

BOARD OF TRUSTEES
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
REPORT SUMMARY

Date of Meeting: June 26, 2019

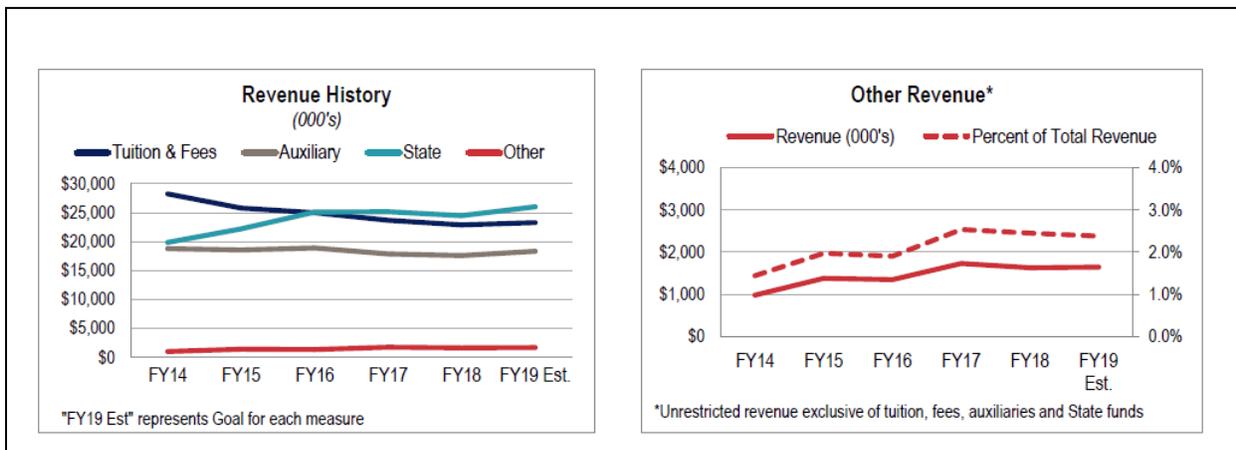
Date of Next Meeting: TBD

Committee Chair: John Wobensmith '93

Committee Members: Anirban Basu, Board Chair Lex Birney, Donny Bryan '73, Liza Gijanto, President Tuajuanda Jordan

Staff Member: Paul Pusecker

Dashboard Metrics



Executive Summary

The Committee will hold a special meeting to review and take for action the FY20 Current Fund (Operating) Budget.

Action Item(s) related to specific strategic plan goals as appropriate:

Action Item II.A. Approval of the FY20 Current Fund (Operating) Budget:

The proposed FY20 Operating Budget totals \$68.7M. Using a projected total student full-time enrollment of 1,370 students, the proposed FY20 Operating Budget is based on 1,343 full-time undergraduate students, representing 98% of the projected total enrollment. Tuition rates for both in-state and out-of-state students increase 2% and auxiliary fees increase 3%. With the rate changes and additional State support, approximately \$2.3M of expense reductions are incorporated into the proposed FY20 operating budget to allow funds for faculty and staff salary changes, required expenditure changes, and strategic planning priorities.

**FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF JUNE 26, 2019
AGENDA**

I. DISCUSSION ITEMS

A. None

II. ACTION ITEMS

A. Approval of the FY20 Current Fund (Operating) Budget

III. INFORMATION ITEMS

A. None

The Committee does not expect to close a portion of this meeting.

**BOARD OF TRUSTEES
ST. MARY'S COLLEGE OF MARYLAND
FINANCE, INVESTMENT, AND AUDIT COMMITTEE
MEETING OF JUNE 26, 2019
ACTION ITEM IIA.
RECOMMENDATION TO APPROVE FY20 CURRENT FUND
(OPERATING) BUDGET**

RECOMMENDED ACTION

The Finance, Investment, and Audit Committee recommends approval by the Board of Trustees, St. Mary's College of Maryland, of the attached current fund (operating) budget for FY20.

RATIONALE

Maryland law entrusts the development and approval of the operating budget for the College to the Board of Trustees. Authorization of the attached FY20 current fund budget will allow the College to continue its mission of providing a high quality, public, post-secondary education.

The proposed FY20 Operating Budget totals \$68.7M. State funds total \$27.2M including \$0.72M of inflator funding, \$0.30M in annualizing the FY19 wage supplement, and \$0.50M to supplement wages in FY20.

Using a projected total student full-time enrollment of 1,370 students, the proposed FY20 Operating Budget is based on 1,343 full-time undergraduate students, representing 98% of the projected total enrollment. Tuition rates for both in-state and out-of-state students increase 2% and auxiliary fees increase 3%.

