

R30B21
University of Maryland, Baltimore
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	FY 05	FY 06	FY 07	FY 06-07	% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Funds	\$133,498	\$145,210	\$157,648	\$12,438	8.6%
Other Unrestricted Funds	236,828	251,519	273,449	21,929	8.7%
Total Unrestricted Funds	370,325	396,729	431,097	34,368	8.7%
Restricted Funds	<u>302,569</u>	<u>337,371</u>	<u>363,893</u>	<u>26,522</u>	<u>7.9%</u>
Total Funds	\$672,894	\$734,100	\$794,990	\$60,890	8.3%

- General funds increase \$12.4 million in the fiscal 2007 allowance, an increase of 8.6% over 2006.
- Other unrestricted funds in the allowance mostly grow from \$11.9 million in sales and services of education activities. Overall, the University of Maryland, Baltimore's (UMB's) total funds increase \$60.9 million in the fiscal 2007 allowance, an increase of 8.3% over fiscal 2006.

Personnel Data

	FY 05	FY 06	FY 07	FY 06-07
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	3,553.84	3,713.84	3,831.84	118.00
Contractual FTEs	<u>535.07</u>	<u>525.64</u>	<u>525.64</u>	<u>0.00</u>
Total Personnel	4,088.91	4,239.48	4,357.48	118.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	118.79	3.10%
Positions Vacant as of 12/31/05	n/a	0.00%

- The fiscal 2007 allowance includes 118 additional regular positions of which 100 are faculty, funded by grants. There is no change in contractual positions. The overall increase is 2.8%.
- The university was not able to provide the accurate vacancy data.

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

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Analysis in Brief

Major Trends

Grant and Contract Awards Pass \$400 Million Mark: Total grant and contract awards were \$410.4 million in 2005, putting UMB on track to meet its 2010 objective of \$515 million. The majority of the grant and contract awards were from the National Institutes of Health for medicine research and development.

Nursing Constrained by Faculty Availability: The enrollment in the Masters of Science in Nursing and PhD of Nursing programs reached the lowest number in fiscal 2004, which reflected a decline since fiscal 2002. Since then, both programs have increased their enrollment.

Issues

Faculty Teaching Workload at UMB: UMB tracks the faculty teaching standards that are set for each school and which faculty are expected to meet or exceed. **The President should comment on what the faculty teaching standards are for each program, to which programs the 113 faculty who did not meet the standards belong, and to what peer benchmark the faculty teaching standard can be compared.**

Affordability Remains in the Spotlight: Affordability continues to be a concern for Maryland public higher education. **UMB should comment on ways to alleviate the debt burden for graduate/professional students who wish to work in public service and what role loan assistance repayment programs play. UMB should also comment on the rising tuition in the law program which is compounding already high average debt loads, making it even less likely that UMB students will pursue public service.**

Personnel Studies Continue: UMB workforce is slightly larger than it was before cost containment measures. Research personnel – who fulfill the institution’s core mission – account for a larger share of total personnel than in fiscal 2004. Instructional personnel also increase but actually account for a smaller share of total personnel than in fiscal 2004. **UMB should comment on what its strategic plan calls for in terms of numbers of instructional and research personnel.**

UMB Plans for Facilities and Administration Rate Negotiation: The facilities and administration (F&A) rate determines the indirect cost recovery from federal grants. Indirect cost recovery is intended to be used to cover overhead costs of the grants; it provides about \$50.0 million a year to UMB. **UMB should comment on how it would use the new indirect cost recovery revenue if it is successful in its F&A rate negotiation, and the impact this would have on graduate student institutional aid.**

Recommended Actions

1. Adopt committee narrative on faculty workload report.

Updates

Efficiency Initiative in the Budget: In October 2004, the University System of Maryland (USM) unveiled its efficiency and effectiveness plan. UMB's share of the savings is estimated to be \$2,640,910. This represents 1% of the State-supported budget for UMB. UMB reports that it will use increases in indirect cost revenues to meet its requirement. UMB will not be participating in the USM efficiency initiative to accommodate additional students within existing resources.

Dental School Fundraising on Track; Capital Campaign Expects 2007 Celebration to Provide a Boost: As of December 21, 2005, UMB has raised \$12.1 million of the \$21.5 million goal for the dental school. UMB has an overall 2010 capital campaign goal of \$450 – 550 million. UMB reports that it will reach its goal by rolling some of the fundraising money back into the fundraising operation and by an expected increase in fundraising due to UMB's bicentennial celebration in 2007.

Joint School of Public Health Proposed: A joint School of Public Health between the University of Maryland, College Park and UMB has been proposed. The school would be a combination of existing programs at UMCP and UMB. There is a three phase plan starting in 2006 and continuing through 2010.

R30B21 – USM – University of Maryland, Baltimore

R30B21
University of Maryland, Baltimore
University System of Maryland

Operating Budget Analysis

Program Description

The University of Maryland, Baltimore (UMB) offers primarily graduate and professional degrees in health professions, applied health, biomedical science and technology, social work, and law. Its professional programs include the Schools of Dentistry, Law, Medicine, Nursing, Pharmacy, and Social Work. Less than 20% of the enrollment at UMB is in baccalaureate programs.

UMB is located in downtown Baltimore and has two clinical partners – the University of Maryland Medical System and the Veterans Administration Medical Center – as well as one research partner, the University of Maryland Biotechnology Institute. UMB aims to:

- continue to evolve and maintain a competitive edge as a center of excellence in the life and health sciences, law, and social work; and
- conduct recognized research and scholarship in the life and health sciences, law, and social work that fosters social and economic development.

The institution also aims to respond to the State’s critical need for health and human services professionals. Most of the university’s programs are designed for full-time students. However, the Schools of Law, Nursing, and Social Work, and the Graduate School have a significant number of part-time students. The School of Nursing offers programs that enable nurses in educationally underserved areas to earn undergraduate and graduate degrees in five outreach sites throughout the State.

UMB aims to provide public service to citizens in all sectors and geographic regions of Maryland, especially the community surrounding its urban campus. The institution provides legal and dental clinics, community outreach services, support to the Maryland Poison Control Center, and staff to its clinical partners. The university also strives to increase fundraising to deliver its programs more effectively, and to encourage entrepreneurial activities that generate economic development.

Performance Analysis: Managing for Results (MFR)

UMB has a goal to remain a center of excellence in the life and health sciences, law, and social work. National rankings are one way UMB measures performance on this goal. Three UMB schools – law, nursing, and pharmacy – have achieved top 10 status in various rankings of their specialty programs and the school of social work has been ranked nineteenth. The dental school and school of medicine have achieved the third place ranking and thirteenth place ranking, respectively, for National Institutes of Health total awards received. Several of these rankings, however, have not been conducted for a number of years, making it difficult to assess the current standing and to compare data over time.

UMB also tracks scholarly productivity per full-time faculty as an excellence measure. In fiscal 2007, UMB switched from reporting just publications in its scholarly productivity measure to reporting books published, referred works published, non-referred works published, creative activities, and papers presented. The data on scholarly productivity is collected by the on-line Survey of Faculty Non-instructional Productivity which was collaboratively designed by USM, the Governor's Office, and the General Assembly 12 years ago; full-time faculty participation is mandatory and the results are reviewed by faculty chairs. The MFR measure is calculated by dividing the sum of all publications and activities by the number of faculty. Scholarly productivity was 6.7 in fiscal 2005 and the goal is 8.4 (a 25% increase from fiscal 2005) in fiscal 2010.

