

R30B28
University of Baltimore
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Approp.</u>	<u>FY 04</u> <u>Allowance</u>	<u>FY 03 - 04</u> <u>Change</u>	<u>FY 03 - 04</u> <u>% Change</u>
General Funds	\$24,474	\$24,552	\$22,508	-\$2,044	-8.3%
FY 2003 Cost Containment	0	-2,044	0	2,044	
Adjusted General Funds	\$24,474	\$22,508	\$22,508	\$0	
Other Unrestricted Funds	31,217	35,789	38,085	2,296	6.4%
Total Unrestricted Funds	55,691	58,297	60,593	2,296	3.9%
Restricted Funds	6,686	7,859	8,134	275	3.5%
Adjusted Grand Total	62,378	66,156	68,727	2,571	3.9%

- Cost containment reduced the fiscal 2003 working appropriation by \$2 million, or 8.3%.
- Other unrestricted funds increase 6.4%, or \$2.3 million.
- Restricted funds increase \$275,000, or 3.5%.

Personnel Data

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Working</u>	<u>FY 04</u> <u>Allowance</u>	<u>Change</u>
Regular Positions	551.27	530.77	522.27	-8.50
Contractual FTEs	138.11	143.24	147.99	4.75
Total Personnel	689.38	674.01	670.26	-3.75

Vacancy Data: Regular Positions

Budgeted Turnover: FY 04	12.74	2.44%
Positions Vacant as of 09/31/02	17.50	3.30%

- The abolished regular positions were positions that were vacant from attrition during the past two years; they will be abolished prior to the close of fiscal 2003.

Note: Numbers may not sum to total due to rounding.

For further information contact: Jessica E. Jordan

Phone: (410) 946-5530

Analysis in Brief

Major Trends

Diversity in Enrollment and Graduation Still a Priority: Despite increasing enrollment overall, minority students continue to make up about 38% of the student population; the university will also increase the percent of economically disadvantaged students to 50% by fiscal 2004.

Emphasis On Non-state Funding Sources Pays Off: The University of Baltimore has increased its amount of revenue in three major areas of alternative funding: alumni donations, sponsored-research dollars per faculty member, and entrepreneurial revenues.

Recommended Actions

1. Concur with Governor's allowance.

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Operating Budget Analysis

Program Description

The University of Baltimore (UB) emphasizes career-oriented educational programs in the areas of law, business, public administration, and related professional applications of the liberal arts at the doctoral, master's, and advanced undergraduate levels. UB is located in the Mt. Vernon/Mt. Royal neighborhood of Baltimore and attracts students with professional objectives. The student body is a mix of full- and part-time, day and evening, and traditional and returning students, reflecting the racial and ethnic diversity of the metropolitan region.

While both basic and applied research are encouraged and supported at UB, applications-oriented research is emphasized. For example, economic and policy analysis is provided as a public service by faculty at such centers as the Schaefer Center for Public Policy and Jacob France Center for Business and Economic Studies; examination of values in professional settings is conducted by the Hoffberger Center for Professional Ethics; and analysis of Maryland and national legal issues is conducted by the law faculty.

