

R30B25
University of Maryland Eastern Shore
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	FY 05 <u>Actual</u>	FY 06 <u>Working</u>	FY 07 <u>Allowance</u>	FY 06-07 <u>Change</u>	% Change <u>Prior Year</u>
General Funds	\$21,830	\$23,243	\$28,180	\$4,937	21.2%
Other Unrestricted Funds	37,140	40,180	41,076	896	2.2%
Total Unrestricted Funds	58,969	63,423	69,257	5,834	9.2%
Restricted Funds	<u>27,489</u>	<u>21,290</u>	<u>19,897</u>	<u>-1,393</u>	<u>-6.5%</u>
Total Funds	\$86,459	\$84,713	\$89,154	\$4,440	5.2%

- General funds increase by \$4.9 million, or 21.2% over fiscal 2006.
- Total funds grow by \$4.4 million, or 5.2% over fiscal 2006.

Personnel Data

	FY 05 <u>Actual</u>	FY 06 <u>Working</u>	FY 07 <u>Allowance</u>	FY 06-07 <u>Change</u>
Regular Positions	670.77	670.77	678.77	8.00
Contractual FTEs	<u>64.00</u>	<u>69.00</u>	<u>70.00</u>	<u>1.00</u>
Total Personnel	734.77	739.77	748.77	9.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	30.27	4.46%
Positions Vacant as of 12/31/05	11.00	1.64%

- Nine new positions are proposed in the fiscal 2007 allowance. The eight new regular positions are all faculty.

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

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Analysis in Brief

Major Trends

Increase in the Number of Students Enrolled in Teacher Program: The number of students enrolled in teacher programs is projected to increase in fiscal 2006 and 2007.

Increase in the Percentage of Students Completing Teacher Program and Passing Praxis II Exam Expected to Continue: The percentage increased to 83% in fiscal 2005 and is expected to continue to increase in fiscal 2006 and 2007.

Issues

Faculty Instructional Workload Levels: Increasing faculty workload is a key part of the University System of Maryland (USM) efficiency initiatives. Comprehensive faculty should carry a workload of 7 to 8 course units. As part of the efficiency initiative, each institution is charged with meeting the mid-point of workload standards in fiscal 2006. The University of Maryland Eastern Shore (UMES) with 7.5 course units taught in fiscal 2005 has met the goal.

Affordability at UMES and Across USM: Tuition and fee increases at UMES are slightly less than the USM average in fiscal 2007, and institutional need-based aid increases by 46.3% over fiscal 2006.

Personnel Changes: Instructional personnel continues to be the largest share of all personnel since fiscal 2002.

Access and Success for Maryland's Historically Black Institutions: The fiscal 2007 allowance transfers Access and Success funds previously budgeted in the Maryland Higher Education Commission to the historically black institutions' budgets. UMES' operating budget includes \$1.5 million in Access and Success funds to improve the retention and graduation rates of students.

Recommended Actions

1. Adopt budget language restricting Access and Success funds until a report is submitted.

Updates

Implementing Administrative and Academic Efficiency Initiatives: In 2005, USM began implementing many of the efficiency initiatives developed by the Board of Regents Effectiveness and Efficiency workgroup resulting in cost savings. For fiscal 2007, USM's estimated efficiency savings is \$18.7 million, or 1% of USM's estimated current services cost increases. UMES' share of the administrative savings in fiscal 2007 is \$485,147, or 2.6% of USM's total.

Office for Civil Rights (OCR) Agreement: UMES was allocated \$1,363,330 in fiscal 2006 to support enhancement efforts. The one-time expenditures were used for academic program enhancements and other institutional advancement efforts.

R30B25 – USM – University of Maryland Eastern Shore

R30B25
University of Maryland Eastern Shore
University System of Maryland

Operating Budget Analysis

Program Description

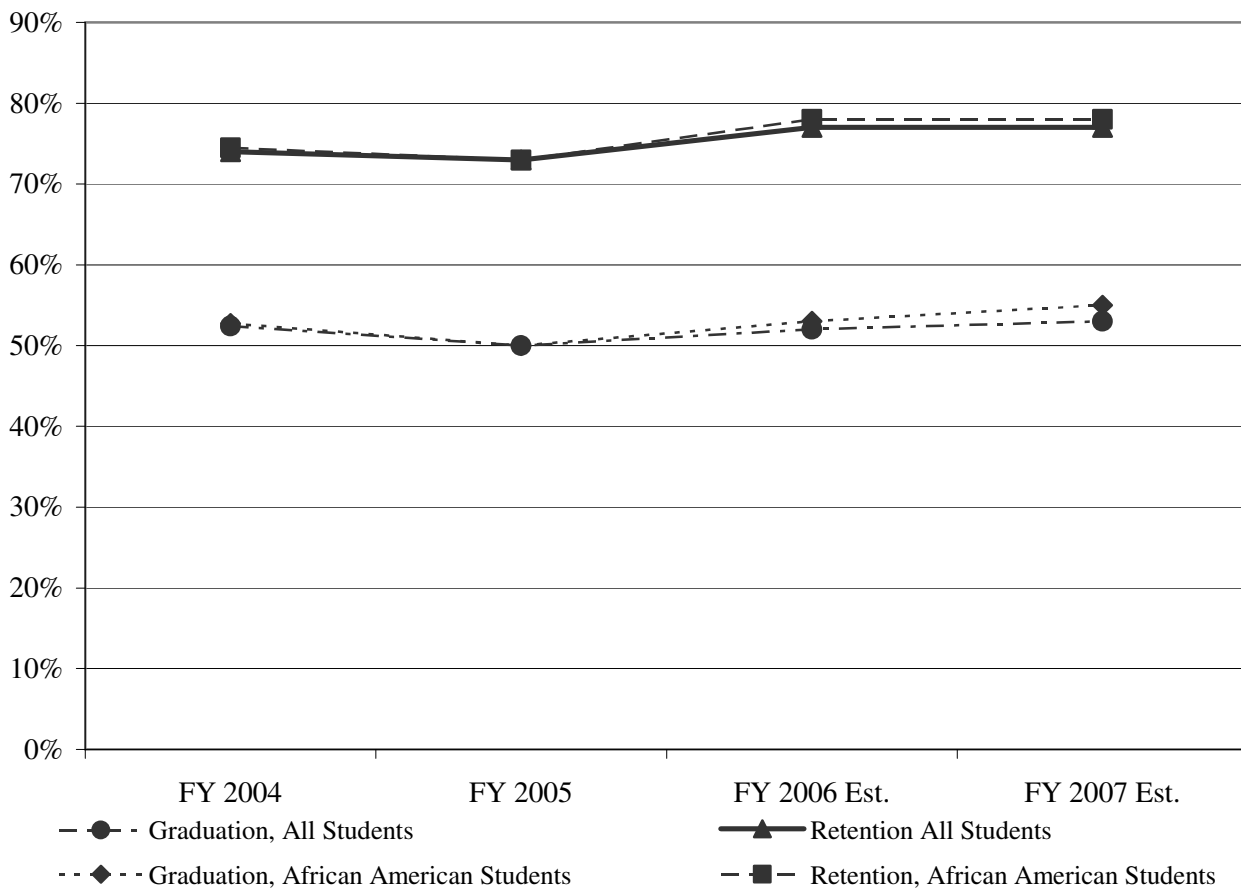
The University of Maryland Eastern Shore (UMES) is the 1890 Land-Grant institution for the State. Founded as a historically black, land-grant university, UMES is committed to providing quality education to persons who demonstrate the potential to become quality students, particularly from among minority communities and those of disadvantaged backgrounds, while fostering multi-cultural diversity.