With the rate changes and additional State support, approximately \$2.3M of expense reductions are incorporated into the proposed FY20 operating budget to allow funds for faculty and staff salary changes, required expenditure changes, and strategic planning priorities.

St. Mary's College of Maryland
FY20 Operating Budget
Supporting Documentation Table of Contents

- Exhibit A Budget Item for BOT Approval
- Exhibit B Key Budget Assumptions
- Exhibit C FY20 Budget Leadsheet
This schedule describes revenues by source and all additional expenditure items by type for the Current Fund Unrestricted only.
- Exhibit D: Pie Chart: FY20 Current Fund Unrestricted (CFU) Budgeted Revenue by Source
- Exhibit E: Pie Chart: FY20 CFU Budgeted Expenditures by Program
- Exhibit F: Pie Chart: FY20 CFU Budgeted Expenditures by Object
- Exhibit G: Bar Chart Five-Year Comparative Expenditures by Program
- Exhibit H: Bar Chart Five-Year Comparative Expenditures by Object
- Exhibit I: Reconciliation of State Appropriation
- Exhibit J: FY20 CFU Budget for Contingency Items
This schedule provides information about the contingency funds included in the current fund unrestricted budget.
- Exhibit K: FY20 CFU Planned Expenditures Greater Than \$100,000 Each
Required by the Board approved Budget Policy, this schedule displays anticipated operating budget expenditures for goods/services to a single vendor greater than \$100,000 each.
- Exhibit L: FY20 Budget Crosswalk
This schedule describes year-to-year changes in revenue and expenditure items for the Current Fund Unrestricted only.

St. Mary's College Of Maryland

FY20 Operating (Current Fund) Budget

Exhibit A

	FY20 Current Fund Unrestricted (CFU)		FY20 Current Fund Restricted (CFR)		April Action Item FY20 Current Fund Total		Prior Year Beginning Budget FY19 Current Fund Total			
	Proposed Budget	% Of Total	Proposed Budget	% Of Total	Proposed Budget	% Of Total	July 2018 Budget	% Of Total	\$ Change	% Change
Revenue										
Tuition	19,078,430	27.8%		0.0%	19,078,430	25.8%	20,144,822	27.0%	(1,066,392)	-5.29%
Fees	3,033,828	4.4%		0.0%	3,033,828	4.1%	3,131,370	4.2%	(97,542)	-3.11%
State Grant (Appropriation)	27,175,558	39.5%		0.0%	27,175,558	36.7%	26,036,828	34.9%	1,138,730	4.37%
Gifts And Grants	0	0.0%	5,300,000	100.0%	5,300,000	7.2%	5,300,000	7.1%	-	0.00%
Sales & Services-Educational	812,835	1.2%		0.0%	812,835	1.1%	800,039	1.1%	12,796	1.60%
Endowment/Investment	585,000	0.9%		0.0%	585,000	0.8%	516,000	0.7%	69,000	13.37%
Foundation Unrestricted Support	75,000	0.1%		0.0%	75,000	0.1%	75,000	0.1%	-	
Sales & Services-Auxiliary	17,732,670	25.8%		0.0%	17,732,670	23.9%	18,335,617	24.6%	(602,947)	-3.29%
Other	254,400	0.4%		0.0%	254,400	0.3%	254,400	0.3%	-	0.00%
Total Revenue	68,747,721	100.0%	5,300,000	100.0%	74,047,721	100.0%	74,594,076	100.0%	(546,355)	-0.73%
Expenditures										
Instruction	19,351,843	28.1%	566,136	10.7%	19,917,979	26.9%	20,867,798	28.0%	949,819	4.55%
Research	0	0.0%	196,215	3.7%	196,215	0.3%	196,215	0.3%	-	0.00%
Public Service	98,404	0.1%	14,541	0.3%	112,945	0.2%	112,945	0.2%	-	0.00%
Academic Support	2,226,545	3.2%	14,526	0.3%	2,241,071	3.0%	2,241,887	3.0%	816	0.04%
Institutional Support	14,651,183	21.3%	536,082	10.1%	15,187,265	20.5%	14,944,038	20.0%	(243,227)	-1.63%
Student Services	7,142,996	10.4%	296,236	5.6%	7,439,232	10.0%	6,818,038	9.1%	(621,194)	-9.11%
Plant Operation and Maintenance	4,832,891	7.0%	411,290	7.8%	5,244,181	7.1%	5,348,219	7.2%	104,038	1.95%
Scholarships/Grants	7,350,787	10.7%	3,264,974	61.6%	10,615,761	14.3%	10,001,646	13.4%	(614,115)	-6.14%
Auxiliary Enterprises	13,343,072	19.4%	0	0.0%	13,343,072	18.0%	14,063,290	18.9%	720,218	5.12%
Total Expenditures	68,997,721	100.4%	5,300,000	100.0%	74,297,721	100.3%	74,594,076	100.0%	296,355	0.40%
Transfers In (Out)										
Plant - Transfer from Plant Fund	250,000	0.4%	0	0.0%	250,000	0.3%	0	0.0%		
Quasi Endowment	0	0.0%	0	0.0%	0	0.0%	0	0.0%		
Total Transfers	250,000	0.4%	0	0.0%	250,000	0.3%	0	0.0%	(250,000)	
Total Expenditures & Transfers	68,747,721	100.0%	5,300,000	100.0%	74,047,721	100.0%	74,594,076	100.0%		
Budget Year Increase (Decrease in Fund Balance)	0		0		0					
Total Increase (Decrease) in Fund Balance.	0		0		0					

