

R30B30
University of Maryland University College
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	\$14,633	\$15,140	\$17,474	\$2,334	15.4%
Other Unrestricted Funds	197,216	229,326	238,639	9,313	4.1%
Total Unrestricted Funds	211,849	244,466	256,113	11,647	4.8%
Restricted Funds	<u>8,123</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>	
Total Funds	\$219,972	\$254,466	\$266,113	\$11,647	4.6%

- General funds increase 15.4%, or \$2.3 million.
- Other unrestricted funds in the allowance grow mostly from a tuition and fee revenue increase of \$10.8 million, which is 5.4% above the fiscal 2006 level. Overall, the University of Maryland University College (UMUC) budget increases 4.6%, or \$11.6 million.

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	756.30	824.71	848.71	24.00
Contractual FTEs	<u>786.50</u>	<u>857.00</u>	<u>881.60</u>	<u>24.60</u>
Total Personnel	1,542.80	1,681.71	1,730.31	48.60

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	31.40	3.70%
Positions Vacant as of 12/31/05	29.00	3.52%

- Regular positions increase by 24, which includes positions for academic support (7), instruction (6), institutional support (6), student services (4), and operations and maintenance of plant (1).

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

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Analysis in Brief

Major Trends

On-line Enrollment Objective Missed: UMUC will not meet its fiscal 2009 on-line enrollment objective.

African Americans Stay at 32% of On-line Enrollment: African American students maintained their 32% share of on-line enrollment.

Issues

Faculty Workload Not Directly Applicable: UMUC reports that the faculty workload measure is not directly applicable to it because there is no expectation to do research at UMUC and because there is no tenure. **The President should comment on a possible alternative measure of faculty workload that would benchmark UMUC's unique academic delivery system.**

Affordability in Spotlight at UMUC and Across the University System of Maryland (USM): Affordability continues to be a concern for Maryland public higher education. **The President should comment on the plans for institutional aid at UMUC.**

Fall 2005 Student Headcount Enrollment Drops: In keeping with recent trends, UMUC's student headcount enrollment was projected to increase in fall 2005, but actually decreased. The student headcount enrollment decreased from 28,374 students in fall 2004 to 27,053 students in fall 2005, a decrease of 1,321 students. **The President should comment on the reasons for the student headcount enrollment drop and the measures being taken to reduce the likelihood of future enrollment drops. The President should also comment on whether the 1,325 additional FTES that UMUC is expected to serve in fiscal 2007 represents an increase over actual fiscal 2006 enrollment or the overestimate of fiscal 2006 enrollment.**

Recommended Actions

1. Concur with Governor's allowance.

Updates

Efficiencies Budgeted for but Not Yet Reported: USM expects \$18.7 million of systemwide efficiency savings in fiscal 2007. UMUC's share of the administrative savings is \$1.7 million. UMUC reports that it has not yet identified the efficiency savings, but that it will have more information at a later date.

Susan C. Aldridge Named University's Fifth President; Leadership Turnover: Susan C. Aldridge was named UMUC's fifth president on December 1, 2005, and started in her new position on February 1, 2006.

Carnegie Re-classification: In 2005, USM institutions received new Carnegie classifications. UMUC was classified as a Master's Colleges and Universities (larger programs). Previously, UMUC was a Master's I.

New Mission Statement: Legislation in the 2005 session formalized UMUC's self-designation as Maryland's Open University. UMUC has since included the designation in its mission statement.

R30B30 – USM – University of Maryland University College

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University System of Maryland

Operating Budget Analysis

Program Description

The University of Maryland University College (UMUC) specializes in providing access to public higher education for Maryland's adult learners. Most UMUC students have career or family commitments that lead them to study part-time. UMUC serves its students through traditional and innovative delivery of undergraduate and graduate degree programs, noncredit professional development programs, and conference services.

UMUC provides courses at more than 21 locations throughout the State and the Washington, DC metropolitan area. The institution also offers special programs in other states and programs overseas for U.S. service members and their families, U.S. citizens, and international students. UMUC's vision is to be the Global University in Maryland; its on-line education programs began in 1994.

Academic programs include bachelor of arts and bachelor of science degrees with 26 majors and 36 minors. The most extensive offerings are in business and management and computer studies. Master's degrees (19) are offered in management and technology areas that, like bachelor's degree concentrations, represent fields with significant current or anticipated workforce needs. UMUC also offers a Doctor of Management and a noncredit professional program emphasizing management and executive development. The university has a role in renewing and upgrading the experienced workforce.

Performance Analysis: Managing for Results

UMUC tracks a number of performance measures that are comparable to other University System of Maryland (USM) institutions. These performance measures do not include military students. UMUC students historically have been predominately professionally oriented, part-time adults. However, the student demographics appear to be shifting: UMUC reports that the percent of its first-time degree seeking students who are 25 years of age or younger has increased from 28% in fall 1998 to 32% in fall 2004.