The UMES emphasizes selected baccalaureate programs in the liberal arts and sciences and career fields with particular relevance to the Eastern Shore and its land-grant mandate, offering programs at the master's and doctoral levels. The distinctive academic emphases at UMES are agriculture, environmental and marine sciences, hospitality, technology, computer sciences, business, and allied health. The university serves education and research needs of government agencies, business, and industry, while focusing on the economic development needs on the Eastern Shore. UMES aspires to become an educational model of a teaching/research institution.

Performance Analysis: Managing for Results

UMES aspires to become a Carnegie Doctoral/Research University-Intensive institution by sustaining and implementing administrative systems to accelerate learning, inquiry, and engagement by increasing second-year retention and six-year graduation rates for all UMES students. **Exhibit 1** shows the graduation and retention rates for all students and African American students. UMES has a goal to increase the six-year graduation rate for all UMES students to 55% in 2009. The six-year graduation rate for all students declined 2.4% in fiscal 2005 and is only expected to slightly recover in fiscal 2006 and 2007. The graduation rate for African Americans decreased in fiscal 2005 but is expected to recover in fiscal 2006 and continue to increase in 2007. Although the second-year retention rate for both African American and all students decreased from fiscal 2004, UMES projects an improvement in fiscal 2006 and 2007. **The President should comment on the decline of retention and graduation rates. The President also should comment on what practices UMES will implement to increase rates by 2009.**

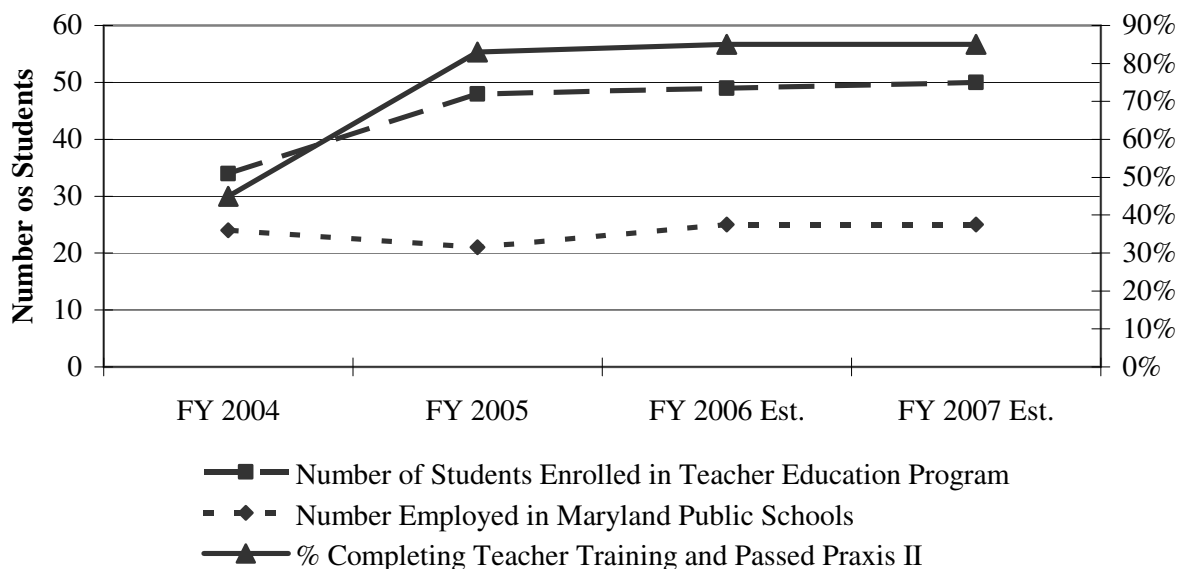
Exhibit 1
Six-year Graduation and Second-year Retention Rates
Fiscal 2004 – 2007 Estimates



