University System of Maryland

3300 METZEROTT ROAD // ADELPHI, MD 20783
WWW.USMD.EDU // 301.445.1901

OFFICE OF THE CHANCELLOR

TO: USM Presidents

FROM: Jay A. Perman, Chancellor

DATE: May 11, 2026

RE: FY 2027 Compensation Guidelines

I. Introduction

This memorandum outlines the Fiscal Year 2027 guidelines for faculty and staff compensation within the University System of Maryland (USM).

These guidelines take effect July 1, 2026, and will continue through the fiscal year. Each President may establish university guidelines consistent with this document and related Board of Regents policies to ensure appropriate administration and address compensation processes, issues, or collective bargaining requirements specific to their university. Universities also should ensure the application of any increases required by the provisions of ratified collective bargaining agreements.

II. Scope

These guidelines apply to all Faculty and Staff employees in Regular or Contingent I or II status, regardless of the source of funding for the employee's position. The only categories of compensated individuals exempted from these guidelines are Contractual Faculty (Adjunct), Graduate Assistants, Postdocs, Fellows, and student employees, unless otherwise noted.

Please note that, to the extent the provisions of ratified applicable collective bargaining agreements require that compensation items be approved and funded by the state legislature and the Governor, the FY27 state budget has only approved and funded a 1.5% COLA. If any MOU language or individual employment contract conflicts with these guidelines, those agreements supersede these guidelines *for employees covered by such agreements or contract* **only** to the extent that a compensation increase (through salary increase, scale adjustment, one-time increase, bonus, or other means) is not contingent upon State appropriations.

III. Guidelines

A. General

The FY 2027 budget, as proposed by the Governor and approved by the General Assembly, includes a provision for a 1.5% cost of living adjustment for all regular faculty and staff. Limited general fund support has been provided for state supported positions only.

The General Assembly has placed no restrictions on the ability of universities to provide for retention, equity and other necessary increases to faculty and staff during the coming fiscal year.

All faculty and staff pay increases will follow the sequencing of pay adjustments referenced in BOR policy VII-9.20 Pay Administration for Regular Nonexempt Staff Employees.

B. Salary Structures

The Exempt and Nonexempt salary structure will remain in effect without changes.

C. Cost of Living Adjustment (COLA)

A 1.5% cost of living increase shall be provided to all regular faculty and staff effective July 1, 2026, or effective with contract renewals immediately following July 1, 2026, for employees working on an academic calendar. Universities also may provide a COLA to Contingent I and II Staff, Contractual Faculty(Adjunct), Graduate Assistants, Postdocs, and Fellows in accordance with university policy and practice based on available funds and in an amount determined by the university.

Final application of the July 2026 COLA for University of Maryland Baltimore School of Medicine clinical faculty may be based on the availability of clinical income, including contractual income, to support such payments.

D. Merit Increases

The Governor's budget, as approved by the State Assembly, did not provide funding for merit increases. As a result, universities may not elect to provide merit increases except for bargaining unit members who are covered by an MOU to the extent that the MOU provides for merit increases which are not contingent on State appropriations.

E. Minimum Wage

The minimum wage for Maryland workers remains at $15.00 per hour.

F. Other Types of Compensation Increases Not Restricted by the Guidelines

The following types of compensation increases should be thoughtfully implemented only after full consideration of relevant factors:

1. Retention (to be used judiciously when necessary to retain a difficult-to-replace employee).
2. Equity Increases (e.g., increases required to comply with federal and state equal opportunity employment laws and federal immigration laws).
3. Reclassifications.
4. Promotions.

5. Payment for Additional Duties (e.g., summer and winter term teaching, overload teaching, on-call or clinical coverage, and temporary service in an acting capacity).

6. Established University Awards (including Board of Regents awards for staff and faculty and university service awards).

7. Contract Renewal Increases.

8. Non-Cumulative Cash Bonuses.

   An university may award a non-cumulative cash bonus as described in BOR Policy VII-9.11, Policy on Pay Administration for Exempt Positions, Section III. K., and BOR Policy VII-9.20, Policy on Pay Administration for Regular Nonexempt Staff Employees, Section XVI.

9. Non-Salary Taxable Compensation.

   According to Board of Regents policy, certain increases in non-salary taxable compensation (e.g., housing and car allowances and deferred compensation contributions) must be authorized by the President and approved in advance by the Chancellor. Note that USM approved programs, such as the Live Near your Work and the Childcare Grant Program, are exempt from this approval process.

10. Any other salary increase permitted by Board of Regents policy that is not prohibited by this memorandum.

IV. Required Reports

The following reports should be sent to Sr. HR Officer Tom Hoffacker in the USM Office no later than Friday, July 24, 2026, unless otherwise stated:

A. President's Affirmation Letter.

   The affirmation letter shall affirm that the compensation actions taken for FY 2027 will be consistent with the guidelines established herein and that all contracts are handled appropriately consistent with BOR Policy VII-10.0, Policy on Board of Regents Review of Certain Contracts and Employment Agreements.

B. Updated List of University Key Staff Employees.

   This list must include, at a minimum, university officers, direct reports to the President, and individuals whose contracts or other compensation agreements fall under the BOR Policy VII-10.0, Policy on Board of Regents Review of Certain Contracts and Employment Agreements and must contain compensation data for FY 2026 and FY 2027. This list will also designate key employees who fall under BOR Policy VII-1.22, Policy on Separation for Regular Exempt Staff Employees.

C. Report of Significant Salary Adjustments.

This report must provide details of regular faculty and staff employee salary adjustments to base pay that result in a cumulative compensation increase of more than 25% during the period July 1, 2026, to June 30, 2027.

This report will be due on Friday, July 30, 2027, and should exclude changes to FTE unless the change in pay is not in proportion to the change in FTE.

Suggested reporting formats for each of these reports, the affirmation letter, and other guidance will be provided to each university's chief human resources officer. If you have any questions regarding these guidelines and reporting requirements, please contact Tom Hoffacker via email at thoffacker@usmd.edu. Thank you.

cc: Ellen Herbst
Vice Chancellors
Vice Presidents for Administration and Finance
Provosts and Chief Academic Affairs Officers
Systemwide Human Resources Committee (SHRC)
Dan Chanen
Tom Hoffacker
Lorri McMann
Colleen Auburger