

R30B21
University of Maryland, Baltimore
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	FY 06	FY 07	FY 08	FY 07-08	% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Funds	\$145,702	\$157,679	\$167,357	\$9,678	6.1%
Other Unrestricted Funds	265,941	276,748	282,179	5,431	2.0%
Total Unrestricted Funds	411,643	434,427	449,536	15,109	3.5%
Restricted Funds	<u>323,699</u>	<u>363,893</u>	<u>363,893</u>	<u>0</u>	<u>0.0%</u>
Total Funds	\$735,342	\$798,320	\$813,429	\$15,109	1.9%

- General funds increase \$9.7 million in the fiscal 2008 allowance, an increase of 6.1% over fiscal 2007.
- In terms of total funds, the University of Maryland, Baltimore (UMB) budget increases \$15.1 million, or 1.9% over fiscal 2007. However, one-time health insurance savings free an additional \$8.6 million for expenditure in fiscal 2008. After adjusting for the one-time savings, UMB's total budget increases 3.0%.
- Other unrestricted funds in the allowance mostly grow from a tuition and fee revenue increase of \$4.1 million to pay for mandatory costs and enrollment growth from the expansion of the School of Pharmacy. An increase in State and local grants and contracts in the amount of \$1.3 million would support the rental of space for the new School of Public Health.

Personnel Data

	FY 06	FY 07	FY 08	FY 07-08
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	3,713.84	4,012.00	4,052.00	40.00
Contractual FTEs	<u>383.51</u>	<u>383.25</u>	<u>386.90</u>	<u>3.65</u>
Total Personnel	4,097.35	4,395.25	4,438.90	43.65

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	76.99	1.90%
Positions Vacant as of 12/31/06	0.00	0.00%

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

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- The allowance reflects an increase of 40 regular positions and 3.65 contractual positions. Of the 40 new regular positions, 27.5 are for instruction and 12.5 are for academic support. All of the new regular positions are State-supported.
- UMB has no reported vacancies given the nature of and extent to which positions are funded by grants. Shifts in grant loads have currently increased regular positions above the fiscal 2007 working appropriation.

Analysis in Brief

Major Trends

Extramural Funding Not on Track to Meet 2010 Goal: UMB is not on track to reach its goal of \$511.4 million in research and scholarship dollars. Extramural funding decreased in fiscal 2006 to \$379.4 million.

Graduates in Key Health Service Fields: UMB graduates in pharmacy and dentistry continue to grow, but nursing graduates have declined. Maryland currently has and is projected to continue to have shortages in the number of professionals in these career fields.

Undergraduate Minority Enrollment Slightly Increased in Fall 2006: The percentage of minority undergraduates slightly increased from 40 to 41% in fall 2006.

Issues

Expansion of Pharmacy School: As the only school of pharmacy in the State, the UMB School of Pharmacy provides the State with a significant percentage of the required pharmacy practitioners in an environment of escalating need. The school hopes to build an addition to their current facilities and plans to establish satellite facilities at the Universities at Shady Grove (USG) and potentially at Hagerstown. **The President should comment on the status of the Pharmacy School expansion and whether or not the first class of students are on-track to begin at USG in fall 2007.**

Transfer of the Institute of Human Virology (IHV) from the University of Maryland Biotechnology Institute to UMB: The University System of Maryland Board of Regents approved a plan to realign IHV to the administrative control of UMB. This issue will evaluate the fiscal impact of the realignment. **The President should comment on the progress of the IHV transfer.**

New School of Public Health: UMB is currently in the accreditation process for developing a new School of Public Health. **The President should comment on the progress of the accreditation self-study as well as efforts to limit redundancies between the schools at UMB and the University of Maryland, College Park.**

Personnel Study Continues: Research personnel account for a larger share of the total personnel in fiscal 2007 than in fiscal 2005. All new positions in the fiscal 2008 allowance are State-supported – 27.5 in the instruction program and 12.5 in the academic program.

Maryland Poison Center: A response to a request in the 2006 *Joint Chairmen’s Report* submitted by the Maryland Poison Center outlines the long-term operating needs as well as provides a discussion of various potential funding options.