Source: 2007 Maryland State budget books; University System of Maryland

UMES offers 15 teaching degree programs and continues to work to increase the number of teacher education graduates in Maryland. The UMES Teacher Program initial level programs were placed on probation in fiscal 2004. **Exhibit 2** shows the number of students enrolled each year in teacher education programs, the percent that complete teacher training programs and pass the Praxis II exam, and the number employed in Maryland. As the exhibit shows, only 45% of undergraduates completed teacher training and passed the Praxis II exam in fiscal 2004. However, the percentage increased to 83% (allowing the school to move off probation) in fiscal 2005 and is expected to increase to 85% in fiscal 2006 and 2007. The number of students employed as teachers in Maryland public schools appears to be on a downward trend from fiscal 2004 to 2005, but UMES expects the number to increase slightly in fiscal 2006 and 2007. **The President should comment on what efforts or practices were used to dramatically increase the pass rates for the PRAXIS II exam.**

Exhibit 2
Teacher Education Students and Graduates
Fiscal 2004 – 2007 Estimates



Source: 2007 Maryland State budget books; University System of Maryland

Governor’s Proposed Budget

As **Exhibit 3** shows, the general fund allowance for fiscal 2007 is \$28.2 million. This reflects an increase of approximately \$4.9 million from the fiscal 2006 level. However, the \$4.9 million reflects the transfer of Access and Success funds (\$1.5 million) that were previously in Maryland Higher Education Commission’s budget. Excluding these funds UMES’ general fund allowance increases by \$3.4 million or 14.8%. Other unrestricted funds grow by \$869,409, or 2.2% over fiscal 2006. Tuition and fee revenues account for 30.4% of unrestricted funds in fiscal 2007. Restricted funds decrease by \$1.4 million in fiscal 2007 because of Access and Success funds transferring to UMES’ unrestricted funds.

Exhibit 3
Governor's Proposed Budget
University of Maryland Eastern Shore
 (\$ 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	\$21,830	\$23,243	\$28,180	\$4,937	21.2%
Other Unrestricted Funds	37,140	40,180	41,076	896	2.2%
Total Unrestricted Funds	58,969	63,423	69,257	5,834	9.2%
Restricted Funds	27,489	21,290	19,897	-1,393	-6.5%
Total Funds	\$86,459	\$84,713	\$89,154	\$4,440	5.2%

Unrestricted fund budget changes in the allowance by program are shown in **Exhibit 4**. This exhibit considers only unrestricted funds which are comprised mostly of general funds and tuition and fee revenues. Between fiscal 2002 through 2006, current unrestricted funds for scholarships and fellowships increased the most by 57.4%. Academic support increased by 26% while institutional support and student services slightly declined during that period. Scholarships and fellowships will continue to have the largest increase for fiscal 2007, at 32.5%. This includes \$500,000 in general funds allocated for need-based aid. Instruction will increase by 18% which is attributed to additional faculty positions. Tuition and fee revenue rose 49.2% from fiscal 2002 through 2006. During the same period, general funds decreased by 1.4% and revenue from auxiliary enterprises increased by 36.4%. In fiscal 2007, general funds increase 21.2% while tuition and fee revenue grows only 3.7%.

Exhibit 4
University of Maryland Eastern Shore
Budget Changes for Current Unrestricted Funds by Program
Fiscal 2002, 2006, and 2007
(\$ in Thousands)

	<u>FY 2002</u>	<u>Working FY 2006</u>	<u>% Change FY 02-06</u>	<u>Allowance FY 2007</u>	<u>\$ Change FY 06-07</u>	<u>% Change FY 06-07</u>
<u>Expenditures</u>						
Instruction	\$15,437	\$16,804	8.9%	\$19,839	\$3,035	18.1%
Research	1110	1,231	10.9%	1,404	173	14.1%
Public Service	0	0	0.0%	1	1	
Academic Support	3,977	5,012	26.0%	5,177	165	3.3%
Student Services	2,074	2,064	-0.5%	2,142	78	3.8%
Institutional Support	7,922	7,859	-0.8%	8,387	528	6.7%
Operation and Maintenance of Plant	7,690	8,661	12.6%	8,781	120	1.4%
Scholarships and Fellowships	2,289	3,604	57.4%	4,777	1,173	32.5%
Subtotal Education and General	\$40,499	\$45,235	11.7%	\$50,508	\$5,273	11.7%
Auxiliary Enterprises	12,343	18,189	47.4%	18,748	559	3.1%
Total	\$52,842	\$63,424	20.0%	69,256	5,832	9.2%
Funds Specific to HBIs*	2,287	2,863	117.8%	1,363	-1,087	-44.4%
Adjusted Total	\$53,967	\$65,874	22.1%	\$70,619	\$4,745	7.2%
<u>Revenues</u>						
Tuition and Fees	\$13,591	\$20,277	49.2%	\$21,032	\$755	3.7%
General Funds	23,564	23,243	-1.4%	28,180	4,937	21.2%
Other	3,362	1,715	-49.0%	1,715	0	0.0%
Subtotal	\$40,517	\$45,235	11.6%	\$50,927	\$5,692	12.6%
Auxiliary Enterprises	\$13,566	\$18,506	36.4%	\$18,975	\$469	2.5%
Transfers (to) from fund balance	-1,241	-317	-74.5%	-645	-328	103.5%
Total	\$52,842	\$63,424	20.0%	\$69,257	\$5,833	9.2%
Funds Specific to HBIs*	2,287	2,863	117.8%	1,363	-1,087	-44.4%
Adjusted Total	\$53,967	\$65,874	22.1%	\$70,620	\$4,746	7.2%

* Funds for Access/Success program and HBI enhancements funds for fiscal 2002 and 2006. Fiscal 2007 funds only include HBI enhancement funds from the Maryland Higher Education Commission.

