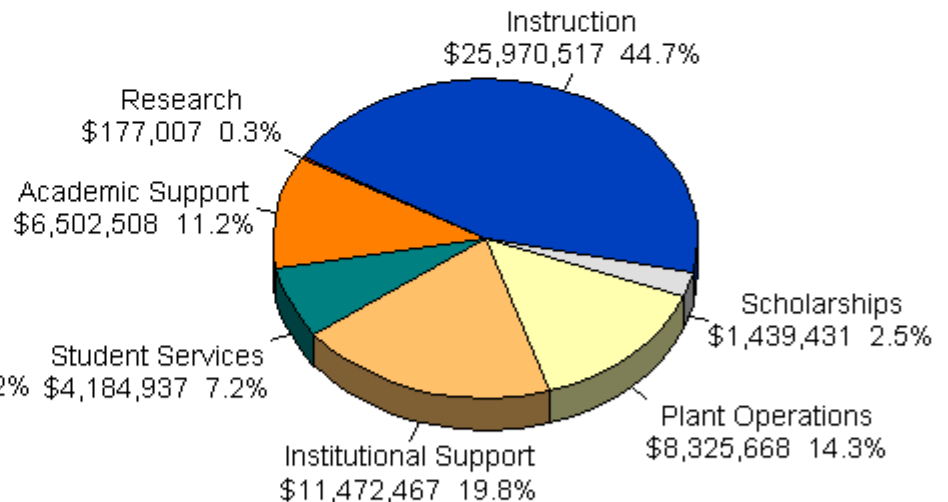
State Support Unrestricted Expenditures by Program