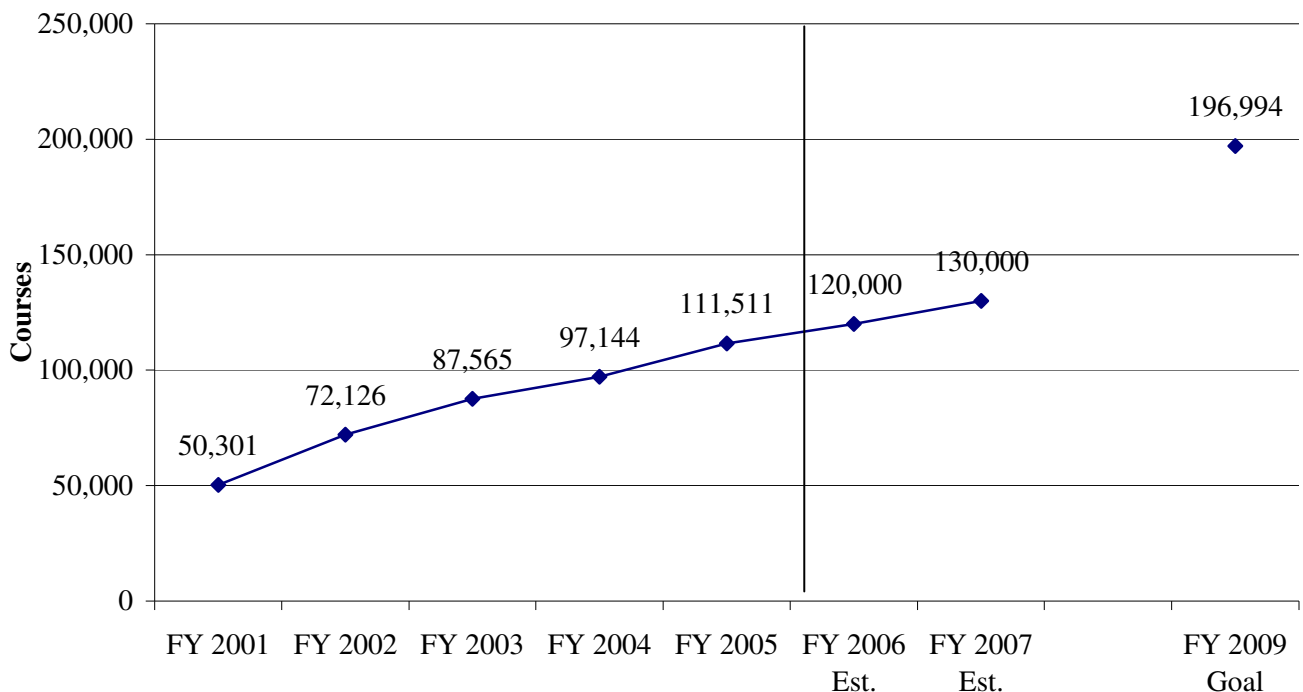
In addition to the performance measures it tracks, UMUC also reports that it is in the process of creating an outcomes assessment program. It recently contracted Education Testing Service to test the competency level of 5,000 to 6,000 students in quantitative, writing, and analytical skills. UMUC hopes to compare the outcomes with peer institution outcomes and to determine where improvement in its programs is needed. UMUC has received the test results and is studying the data. **UMUC should comment on the results from the test.**

UMUC’s first performance goal is to create and maintain a well-educated workforce. The number of annual bachelor’s degree recipients has been increasing, reaching 2,677 in fiscal 2005. UMUC’s goal is to have 1,500 graduates employed in Maryland by fiscal 2009; the fiscal 2005 survey indicates that 1,107 graduates are employed in Maryland.

On-line Enrollment Will Not Meet Fiscal 2009 Objective

Another UMUC goal is to broaden access to educational opportunities through on-line education. The on-line education measure corresponds to the number of people enrolled in an on-line course from anywhere in the United States or abroad. If a single student enrolls in two on-line courses, that student is counted twice in the enrollment number. On-line education enrollment has increased dramatically since it first was offered in 1994. As shown in **Exhibit 1**, UMUC exceeded the fiscal 2004 objective of 86,920 courses taken and now has an objective of 196,994 on-line enrollments by fiscal 2009. UMUC reports that it will not meet its fiscal 2009 objective for on-line enrollments. **UMUC should comment on why it will not reach its fiscal 2009 objective of 196,994 on-line enrollments.**

Exhibit 1
Number of On-line Courses Taken
Fiscal 2001 – 2007



Source: University of Maryland University College

In a related objective, the institution is working to increase enrollment in courses delivered off campus or through distance education. The off-campus/distance education measure includes students enrolled in a course at one of UMUC's 21 locations throughout Maryland, Virginia, and Washington, DC. As with on-line enrollment, if a single distance education student enrolls in two courses, that student is counted twice in the enrollment number. The measure does not include summer enrollment. The institution exceeded its fiscal 2004 goal of 72,000 off-campus or distance education courses taken. However, UMUC reports that it will not meet its academic year 2009 objective of 198,750 enrollments/registrations in courses delivered off campus or through distance education. **UMUC should comment on why it will not reach its academic year 2009 objective of 198,750 enrollments in courses delivered off campus or through distance education.**