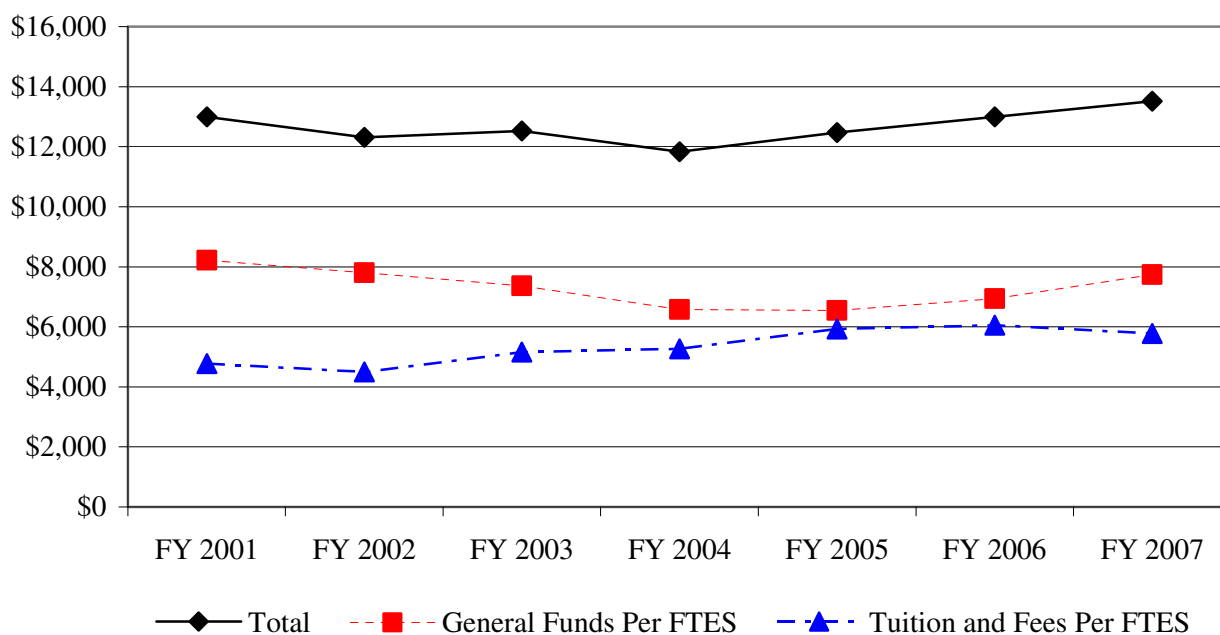
HBI = Historically Black Institution

Source: Governor's Budget Books, fiscal 2004 and 2007

Tuition and Fees and General Fund Revenues

Exhibit 5 shows tuition and fees and general fund revenues per full-time equivalent student (FTES) between fiscal 2001 and 2007. Between fiscal 2001 and 2004, general fund revenue per FTES steadily declined while tuition and fee revenue per FTES increased. Although general fund revenue per FTE declined by 20%, it never fell below tuition and fee revenue per FTE. In fiscal 2005, general funds started to increase while tuition and fee revenue per FTES slowed down and started to decline, which is expected to continue in fiscal 2006 and 2007. However, this could be attributed to the additional students UMES is taking on which is causing tuition and fees per FTES to decrease from fiscal 2006. UMES' enrollment is projected to increase by 8.9% in fiscal 2007.

Exhibit 5
Tuition and Fees and General Fund Revenues Per Full-time Equivalent Student
 (\$ in Thousands)



Source: 2007 Maryland Budget Books

The University System of Maryland (USM) is planning to increase enrollment in fiscal 2007 by adding 3,386 full-time equivalent students. Each campus is projected to enroll additional students. UMES is projected to enroll 123 additional students, and \$876,082 of general funds is allocated toward that effort. With 105% of total current academic space need covered and an excess of classroom space (108% of need covered), UMES appears to have more than enough space to accommodate the additional students. **The President should comment on how UMES will spend the additional general funds to accommodate increased enrollment.**

Issues

1. Faculty Instructional Workload Levels

Faculty workload is a key part of the USM efficiency initiative. USM reports the best example of the incremental rollout of these initiatives has been the change in faculty workload over the last three years. The Board of Regents expects faculty at comprehensive institutions to carry a workload of 7 to 8 course units. As part of the efficiency initiative, each institution is charged with meeting the mid-point of workload standards in fiscal 2006. Some institutions have more rapidly moved to increase their workload while others have only begun increasing their workload. **Exhibit 6** shows the average course units (CU) taught by tenured-track faculty at UMES from fiscal 2001 to 2005.

Exhibit 6
Average Course Units Taught by Tenured and Tenure-track Faculty

	<u>2000-2001</u> Courses/FTEF	<u>2001-2002</u> Courses/FTEF	<u>2002-2003</u> Courses/FTEF	<u>2003-2004</u> Courses/FTEF	<u>2004-2005</u> Courses/FTEF
UMES	7.4	5.7	7.6	7.8	7.5
All USM Comprehensives	7.4	7.0	7.0	7.5	7.7

Notes: Tenured and tenure-track faculty include those on sabbatical and exclude department chairs.

The Board of Regents standard for instructional workload at comprehensive institutions is 7 to 8 course units annually.