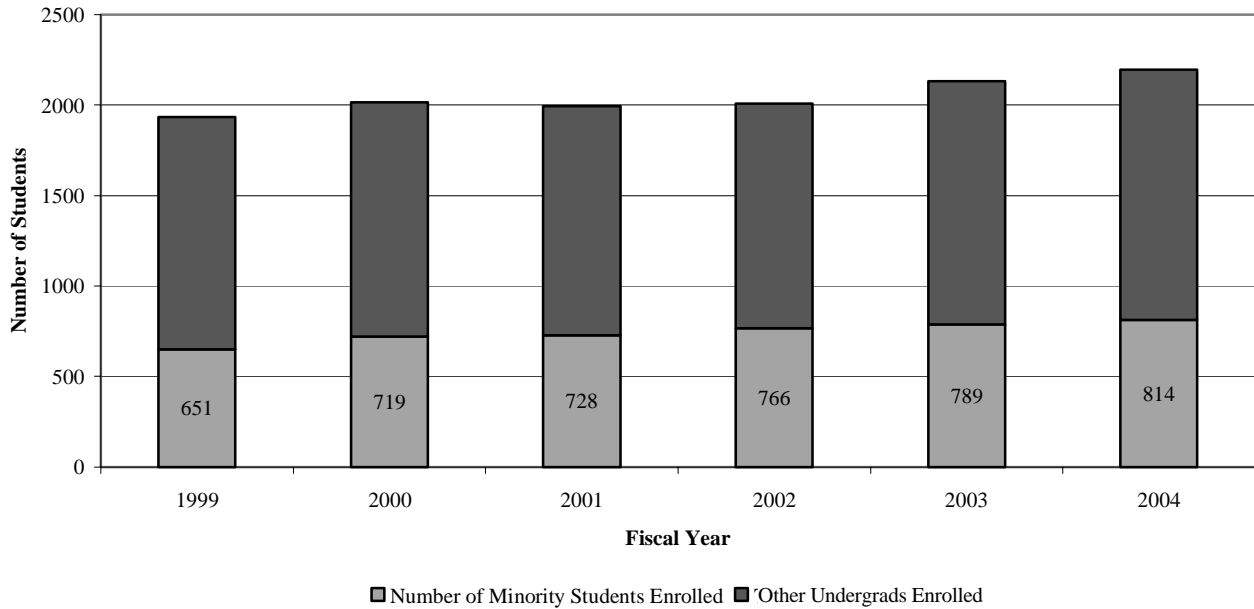
Performance Analysis: Managing for Results

Performance measurements for UB reflect the school's unique, professional program focus. Since many of UB's students are nontraditional college-going students, such as graduate level and professional mid-career students, the performance analysis focuses on increasing the diversity of UB's student population, increasing sponsored-research dollars and other non-state fund sources, and increasing faculty outreach efforts.

One of UB's goals is to provide qualified Marylanders with access to the university's academic programs and services without regard to economic means or other limiting circumstances. UB seeks to increase the number of minority students graduating from 267 in fiscal 1999 to 285 by 2004, a 7% increase. **Exhibit 1** shows the increase in the number of minority students enrolled at UB. By academic year 2004, UB expects that minority enrollment will have increased 25% from the 1999 level.