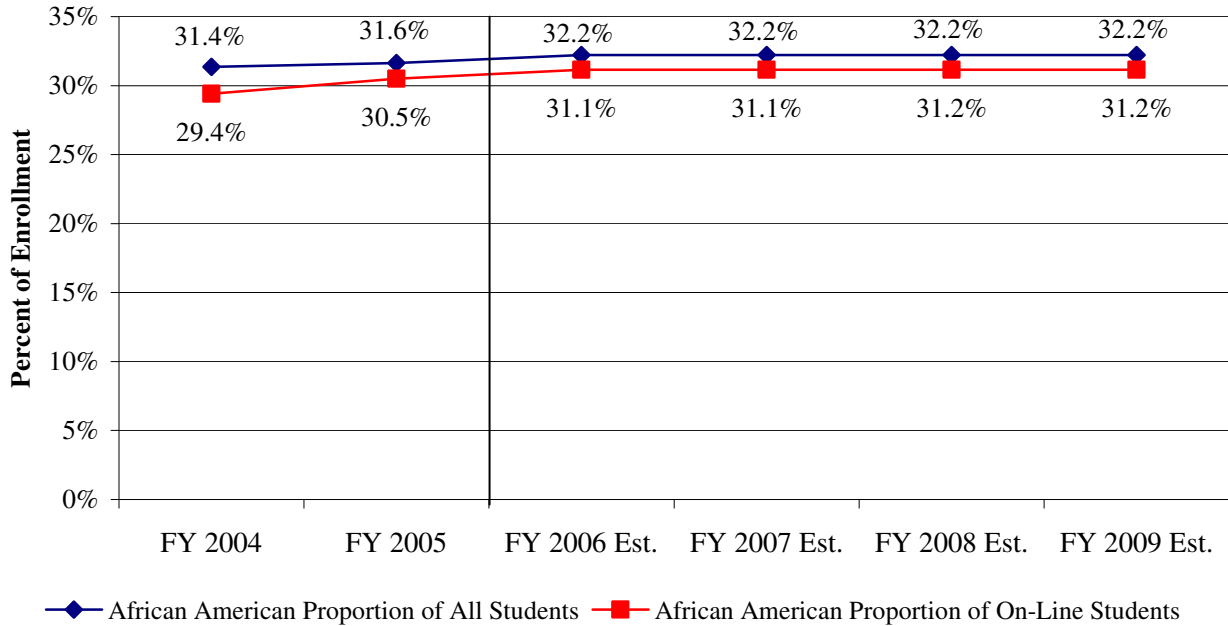
Teacher Program Enrollment Growing

As of May 2005, 40 students have graduated from UMUC's Master of Education program since its inception in 2001. The spring 2006 enrollment of 292 is 36% higher than the previous year. In addition to its Master of Education program, UMUC offers a resident teacher certification program for alternative certification, which is certifying its fourth cohort of teachers. **UMUC should comment on plans for teacher education performance measures.**

Minority Enrollment Holds Steady

Another UMUC goal is to increase access for economically disadvantaged and minority students. The proportion of African American students is expected to hold steady at 32% of all undergraduate and graduate students and at 31% of all on-line students for fiscal 2006 through 2009, as shown in **Exhibit 2**. An analysis of peer performance by the Maryland Higher Education Commission indicates that UMUC is well above the average of its peers on this measure.

Exhibit 2
Enrollment Proportions for African American Students
Fiscal 2001 – 2006



Source: University of Maryland University College

Governor’s Proposed Budget

The general fund allowance for fiscal 2007 is \$2.3 million above the 2006 level, an increase of 15.4%, as shown in **Exhibit 3**. Other unrestricted funds in the allowance grow mostly from a tuition and fee revenue increase of \$10.8 million, which is 5.4% above the fiscal 2006 level. Overall, the UMUC budget increases 4.6%. UMUC intends to use the additional general funds for current services cost increases (\$0.7 million), enrollment growth (\$1.4 million), and a fundraising initiative (\$0.2 million).

Exhibit 3
Governor's Proposed Budget
University of Maryland University College
(\$ 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	\$14,633	\$15,140	\$17,474	\$2,334	15.4%
Other Unrestricted Funds	197,216	229,326	238,639	9,313	4.1%
Total Unrestricted Funds	211,849	244,466	256,113	11,647	4.8%
Restricted Funds	8,123	10,000	10,000	0	0.0%
Total Funds	\$219,972	\$254,466	\$266,113	\$11,647	4.6%

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

Unrestricted Funds

Budget changes in the allowance by program are shown in **Exhibit 4**. This exhibit considers only unrestricted funds, of which general funds and tuition and fee revenues are the majority. In the fiscal 2007 allowance, scholarships and fellowships increase at the highest rate over fiscal 2006 (43.1%) to fulfill UMUC's commitment to increase need-based aid by 70% in fiscal 2007. Instruction programs increase by 7.7% to accommodate a projected 1,325 enrollment increase and new faculty positions. Auxiliary enterprises decrease 13.5% due to a decline in overseas textbook sales as troop re-deployments have decreased UMUC's overseas military credit hours.

Exhibit 4
UMUC Budget Changes for Unrestricted Funds by Program
Fiscal 2002, 2006, and 2007
(\$ in Thousands)

Expenditures	Fiscal 2002 Actual	Fiscal 2006 Working	02-06 % Change	Fiscal 2007 Allowance	06-07 Change	06-07 % Change
Instruction	\$54,649	\$72,776	33.2%	\$78,353	\$5,577	7.7%
Research	616	490	-20.4%	498	8	1.6%
Public Service	7,775	14,121	81.6%	14,186	65	0.5%
Academic Support	20,807	37,891	82.1%	39,330	1,439	3.8%
Student Services	24,471	35,384	44.6%	36,399	1,016	2.9%
Institutional Support	34,076	58,294	71.1%	59,688	1,394	2.4%
Operation and Maintenance of Plant	11,954	13,565	13.5%	14,165	600	4.4%
Scholarships and Fellowships	2,134	3,386	58.7%	4,847	1,460	43.1%
Education and General Total	\$156,481	\$235,907	50.8%	\$247,465	\$11,558	4.9%
Auxiliary Enterprises	\$6,395	\$8,559	33.8%	\$8,647	\$89	1.0%
Grand Total	\$162,876	\$244,466	50.1%	\$256,113	\$11,647	4.8%
Revenues						
Tuition and Fees	\$135,661	\$201,616	48.6%	\$212,441	\$10,825	5.4%
General Funds	16,928	15,140	-10.6%	17,474	2,334	15.4%
Other Unrestricted Funds	12,579	20,416	62.3%	21,272	856	4.2%
Subtotal	\$165,168	\$237,172	43.6%	\$251,186	\$14,015	5.9%
Auxiliary Enterprises	\$7,420	\$8,520	14.8%	\$7,371	\$-1,149	-13.5%
Transfer (to)/from Fund Balance	-9,712	-1,226	-87.4%	-2,445	-1,219	99.4%
Grand Total	\$162,876	\$244,466	50.1%	\$256,113	\$11,647	4.8%

Note: Unrestricted funds only. All programs.