Recommended Actions

1. Concur with Governor’s allowance.

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 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)

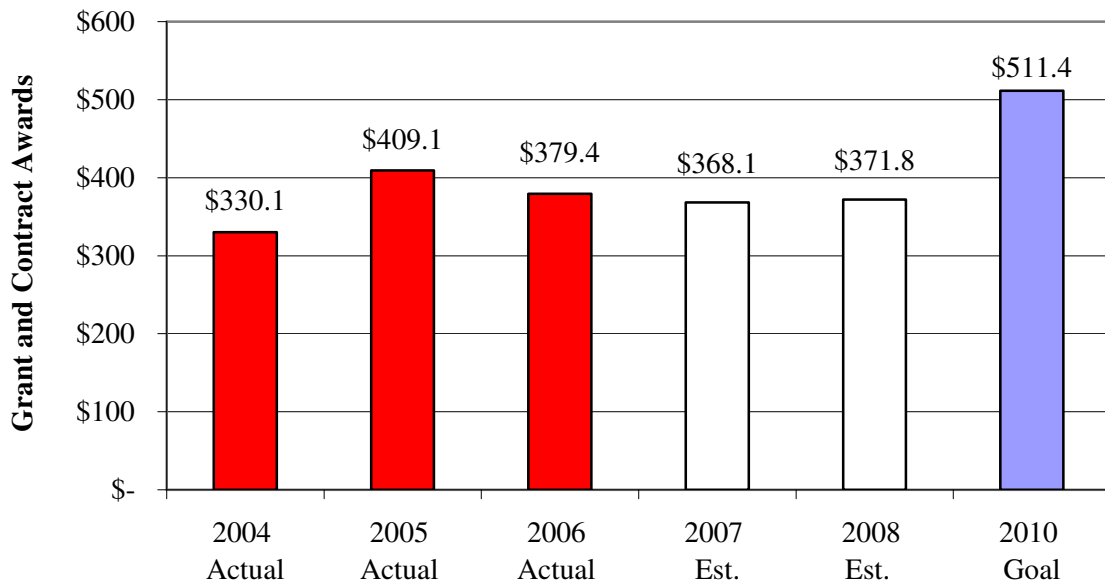
UMB has a goal to remain a center of excellence in the life and health sciences, law, and social work. National rankings are one way UMB measures performance on this goal. Three UMB schools – law, nursing, and pharmacy – have achieved top 10 status in various rankings of their specialty programs, and the school of social work has been ranked nineteenth. The dental school and school of medicine have achieved the second place ranking and twelfth place ranking, respectively, for National Institutes of Health total awards received in fiscal 2006. 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, other 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 the University System of Maryland (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 slightly decreased from 6.7 in fiscal 2005 to 6.5 in 2006, and the goal is 8.4 by fiscal 2010.

Extramural Funding Not on Track to Meet 2010 Goal

Research and scholarship dollars represent a strong performance indicator for UMB regarding its impact on social and economic development. UMB measures extramural funding totals in the areas of life and health sciences, law, and social work. **Exhibit 1** illustrates funding for research, service, and training projects. UMB’s goal is to increase funding to \$511.4 million by fiscal 2010. After a significant increase in fiscal 2005, extramural funding decreased by \$30 million to \$379.4 million in fiscal 2006. UMB reports that this decrease is the result of the loss of 14 highly productive medical faculty to competing institutions as well as flat and/or declining National Institutes of Health funding.

Exhibit 1
Extramural Funding for Research, Service, and Training
Fiscal 2004-2010
(\$ in Millions)