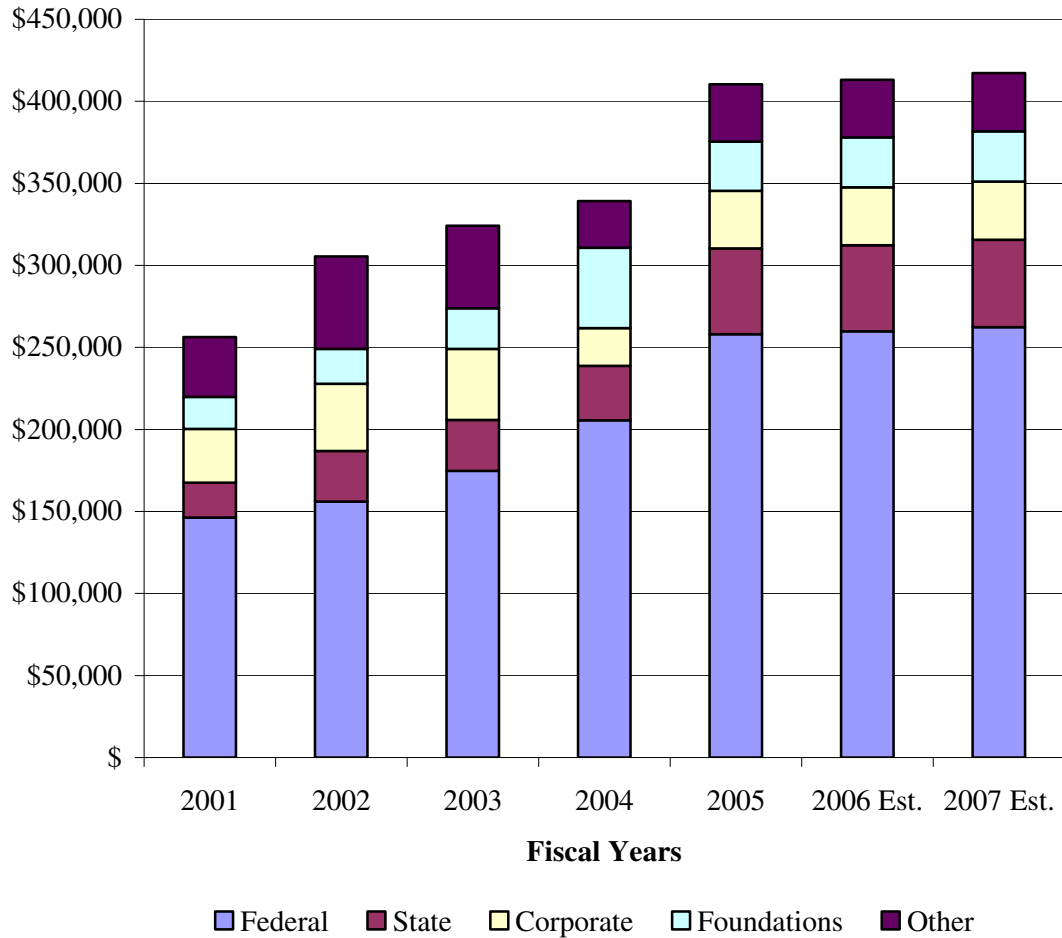
Research Measures

The second goal of UMB is to conduct recognized research and scholarship that fosters social and economic development. UMB continues to be on track to meet or exceed most of its objectives in this area. Total grant and contract awards were \$410.4 million in 2005, putting UMB on track to meet its 2010 objective of \$515 million. As shown in **Exhibit 1**, the majority of UMB's grant and contract awards come from federal sources such as the National Institutes of Health. In fiscal 2005, State grant and contract awards accounted for the second highest amount of total grant and contract awards, a trend that is expected to continue through 2007. UMB reports that research and development in medicine comprises the majority of its grant and contract awards. The Maryland Higher Education Commission (MHEC) 2006 peer performance analysis report places UMB third among six of its peer institutions for total dollars spent on medicine research and development.

Nursing Constrained by Faculty Availability

Another UMB goal is to demonstrate responsiveness to the State's critical need for health and human services professionals by increasing access to professional careers. Increasing the number of nurses is one way UMB hopes to reach this goal. Among nursing graduates, undergraduate students will become nurses and graduate students (master's and doctorate's) will become nursing faculty.

Exhibit 1
Source of Grants and Contracts
Fiscal 2001 – 2007
(\$ in Thousands)

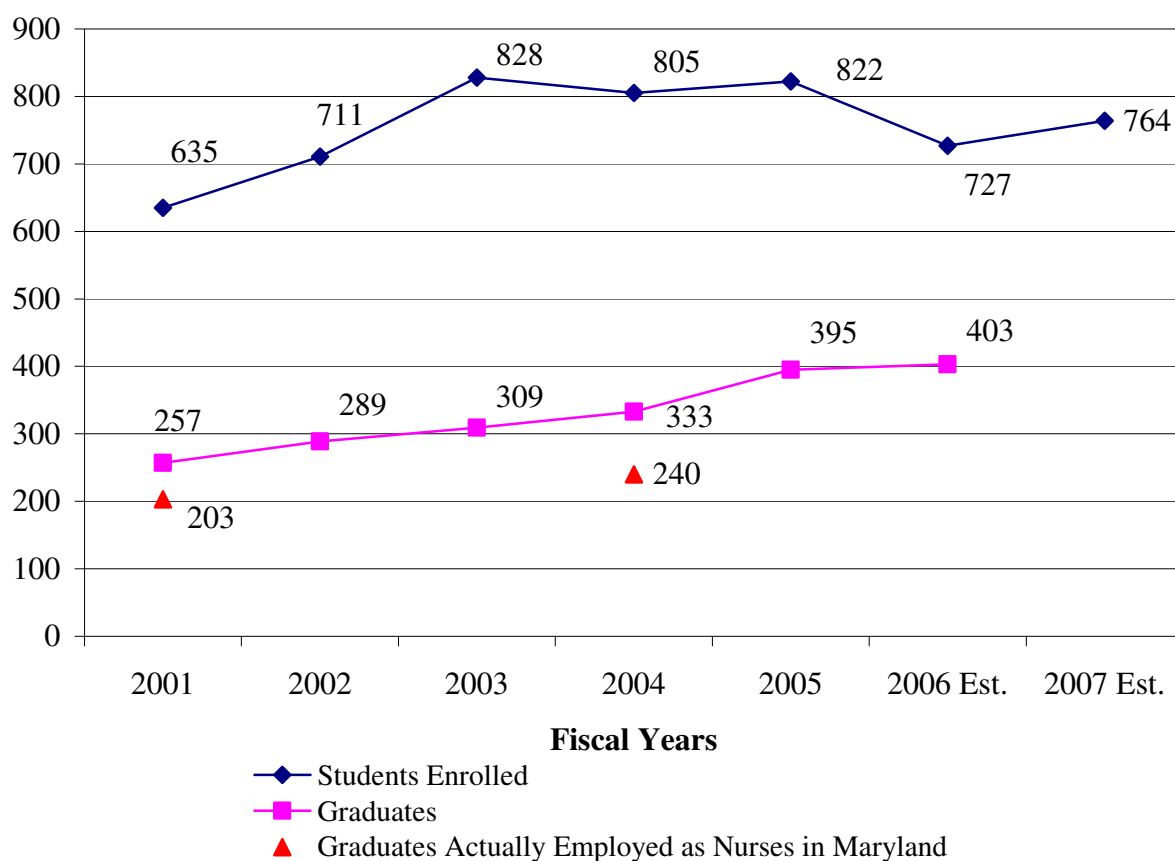


Note: The category Other includes associations, societies, international sources, other states, and miscellaneous.

Source: University of Maryland, Baltimore

Enrollment in the Bachelor of Science in Nursing program increased 14% annually between fiscal 2001 and 2003, as shown in **Exhibit 2** but leveled-off in fiscal 2004 and 2005 and is estimated to decrease 12% in fiscal 2006. UMB reported in fiscal 2005 that enrollment was somewhat below the 2003 high point because not enough faculty were available to teach the 2003 level of students. UMB reported that at the time 750 students was considered the sustainable enrollment level.