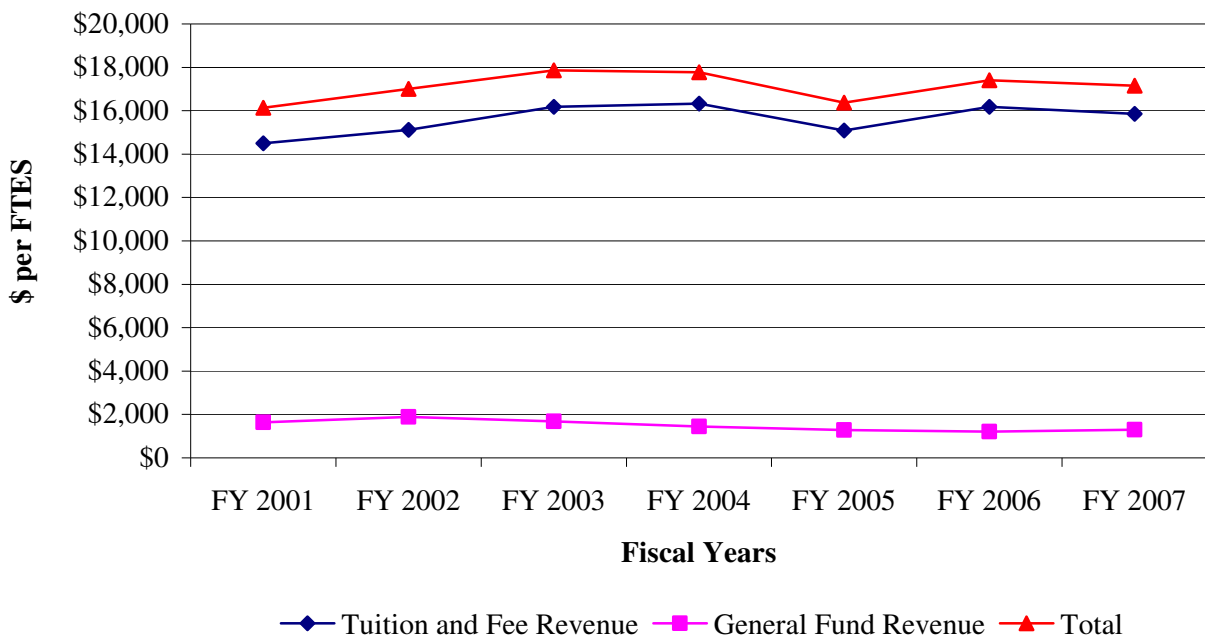
Source: Maryland State Budget

The fiscal 2007 expenditures differ from the fiscal 2002 to 2006 pattern when public service, academic support, and institutional support all had higher growth rates than scholarships and fellowships and instruction. Instruction had the fifth highest rate of growth from fiscal 2002 to 2006 which may be explained by the hiring freeze on faculty instituted until recently.

Tuition and Fees and General Fund Revenue

The general fund revenue per Maryland full-time equivalent student (FTES) has declined at an annual rate of 3.7% since fiscal 2001 as shown in **Exhibit 5**. In contrast, the tuition and fee revenue per Maryland full-time equivalent student has increased 1.5% annually during the same period. In fiscal 2005, Maryland FTES increased 13.8% while a 1.8% increase in tuition and mandatory fees resulted in a 5.1% increase in tuition and fee revenue. This accounts for the decrease in tuition and fee revenue per student in fiscal 2005.

Exhibit 5
Tuition and Fee and General Fund Revenues
per Maryland Full-time Equivalent Student
Fiscal 2001 – 2007



Note: FTES are defined as Maryland students and does not include non-Maryland on-line students.

Source: Governor’s Budget Books

Exhibit 6 shows tuition and fees and general fund revenues as a percent of total State supported revenue. Tuition and fee revenue consistently has provided greater than 90% of the total revenue per student since fiscal 2003. In fiscal 2006, tuition and fee revenue will provide 93.0% of the total State supported revenue, which is the highest percentage in the period shown. The percent of total revenue provided by tuition and fee revenue is estimated to decrease to 92.4% in fiscal 2007.

Exhibit 6
Revenue Sources as a Percent of Total State Supported Revenue
Fiscal 2001 – 2007

<u>Fiscal Years</u>	<u>Tuition and Fee Revenue</u>	<u>General Funds</u>
2001	89.9%	10.1%
2002	88.9%	11.1%
2003	90.6%	9.4%
2004	91.9%	8.1%
2005	92.2%	7.8%
2006	93.0%	7.0%
2007	92.4%	7.6%

Source: Governor's Budget Books

The annual percent change in tuition and mandatory fees between fiscal 2002 and 2007 is shown in **Exhibit 7**. The highest percent change was between fiscal 2003 and 2004. Since then, the percent change has approached the fiscal 2003 through 2007 average of 4.1%.

Exhibit 7
In-State Full-time Undergraduate Tuition and Mandatory Fees
Percent Change Over Prior Year

<u>Fiscal Years</u>	<u>Annual Tuition and Mandatory Fees Percent Change</u>
2003	4.6%
2004	5.3%
2005	1.8%
2006	4.1%
2007	4.5%
2003-2007 Average	4.1%