FTEF = Full-time equivalent faculty

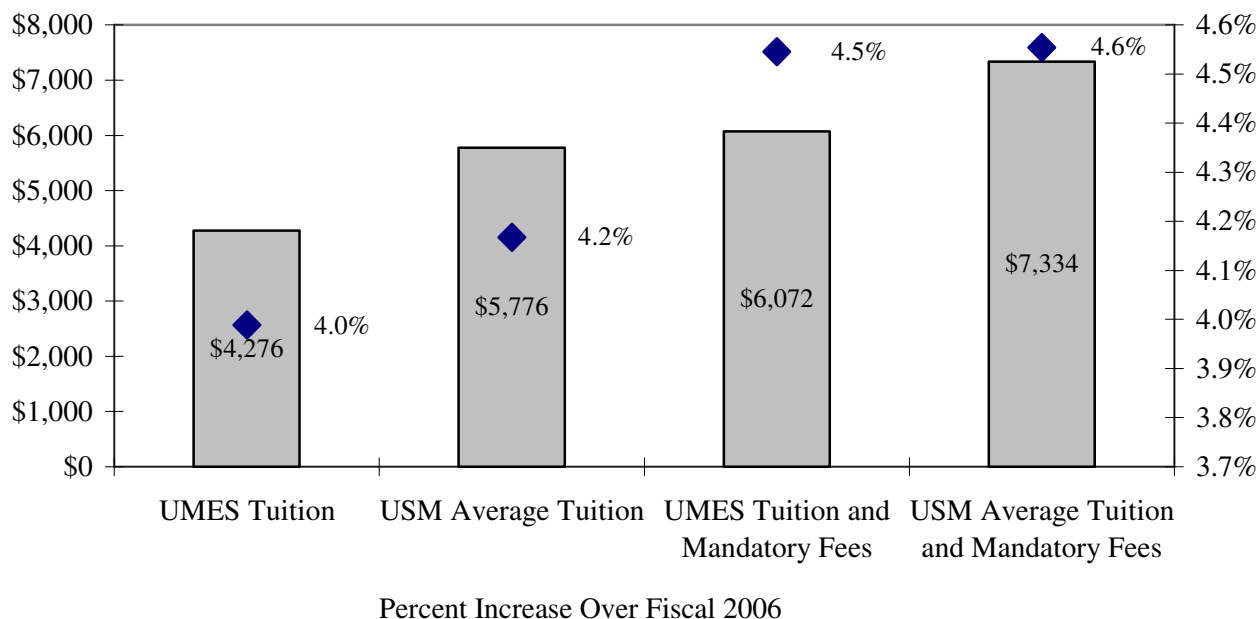
Source: University System of Maryland

In fiscal 2001, UMES exceeded the workload standards with a 7.4 average CUs taught but declined in fiscal 2002 and fell below the recommended workload approved by USM. Since fiscal 2003, UMES has remained above the faculty workload standard; with the exception of fiscal 2005, UMES has also been above the overall USM faculty workload average.

2. Affordability at UMES and Across USM

Affordability continues to be a concern for Maryland public education. A factor that directly affects affordability is tuition and fee rates. UMES tuition and fees increase slightly less than the USM average in fiscal 2007. USM's weighted average tuition rate and mandatory fees increase 4.6%, while UMES' tuition and mandatory fees increase by 4.5%, as shown in **Exhibit 7**.

Exhibit 7
Tuition and Mandatory Fees for Resident Undergraduates
 (\$ in Thousands)



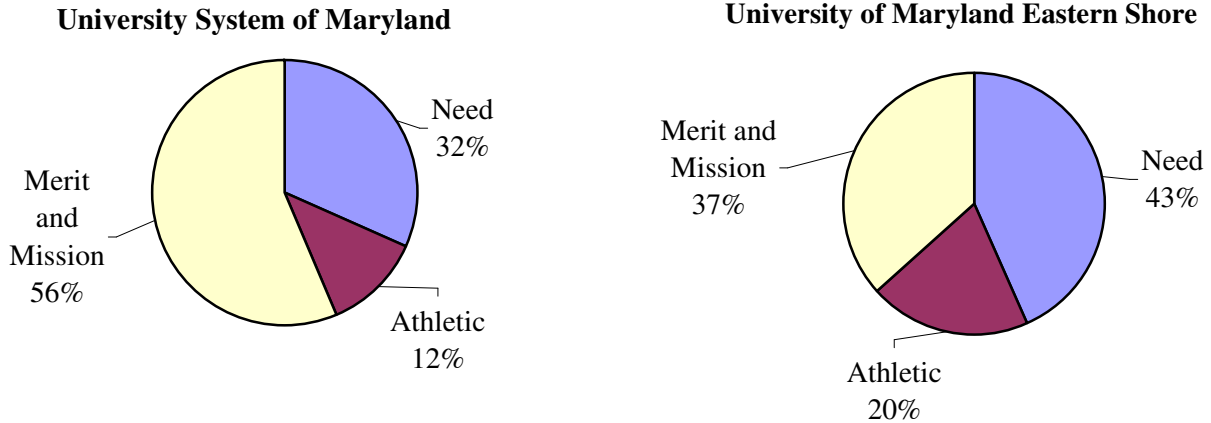
Source: University System of Maryland

Trends in Institutional Aid

Another factor that affects affordability is financial aid. Categories of institutional financial aid include merit, need, athletic, and mission. USM institutions have committed to increasing institutional need-based aid for students. In fiscal 2006, 32% of institutional aid across USM was need-based, 56% merit and mission, and 12% was athletic, as shown in **Exhibit 8**.

According to Maryland’s Department of Budget and Management, UMES’ current unrestricted funds in scholarship and fellowship increases by 57.4% from fiscal 2002 to 2006 and is expected increase by 32.5% from fiscal 2006 to 2007. The fiscal 2007 allowance includes \$500,000 in general funds for need-based aid at UMES. However, information reported to the Maryland Higher Education Commission (MHEC) on the S-5 Form shows that all institutional aid at UMES declines from fiscal 2005 to 2006 with merit and mission aid declining the most at 41.2%. Need-based aid declined 35% from fiscal 2005 to 2006 while in-state tuition increased by 6%.