Exhibit 2
Students Enrolled in and Graduating from Bachelor of Science in Nursing Program, Employed as Nurses in Maryland
Fiscal 2001 – 2007

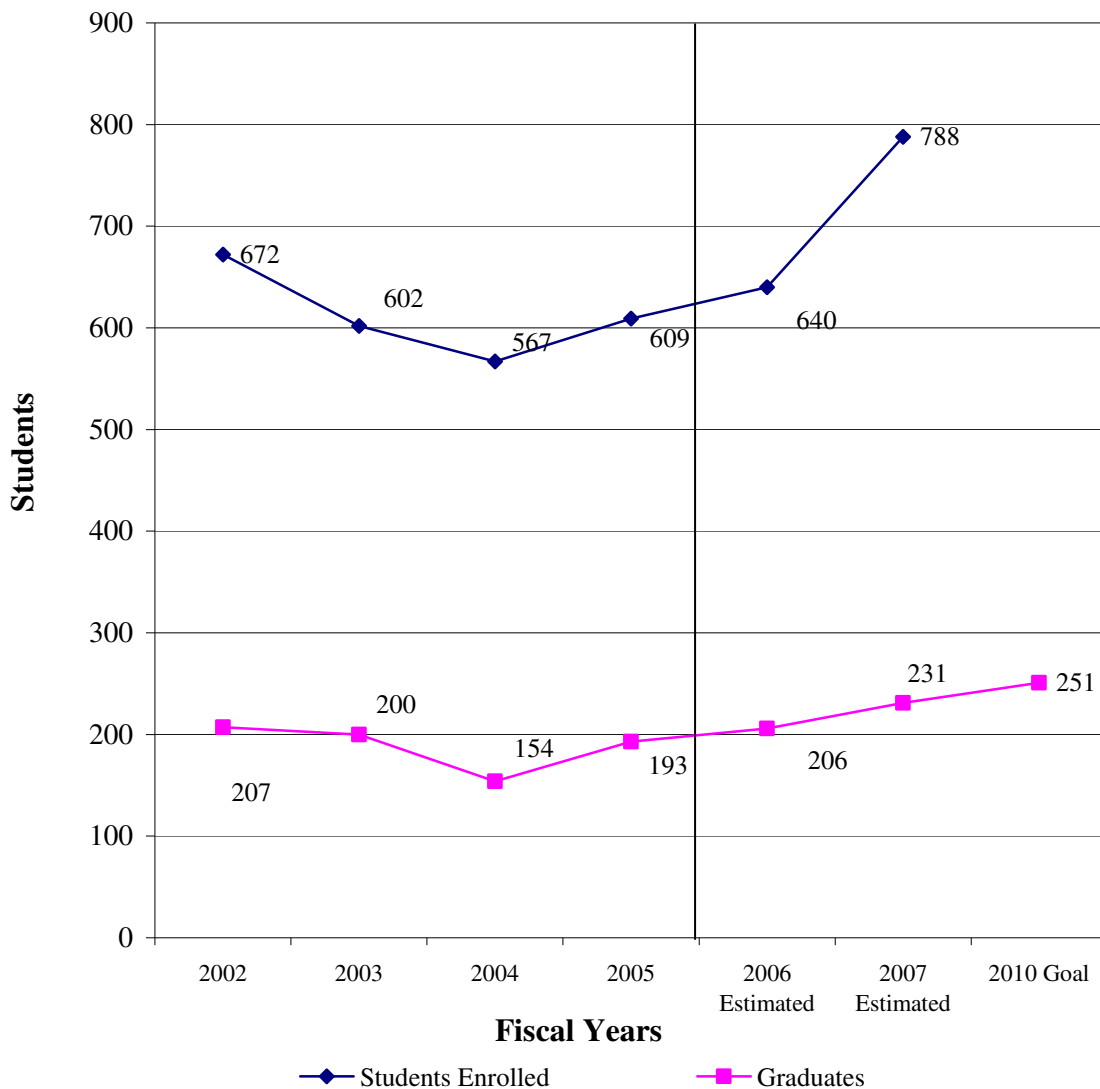


Source: University of Maryland, Baltimore

The number of undergraduate nursing graduates also continues to rise, increasing 19% between fiscal 2004 and 2005. The number of undergraduate nursing graduates is only expected to increase 2% between fiscal 2005 and 2006. The number of nursing graduates actually employed as nurses in Maryland increased to 240 in fiscal 2004 which is above the fiscal 2001 amount of 203.

Over the fiscal 2002 through 2005 period, the enrollment in the Masters of Science in Nursing and PhD of Nursing declined to a low of 567 in fiscal 2004. Since then, both programs have increased their enrollment. Graduates of both programs experienced a similar trend, declining to the lowest number in fiscal 2004. As shown in **Exhibit 3**, UMB’s goal is to graduate 251 masters and doctorates by 2010 which will help to alleviate the nursing faculty constraints.

Exhibit 3
Students Enrolled in and Graduating from Master of Science and PhD Nursing Programs
Fiscal 2002 – 2007



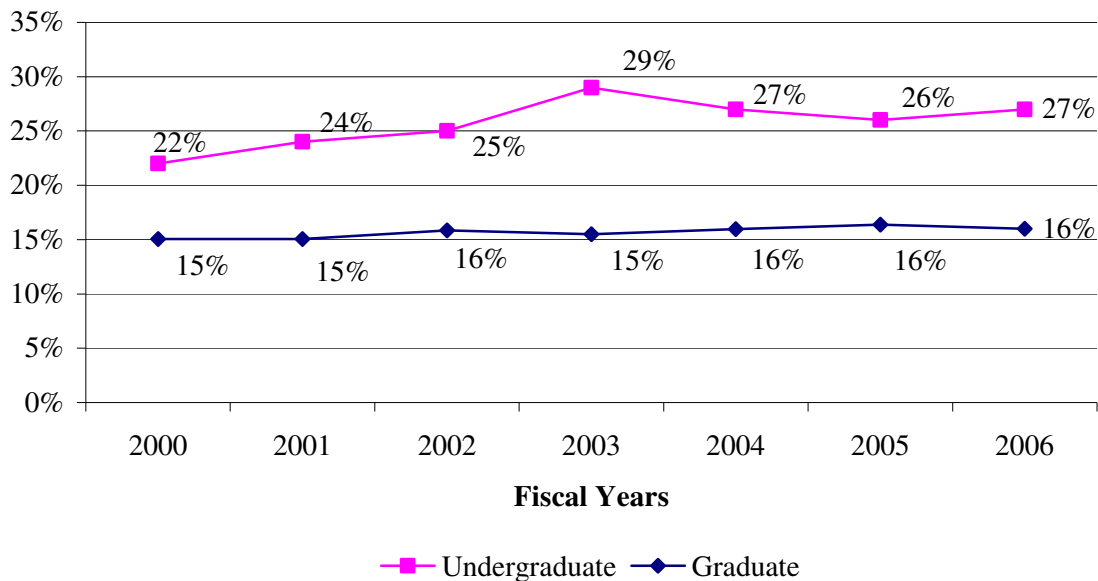
Source: University of Maryland, Baltimore

Undergraduate African American Enrollment Has Plateaued

Due to its status as primarily a graduate student institution, and on the advice of legal counsel, UMB does not report goals for enrollment of minority students as do other the University System of Maryland (USM) degree-granting institutions. The institution reports only the actual percent of graduate and undergraduate enrollment represented by minority students. Also, UMB does not report minority retention or graduation rates because it does not have any first-time freshmen students.

In fiscal 2003, African American undergraduates represented 29% of the undergraduate enrollment as shown in **Exhibit 4**. This represented a seven percentage point increase since fiscal 2000. Since fiscal 2003, African American undergraduate representation has decreased by two percentage points. Graduate African American representation has hovered around 16% of the graduate student enrollment since fiscal 2000. A 2005 peer performance analysis by MHEC indicates that UMB was second among its peers in terms of African American undergraduate enrollment.

Exhibit 4
African American Undergraduate, Graduate, and Professional Students
Percent of Total Enrollment
Fiscal 2000 – 2006



Source: University of Maryland, Baltimore

Governor's Proposed Budget

The general fund allowance for fiscal 2007 is \$12.4 million above the 2006 level, an increase of 8.6%, as shown in **Exhibit 5**. UMB intends to use the additional general funds for current services cost increases (\$9.9 million); the remaining amount (\$2.5 million) would be available for enhancements including staff and operating support for the new Center for Regenerative Research (\$1.5 million), a fundraising initiative (\$0.8 million), and enrollment growth.

In the fiscal 2007 allowance, UMB receives \$1.5 million for startup costs associated with a new Center for Regenerative Research. The money will be used to augment UMB's existing faculty engaged in regenerative research with new faculty and to recruit both a new director and additional operating support staff. The center would be housed on one floor of a proposed second building at the UMB Biotechnology Park (UMB BioPark), a 501(c) (3) nonprofit corporation established by UMB. The Governor has proposed \$12.0 million in PAYGO general funds in the fiscal 2007 allowance for the construction project.