Exhibit 1

Undergraduate Minority Student Enrollment

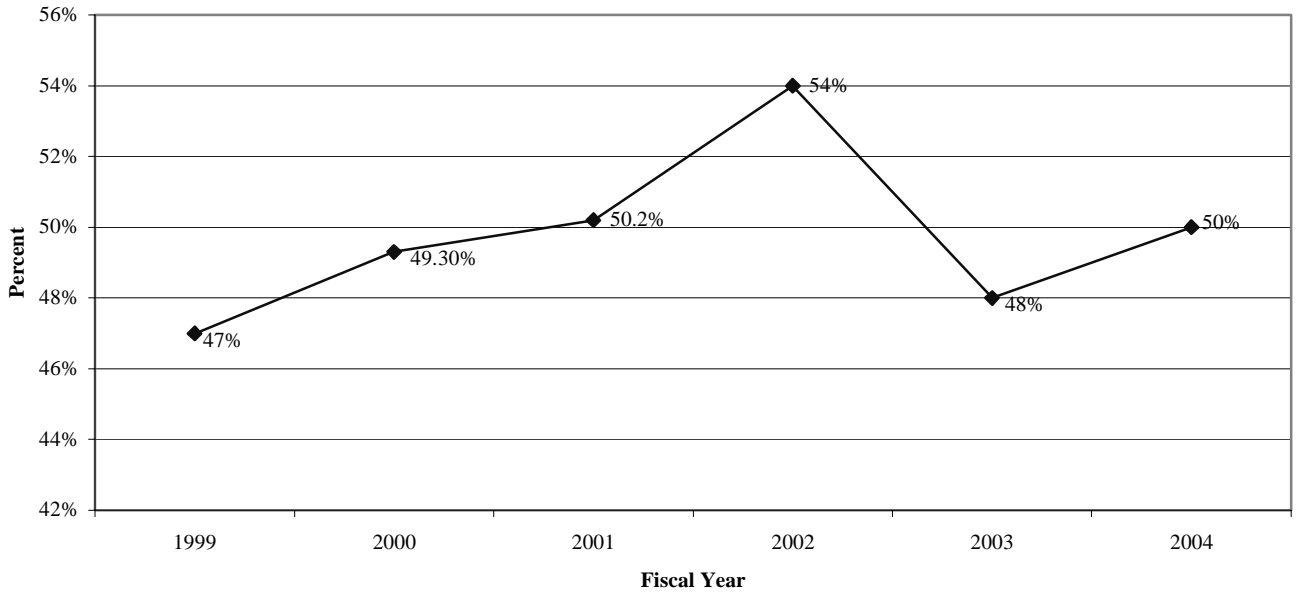


Source: University of Baltimore

Nearly half of the University of Baltimore’s students come from economically disadvantaged backgrounds. In order to serve a diverse population and meet the needs of its urban environment, UB hopes to increase or maintain the percentage of economically disadvantaged students at 50% by fiscal 2004. The percent of economically disadvantaged students is shown in **Exhibit 2**.

Exhibit 2

Percent of Students That Are Economically Disadvantaged

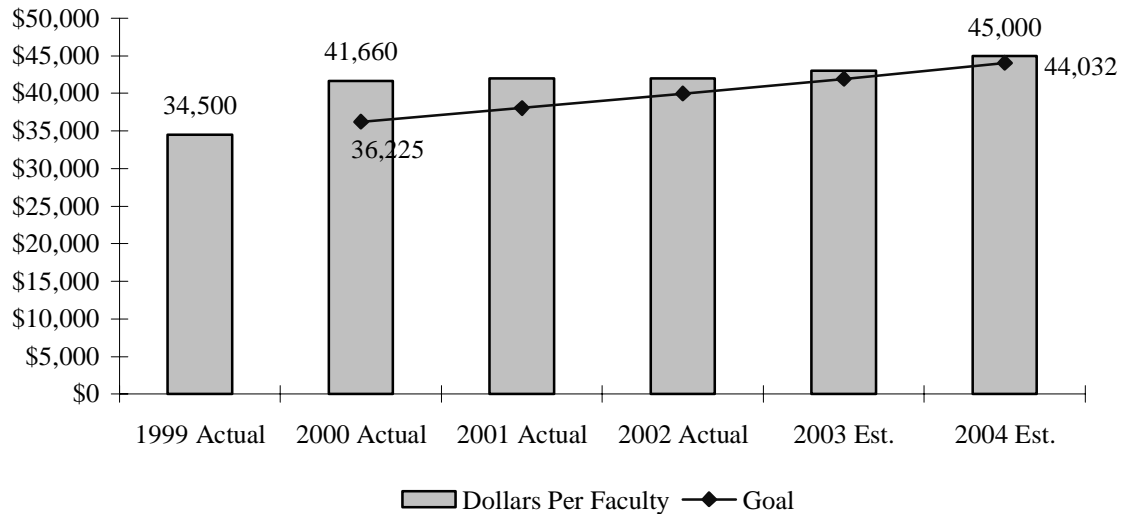


Source: University of Baltimore

Seeking to generate self-supporting revenues, UB has focused on sponsored-research dollars per faculty member, entrepreneurial revenues, and alumni donations. The first measure, sponsored-research dollars, is depicted in **Exhibit 3**. UB’s goal for this measure is to increase the amount by 5% over the previous year, beginning with \$34,500 in fiscal 1999. Exhibit 3 shows that this was a low goal, with UB surpassing the 5% increase by over \$5,000, or 16%, in the first year (fiscal 2000). Since then, UB has raised sponsored-research revenues above its goal every year. **Therefore, the Department of Legislative Services (DLS) recommends UB revise its goal for sponsored-research dollars per faculty and brief the committees on the new attainment measures for upcoming years.**

Exhibit 3

Sponsored Research Dollars Per Faculty



Source: University of Baltimore

UB also seeks to increase the percent of alumni donating to 15% by fiscal 2004, up from 13.5% in fiscal 1999. UB is on target to reach this goal, but growth is slow – expected to increase 3% to 4% per year. The university has made larger strides on increasing the dollar amount of entrepreneurial revenues each year. In fiscal 2000, UB raised \$220,000 with the fiscal 2004 estimate set at \$600,000. This represents an increase of 174% in four years.