**Exhibit 8
Institutional Financial Aid
Fiscal 2006**

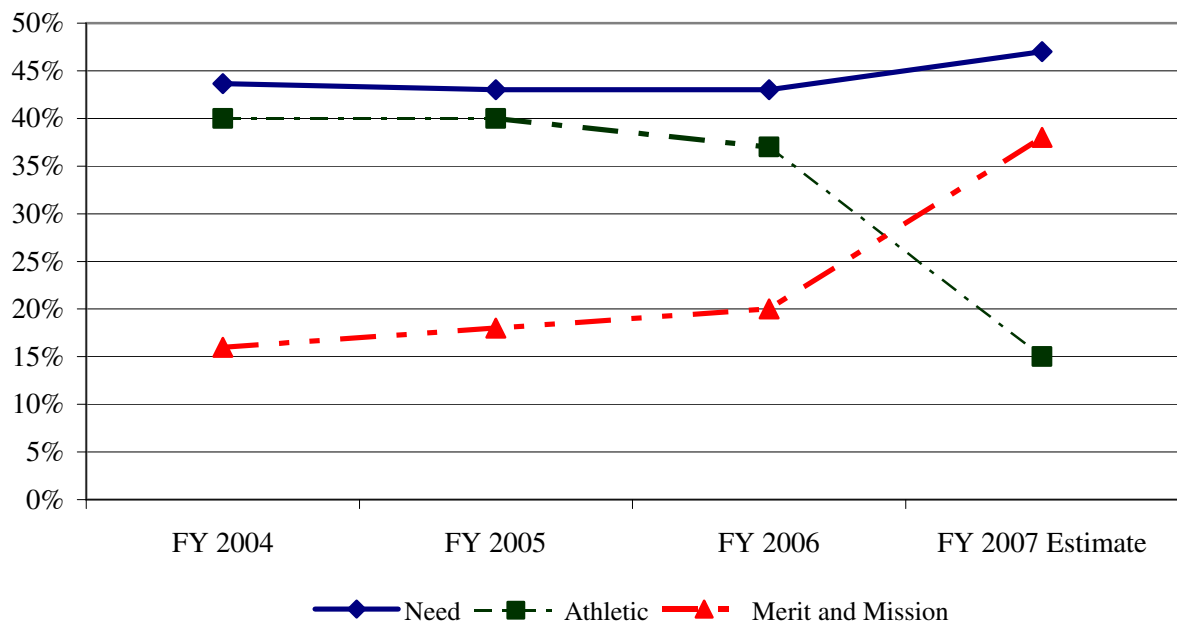


	<u>Need</u>	<u>Athletic</u>	<u>Merit and Mission</u>
UMES	\$1,453,649	\$669,000	\$1,225,329
USM Total	22,854,957	8,668,262	40,860,045

Source: University System of Maryland

Exhibit 9 examines UMES trend in institutional aid by each category from fiscal 2004 to 2007. From fiscal 2004 to 2006, need-based aid has remained level as a share of the total but is expected to start increasing in fiscal 2007. Merit and mission aid increased steadily from fiscal 2004 to 2006 but is expected to significantly increase in fiscal 2007. Athletic-based aid decreases from fiscal 2004 and is expected to decrease as merit- and need-based aid increase. **The President should comment on the inconsistency in data being reported to both agencies. The President should also comment on the actual amount of institutional aid that is being awarded at UMES.**

Exhibit 9
Trends in Institutional Aid by Category
Fiscal 2004 – 2007 Estimate



Source: University System of Maryland

3. Personnel Changes

Eight regular positions are proposed in the fiscal 2007 allowance, which are all State supported faculty positions. The total workforce for UMES, regular and contractual, is 748.77 in the fiscal 2007 allowance. One new contractual position is added in the allowance.

UMES, as of December 2005, has a vacancy rate of 1.6%. UMES is well below the USM average vacancy rate for fiscal 2006, which is 3.14%. There are seven State-support vacancies, of which five are faculty, and four non-state support vacancies.

Exhibit 10 shows how the composition of UMES personnel (filled regular positions only) has changed from fiscal 2002 to 2006. Instructional personnel – who fulfill the institution’s core mission – decreased from fiscal 2002 to 2005 but increased in fiscal 2006. Instructional support increased in fiscal 2006 to 35.2% and is the largest proportion of personnel at UMES. Instructional support at UMES in fiscal 2006 is above USM’s average for instructional support, which is 33%.

Exhibit 10
University of Maryland Eastern Shore
Filled Full-time Equivalent Personnel by Budget Program
Fiscal 2002, 2005, and 2006

<u>Budget Program</u>	FY 2002		FY 2005		FY 2006		Change in Share of Total FY 02-06
	<u>FTEs</u>	<u>%FTEs</u>	<u>FTEs</u>	<u>%FTEs</u>	<u>FTEs</u>	<u>%FTEs</u>	
Instruction	195.20	32.3%	188.87	28.7%	216.26	35.2%	0.5
Research	58.56	9.7%	87.00	13.2%	58.44	9.5%	-0.8
Public Service	1.00	0.2%	0.49	0.1%	0.79	0.1%	0.0
Academic Support	64.50	10.7%	68.50	10.4%	67.50	11.0%	-0.4
Student Services	36.50	6.0%	39.00	5.9%	34.00	5.5%	-0.9
Institutional Support	88.00	14.6%	92.91	14.1%	87.41	14.2%	-1.3
Operations and Maintenance of Plant	86.00	14.2%	77.00	11.7%	61.00	9.9%	-5.0
Auxiliary Enterprises	74.00	12.3%	105.00	15.9%	89.00	14.5%	1.3
Scholarships and Fellowships	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.0
Total	603.76	100.0%	658.77	100.0%	614.40	100.0%	

Source: Self-reported data from institution; Department of Legislative Services

4. Access and Success for Maryland's Historically Black Institutions

Recognizing that there is a critical need to improve student retention and graduation rates at Maryland's HBIs, the State proposed and implemented a plan of action to address these concerns in 2000. This plan is called *Access and Success: A Plan for Maryland's Historically Black Institutions*. The primary goal of the plan is to improve retention and graduation rates. In turn, the plan implements strategies to enhance the relationship between administration, enrollment management, and teaching and learning practices on the one hand and student achievement, improved retention, and graduation rates on the other. The lessons learned through the implementation of the practices are to be shared with other public and independent colleges and universities throughout the State. Access and Success funds were budgeted in MHEC from fiscal 2001 to 2006. MHEC would release funding to each HBI after a proposal was submitted outlining how the funds would be spent for the upcoming year. The fiscal 2007 allowance transfers \$6 million in Access and Success funds previously budgeted in MHEC to the HBI budgets.