FY 2002



Total: \$56,573,699

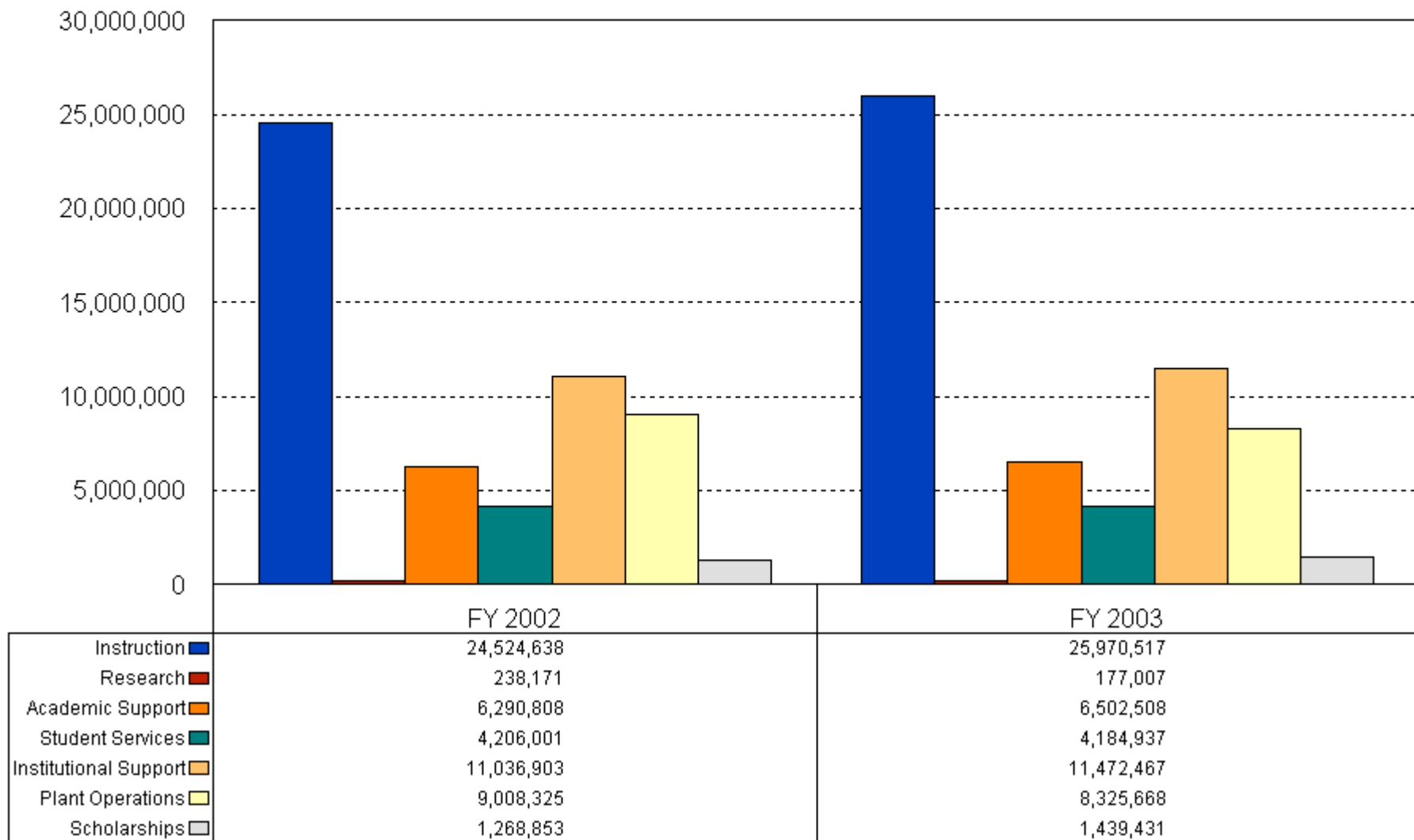
FY 2003



Total: \$58,072,534

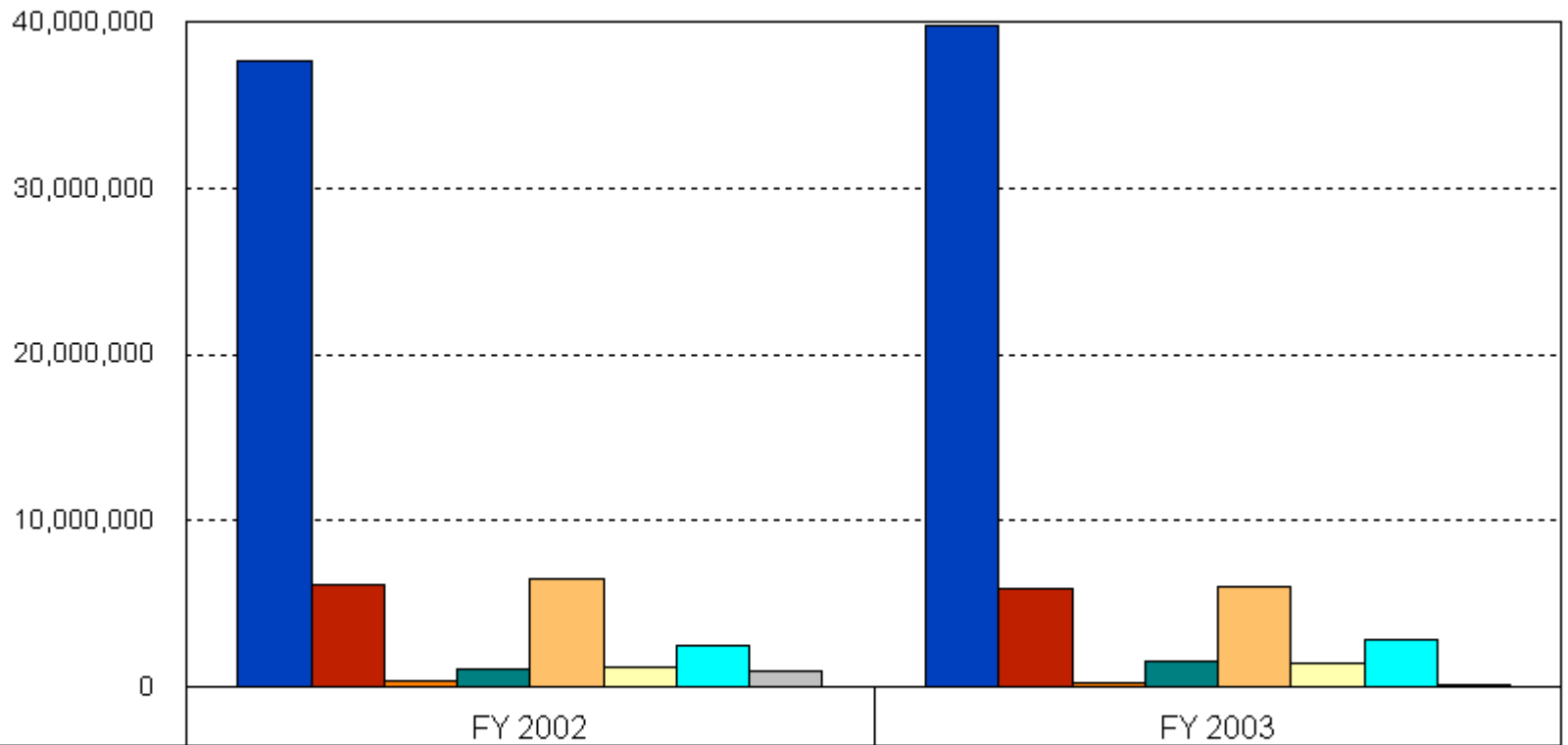
Salisbury University

State Support Unrestricted Expenditures by Program



Salisbury University

State Support Unrestricted Expenditures by Category



	FY 2002	FY 2003
PIN Salaries & Benefits	37,598,807	39,775,192
Contingent Salaries & Benefits	6,116,312	5,959,994
Travel	395,357	321,892
Fuel & Utilities	1,135,955	1,544,691
Operating Expenses	6,534,680	6,012,486
Scholarships	1,247,431	1,417,955
Fixed Charges	2,518,986	2,910,407
Facilities Renewal	1,026,171	129,917

TABLE OF FACTS AND FIGURES
ON THE CURRENT BUDGET CRISIS
AT SALISBURY UNIVERISTY

FISCAL YEAR 2003 – FISCAL YEAR 2004 BUDGET REDUCTIONS

The impact of the budget reductions for Fiscal Year 2003 on Salisbury University's budget was \$5,608,113. How did SU meet this \$5.6 million challenge in FY 2003?

This amount was made up of:

➤ State funds reduction taken mid-year FY 2003	2,269,093
➤ Fund balance reversion returned to State during FY 2003	1,124,503
➤ Operating expenses adjustments at beginning of FY 2003	1,222,431
➤ Hiring freeze in place from fall, 2002	<u>992,086</u>
Total operating budget reductions from FY 2003	<u>\$5,608,113</u>

How large would SU's budget challenge have been in FY 2004, if the Governor's flat budget proposal for higher education has been approved?