Fiscal 2003 Actions

Impact of Cost Containment

The fiscal 2003 general fund appropriation will be reduced by a total of \$2 million through cost containment actions. The first round of cost containment approved by the Board of Public Works (BPW) on January 8, 2003, reduced the appropriation by \$884,000. Governor Robert Ehrlich has proposed an additional \$1.16 million reduction. Cost containment savings will be achieved through the following measures:

- \$975,000 through the elimination of 8.5 vacancies and by furloughing regular and contractual employees for 1 to 3 days;
- \$93,000 by restricting nonessential travel;
- \$265,000 by delaying equipment replacement;

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- \$100,000 through reducing facility renewal projects; and,
- \$122,000 reduction of contractual services.

The remainder of the savings, \$488,000, or 24%, will be supplemented through a mid-year tuition increase, which is expected to net \$610,000 in revenue, with \$122,000 to be used for need-based financial aid.

Governor’s Proposed Budget

The Governor’s allowance totals \$68.7 million, a 3.9% increase over the fiscal 2003 working appropriation. UB’s general funds remain unchanged from the fiscal 2003 funding level after cost containment. Other unrestricted funds increase 6.4%, or \$2.3 million, while restricted funds increase \$275,000, or 3.5%. **Exhibit 4** shows the major changes in UB’s fiscal 2004 budget.

Exhibit 4

Governor's Proposed Budget University of Baltimore (\$ in Thousands)					
	<u>FY 02 Actual</u>	<u>FY 03 Approp.</u>	<u>FY 04 Allowance</u>	<u>FY 03 - 04 Change</u>	<u>FY 03 - 04 % Change</u>
General Funds	\$24,474	\$24,552	\$22,508	-\$2,044	-8.3%
FY 2003 Cost Containment	0	-2,044	0	2,044	
Adjusted General Funds	\$24,474	\$22,508	\$22,508	\$0	0.0%
Other Unrestricted Funds	31,217	35,789	38,085	2,296	6.4%
Total Unrestricted Funds	55,691	58,297	60,593	2,296	3.9%
Restricted Funds	6,686	7,859	8,134	275	3.5%
Adjusted Grand Total	62,378	66,156	68,727	2,571	3.9%
Where It Goes:					
Personnel Expenses					
Other personnel including health insurance					\$683
Restoration of cost containment reductions achieved through the fiscal 2003 employee furlough					375
Other Changes					
Fiscal 2003 mid-year tuition increases that are not reflected in the 2003 budget					488

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Where It Goes:

Restoration of cost containment reductions to travel, equipment replacement, facility renewal projects, and contractual services	580
System-wide Academic Revenue Bond payments (4.2% increase).....	168
Educational Grants increases (restricted funds).....	152
Increases in financial aid and scholarship programs.....	152
Other.....	-27
Total	\$2,571

Note: Numbers may not sum to total due to rounding.