From fiscal 2001 to 2006, UMES received a total of \$7,125,000 in Access and Success funds. University of Maryland Eastern Shore's initiatives have focused on refining an infrastructure for monitoring and assisting *at-risk* students, which included developing, and improving teaching and learning practice, enrollment management, student support services, and the tutoring center. The funding was used to strengthen the role of counselors, mentors, and tutorial assistance to help students and to purchase equipment and supplies to maintain programs. The fiscal 2007 allowance transfers \$1.5 million of Access and Success funds directly to UMES' operating budget.

The President should comment on how the Access and Success funds have been used in the past, the performance measures used to evaluate the program, and plans for the program in the future. In addition, in an effort to ensure that these funds will be utilized to address student retention and graduation at the HBIs, DLS recommends that budget language be added to the budgets of all HBIs restricting expenditure of the funds until a report is submitted to the budget committees.

Recommended Actions

1. Add the following language:

, provided that \$1,500,000 of this appropriation, for the purpose of Access and Success for Historically Black Institutions, may not be expended until the institution has prepared and submitted a report to the budget committees outlining how the funds will be spent and the measures that will be used to evaluate performance. The budget committees shall have 45 days to review and comment on the report.

Explanation: This language restricts the expenditure of funds until the University of Maryland Eastern Shore submits a report on how funds will be spent to help retention and graduation rates for students at the institution.

Information Request	Author	Due Date
Access and Success expenditure and measures report	HBIs	45 days prior to expenditure

Updates

1. Implementing Administrative and Academic Efficiency Initiatives

The University System of Maryland Board of Regents examined how the system can improve its efficiency. After more than a year of study, USM unveiled its Efficiency and Effectiveness (E&E) plan in October 2004. In 2005, USM began implementing many of the efficiency initiatives developed by the Board of Regents E&E workgroup, which results in cost savings and avoidance of \$17.8 million in fiscal 2005 and an estimated \$17.1 million in fiscal 2006. For fiscal 2007, the estimated efficiency savings is \$18.7 million, or 1% of USM's estimated current services cost increases. UMES' share of the administrative savings in fiscal 2007 is \$485,147.

The university has discretion as to how it will achieve the savings. Many efficiency initiatives are still being developed with recommendations expected at the end of fiscal 2006. Some initiatives will continue through 2008. These initiatives are diverse but in general have the goal of improving capacity to accommodate more students. Some initiatives include higher faculty workloads, expanding on-line learning, moving undergraduate students through their courses of study more quickly, increasing collaboration among institutions, and boosting the use of technology.

Exhibit 11 shows the number of additional students UMES will serve at no additional cost to the State from fiscal 2005 – 2008. USM served an additional 739 students with no additional cost to the State in fiscal 2005 while UMES did not serve any of these additional students. However, UMES is projected to serve 61 additional students each year from fiscal 2006 through 2008 which will total 183 additional students.

Exhibit 11
University of Maryland Eastern Shore Additional Students
and No Additional Cost to the State

	FY 2005	FY 2006	FY 2007	FY 2008	FY 06-08
	<u>Actual</u>	<u>Predicted</u>	<u>Predicted</u>	<u>Predicted</u>	<u>Total</u>
UMES	-2	61	61	61	183
Overall USM	739	709	709	709	2127

Source: University System of Maryland

2. Office for Civil Rights Agreement

In October 1999, the U.S. Department of Education's Office for Civil Rights (OCR) initiated a review of Maryland's efforts to desegregate its public higher education system. In December 2000, the State entered into a Partnership Agreement with OCR to eliminate any remaining vestiges of segregation in Maryland's public colleges and universities. Since fiscal 2002, general funds have been designated to provide enhancement to the State's historically black institutions (HBI). In fiscal 2006, UMES received \$1,363,330 to support enhancement efforts. The enhancement funds are intended for debt service payments and one-time expenditures. UMES planned to utilize the funds to enhance educational support services. The funds were also used on academic program and technology enhancements, financial aid, enrollment management, and fundraising activities.

On December 31, 2005, the OCR agreement expired. The State and OCR will determine if the commitments contained in the Partnership Agreement have been fully implemented. Although, the agreement expired this past December, the Maryland Higher Education Commission's budget includes continued enhancement funding for the HBIs in fiscal 2007.

Current and Prior Year Budgets

Current and Prior Year Budgets University of Maryland Eastern Shore (\$ 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	\$21,424	\$36,941	\$58,365	\$18,949	\$77,314
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	405	226	631	8,648	9,279
Reversions and Cancellations	0	-27	-27	-108	-135
Actual Expenditures	\$21,829	\$37,140	\$58,969	\$27,489	\$86,458
Fiscal 2006					
Legislative Appropriation	\$22,947	\$39,005	\$61,952	\$21,097	\$83,049
Budget Amendments	295	1,369	1,664	0	1,664
Working Appropriation	\$23,242	\$40,374	\$63,616	\$21,097	\$84,713

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

Fiscal 2005

- UMES' general funds were increased \$405,428 to cover costs associated with the fiscal 2005 general salary increase.
- Other unrestricted funds increased \$225,198 through budget amendments from sales and services of auxiliary and other services.
- Unrestricted funds decreased \$27,000 in cancellations due to lower than projected sales, and services expenditures for auxiliary enterprises in the dining services area were less than projected.
- Budget amendments increased restricted funds by \$8.6 million due to an increase in contracts and grants.
- Restricted funds decreased \$108,000 in cancellations because salary expenditures for the Defense Information System Agency grants were less than projected.