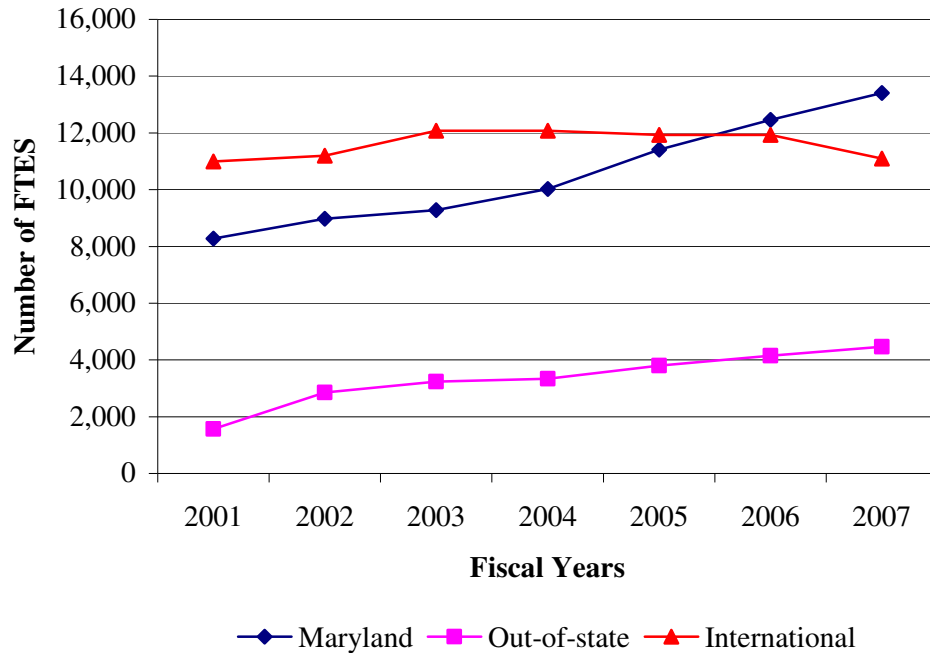
Note: Tuition is based on 24 credit hours, and there are no mandatory fees.

Source: University System of Maryland

Enrollment Growth

UMUC's in-State enrollment is projected to increase by 1,325 in fiscal 2007 according to USM. This growth is almost 40% of the total projected enrollment growth for USM institutions. **Exhibit 8** shows the enrollment growth for FTES in Maryland, out-of-state in the U.S., and international. The percent annual change between fiscal 2001 and 2007 was 19.1% for out-of-state FTES, 8.4% for Maryland, and 0.2% for international.

Exhibit 8
Full-time Equivalent Student Growth
Fiscal 2001 – 2007



Note: From the Governor’s Budget Books, Maryland is defined as FTE (other statewide); out-of-state as FTE students (on-line, out-of-state); and international as other countries.

Source: Governor’s Budget Books

Issues

1. Faculty Workload Not Directly Applicable

USM began an effectiveness and efficiency initiative in fiscal 2006 that will continue through 2008. Most of the academic fiscal effects of USM's efficiency initiative will be realized through increases in faculty workload. UMUC reports that the faculty workload measure is not directly applicable to it because there is no expectation to do research at UMUC and because there is no tenure.

UMUC reports that approximately 85% of its faculty are part-time and thus are paid by the course. Despite the lack of applicability of a faculty workload measure, UMUC does have a default faculty workload measure. Of the 15% remaining faculty, approximately 50% are employees on nine-month contracts who are expected to teach four courses a semester and the other 50% are faculty/academic administrators on 12-month contracts who are also expected to teach four courses a semester. **The President should comment on a possible alternative measure of faculty workload that would benchmark UMUC's unique academic delivery system.**

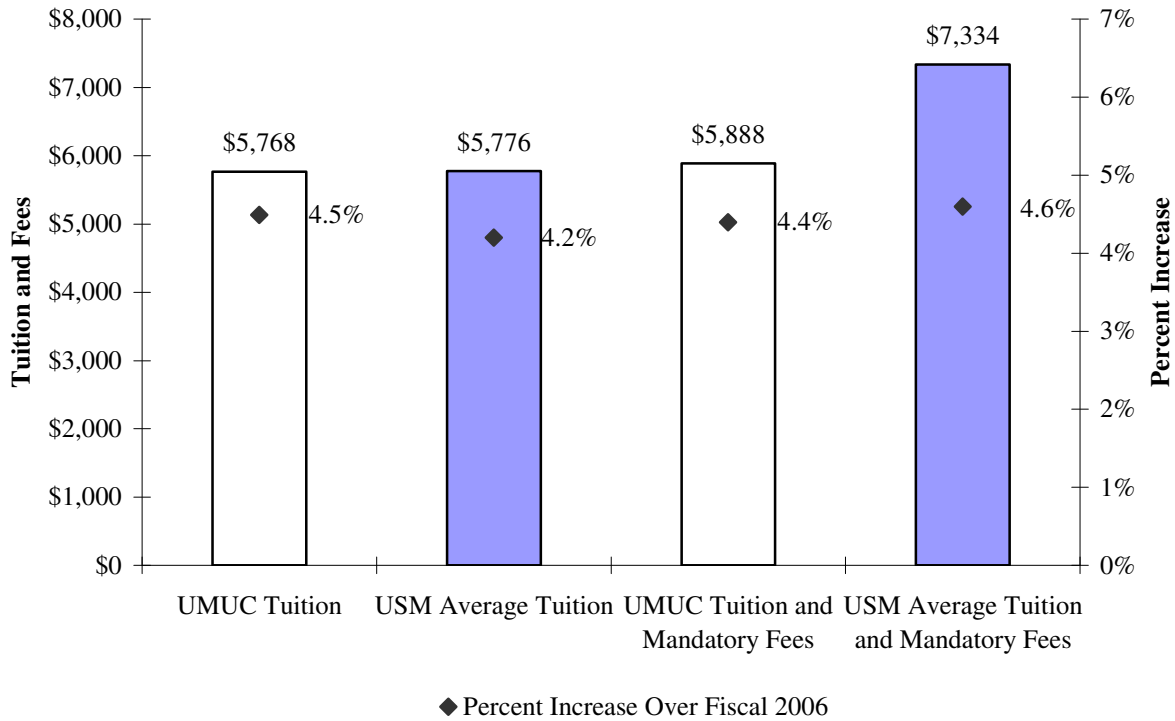
2. Affordability in Spotlight at UMUC and Across USM

Affordability continues to be a concern for Maryland public higher education. In *Measuring Up 2004*, produced by the National Center for Public Policy and Higher Education, Maryland received an F in the affordability category (like many other states) after receiving a D- in 2004. 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.