The National Institutes of Health defines regenerative or reparative medicine as follows: "A treatment in which stem cells are induced to differentiate into the specific cell type required to repair damaged or depleted adult cell populations or tissues." At the center, researchers will use stem cells for transplantation to repair tissues and organs, which may lead to treatments for diseases such as Parkinsons, Alzheimer's, diabetes, arthritis, muscular dystrophy, and others.

Exhibit 5
Governor's Proposed Budget
University of Maryland, Baltimore
(\$ in Thousands)

	<u>FY 05</u> <u>Actual</u>	<u>FY 06</u> <u>Working</u>	<u>FY 07</u> <u>Allowance</u>	<u>FY 06 – 07</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$133,498	\$145,210	\$157,648	\$12,438	8.6%
Other Unrestricted Funds	236,828	251,519	273,449	21,929	8.7%
Total Unrestricted Funds	370,325	396,729	431,097	34,368	8.7%
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Total Funds	\$672,894	\$734,100	\$794,990	\$60,890	8.3%

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

Other unrestricted funds in the allowance grow primarily from \$11.9 million in sales and services of education activities, \$5.4 million in federal grants and contracts, and \$3.9 million in new tuition and fee revenues. UMB reports that the sales and services of education activities reflects the

average 13% increase per year experienced from fiscal 2002 to 2005, and the federal grants and contracts are due to increased revenue from contract and grant overhead. Considering all increases and decreases, other unrestricted funds increase \$21.9 million and overall the UMB budget grows 8.3%.

Unrestricted Funds

Budget changes in the allowance by program are shown in **Exhibit 6**. This exhibit considers only unrestricted funds, of which other unrestricted funds are the largest share (42%). Expenditures for public service are budgeted to increase at the highest rate (54.7%) from fiscal 2006 to 2007. UMB reports that the increase brings the fiscal 2007 allowance into line with the 2005 actual expenditures. Research increases 17.5%, which reflects expenditure of Designated Research Initiative Funds generated through contract and grant overhead. The proposed \$4.0 million transfer to fund balance in fiscal 2007 is in line with the USM's policy to grow fund balance by 1% of UMB's net current unrestricted revenues.

Looking at UMB changes from fiscal 2002 to 2006, the most noticeable change is the increase in hospital expenditures. UMB reports that the 472.6% increase in the hospital program between fiscal 2002 and 2006 reflects a transfer of funds from instruction to the hospital program to more accurately account for the funds. UMB is doing this now to take advantage of the launch of a new financial system. UMB will adjust the fiscal 2007 expenditures when the new financial system comes on-line. **The President should comment on UMB's spending priorities in fiscal 2007 for instruction relative to other programs.**

Exhibit 6
UMB Budget Changes for Unrestricted Funds by Program
Fiscal 2002, 2006, and 2007
(\$ in Thousands)

	<u>FY 2002</u> <u>Actual</u>	<u>FY 2006</u> <u>Working</u>	<u>02 – 06</u> <u>% Change</u>	<u>FY 2007</u> <u>Allowance</u>	<u>06 – 07</u> <u>\$ Change</u>	<u>06 – 07</u> <u>% Change</u>
Expenditures						
Instruction	\$152,182	\$163,702	7.6%	\$177,558	\$13,856	8.5%
Research	17,853	28,896	61.8%	33,938	5,043	17.5%
Public Service	225	360	60.5%	557	197	54.7%
Academic Support	34,157	39,347	15.2%	44,262	4,916	12.5%
Student Services	2,913	3,353	15.1%	3,701	348	10.4%
Institutional Support	42,385	51,491	21.5%	54,268	2,777	5.4%
Operation and Maintenance of Plant	44,897	55,897	24.5%	62,684	6,787	12.1%
Scholarships and Fellowships	6,602	8,022	21.5%	8,825	802	10.0%
Hospitals (UMB)	4,485	25,683	472.6%	25,807	124	0.5%
Education and General Total	\$305,700	\$376,751	23.2%	\$411,600	\$34,850	9.3%
Auxiliary Enterprises	16,232	19,978	23.1%	19,496	-482	-2.4%
Grand Total	\$321,932	\$396,729	23.2%	\$431,097	\$34,368	8.7%
Revenues						
Tuition and Fees	\$47,815	\$71,719	50.0%	\$75,619	\$3,901	5.4%
General Funds	153,139	145,210	-5.2%	157,648	12,438	8.6%
Other Unrestricted Funds	105,950	161,845	52.8%	182,070	20,225	12.5%
Subtotal	\$306,905	\$378,773	23.4%	\$415,338	\$36,564	9.7%
Auxiliary Enterprises	15,130	19,618	29.7%	19,727	108,784	0.6%
Transfer (to)/from Fund Balance	-103	-1,662	1511.0%	-3,967	-2,305	138.7%
Grand Total	\$321,932	\$396,729	23.2%	\$431,097	\$34,368	8.7%

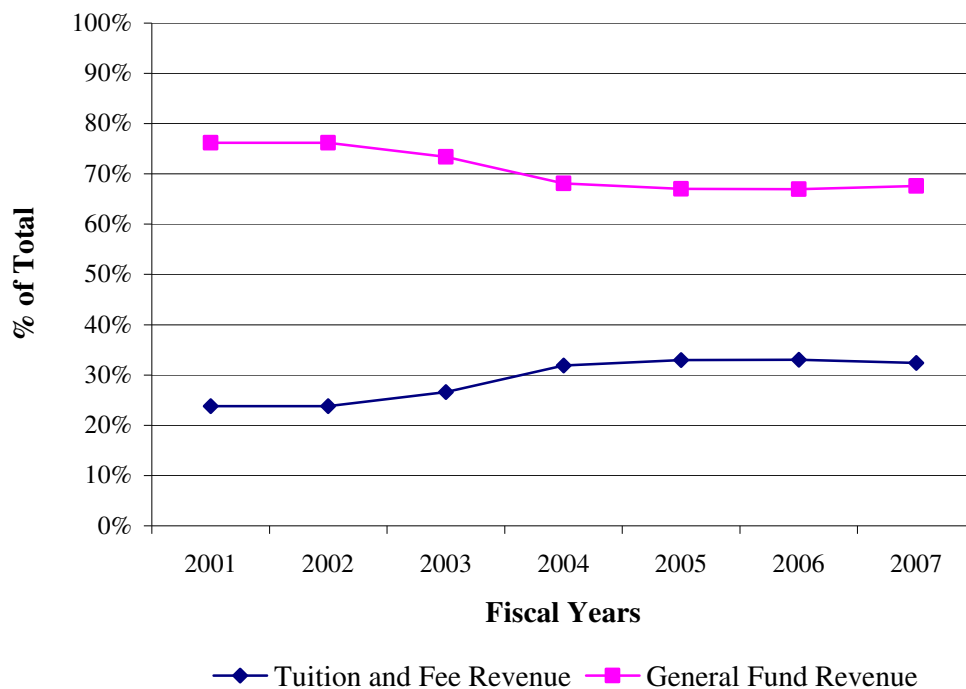
Note: Unrestricted funds only. All programs.

Source: Maryland State Budget Books

Tuition and Fees and General Fund Revenue

Unlike most other USM institutions, general fund revenue comprises a larger share of the State supported budget than tuition and fee revenue. However, between fiscal 2002 and 2004, UMB relied to a greater extent on tuition and fee revenue in its budget than it had in the past. The tuition and fee revenue percent of the State supported revenue increased from 23.8% to 31.9% during this period as shown in **Exhibit 7**. Tuition and fee revenue increased to 33.1% of the State supported revenue in fiscal 2006 and is projected to fall to 32.4% in fiscal 2007.