Fiscal 2006

- A budget amendment increased general funds by \$295,480 to cover costs associated with the fiscal 2006 general salary increase.
- A budget amendment added net increase of \$1.4 million to the current unrestricted funds due to increase in auxiliary sales and services and contracts and grants.

Audit Findings

Audit Period for Last Audit:	January 1, 2001 – September 19, 2004
Issue Date:	August 22, 2005
Number of Findings:	16
Number of Repeat Findings:	7
% of Repeat Findings:	44%
Rating: (if applicable)	n/a

- Finding 1:** UMES did not adequately follow up on alleged fraudulent procurement activity and did not follow purchasing procedures.
- Finding 2:** Evidence of possible criminal conduct by UMES employees was not always referred to the Office of the Attorney General.
- Finding 3:** **Reconciliations of student accounts receivable were not performed timely and differences were not investigated.**
- Finding 4:** **Internal controls were inadequate over non-cash credits recorded on student accounts.**
- Finding 5:** **Outstanding student account balances were not always pursued in a sufficient manner.**
- Finding 6:** Adequate collection efforts were not performed for delinquent federal grant receivables.
- Finding 7:** Cash receipts were not adequately controlled to ensure subsequent deposit.
- Finding 8:** Reconciliations of certain financial aid disbursements with Federal authorizations were not timely.
- Finding 9:** Federal fund reimbursement requests were not always submitted timely.
- Finding 10:** **Financial aid awards and changes to student grades and residency were not sufficiently verified.**
- Finding 11:** **Account, password, and monitoring controls over critical applications were inadequate.**
- Finding 12:** Certain critical system operating aspects were not sufficiently controlled.

Finding 13: Computer network was not adequately secured.

Finding 14: UMES' firewall was not properly configured, monitored maintained.

Finding 15: Internal computer network was not adequately protected due to software vulnerabilities.

Finding 16: Equipment purchases were not adequately controlled.

**Object/Fund Difference Report
University of Maryland Eastern Shore**

<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	670.77	670.77	678.77	8.00	1.2%
02 Contractual	64.00	69.00	70.00	1.00	1.4%
Total Positions	734.77	739.77	748.77	9.00	1.2%
Objects					
01 Salaries and Wages	\$ 48,543,842	\$ 48,185,631	\$ 50,625,177	\$ 2,439,546	5.1%
02 Technical & Spec Fees	341,071	288,642	288,642	0	0%
03 Communication	633,004	651,027	651,027	0	0%
04 Travel	1,351,807	1,089,419	1,089,419	0	0%
06 Fuel & Utilities	3,521,490	2,987,477	3,350,281	362,804	12.1%
07 Motor Vehicles	137,301	152,877	183,500	30,623	20.0%
08 Contractual Services	7,291,896	6,368,289	6,092,139	-276,150	-4.3%
09 Supplies & Materials	5,792,027	5,297,315	5,503,397	206,082	3.9%
10 Equip - Replacement	170,948	168,480	168,480	0	0%
11 Equip - Additional	2,284,887	2,743,668	2,743,668	0	0%
12 Grants, Subsidies, and Contributions	9,218,709	7,559,460	8,731,988	1,172,528	15.5%
13 Fixed Charges	6,279,947	7,873,928	7,945,598	71,670	0.9%
14 Land & Structures	891,789	1,346,980	1,780,332	433,352	32.2%
Total Objects	\$ 86,458,718	\$ 84,713,193	\$ 89,153,648	\$ 4,440,455	5.2%
Funds					
40 Unrestricted Fund	\$ 58,969,274	\$ 63,422,997	\$ 69,256,790	\$ 5,833,793	9.2%
43 Restricted Fund	27,489,444	21,290,196	19,896,858	-1,393,338	-6.5%
Total Funds	\$ 86,458,718	\$ 84,713,193	\$ 89,153,648	\$ 4,440,455	5.2%

**Fiscal Summary
University of Maryland Eastern Shore**

<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	\$ 23,960,917	\$ 19,956,380	\$ 21,491,905	\$ 1,535,525	7.7%
02 Research	11,047,694	12,144,329	12,422,770	278,441	2.3%
03 Public Service	518,681	664,512	666,853	2,341	0.4%
04 Academic Support	7,331,451	6,711,030	6,875,889	164,859	2.5%
05 Student Services	2,769,280	2,733,771	2,812,136	78,365	2.9%
06 Institutional Support	8,269,534	8,470,325	8,998,592	528,267	6.2%
07 Operation And Maintenance Of Plant	8,377,587	8,669,322	8,790,036	120,714	1.4%
08 Auxiliary Enterprises	16,109,034	18,188,768	18,748,183	559,415	3.1%
17 Scholarships And Fellowships	8,074,540	7,174,756	8,347,284	1,172,528	16.3%
Total Expenditures	\$ 86,458,718	\$ 84,713,193	\$ 89,153,648	\$ 4,440,455	5.2%
Unrestricted Fund	\$ 58,969,274	\$ 63,422,997	\$ 69,256,790	\$ 5,833,793	9.2%
Restricted Fund	27,489,444	21,290,196	19,896,858	-1,393,338	-6.5%
Total Appropriations	\$ 86,458,718	\$ 84,713,193	\$ 89,153,648	\$ 4,440,455	5.2%