Tuition Increase Above and Tuition and Fee Increase Below USM Average

A factor that directly affects affordability is tuition and fee rates. For fiscal 2007 the UMUC tuition rate increase for in-state undergraduates is 4.5%, as shown in **Exhibit 9**. By comparison, the USM weighted average tuition rate increase is 4.2%, which reflects a USM policy to hold the tuition rate increase to under 4.5%. Considering tuition together with mandatory fees, the UMUC increase is 4.4%, which is below the average USM tuition and mandatory fees increase of 4.6%. The new in-state undergraduate full-time tuition rate at UMUC is \$5,768, which is the fourth highest among USM institutions. However, considering tuition with mandatory fees, the UMUC rate is \$5,888, which is the second lowest rate.

Exhibit 9
University of Maryland University College
Tuition and Mandatory Fees for Resident Undergraduates
Fiscal 2007



Note: UMUC rates are based on 24 credit hours. USM averages are weighted.

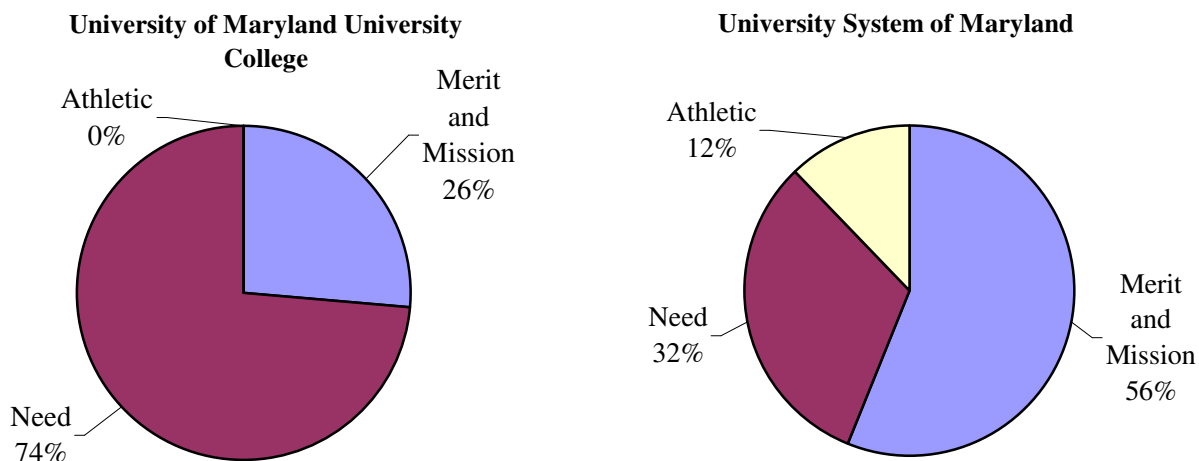
Source: University System of Maryland

Institutional Aid Focuses on Need

Another factor that affects affordability is financial aid. Categories of institutional 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 much more aid should be directed to the need-based category.

At UMUC, 74% of institutional aid falls into the need category, as shown in **Exhibit 10**, and the remainder is merit and mission aid. For USM as a whole, only 32% of aid goes to need. Institutional aid is one kind of aid students receive and may be accompanied by State and federal aid.

**Exhibit 10
Institutional Financial Aid
Fiscal 2006**

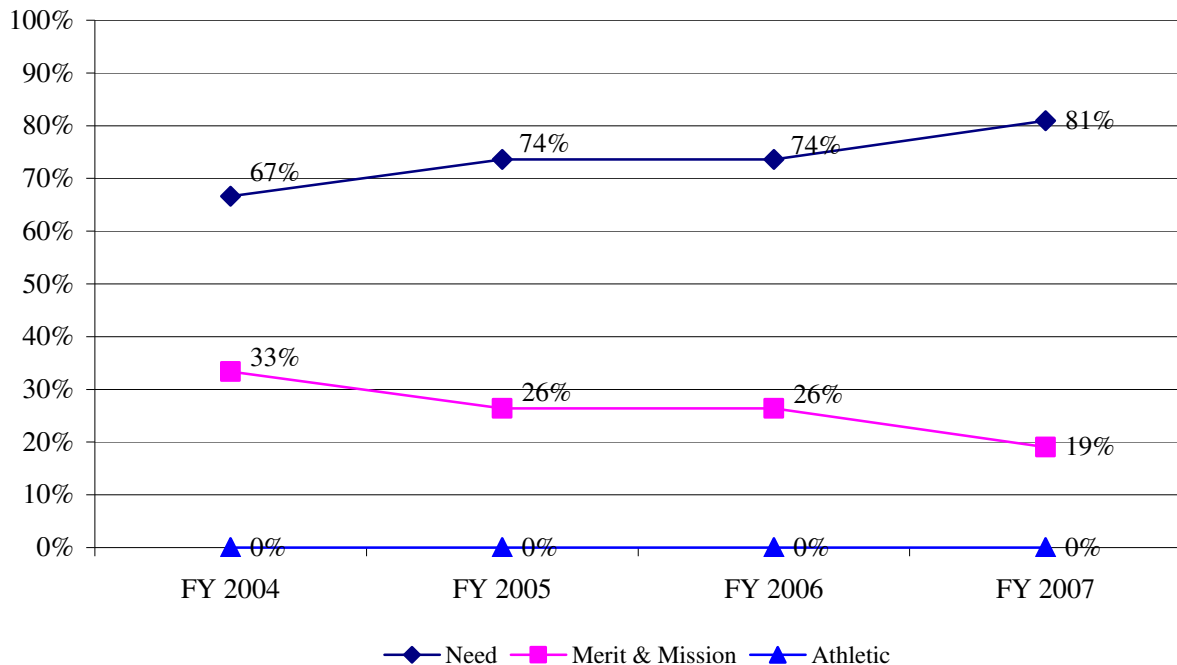


	<u>Need</u>	<u>Athletic</u>	<u>Merit and Mission</u>
UMUC	\$1,906,819	\$0	\$684,636
USM Total	24,228,689	9,317,807	42,873,813