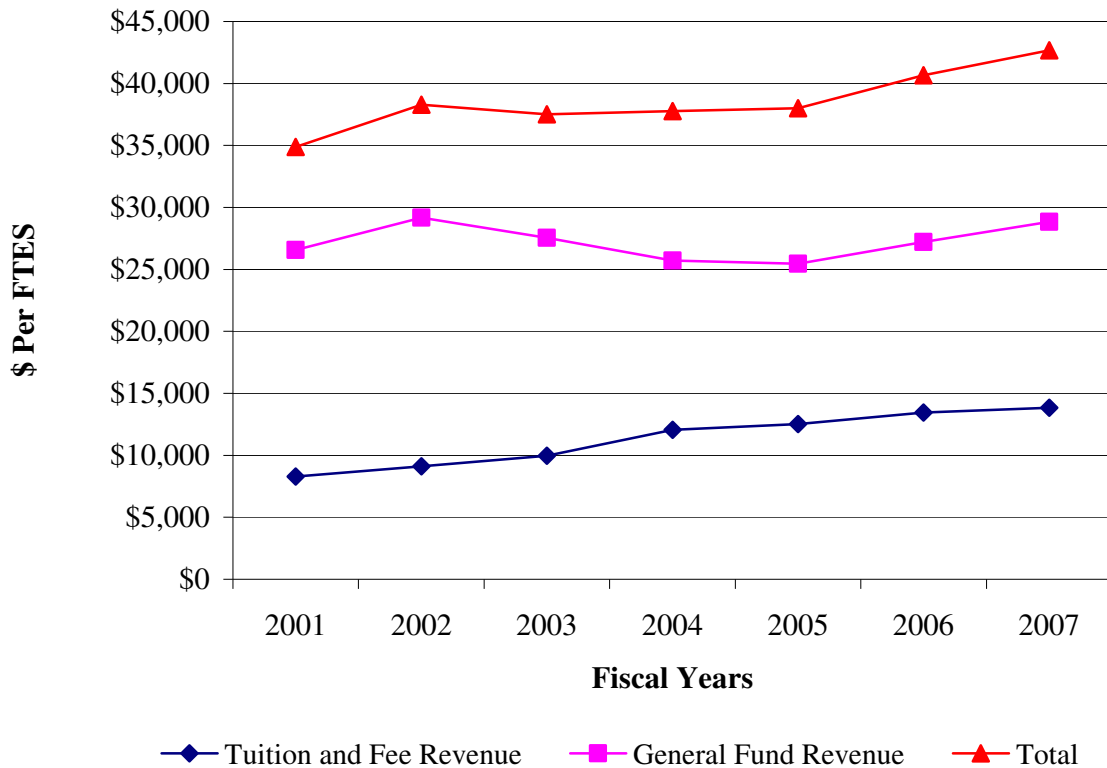
Exhibit 7
Revenue Sources as a Percent of Total State Supported Revenue
Fiscal 2001 – 2007



Source: Governor's Budget Books

Exhibit 8 shows tuition and fees and general fund revenues per full-time equivalent student (FTES) between fiscal 2001 and 2007. General fund revenue has provided the majority of revenue per FTES since fiscal 2001. However, tuition and fee revenue per FTES has had the highest annual rate of increase since fiscal 2001 at 8.9% and grew by 11.2% between fiscal 2002 and 2005. General fund revenue per FTES will grow only 1.4% annually between fiscal 2001 and 2007 and actually decreased 4.4% annually between fiscal 2002 and 2005. Since 2005, general fund revenue per FTES rebounds and is projected to grow by 6.4% annually compared to the 5.1% growth in tuition and fee revenue per student. For fiscal 2007, the tuition and fee revenue per FTES will be \$13,837 and general fund revenue per FTES will be \$28,847; the total revenue per FTES is \$42,684.

Exhibit 8
Tuition and Fee and General Fund Revenues Per Full-time Equivalent Student
Fiscal 2001 – 2007



Source: Governor's Budget Books

Enrollment Growth Planned for University of Maryland, Baltimore

USM is estimating that enrollment at UMB will grow by 130 additional undergraduate, graduate, and professional students in fiscal 2007. USM has allocated \$600,000 in general funds to UMB for fiscal 2007 for an additional 50 students. An analysis was completed by the Department of Legislative Services of the existing classroom space and whether this will meet the needs of the campus given current enrollment levels. Accommodating additional students does not appear to require additional classroom space. In fiscal 2005, UMB's classroom space was 86.1% of the needed classroom space for enrollment levels. This equates to a shortage in classroom space of 0.003 square feet per FTES. In contrast to other USM institutions, no additional students will be served as part of USM's efficiency initiative discussed in Update 1.

Issues

1. Faculty Teaching Workload at UMB

Measuring course units at UMB is complicated by the professional nature of UMB’s programs of medicine, dentistry, pharmacy, and law. Nursing and social work course units taught were provided to USM until the decision was made that this was not reflective of UMB as a whole and the practice was stopped. However, UMB does track instruction standards that are set for each school and which faculty are expected to meet or exceed these teaching standards. **Exhibit 9** shows the percent of faculty that met or exceeded the teaching standards between fiscal 2001 and 2005. UMB reports reasons for faculty falling short of the standards and that in fiscal 2005 only 113 faculty did not meet the standards, primarily because they performed administrative tasks or undertook externally funded research. Overall, 1,330 faculty met the standards, and 39 exceeded the standards in fiscal 2005. **The President should comment on what the teaching standards are for each program, to which programs the 113 faculty who did not meet the standards belong, and to what peer benchmark the faculty teaching standard can be compared.**

Exhibit 9
Percent of Faculty Meeting or Exceeding Teaching Workload Standards
Fiscal 2001 – 2005

<u>Fiscal Year</u>	<u>Percent of Faculty</u>
2001	89.3%
2002	89.1%
2003	90.1%
2004	91.7%
2005	92.4%

Source: University of Maryland, Baltimore

2. Affordability Remains in the Spotlight

Affordability continues to be a concern for Maryland public higher education. In fiscal 2004, *Measuring Up 2004*, produced by the National Center for Public Policy and Higher Education, rated Maryland an F in affordability. The report measures whether students and families can afford to pay for a postsecondary education given income levels, financial aid, and the types of colleges and universities in the State. An updated report is expected to be issued in 2006.

Tuition and Fee Increases

A factor that directly affects affordability is tuition and fee rates. Most of UMB’s students are in graduate programs, but the resident undergraduate tuition and fee increase for the nursing program is 4.8%, as shown in **Exhibit 10**. In fiscal 2007, USM’s weighted average tuition and fee increase for resident undergraduates is 4.6%. Exhibit 10 also shows other selected rate increases. The law school and the pharmacy school have the highest increases, while the undergraduate medical research and technology program has the lowest increase of the programs shown.

Exhibit 10
University of Maryland, Baltimore
Selected Resident Tuition and Fee Rates
Fiscal 2006 and 2007

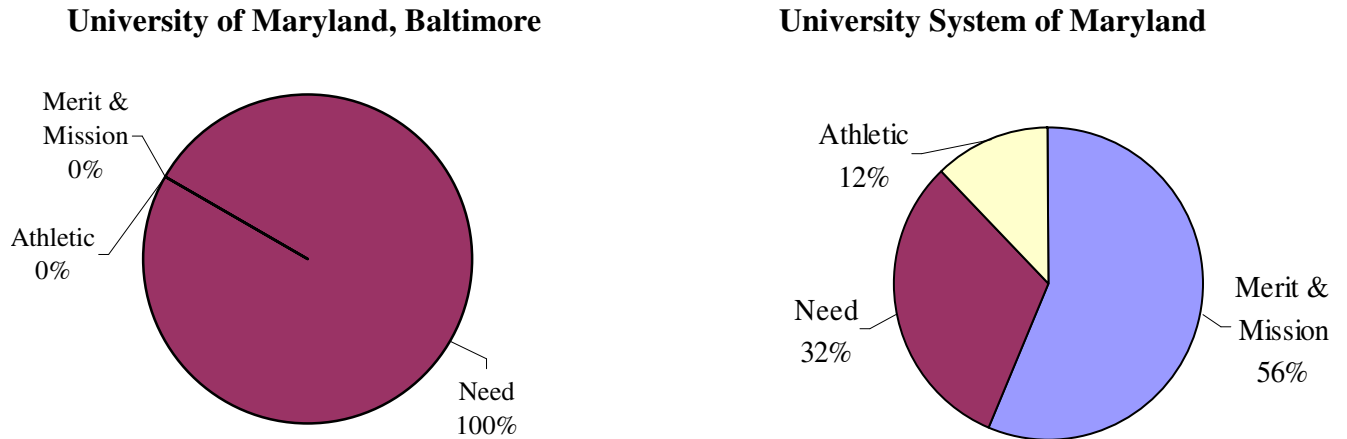
	FY 2006 Tuition and Mandatory Fees	FY 2007 Tuition and Mandatory Fees	FY 06-07 % Change Tuition and Mandatory Fees
Undergraduate			
School of Nursing	\$7,579	\$7,942	4.8%
Dental Hygiene	4,967	5,206	4.8%
Medical Research and Technology	6,934	7,262	4.7%
<i>USM Weighted Average</i>	7,014	7,334	4.6%
Graduate			
School of Law Day Division	17,701	19,105	7.9%
School of Medicine M.D. Program	19,990	20,615	3.1%
Medical Research and Technology (Post Baccalaureate)	8,550	8,990	5.1%
School of Pharmacy Pharm D Program	12,399	13,382	7.9%
School of Social Work Master's Program	8,774	9,228	5.2%