Note 1: Please refer to attached schedules for more information.

Note 2: For FY19, the CFU expenditure budget contains \$461K in unallocated/contingency and \$1.5M study abroad contingency.

FY2020 Key Budget Assumptions

Exhibit B

REVENUES

The FY20 revenue budget has decreased \$0.55M over the FY19 revenue budget (September revision) primarily due to lower enrollment, an increase in state support, increased students rates for tuition and auxiliary charges. The FY20 budget is based on 1,343 full time students, net of international activity, 83 less than budgeted for FY19. Enrollment counts are budgeted at 98% of projected enrollment. Tuition rates rise 2% over equivalent FY19 levels for both resident and non-resident students.

The State appropriation increases \$1.14M over the FY19 representing the Block Grant inflator and COLA related wage and benefit funds. Overall, State support increases 4.37% as shown in Exhibit A.

Auxiliary Enterprise revenue decreases \$603K as residence hall and dining rates increase by 3% and student counts for dining and Bookstore decrease to align with recent enrollment experience. The St. Mary's College of Maryland Foundation provides \$75K in unrestricted support. Foundation support also includes a total of \$139K in expense offsets including endowed chairs and staff support.

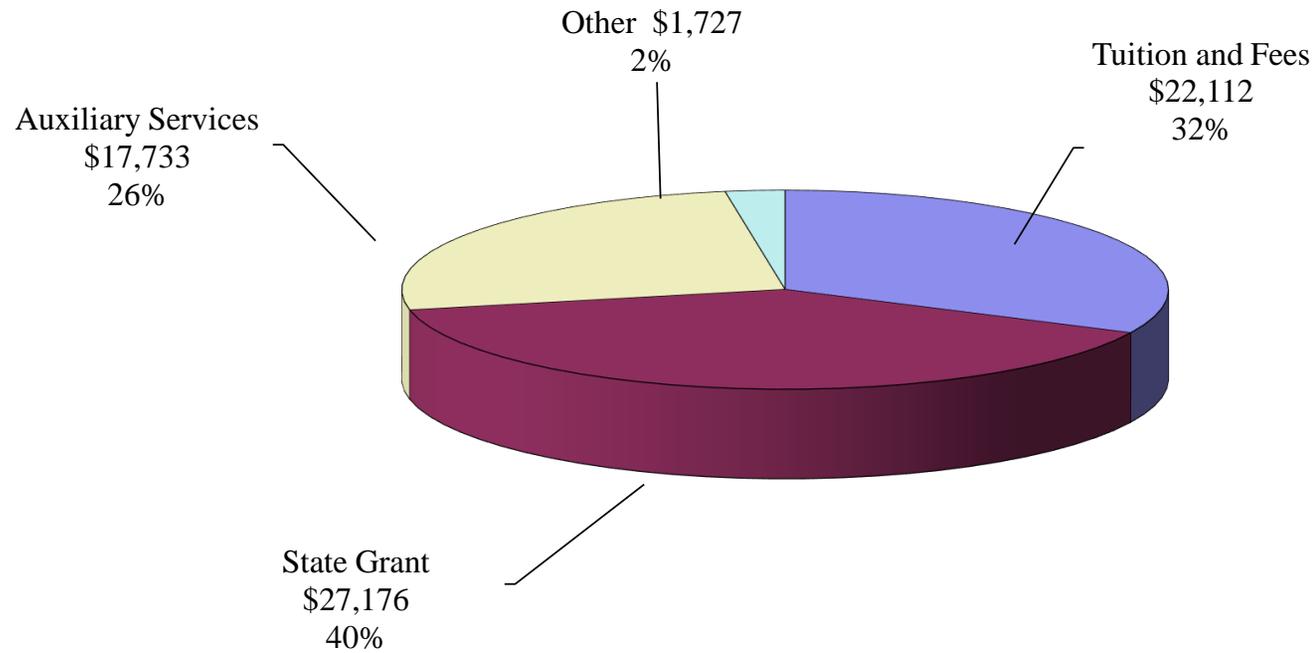
EXPENDITURES

The FY20 current fund unrestricted expenditure budget, detailed in Exhibit A, decreases a total of \$0.311M over the FY19 expenditure budget consisting of new required expenditures, a salary pool for wage increases largely effective 7/1/2019, and new strategic initiatives, less reallocations and savings. Significant additions and reductions are shown in the FY19 Budget Crosswalk (Exhibit L).