Source: University of Maryland University College, University System of Maryland

In fiscal 2005, institutional aid devoted to need increased from 67% to 74% of total aid and is estimated to increase to 81% in 2007 as shown in **Exhibit 11**. During the same period, UMUC’s institutional aid devoted to merit and mission decreases from 33% to 19%. UMUC does not offer institutional aid for athletics. The largest percent increase of institutional aid for both need and merit and mission was from fiscal 2004 to 2005. Need-based aid increased 109% from \$766,219 to \$1,600,764, and merit-based aid increased 50% from \$383,370 to \$574,748. In comparison, the budgeted increases will be greater in total dollars but not as great in percent increase. Between fiscal 2006 and 2007, need-based aid is budgeted to increase 72.0% from \$1,906,819 to \$3,279,212; merit-based aid only increases 13% from \$684,636 to \$772,434. The increase in need-based aid is consistent with the Chancellor’s recommendation to direct more aid to the need-based category. **The President should comment on the plans for institutional aid at UMUC.**

Exhibit 11
University of Maryland University College
Institutional Aid Types
Fiscal 2004 – 2007



Source: University System of Maryland

3. Fall 2005 Student Headcount Enrollment Drops

In keeping with recent trends, UMUC’s student headcount enrollment was projected to increase in fall 2005, but actually decreased. The student headcount enrollment decreased from 28,374 students in fall 2004 to 27,053 students in fall 2005, a decrease of 1,321 students.

UMUC reports that three factors help explain the drop in enrollment. First, UMUC shifted students from its Adelphi division (based in the U.S.) to its European and Asian divisions to balance the numbers in these divisions in what amounts to an internal accounting transfer. Second, students experienced on-line registration difficulties due to problems with the rollout of the PeopleSoft software. Class schedules usually go out around May 1, but due to PeopleSoft implementation problems, the class schedules went out a month and a half later. UMUC’s students are sensitive to schedule timing; therefore, some portion of the headcount enrollment may be attributed to PeopleSoft implementation. Third, UMUC’s national marketing plan to attract nonresident students was delayed almost 18 months by lawsuits filed by an unsuccessful contract bidder. UMUC reports that it did not meet its nonresident student targets as a result of these lawsuits, none of which were found to have merit.

The Maryland Higher Education Commission (MHEC) projected UMUC’s fall 2005 headcount enrollment to be 30,389. The difference between the fall 2005 student headcount enrollment (27,053) and MHEC’s fall 2005 student enrollment projection (30,389) equates to approximately \$7.6 million in unrealized tuition and fee revenue in fiscal 2006 as shown in **Exhibit 12**. The actual proportion of non-Maryland students would increase the amount of lost revenue. **The President should comment on the reasons for the student headcount enrollment drop and the measures being taken to reduce the likelihood of future enrollment drop. The President should also comment on whether the 1,325 additional FTES that UMUC is expected to serve in fiscal 2007 represents an increase over actual fiscal 2006 enrollment or the overestimate of fiscal 2006 enrollment.**

Exhibit 12
Estimated Tuition and Fee Revenue Loss from Enrollment Drop
Headcount Enrollment*
Fall 2005 Opening, Fall 2005 Estimate

	<u>Fall 2005</u> <u>Opening</u>	<u>MHEC</u> <u>Fall 2005</u> <u>Estimate</u>	<u>Difference</u>	<u>Fall 2005</u> <u>Tuition</u>	<u>Estimated Tuition</u> <u>and Fees Unrealized</u>
<u>Students</u>					
Undergraduate – Part-time	15,750	18,272	2,522	\$1,840	\$4,640,480
Undergraduate – Full-time	2,823	2,975	152	5,520	839,040
Graduate – Part-time	8,271	8,892	621	2,824	1,753,704
Graduate – Full-time	209	250	41	8,472	347,352
Total	27,053	30,389	3,336		\$7,580,576

*Maryland and non-Maryland students. International enrollment is excluded

Note: All tuitions are assumed to be in-state and the undergraduate and graduate part-time tuitions are calculated as one-third of the full-time tuition.

Source: Maryland Higher Education Commission, University System of Maryland

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Efficiencies Budgeted for But Not Yet Reported

Across USM institutions, administrative cost savings are expected to be \$18.7 million in fiscal 2007. These savings are built into the 2007 allowance, meaning estimates of mandatory cost increases would be \$18.7 million higher without the efficiency savings. UMUC's share of the administrative savings is \$1.7 million. UMUC reports that it has not yet identified the efficiency savings, but that it will have more information at a later date.

To estimate the fiscal effects of academic initiatives, the USM Office identified the number of additional full-time equivalent students each institution can serve with existing resource levels as a result of the efficiency efforts. This is in addition to increased enrollment supported with funds in the fiscal 2007 allowance. Most of the academic effects will be realized through increases in faculty instructional workload. Faculty workload is not calculated for UMUC, and UMUC was not included in the system's overall academic efficiency estimate.

2. Susan C. Aldridge Named University's Fifth President; Leadership Turnover

Dr. Susan C. Aldridge was named UMUC's fifth president on December 1, 2005, and started in her new position on February 1, 2006. Dr. Aldridge comes from the presidency at Troy University, which is second in size only to UMUC for a distance learning program at a public university. In her remarks on December 1, 2005, Dr. Aldridge said she plans to lead UMUC in its growth strategy but stressed that successful competition with private universities in on-line and classroom programs will only come with provision of a quality education and world class student support services. UMUC reports that Dr. Aldridge's overseas education initiatives with Troy University are an example to be followed.

In addition to a new president, UMUC has experienced turnover in its leadership. The former president left UMUC at the end of July. The vice president for enrollment management left in December 2005, and the senior executive vice president (CFO/COO) departed in February 2006.

3. Carnegie Re-classification

In 2005, USM institutions received new Carnegie classifications. UMUC is now classified as a Master's Colleges and Universities (larger programs). Previously, UMUC was a Master's I.