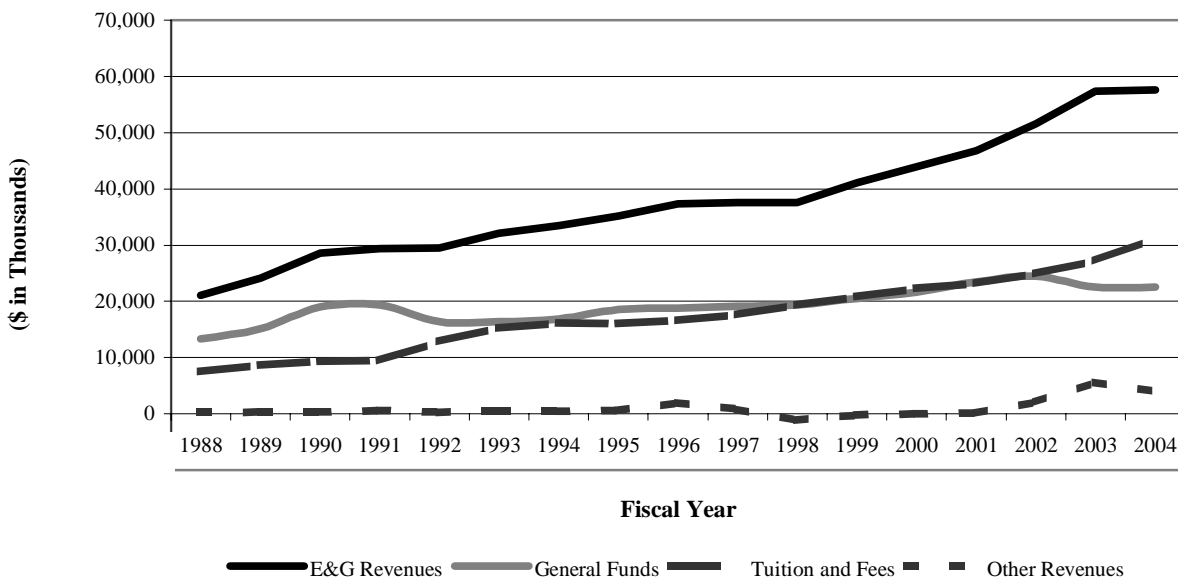
Education and General Revenues

Exhibit 5 shows Education and General (E&G) revenues. E&G funds can be used to examine the primary, mission-related operating revenues of an institution, excluding restricted funds over which the institution has little or no discretion, and auxiliary funds, used in non-core functions such as dining halls, athletics, and dormitories. As shown in Exhibit 5, the E&G funds at UB have increased each year since 1988. E&G revenues at UB have grown approximately 5% per year since 1990.

Exhibit 5 also shows general fund support for UB since 1988. In 1992, State support declined \$3 million, from \$19.3 million in fiscal 1991 to \$16.3 million in fiscal 1992, and did not rebound until fiscal 1998. On average, State support for UB has increased 1.2% per year.

Exhibit 5

**Education and General Revenues
Fiscal 1998 through 2004 Allowance**



Source: Governor’s Budget Books, 1990-2004

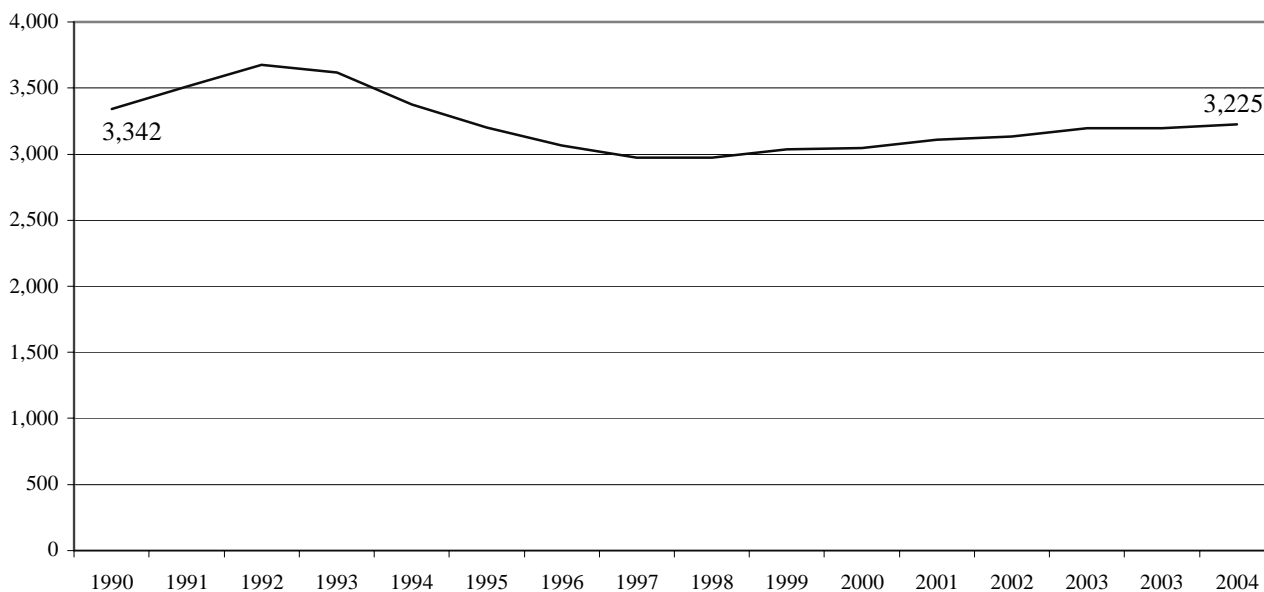
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The other major portion of E&G revenue, tuition and fees, has increased steadily since 1988 and surpassed general fund support each year since 1998. Tuition and fee increases are the primary reason E&G revenues increased during the mid-1990s. In the past several years, tuition and fee revenues exceeded State support by nearly \$10 million. This can be attributed to UB’s unique student population and the focus on graduate- and upper-level degree programs. Tuition and fee revenue has increased an average of 9% annually since 1990, declining only once by less than \$100,000 between fiscal 1994 and 1995.