Starting with the \$5.6 million budget impact carried over from FY 2003

to a flat budget for FY 2004, the University needed to:	\$5,608,113
➤ Subtract one time fund balance reversion taken in FY 2003	-1,124,503
➤ Subtract the FY 2003 tuition increase	-569,268
➤ Subtract operating budget reductions from FY 2003	-1,322,431
➤ Subtract non-faculty portion of the hiring freeze	-322,818
➤ Add FY 2004 fixed cost increases (utilities, health insurance)	<u>+860,000</u>
Adjusted FY 2004 Budget Impact	<u>\$3,129,093</u>

So, how had SU planned to deal with a \$3.129 million negative budget impact in FY 2004, if the Governor's flat budget proposal for higher education had been endorsed?

SU arranged to make the following adjustments to meet the \$3.1 million negative impact on its FY 2004 budget:

	\$3,129,093
➤ Operating budget reductions	-100,000
➤ Annualization of Spring '03 tuition increase	-569,268
➤ Reduced subsidies to outreach programs	-39,000
➤ Strategic efficiencies in course offerings	-150,000
➤ Restrictions on sabbaticals	-25,000
➤ Additional 5% tuition increase above FY 2004 budget request of 5% (for a total of 9% increase)	-1,227,796
➤ 2 furlough days (days off without pay) *	-314,000
➤ Elimination of positions/workforce reduction**	<u>-705,614</u>
Projected balance for FY 2004 as of February 28, 2003	\$1,585

But the Legislature passed an FY 2004 Budget Reversion in April totaling \$452,323 for SU. How were we planning to handle that?