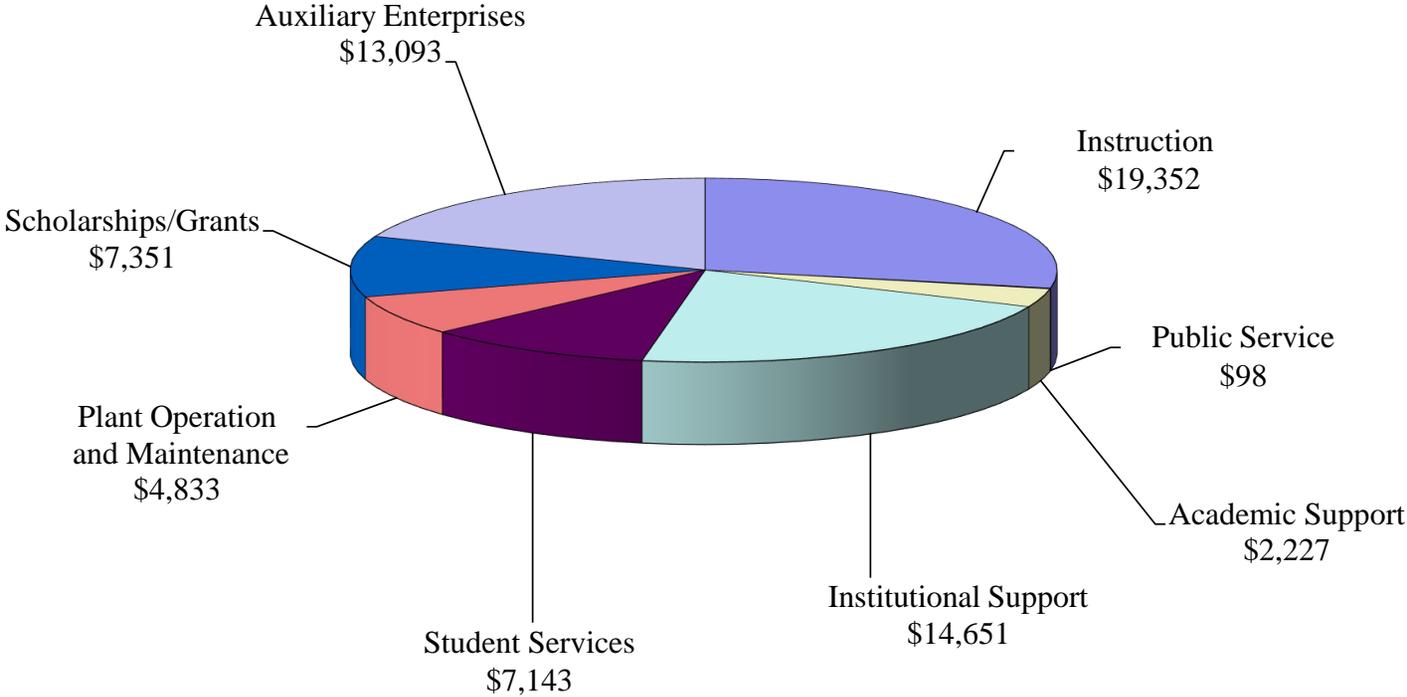
Significant savings include debt service related to the refinance completed in July 2018, and faculty personnel savings due to retirements. Permanent approved position counts decrease by 13 to 410.