Full-time equivalent student (FTES) enrollment at UB has decreased 0.3% per year on average since 1990. As **Exhibit 6** illustrates, FTES enrollment at UB declined nearly 20% between fiscal 1992 and 1997 and has maintained slow growth ever since, though never returning to pre-1992 levels.

Exhibit 6

**University of Baltimore Enrollment
Fiscal 1990 through 2004 Estimates**



Source: Department of Budget and Management

Tuition and Fees in Fiscal 2003 and 2004

The fiscal 2004 allowance for tuition and fee revenue is \$31.2 million, a \$3.9 million, or 15% increase over fiscal 2003 (not accounting for the fiscal 2003 mid-year increase). The tuition and fees for in-state students are expected to increase 6.9% for full-time resident undergraduates, to \$5,334. Out-of-state tuition and mandatory fees are expected to increase 5% to \$14,464 per year. In fiscal 2003, UB will also implement a mid-year tuition increase of 5%, which will increase tuition for in-state students by \$97 and out-of-state students by \$317 this spring.

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

Current and Prior Year Budgets University of Baltimore (\$ in Thousands)

	<u>General Fund</u>	<u>Other Unrestricted Fund</u>	<u>Total Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Total</u>
Fiscal 2002					
Legislative Appropriation	\$24,474	\$29,531	\$54,005	\$5,809	\$59,814
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	2,428	2,428	1,500	3,928
Reversions and Cancellations	0	-742	-742	-622	-1,364
Actual Expenditures	\$24,474	\$31,217	\$55,691	\$6,687	\$62,378
Fiscal 2003					
Legislative Appropriation	\$24,552	\$32,214	\$56,766	\$7,859	\$64,624
Budget Amendments	0	3,575	3,575	0	3,575
Cost Containment	-2,044	0	-2,044	0	-2,044
Working Appropriation	\$22,508	\$35,789	\$58,297	\$7,859	\$66,155

Note: Numbers may not sum to total due to rounding.

Fiscal 2002

Budget amendments increased other unrestricted funds by nearly \$2.5 million due to operating revenues that exceeded expectations. A significant portion of this is due to a closing amendment asking for an \$840,000 increase in spending authority to allow the continuation of several facility renovation projects and the PeopleSoft implementation, both of which were underway in fiscal 2002. In order to close the fiscal year as close to budgeted appropriation as possible, the university cancelled a portion of their unrestricted funds and increased their fund balance by \$126,000.

Current restricted revenues from State and federal grants and contracts were \$673,000 less than anticipated, while private contracts were \$51,000 more than expected, resulting in the cancellation of \$622,000 in current restricted funds.