SU took the following actions and savings to match its share of the April budget reversion, which totaled \$452,323:

➤ Savings from 401a match	-108,552
➤ Travel reduction	-223,327
➤ Additional savings from workforce reduction**	<u>-120,444</u>
Projected balance for FY 2004 as of April 15, 2003	\$1,585

Now that the Governor has cut an additional \$40 million dollars from the USM budget, how will SU respond to its \$1,428,513 share of this cut? Is this the total reduction?

➤ Starting with the Governor's budget reduction share of	\$1,428,513
➤ Add projected revenue losses because lower enrollments and change in in-state/out-of-state mix due to tuition increases	+703,505
➤ Add funds for critical maintenance on deferred projects	+150,000
➤ Add need-based financial aid set-aside from tuition increases	<u>-1,986,933</u>
Total additional <u>budget reduction</u> for FY 2004	\$2,682,018

How will SU cover that further reduction in the annual budget?

➤ Transfer of revenues from Summer/Winter Sessions into regular operating budget	-200,000
➤ Anticipated savings from privatization efforts in FY 04	-200,000
➤ Further workforce reductions**	-300,000
➤ Raise in tuition rates from 9% to 16%	<u>-1,986,933</u>
Projected balance for FY 2004 as of July 11, 2003	\$6,500

* The furlough days are scheduled to be taken Friday, March 26, 2004, and Friday, May 21, 2004.

** The elimination of positions/workforce reduction includes planned retirements, voluntary separations, non-continuance of contracts, and layoffs.

Summary of FY 2003 & 2004 budget reductions and actions taken

Budget Reductions

General fund reductions (funds taken back)		\$4,149,949
Current Services Budget reductions (funds not approved)		4,086,192
One-time Fund Balance Transfer (taken from SU savings)		<u>1,124,503</u>
❖ Total reductions on FY 03 base budget of \$58.7 million		\$9,360,644