ST MARY'S COLLEGE OF MARYLAND					
FY20 BUDGET PROJECTIONS				FIA Presentation (April 17, 2019)	Proposed Budget (June 6, 2019)
Exhibit C				FY20 Projected (475 entering/1,406 headcount)	FY20 Projected (410 entering/1,343 headcount)
REVENUE:					
Tuition <i>(includes 2% incr)</i>				20,031,340	19,078,430
Fees <i>(includes 3% incr)</i>				3,133,195	3,033,828
State Appropriations <i>(approved by Governor and Legislature)</i>				26,673,558	26,673,558
DBM Wage Amount <i>(SMCM receives 1.5% wage increase, currently held by DBM)</i>				502,000	502,000
Auxiliary Enterprises <i>(3% incr, includes room, board, bookstore ops)</i>				18,506,731	17,732,670
Sales & Services - Educational <i>(conf revenues, foreign program fees, non-credit tuition)</i>				812,835	812,835
Quasi-Endowment / Interest Income <i>(\$95K from Quasi endow, balance from MD Treasurer interest)</i>				585,000	585,000
Foundation Unrestricted Support				75,000	75,000
Other <i>(career center reg fees, faculty housing rev, misc)</i>				254,400	254,400
Total Revenues				70,574,059	68,747,721
EXPENSE:					
Base Budgets					
Operating <i>(supply/expense, non-personnel)</i>				12,733,598	12,733,598
Operating Reductions <i>(detail will be provided)</i>				(223,988)	(666,278)
Utilities <i>(+2% incr over FY19)</i>				3,520,725	3,520,725
Institutional Expense <i>(institutional contingency, plant/auxiliary contingency, insurance)</i>				889,430	889,430
Debt Services <i>(\$933K in one-time savings due to 2018 debt refinancing action)</i>				2,523,347	2,523,347
Dining Services <i>(Bon Appetit costs, increased \$126K for anticipated higher pers costs)</i>				4,542,344	4,542,344
Bookstore Operations				1,118,234	1,118,234
Scholarships <i>(merit and need based)</i>				7,900,535	7,500,000
Sub Total				33,004,225	32,161,400
Wages				26,702,071	26,702,071
Benefits				10,227,181	10,227,181
Personnel Contingency Reductions <i>(detail to be provided)</i>				(719,945)	(1,421,694)
Wage pool (Faculty & Staff) = 3%				833,724	833,724
Faculty Promo & Tenure Incr				110,000	110,000
Staff Promo & Reclassifications				60,000	60,000
Related FICA & Pension Costs				133,396	133,396
Defer 1.5% of Wage Pool				(483,560)	(483,560)
0.5% incr, eff 1 April: Collective Bargaining wage agreement (3.1%)				241,986	241,986
Foundation Salary Offset				(139,983)	(139,983)
<i>New RECURRING Strategic Initiatives</i>					
Core 103,104,201 - LEAD				123,200	123,200
Creative Communications - Marketing				300,000	300,000
Strategic Search - Enrollment Management				150,000	150,000
Plant Transfer (utility bury project scale back)				(125,000)	(250,000)
Total Expenses				70,574,059	68,747,721
Surplus (Deficit)				0	0

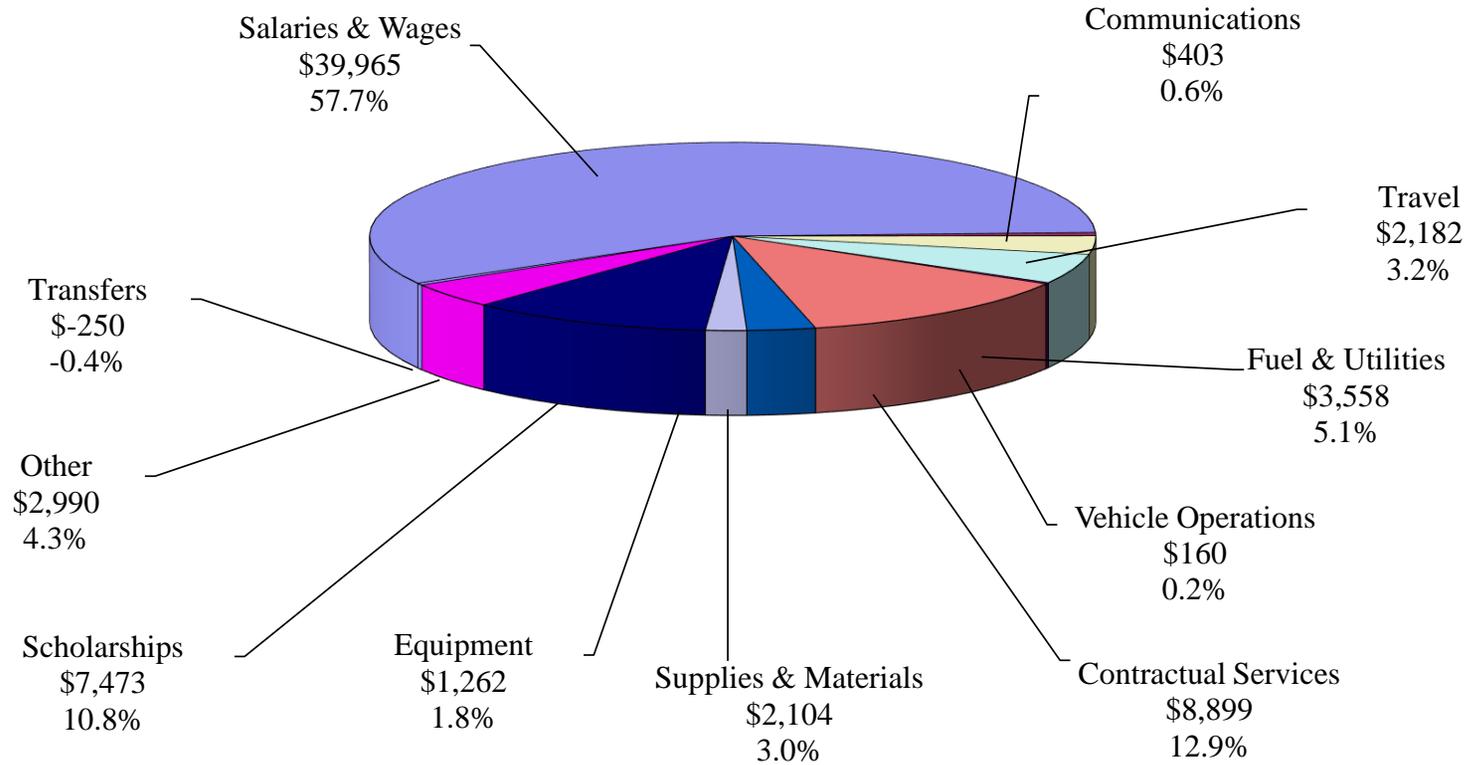
**St. Mary's College of Maryland
FY20 Operating Budget CFU Revenues by Source
(\$000s)
Exhibit D**