**Object/Fund Difference Report
University of Baltimore**

<u>Object/Fund</u>	<u>FY 02 Actual</u>	<u>FY 03 Working Appropriation</u>	<u>FY 04 Allowance</u>	<u>FY 03 – FY 04 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	551.27	530.77	522.27	-8.50	-1.6%
02 Contractual	138.11	143.24	147.99	4.75	3.3%
Total Positions	689.38	674.01	670.26	-3.75	-0.6%
Objects					
01 Salaries and Wages	\$ 36,909,331	\$ 39,646,278	\$ 39,301,280	-\$ 344,998	-0.9%
02 Technical & Spec Fees	7,758,689	8,792,736	9,054,837	262,101	3.0%
03 Communication	494,813	524,960	538,022	13,062	2.5%
04 Travel	325,390	345,176	356,525	11,349	3.3%
06 Fuel & Utilities	1,007,590	1,037,818	1,068,953	31,135	3.0%
07 Motor Vehicles	50,013	56,502	57,922	1,420	2.5%
08 Contractual Services	4,830,445	5,569,907	5,389,507	-180,400	-3.2%
09 Supplies & Materials	1,539,098	1,621,495	1,673,644	52,149	3.2%
10 Equip - Replacement	362,693	382,217	392,217	10,000	2.6%
11 Equip - Additional	1,256,862	1,395,560	1,377,859	-17,701	-1.3%
12 Grants, Subsidies, Contr	2,683,357	2,851,098	3,002,755	151,657	5.3%
13 Fixed Charges	4,335,673	5,355,987	5,593,462	237,475	4.4%
14 Land & Structures	823,712	620,000	920,000	300,000	48.4%
Total Objects	\$ 62,377,666	\$ 68,199,734	\$ 68,726,983	\$ 527,249	0.8%
Funds					
40 Unrestricted Fund	\$ 55,691,301	\$ 60,340,929	\$ 60,593,178	\$ 252,249	0.4%
43 Restricted Fund	6,686,365	7,858,805	8,133,805	275,000	3.5%
Total Funds	\$ 62,377,666	\$ 68,199,734	\$ 68,726,983	\$ 527,249	0.8%

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.

**Fiscal Summary
University of Baltimore**

<u>Unit/Program</u>	<u>FY 02 Actual</u>	<u>FY 03 Legislative Appropriation</u>	<u>FY 03 Working Appropriation</u>	<u>FY 02 – FY 03 % Change</u>	<u>FY 04 Allowance</u>	<u>FY 03 – FY 04 % Change</u>
01 Instruction	\$ 22,666,221	\$ 23,186,269	\$ 24,188,482	6.7%	\$ 24,235,010	0.2%
02 Research	5,466,741	6,475,582	6,532,814	19.5%	6,685,496	2.3%
04 Academic Support	8,751,119	9,097,138	9,192,465	5.0%	9,172,359	-0.2%
05 Student Services	4,373,856	4,355,245	4,615,919	5.5%	4,567,483	-1.0%
06 Institutional Support	9,046,574	9,236,452	10,906,505	20.6%	11,053,339	1.3%
07 Operation and Maintenance of Plant	6,609,978	6,245,390	6,963,627	5.4%	7,029,795	1.0%
08 Auxiliary Enterprises	2,779,820	3,215,000	2,948,824	6.1%	2,980,746	1.1%
17 Scholarships And Fellowships	2,683,357	2,813,658	2,851,098	6.3%	3,002,755	5.3%
Total Expenditures	\$ 62,377,666	\$ 64,624,734	\$ 68,199,734	9.3%	\$ 68,726,983	0.8%
Unrestricted Fund	\$ 55,691,301	\$ 56,765,929	\$ 60,340,929	8.3%	\$ 60,593,178	0.4%
Restricted Fund	6,686,365	7,858,805	7,858,805	17.5%	8,133,805	3.5%
Total Appropriations	\$ 62,377,666	\$ 64,624,734	\$ 68,199,734	9.3%	\$ 68,726,983	0.8%

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.