Source: University System of Maryland

Institutional Aid

Another factor that affects affordability is financial aid. Categories of financial aid include merit, need, athletic, and mission. Data on funding amounts is available only in categories of need, athletic, and combined merit and mission. In summer 2004 the USM Chancellor convened a task force on financial aid, which found that more aid should be directed to the need-based category. UMB plans to increase its financial aid at each school by a percentage equal to that school’s percentage increase in tuition. Between fiscal 2006 and 2007, UMB’s need-based institutional aid is estimated to increase from \$436,862 to \$458,705, a 5.0% annual increase. Only 32% of USM’s institutional aid goes to need, as shown in **Exhibit 11**, while all of UMB’s institutional aid goes to need. **Exhibit 12** shows that UMB has the lowest institutional aid for undergraduates as a percent of State supported revenue of the 11 USM institutions. In addition, UMB has the fourth lowest annual change in institutional aid as a percent of State supported revenue for undergraduates between fiscal 2004 and 2007.

Exhibit 11
Undergraduate Institutional Financial Aid
Fiscal 2006



Source: University System of Maryland

Exhibit 12
Undergraduate Institutional Aid as a Percent of State Supported Revenue
Fiscal 2004 – 2007

<u>Institution</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>Ann. Chg.</u> <u>2004-2007</u>
Bowie State University	7.1%	8.1%	7.7%	7.6%	2.3%
Coppin State University	4.2%	5.0%	5.2%	6.6%	16.4%
Frostburg State University	5.2%	5.8%	6.1%	5.4%	0.8%
Salisbury University	1.8%	1.8%	2.7%	2.9%	17.0%
Towson University	7.9%	8.2%	8.2%	8.3%	1.8%
University of Baltimore	2.1%	2.1%	1.8%	2.0%	-2.6%
University of Maryland, Baltimore	0.2%	0.2%	0.2%	0.2%	0.9%
University of Maryland Baltimore County	10.3%	10.6%	10.8%	11.1%	2.5%
University of Maryland College Park	3.8%	3.5%	4.0%	4.2%	3.1%
University of Maryland Eastern Shore	13.7%	12.7%	7.7%	9.2%	-12.5%
University of Maryland University College	0.6%	1.2%	1.2%	1.8%	39.8%

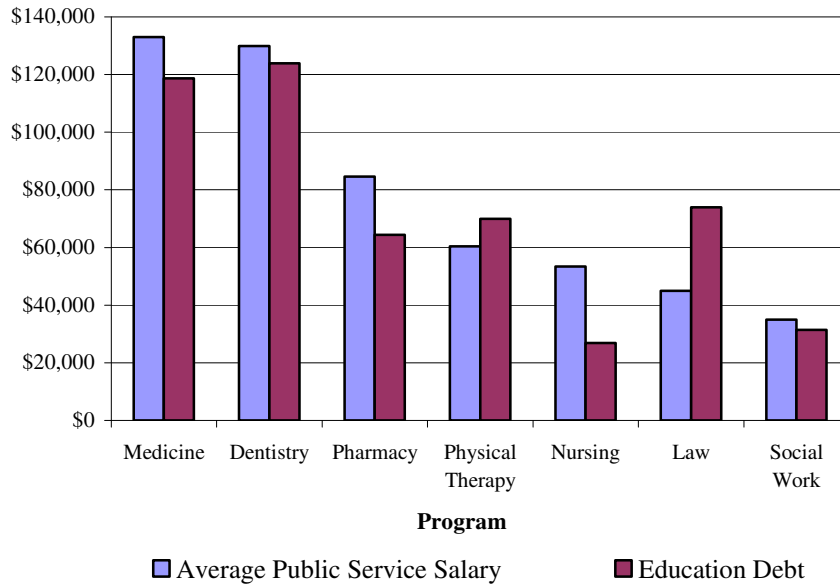
Note: Does not include institutional aid for graduate or professional students.

Source: University System of Maryland; Governor’s Budget Books; Department of Legislative Services

The graduate/professional students at UMB face high debt loads, which potentially influences whether students pursue public service careers. Excluding undergraduate debt, the average debt load for a nursing student is \$26,900, while for the average dentistry student it is \$123,900, as shown in **Exhibit 13**. High debt loads may preclude some students from pursuing public service careers because of the burden the debt puts on personal budgets funded by public service career starting salaries. For instance, there is a need for dentists who treat people on Medicaid, lawyers who become public defenders, doctors who go into pediatrics, pharmacists who teach, and social workers in general, but these public service positions are not compensated as highly as more commercially-oriented specialists. The Department of Labor’s on-line Occupational Outlook Handbook 2006 – 2007 edition provides 2004 – 2005 salary information for all of these public service positions except dentists who treat patients on Medicaid. For Exhibit 13, starting salaries were used when available. Exhibit 13 shows that starting public defenders may have \$73,900 in debt and yet only make \$45,000 a year for the first couple of years out of law school.

UMB should comment on the small amount of institutional aid it provides and how it plans to meet the Chancellor’s charge to provide more need-based aid. UMB should comment on ways to alleviate the debt burden for graduate/professional students who wish to work in public service and what role loan assistance repayment programs play. UMB should also comment on the rising tuition in the law program which is compounding already high average debt loads, making it even less likely that UMB students will pursue careers in public service.

Exhibit 13
UMB Graduate/Professional Students
Average Public Service Salary and Education Debt
Fiscal 2005



Note: Education debt is an average for that school and does not include undergraduate debt. For dentistry a non-public service salary is used. Public service is represented by a public defender for law, a pediatrician for medicine; general medical and surgical hospital practitioners for nursing, pharmacy, and physical therapy; and a standard salary is used for social work.

Source: University of Maryland, Baltimore; U.S. Department of Labor (2004); Department of Legislative Services

3. Personnel Studies Continue

In fiscal 2006, the USM workforce as a whole is slightly smaller than it was before cost containment measures. At UMB the workforce is slightly larger than it was before cost containment measures. In fiscal 2002, UMB's regular and contractual positions totaled 3,980, and in 2006 the total is 4,239. These numbers include filled and unfilled positions. The fiscal 2007 allowance brings the number of total positions to a higher level than in 2006, or 4,357 positions, which amounts to 118 additional regular positions.

As shown in **Exhibit 14**, 18 of the additional regular positions are State-supported, with 13 in operation, maintenance of plant, and 5 in instructional support. The remaining 100 positions are non-state supported and are in research.

Exhibit 14
Summary of UMB's Additional Positions
Fiscal 2007

	<u>Fiscal 2007</u>
State Supported Positions	
Institutional Support	5
Operations, Maintenance of Plant	13
Total State Supported	18
Non-state Supported Positions*	
Research	100
Total Non-state Supported	100
UMB's Total New Positions	118

* Funded by auxiliary revenue and grants

Source: University System of Maryland

Exhibit 15 shows how the 118 additional regular positions are classified. Faculty account for 100 of the positions, and 18 are non-exempt personnel. Exempt personnel are higher paid administrators and managers and are exempt from overtime pay.