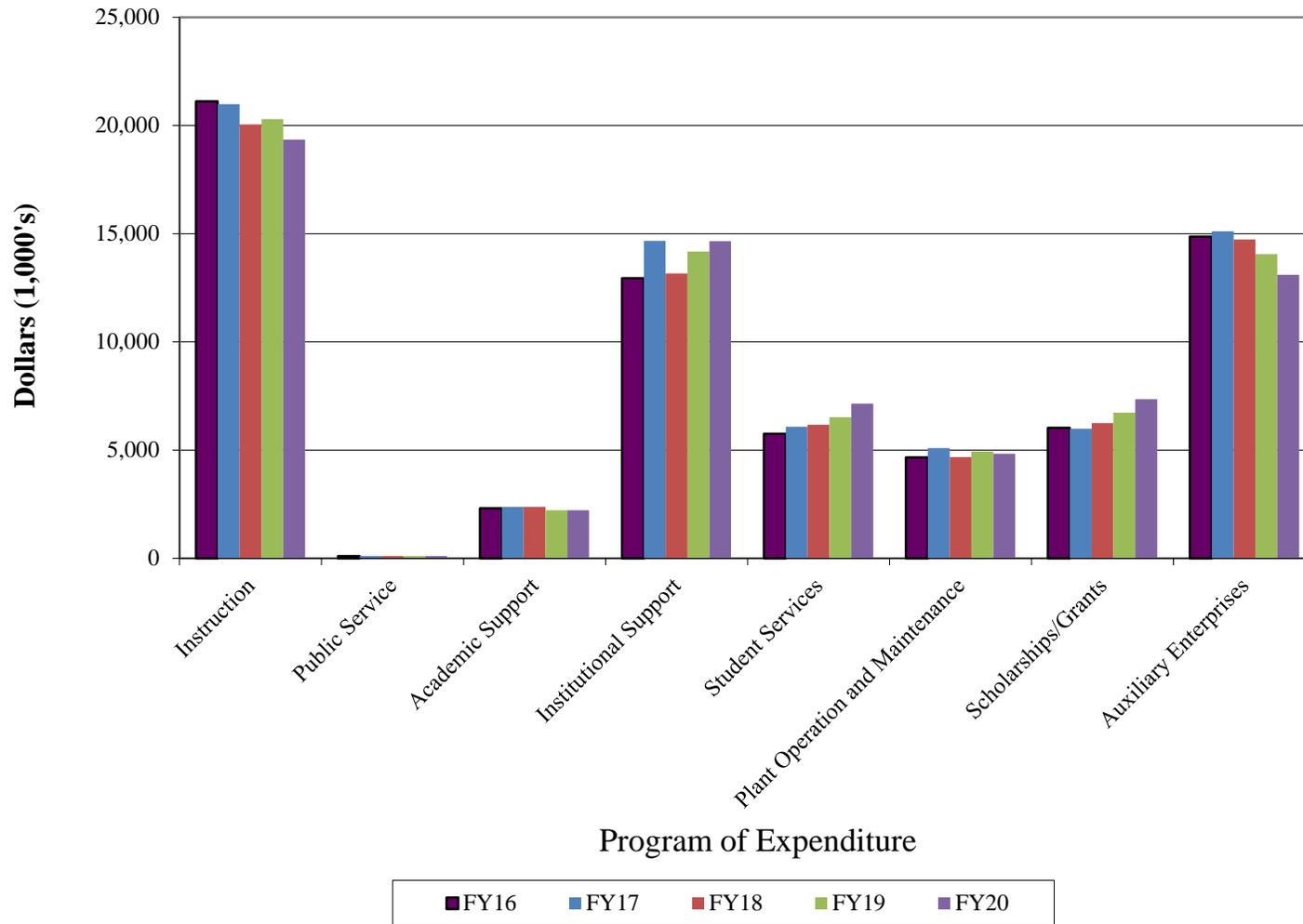
St. Mary's College of Maryland
FY20 Operating Budget Unrestricted Expenditures by Program
(000's)
Exhibit E