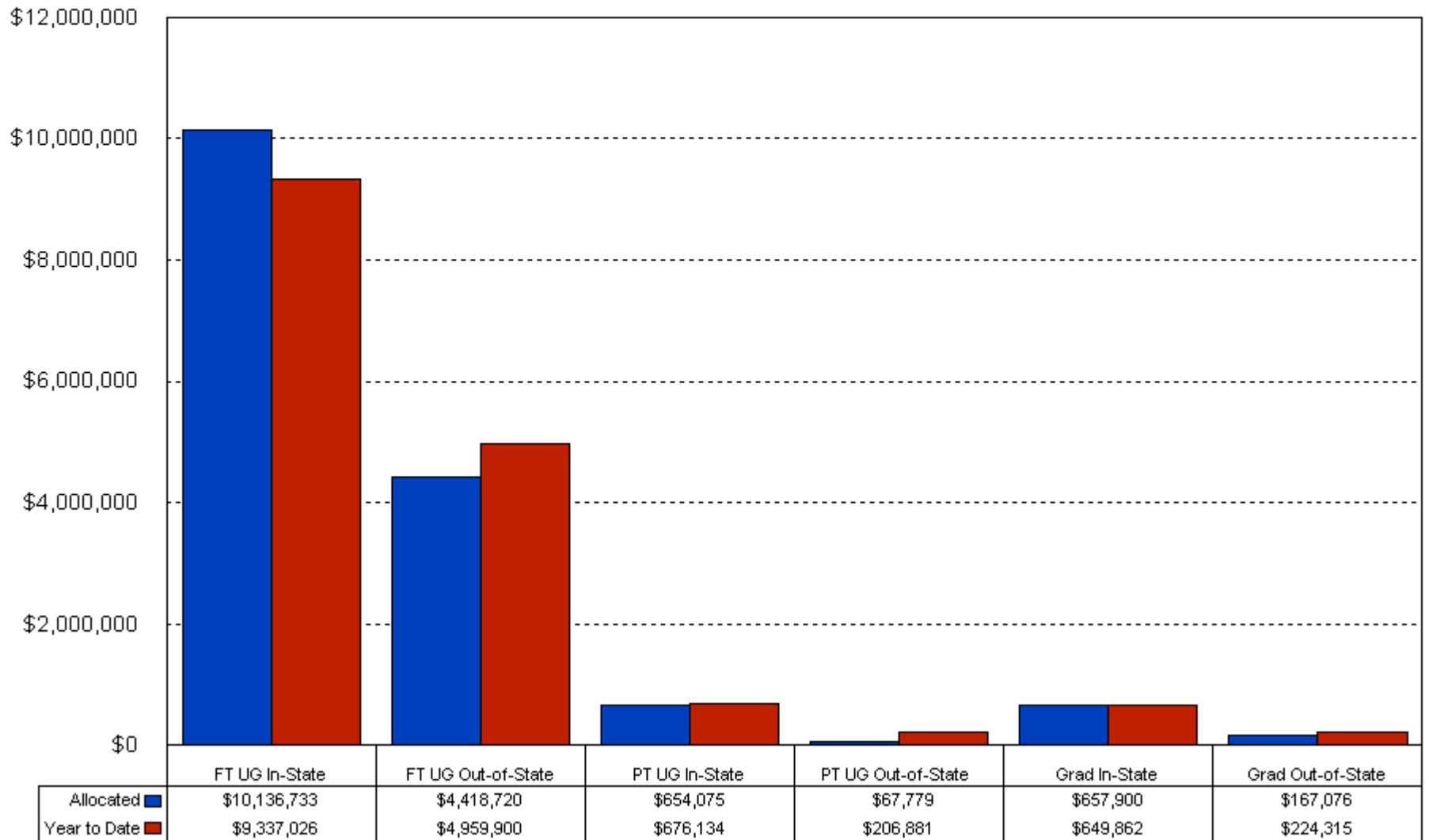
Actions Taken

Tuition increases	(38.96%)	3,649,760
Use of reserves	(28.39%)	2,659,016
Operating expenses reductions	(32.65%)	<u>3,058,368</u>
		\$9,367,144

Balance \$6,500

Salisbury University

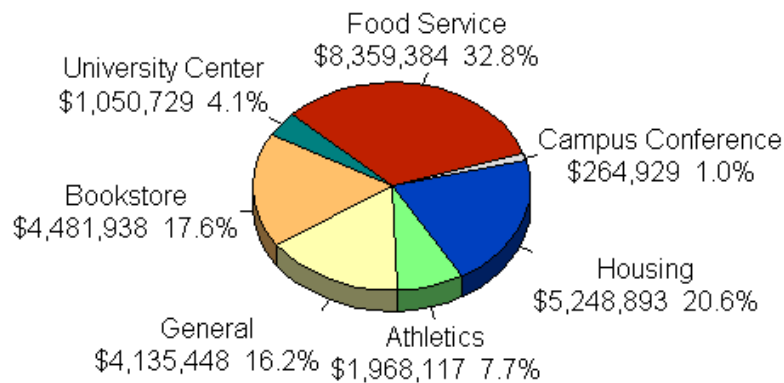
Fall 2003 Tuition Revenue



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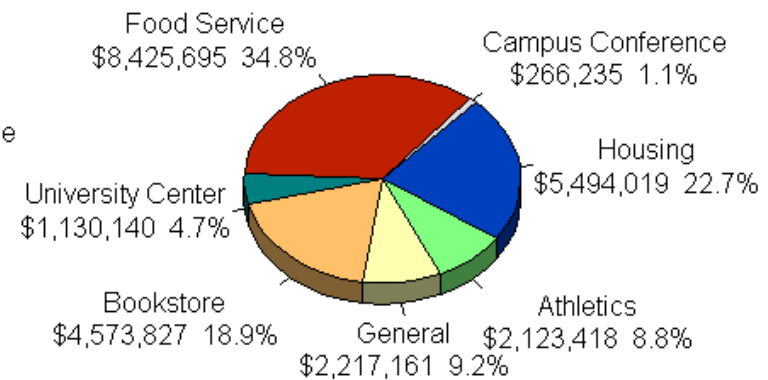
Auxiliary Revenue by Area