4. New Mission Statement

Legislation in the 2005 session formalized UMUC's self-designation as Maryland's Open University. UMUC has since included the designation in its mission statement.

Current and Prior Year Budgets

Current and Prior Year Budgets University of Maryland University College (\$ 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	\$14,460	\$215,636	\$230,096	\$10,000	\$240,096
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	174	0	174	0	174
Reversions and Cancellations	0	-18,421	-18,421	-1,877	-20,298
Actual Expenditures	\$14,634	\$197,215	\$211,849	\$8,123	\$219,972
Fiscal 2006					
Legislative Appropriation	\$14,963	\$229,326	\$244,289	\$10,000	\$254,289
Budget Amendments	177	0	177	0	177
Working Appropriation	\$15,140	\$229,326	\$244,466	\$10,000	\$254,466

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

Fiscal 2005

UMUC's general funds increased \$173,509 due to the transfer of funds for a cost-of-living increase from the Department of Budget and Management (DBM). Fiscal 2005 cancellations totaled \$18.4 million for unrestricted funds and \$1.9 million for restricted funds. Of the unrestricted funds canceled, \$13.4 million were from lower than expected tuition revenues and \$5.0 million were from turnover and other cost savings that were in turn transferred to fund balance. The restricted funds canceled were from lower than expected Pell grants.

Fiscal 2006

For fiscal 2006, UMUC's general funds increase \$176,624 again due to a cost-of-living increase originally budgeted with the DBM.

Audit Findings

Audit Period for Last Audit:	January 1, 1999 – September 5, 2001
Issue Date:	May 2002
Number of Findings:	9
Number of Repeat Findings:	3
% of Repeat Findings:	33%
Rating: (if applicable)	

- Finding 1:** Contractual Services – the university bypassed competitive bidding procedures and Board of Public Works approval for a \$3 million contract modification.
- Finding 2:** Information Systems – the university’s computer network was not adequately protected from Internet exposures.
- Finding 3:** Information Systems – the university’s contingency recovery plan was inadequate.
- Finding 4:** **Accounts Receivable – the controls over the processing of non-cash credit adjustments to student accounts were not adequate.**
- Finding 5:** **Accounts Receivable – the university’s collection efforts related to student accounts receivable were inadequate.**
- Finding 6:** Accounts Receivable – timely reconciliations were not performed for student accounts receivable balances.
- Finding 7:** Equipment – equipment records were not adequately maintained.
- Finding 8:** Working Fund – sufficient controls were not established over the working fund.
- Finding 9:** **Student Residency Status – student residency status classifications were not verified, and reassessment procedures were not comprehensive.**

**Object/Fund Difference Report
University of Maryland University College**

<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	756.30	824.71	848.71	24.00	2.9%
02 Contractual	786.50	857.00	881.60	24.60	2.9%
Total Positions	1542.80	1681.71	1730.31	48.60	2.9%
Objects					
01 Salaries and Wages	\$127,216,027	\$139,474,070	\$146,153,988	\$6,679,918	4.8%
02 Technical & Spec Fees	4,876,639	3,959,643	4,901,877	942,234	23.8%
03 Communication	3,868,253	5,411,315	5,681,880	270,565	5.0%
04 Travel	3,060,142	3,587,174	3,766,532	179,358	5.0%
06 Fuel & Utilities	669,524	1,726,914	2,085,164	358,250	20.7%
07 Motor Vehicles	127,189	136,813	117,396	-19,417	-14.2%
08 Contractual Services	47,470,727	58,610,023	59,846,012	1,235,989	2.1%
09 Supplies & Materials	9,807,943	15,433,185	15,587,516	154,331	1.0%
10 Equip - Replacement	2,620,069	1,580,417	1,596,221	15,804	1.0%
11 Equip - Additional	2,167,320	2,025,704	2,126,989	101,285	5.0%
12 Grants, Subsidies, and Contributions	11,936,290	12,808,665	14,268,851	1,460,186	11.4%
13 Fixed Charges	3,367,414	7,711,895	7,866,132	154,237	2.0%
14 Land & Structures	2,784,319	2,000,000	2,114,358	114,358	5.7%
Total Objects	\$219,971,856	\$254,465,818	\$266,112,916	\$11,647,098	4.6%
Funds					
40 Unrestricted Fund	\$211,848,800	\$244,465,818	\$256,112,916	\$11,647,098	4.8%
43 Restricted Fund	8,123,056	10,000,000	10,000,000	0	0%
Total Funds	\$219,971,856	\$254,465,818	\$266,112,916	\$11,647,098	4.6%

Fiscal Summary
University of Maryland University College

<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	\$74,094,153	\$73,576,028	\$79,152,638	\$5,576,610	7.6%
02 Research	450,156	490,092	498,154	8,062	1.6%
03 Public Service	13,253,118	14,121,490	14,186,174	64,684	0.5%
04 Academic Support	20,766,710	37,890,543	39,329,544	1,439,001	3.8%
05 Student Services	35,026,863	36,583,538	37,599,309	1,015,771	2.8%
06 Institutional Support	48,782,037	58,294,182	59,688,290	1,394,108	2.4%
07 Operation And Maintenance Of Plant	10,515,537	13,564,929	14,164,785	599,856	4.4%
08 Auxiliary Enterprises	7,524,468	8,558,618	8,647,438	88,820	1.0%
17 Scholarships And Fellowships	9,558,814	11,386,398	12,846,584	1,460,186	12.8%
Total Expenditures	\$219,971,856	\$254,465,818	\$266,112,916	\$11,647,098	4.6%
Unrestricted Fund	\$211,848,800	\$244,465,818	\$256,112,916	\$11,647,098	4.8%
Restricted Fund	8,123,056	10,000,000	10,000,000	0	0%
Total Appropriations	\$219,971,856	\$254,465,818	\$266,112,916	\$11,647,098	4.6%