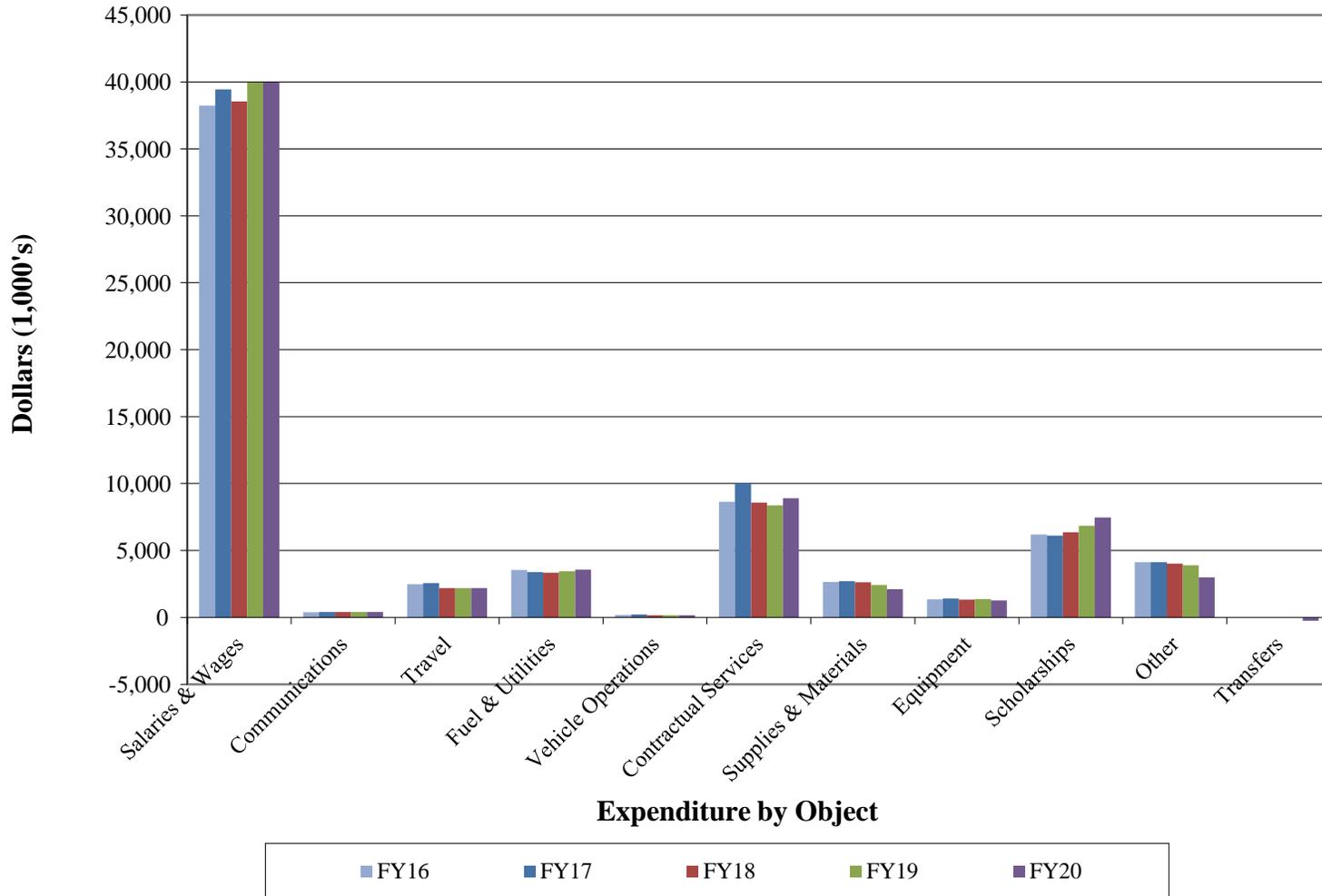
**St. Mary's College of Maryland
 FY20 Operating Budget Unrestricted Expenditures by Object
 (\$000s)
 Exhibit F**