FY 2002



Total: \$25,509,438

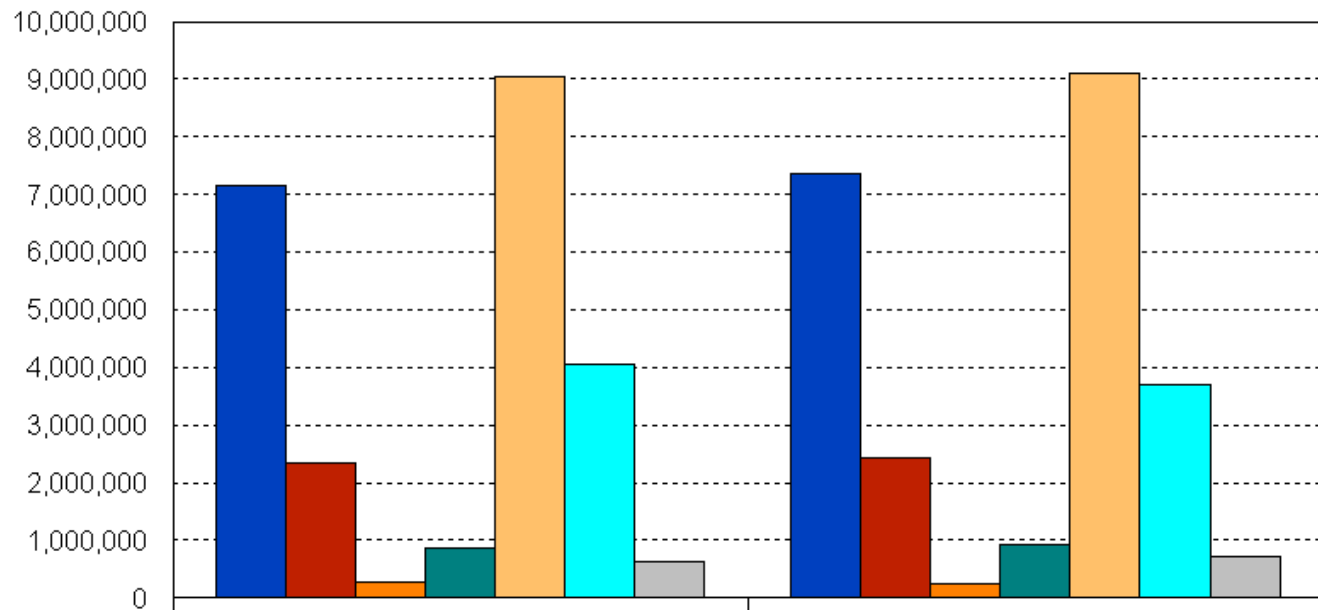
FY 2003



Total: \$24,230,495

Salisbury University

Auxiliary Expenditures by Category

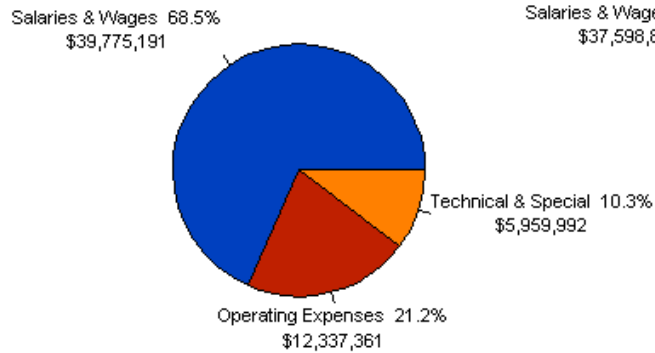


	FY 2002	FY 2003
PIN Salaries & Benefits	7,157,008	7,351,700
Contingent Salaries & Benefits	2,335,513	2,423,904
Travel	288,412	256,414
Fuel & Utilities	856,367	926,818
Operating Expenses	9,055,072	9,090,323
Fixed Charges	4,045,397	3,696,961
Facilities Renewal	641,646	713,704