Exhibit 15
UMB's New Positions by Classification
Fiscal 2007

	<u>Fiscal 2007</u>
Faculty	100
Exempt Staff	0
Non-Exempt Staff	18
UMB's Total New Positions	118

Source: University System of Maryland

The composition of UMB's personnel has changed somewhat since fiscal 2004, as shown in **Exhibit 16** (the data in this exhibit are for filled positions only and do not include fiscal 2002 because UMB does not have a breakdown of personnel by program for that year). Research personnel – who fulfill the institution's core mission – account for a larger share of total personnel than in fiscal 2004. Instructional personnel also increase but actually account for a smaller share of total personnel than in fiscal 2004. For USM as a whole, research personnel's share of the total increased from fiscal 2002 to 2006. UMB's proportion of research personnel (24.7%) is larger than the USM average (17.3%) in fiscal 2006 because UMB is one of only three research institutions in USM. UMB reports that the 182 FTEs growth in research between fiscal 2004 and 2006 was covered by the growth in grants and contracts. **UMB should comment on what its strategic plan calls for in terms of numbers of instructional and research personnel.**

Exhibit 16
UMB Full-time Equivalent Personnel by Budget Program
Filled Positions
Fiscal 2004, 2005, and 2006

	Fiscal 2004		Fiscal 2005		Fiscal 2006		Change in Share of Total <u>04 – 06</u>
	<u>FTEs</u>	<u>% of Total FTEs</u>	<u>FTEs</u>	<u>% of Total FTEs</u>	<u>FTEs</u>	<u>% of Total FTEs</u>	
Instruction	1,173	32.6%	1,169	31.5%	1,187	30.6%	-1.9
Research	774	21.5%	851	22.9%	956	24.7%	3.2
Public Service	172	4.8%	194	5.2%	210	5.4%	0.7
Academic Support	350	9.7%	369	9.9%	377	9.7%	0.0
Student Services	32	0.9%	31	0.8%	40	1.0%	0.1
Institutional Support	465	12.9%	460	12.4%	460	11.9%	-1.0
Operations, Maintenance of Plant	320	8.9%	304	8.2%	292	7.5%	-1.3
Auxiliary	64	1.8%	57	1.5%	58	1.5%	-0.3
Hospitals	256	7.1%	281	7.6%	297	7.7%	0.6
Total	3,604	100.0%	3,716	100.0%	3,877	100.0%	

FTEs – full-time equivalents

Note: Data are for filled regular and contractual positions only. Fiscal 2005 data are self-reported and unaudited as of summer 2004. In other USM institutions' analyses, fiscal 2002 data are included, but for UMB only the total 2002 FTEs are.

Numbers may not sum to total due to rounding.

Source: University of Maryland, Baltimore

4. UMB Plans for Facilities and Administration Rate Negotiation

The facilities and administration (F&A) rate determines the indirect cost recovery from federal grants. Indirect cost recovery is intended to be used to cover overhead costs of the grants; it provides about \$50.0 million a year to UMB. UMB reports that it will take up to a year before the negotiation of the new F&A rate with the federal government is finalized and that it has submitted a proposal to raise the rate for organized on campus research. The current F&A rates are shown in **Exhibit 17**. A subset of organized research is sponsored research, which includes federal and non-federal money for overall research and development and for research technique training. Sponsored training is any instruction or training established by grant, contract, or cooperative agreement. Other sponsored activity includes health service projects, community service programs, and conference grants.

Exhibit 17
Current Facilities and Administration Rates
Fiscal 2001 – 2005

	<u>On-campus</u>	<u>Off-campus</u>
Organized Research	48.5%	26.0%
Sponsored Training	45.5%	26.0%
Other Sponsored Activity	34.0%	26.0%

Source: University System of Maryland

To prepare for the F&A rate negotiation, UMB contracted an outside consultant to prepare the proposal; organized an internal working group of the central administrative office and the schools of medicine and pharmacy to oversee the negotiation process; and hired a new Director of Cost Analysis to provide full-time support. UMB reports that it would like to use the indirect cost recovery revenue to support the Designated Research Initiative Fund (DRIF), support for researchers who have not yet made a name for themselves, but that over the last five years, most of the money has been used to meet current services expenditures. The original agreement 20 years ago between the Board of Regents, the Governor's Office, and the General Assembly was to use 50% of indirect cost recovery for DRIF, but since then, with USM's concurrence, UMB has been unable to fully fund DRIF. Only 22% of the indirect cost recovery was used for DRIF in fiscal 2005, which was the lowest level for UMB. However, given the Governor's allowance, UMB intends to begin to reverse the trend by spending 27% of the indirect cost recovery on DRIF in fiscal 2007. UMB reports that 10% of DRIF is used for graduate student institutional aid. **UMB should comment on how it would use the new indirect cost recovery revenue if it is successful in its F&A rate negotiation and the impact this would have on graduate student institutional aid.**

Recommended Actions

1. Adopt the following narrative:

Faculty Workload Report: The committees request that the University of Maryland, Baltimore (UMB) provide the percent of faculty meeting or exceeding teaching standards for tenured and tenure-track faculty for each of its programs and a comparable peer benchmark to which each of these programs can be compared. By focusing on these faculty, the committees gain a sense of the teaching activities for the regular, core faculty at the institution. Additional information can be included in the report at UMB's discretion.

Information Request	Author	Due Date
Annual report on percent of faculty meeting or exceeding faculty teaching standards for tenured and tenure-track faculty in each program	UMB	December 1, 2006

Updates

1. Efficiency Initiative in the Budget

In October 2004, USM unveiled its efficiency and effectiveness plan. The system will pursue more than a dozen initiatives which began in fiscal 2006 and will continue through fiscal 2008. In its report, USM estimates that the fiscal 2007 savings will be \$18.7 million. These savings are built into the 2007 allowance, meaning estimates of current services cost increases would be \$18.7 million higher without the efficiency savings.

UMB's share of the savings is estimated to be \$2,640,910. This represents 1% of the State-supported budget for UMB. UMB reports that it will use increases in indirect cost revenues to meet its requirement. UMB will not be participating in the USM efficiency initiative to accommodate additional students within existing resources.

2. Dental School Fundraising on Track; Capital Campaign Expects 2007 Celebration to Provide a Boost

The 2005 *Joint Chairmen's Report* requested a fundraising progress report for UMB's dental school due to be completed in July 2005. The report was requested based on reports of target amounts missed for the \$21.5 million goal. During the 2005 legislative session, UMB reported it had raised \$6 million. UMB submitted fundraising progress letters on June 30, September 30, and December 21, indicating the progress achieved. As of December 21, UMB has raised \$12.1 million of the \$21.5 million goal.

USM is kicking off a new capital campaign in 2006 with a target of raising \$1.7 billion over seven years. UMB's share of the goal is \$450 – \$550 million. The combined amount raised from fiscal 2004 and 2005 was \$99.2 million and another \$121.1 million is expected to be raised through fiscal 2007. UMB reports that it will reach its goal by rolling some of the fundraising money back into the fundraising operation and by an expected increase in fundraising due to UMB's bicentennial celebration in 2007.

3. Joint School of Public Health Proposed

A joint School of Public Health between UMCP and University of Maryland, Baltimore (UMB) has been proposed by USM. The goal of the new school would be to combine the clinical strengths of UMB and UMCP's strengths in the behavioral and social sciences aspect of public health. UMCP currently has a graduate public health program in the College of Health and Human Performance, which has been accredited for more than five years. It has been proposed that the college would be restructured to form the School of Public Health and will be supported by existing infrastructure. The public health program at UMB is currently in the Department of Epidemiology and Preventive Medicine in UMB's School of Medicine and offers the Master of Public Health and other Master's and doctoral degrees.

USM reports that a School of Public Health will be eligible for additional research grants and funding. Additionally, recruiting highly qualified faculty would become easier if a School of Public Health is established.

Creation of the proposed joint School of Public Health has been divided into three phases that last through 2010. The first phase, scheduled to occur from 2006 to 2007, is to create individual schools of public health at each campus. The accreditation body has recommended that each institution should achieve accreditation individually and then move toward a combined structure. Also in the first phase, administrative agreements between UMCP and UMB will be completed to allow students to easily transfer credits and tuition dollars between the two institutions starting fall 2006. A joint campus work group will be established to plan an Intercampus Academic Council in Public Health (IACPC). The council will provide joint oversight of the two institutions. The work group for IACPC will provide recommendations by spring 2007.