St. Mary's College of Maryland Five-Year Operating Budgets Exhibit G



St. Mary's College of Maryland Comparative Operating Budget Exhibit H



St. Mary's College of Maryland
FY20 Operating Budget
Reconciliation of State Appropriation (General Fund Grant)
Exhibit I

**Results
of 2019
Legislative
Session**

Beginning Base for FY19	25,652,932	
Annualization of FY19 Wage supplement	296,920	
Beginning Base for FY19	<u>25,949,852</u>	
<u>FY19 Adjustments</u>		
Inflator	723,706	2.79%
Wage Supplement	<u>502,000</u>	
Total Adjustments	<u>1,225,706</u>	4.72%
Allowance	<u>27,175,558</u>	
Net Increase FY19 Start to FY20 Start	1,522,626	5.9%

St. Mary's College of Maryland

FY20 CFU Contingency Items

Exhibit J

Item	Amount
Institutional Contingency Balance	461,027
Institutional Contingency Amount	<div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100px; margin: 0 auto;">461,027</div>
<u>Study Abroad</u>	
International Signature Programs	<div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100px; margin: 0 auto;">1,267,079</div>
Study Tours	<div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100px; margin: 0 auto;">200,000</div>
<i>(Both international programs and tours are offset by anticipated revenues)</i>	
Total Contingency Items	<div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100px; margin: 0 auto;">\$ 1,928,106</div>

St. Mary's College of Maryland
FY20 CFU Planned Expenditures Greater than \$100,000 each to a Single Vendor
Exhibit K

<u>Description</u>	<u>Vendor</u>	<u>Estimated Amount</u>
<u>IT & Library Related</u>		
Administrative Software Campus Management	TBD	1,900,000 <small>Current remainig encumbrance</small>
University of Maryland Acad. Telecom. Sys. - Internet	Network Maryland	120,000
Life Cycle Replacements	Dell	260,000
Administrative Systems	Jenzabar	130,000
Library Management System	USM & Affiliated Institutions (USMAI)	135,000
Library Databases	Lyrasis	190,000
Library Serials	Ebsco	265,000
		<u>3,000,000</u>
<u>Maintenance & Utilities</u>		
Housekeeping Services	Shine Brite	220,000
Sewage Services	METCOM	285,000
Electricity	SMECO	1,600,000
Postage	US Postal Service	142,000
Heating Oil	Burch Oil	740,940
Trash Disposal	Waste Management	120,000
		<u>3,107,940</u>
<u>Auxiliaries, International & Misc.</u>		
Bookstore Cost of Goods Sold	Nebraska Book Company	90,000
Marketing	Creative Communications	300,000
Strategic Search	Enrollment Management	150,000
Food Service Contract	Bon Appetit	4,578,350
Bus Service, Athletics Teams	Keller Transportation	158,000
Publication Printing	Awarded among a pool of three (Carter, Tray Printing or Schmitz Press)	200,000
		<u>5,476,350</u>
	Grand Total	<u>11,584,290</u>

St. Mary's College of Maryland
FY20 Budget Crosswalk
Revenue Sources vs. Uses and Reallocations
Exhibit L

REVENUE:

General Fund Grant Inflatior	714,810
FY19 Revision Due to Health Insurance Cut	(235,436)
Annualization of FY19 Wage Funding	296,920
General Fund Grant - COLA Wage Contribution	502,000
Tuition Rates	375,494
Fees - Rates & Other	112,480
Room & Board - Rates	311,812
Total Revenues	2,078,080

Reduced or Increased Revenue

Count Change from 1,426 to 1,343

Tuition -83	(1,005,628)
Fees -83	(147,906)
Room -69	(541,650)
Board -63	(361,935)
<u>Mix Change In-State vs. Out-of-State</u>	
Fewer Out-of-State Students - 21	(592,032)
Increase In-State Percentage +21	254,436
Other Changes	5,716

(2,388,999)

Total Change in Revenues

(310,919)

Uses

Wage Plan - FY20	755,563
Annualization of FY19 Salary Changes Effective 1/1	442,000
Additional .5% Awarded 4/1/2019	150,753
Excess Allocated to Contingency	110,245
Reductions by VP's - Personnel	(1,421,694)
Reductions by VP's - Non-Personnel	(666,278)
Scholarships	618,465
CORE 103,104, LEAD	123,200
Marketing Initiatives	300,000
Enrollment Management	150,000
Continuing Operations costs	265,390
Miscellaneous Other	44,970
Ongoing Debt Savings	(402,164)
One-Time Debt savings	(531,369)
Plant Transfer	(250,000)
	(310,919)