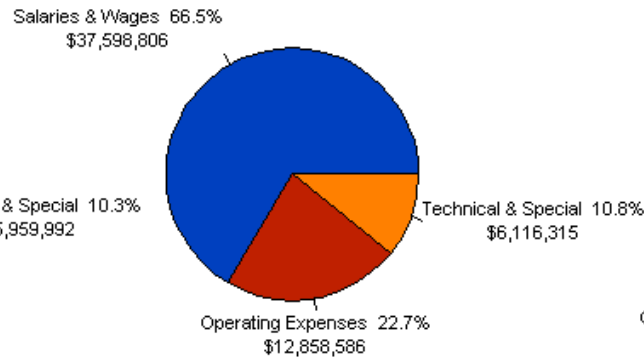
Salisbury University

Expenditure Comparison - State Supported Unrestricted Funds

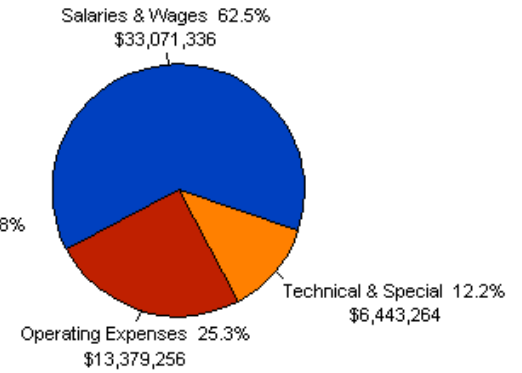
FY 2003



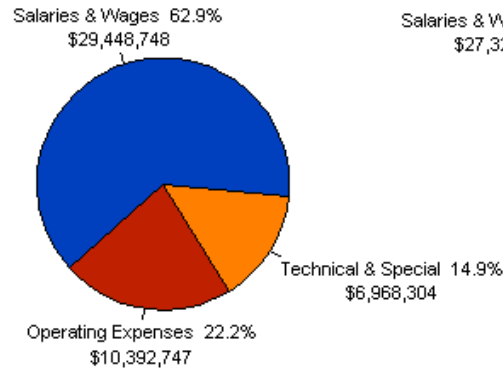
FY 2002



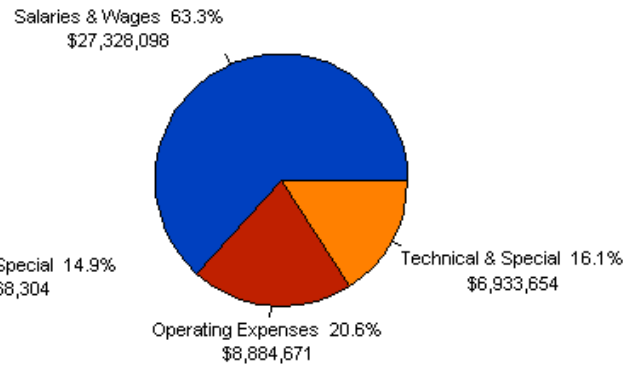
FY 2001



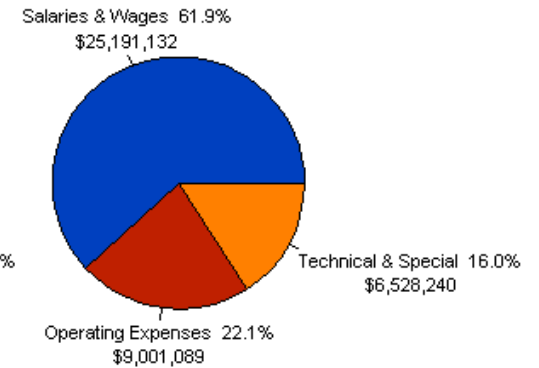
FY 2000



FY 1999

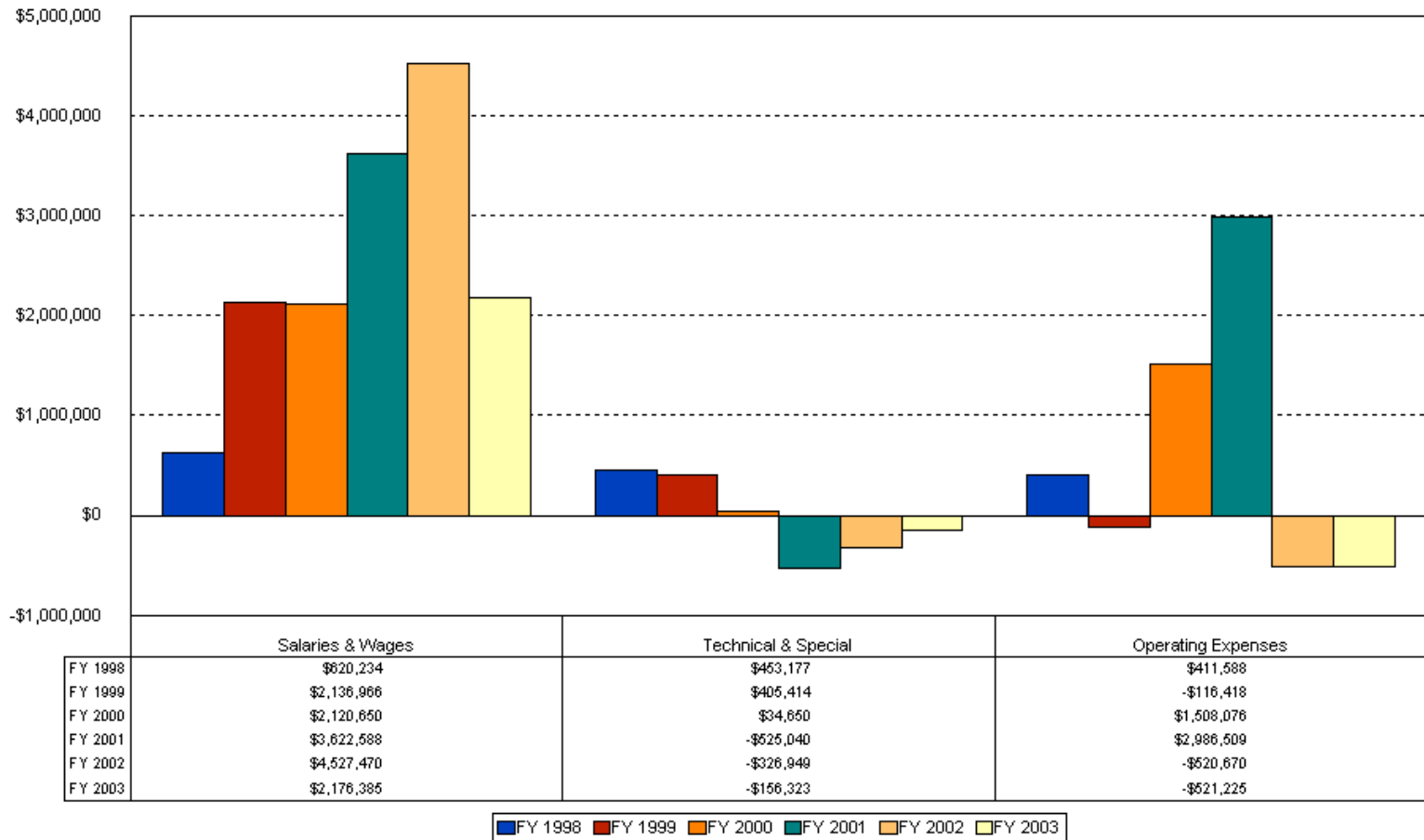


FY 1998



Salisbury University

Change in Expenditures from Previous Year



FY 2005 Budget Request

- Department of Budget and Management has indicated that the general fund allocation will remain flat
- State of MD is still projecting a \$800 million revenue shortfall in FY 2005
- Mandatory expenditure increases (i.e., debt service and health insurance) must be covered by either expenditure reductions or tuition increases
 - SU's estimated mandatory costs for FY 2005 are projected to be no less than \$2,446,799
- Enrollment is to be budgeted at FY 2004 level (6,134 FTES)