The second phase is scheduled to begin in 2007 and last through 2009. Once the institution's individual accreditation is established, the accreditation body has indicated that there would be no objection to establishing a higher level of collaboration between the two campuses provided that the IACPC provides joint oversight to the courses, specializations, degree programs, student affairs, and admissions. USM expects that the IACPC will begin its governance during academic year 2008-2009. Students will be admitted to the University of Maryland School of Public Health, which will have a single admissions office. Students will be able to take courses at either campus.

Phase three is scheduled to occur from 2009 through 2010. During phase three the practicality, benefit, and economics of eliminating the individual campus affiliations of the two schools will be evaluated. They will also evaluate whether a single school, a single dean, a single budget and common policies and procedures should be created. This will be done in the context of the accreditation regulations in place at that time.

Current and Prior Year Budgets

Current and Prior Year Budgets University of Maryland, 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 2005					
Legislative Appropriation	\$132,116	\$200,311	\$332,427	\$300,932	\$633,359
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	1,382	36,768	38,150	12,000	50,150
Reversions and Cancellations	0	-252	-252	-10,363	-10,615
Actual Expenditures	\$133,498	\$236,827	\$370,325	\$302,569	\$672,894
Fiscal 2006					
Legislative Appropriation	\$143,512	\$220,539	\$364,051	\$300,932	\$664,983
Budget Amendments	1,698	30,980	32,678	36,439	69,117
Working Appropriation	\$145,210	\$251,519	\$396,729	\$337,371	\$734,100

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

Fiscal 2005

UMB's general funds were increased \$1.4 million in fiscal 2005 through the State employee cost-of-living increase. Other unrestricted funds increased \$36.8 million through budget amendment. The unrestricted funds increased for indirect cost recovery for grants and contracts (\$11 million), educational activity sales and services (\$10.3 million), services provided by School of Medicine faculty (\$7 million), tuition revenue (\$2.8 million), cost recovery from UMB physician's private practices (\$2 million), and interest income (\$2 million). In addition, an increase in fund balance accounts for \$1.5 million, which represented cancellation of a planned transfer to fund balance of the same amount.

Restricted funds were increased \$12 million through budget amendment. Services provided by School of Medicine faculty accounted for this increase.

At the end of fiscal 2005, UMB cancelled \$0.2 million in unrestricted funds and \$10.3 million in restricted funds. The cancellations reflect more appropriation authority than was needed.

Fiscal 2006

For fiscal 2006, UMB general funds increased \$1.7 million for the State employee cost-of-living increase.

Due to budget amendment 042-06, unrestricted funds increased \$31.0 million and restricted funds increased \$36.4 million. For unrestricted funds, major changes include \$18.5 million from sales and services of educational activity, \$5.8 million from tuition revenue, and \$4.8 million from indirect cost recovery related to grants and contracts.

Restricted funds increased \$36.4 million. This increase was due to \$41.4 million in federal contracts and grants, \$5.4 million in sales and services of educational activities, and \$1.3 million in endowment income. These increases were partially offset by decreases of \$8.2 million in private grants and gifts and \$3.5 million in State grants and gifts.

Audit Findings

Audit Period for Last Audit:	July 1, 2000 – November 30, 2002
Issue Date:	November 2003
Number of Findings:	11
Number of Repeat Findings:	4
% of Repeat Findings:	36%
Rating: (if applicable)	n/a

- Finding 1:*** **Contracts: UMB did not receive timely payments from the University of Maryland Medical System Corporation and did not assess associated late payment penalties totaling \$260,000.**
- Finding 2:*** Cigarette Restitution Fund Grant: Certain deficiencies were identified related to Cigarette Restitution Fund grant awards.
- Finding 3:*** Checking Accounts: Checking account reconciliations were not completed timely and included numerous unsupported items.
- Finding 4:*** **Cash Receipts: Controls over cash receipts collected by the central cashier and student dental clinics were inadequate.**
- Finding 5:*** **Working Fund: The custodian and fund supervisor had excessive control over the account.**
- Finding 6:*** Information Systems: UMB’s internal computer network was not adequately secured.
- Finding 7:*** **Information Systems: Controls over the student information management system need improvement.**
- Finding 8:*** Information Systems: UMB’s information technology disaster recovery plan needs certain improvements.
- Finding 9:*** Student Grades: Changes to student grades were not verified.
- Finding 10:*** Payroll: Several departments lacked adequate controls.
- Finding 11:*** Medical Service Plan: UMB could not substantiate that amounts due to the medical school enrichment fund from plan participants were adequately verified.

*Bold denotes item repeated in full or part from preceding audit report.

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

<u>Object/Fund</u>	<u>FY05 Actual</u>	<u>FY06 Working Appropriation</u>	<u>FY07 Allowance</u>	<u>FY06 - FY07 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	3553.84	3713.84	3831.84	118.00	3.2%
02 Contractual	535.07	525.64	525.64	0	0%
Total Positions	4088.91	4239.48	4357.48	118.00	2.8%
Objects					
01 Salaries and Wages	\$ 434,347,578	\$ 458,867,826	\$ 488,353,021	\$ 29,485,195	6.4%
02 Technical & Spec Fees	2,680,043	2,701,012	2,732,012	31,000	1.1%
03 Communication	4,069,100	4,085,144	4,666,886	581,742	14.2%
04 Travel	6,953,886	7,022,385	7,766,496	744,111	10.6%
06 Fuel & Utilities	15,620,664	17,122,453	19,423,053	2,300,600	13.4%
07 Motor Vehicles	1,211,853	1,219,601	1,220,143	542	0%
08 Contractual Services	114,662,752	144,895,282	163,258,696	18,363,414	12.7%
09 Supplies & Materials	40,296,059	42,705,098	49,529,668	6,824,570	16.0%
10 Equip - Replacement	292,689	281,053	288,053	7,000	2.5%
11 Equip - Additional	15,581,299	15,041,670	15,410,670	369,000	2.5%
12 Grants, Subsidies, and Contributions	15,858,619	19,905,281	19,952,597	47,316	0.2%
13 Fixed Charges	17,048,422	18,501,661	18,929,269	427,608	2.3%
14 Land & Structures	4,271,124	1,751,315	3,459,012	1,707,697	97.5%
Total Objects	\$ 672,894,088	\$ 734,099,781	\$ 794,989,576	\$ 60,889,795	8.3%
Funds					
40 Unrestricted Fund	\$ 370,325,335	\$ 396,729,077	\$ 431,096,762	\$ 34,367,685	8.7%
43 Restricted Fund	302,568,753	337,370,704	363,892,814	26,522,110	7.9%
Total Funds	\$ 672,894,088	\$ 734,099,781	\$ 794,989,576	\$ 60,889,795	8.3%

**Fiscal Summary
University of Maryland, Baltimore**

<u>Program/Unit</u>	<u>FY05 Actual</u>	<u>FY06 Wrk Approp</u>	<u>FY07 Allowance</u>	<u>Change</u>	<u>FY06 - FY07 % Change</u>
01 Instruction	\$ 180,800,541	\$ 187,397,571	\$ 203,636,453	\$ 16,238,882	8.7%
02 Research	209,122,117	235,995,742	259,516,320	23,520,578	10.0%
03 Public Service	38,806,403	43,763,896	47,115,645	3,351,749	7.7%
04 Academic Support	38,177,918	39,346,640	45,785,152	6,438,512	16.4%
05 Student Services	2,957,996	3,393,147	3,741,157	348,010	10.3%
06 Institutional Support	45,454,167	51,496,334	54,583,536	3,087,202	6.0%
07 Operation And Maintenance Of Plant	54,761,057	55,896,673	62,684,062	6,787,389	12.1%
08 Auxiliary Enterprises	18,352,344	19,988,391	19,496,276	-492,115	-2.5%
17 Scholarships And Fellowships	11,522,071	15,166,295	15,163,611	-2,684	0%
18 Hospitals	72,939,474	81,655,092	83,267,364	1,612,272	2.0%
Total Expenditures	\$ 672,894,088	\$ 734,099,781	\$ 794,989,576	\$ 60,889,795	8.3%
Unrestricted Fund	\$ 370,325,335	\$ 396,729,077	\$ 431,096,762	\$ 34,367,685	8.7%
Restricted Fund	302,568,753	337,370,704	363,892,814	26,522,110	7.9%
Total Appropriations	\$ 672,894,088	\$ 734,099,781	\$ 794,989,576	\$ 60,889,795	8.3%