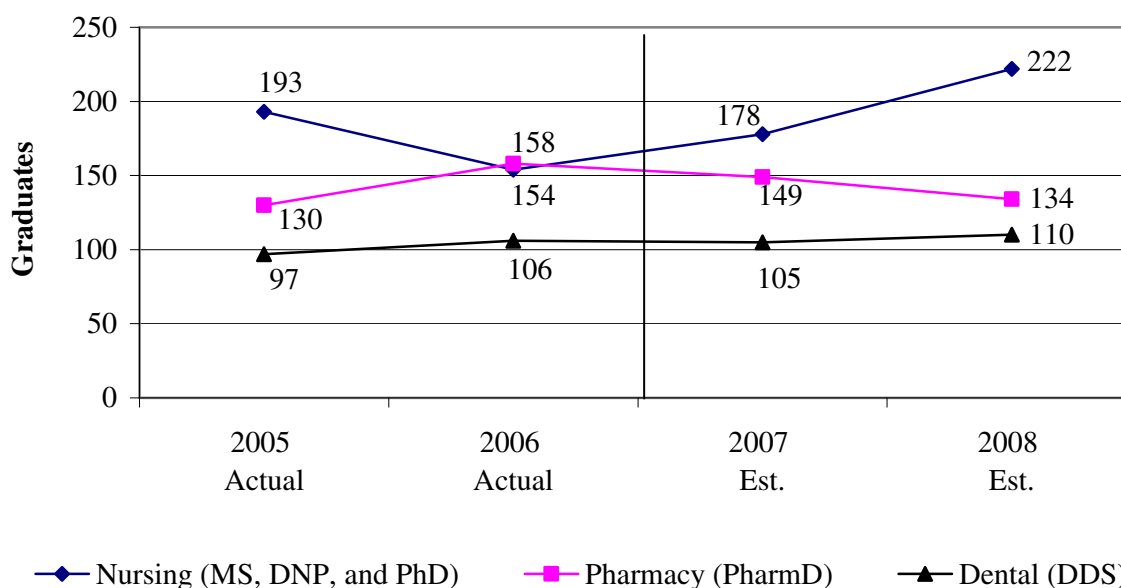


Source: Governor’s Budget Books, Fiscal 2008

Graduates in Key Health Service Fields

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 nursing faculty, pharmacists, and dentists is one way UMB hopes to reach this goal. **Exhibit 2** shows the number of graduates in the key areas of nursing, pharmacy, and dentistry. UMB reports that the number of graduates in nursing normally fluctuates, but that it expects to see a substantial increase in the number of nursing graduates because of larger numbers of entering students who have enrolled for the past two years, driven by a dramatic increase in applications and the creation of new programs, such as the Clinical Nurse Leader and Doctor of Nursing Practice programs.

Exhibit 2
Nursing, Pharmacy, and Dental Graduates
Fiscal 2005-2008

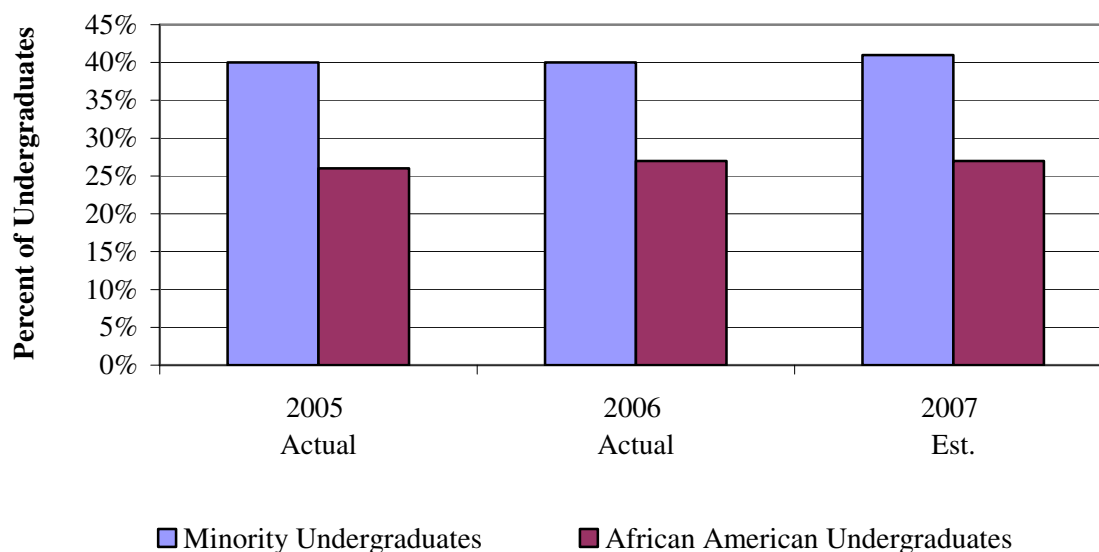


Source: Governor’s Budget Books, Fiscal 2008

Undergraduate Minority Enrollment Slightly Increased in Fall 2006

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 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. **Exhibit 3** illustrates the percentage of minority undergraduates and African American undergraduates. The fiscal 2007 data reflects fall 2006. The percent of African American undergraduate students slightly increased in fiscal 2006. This is estimated to remain steady in 2007. The percent of minority undergraduates remained steady from fiscal 2005 to 2006. However, it is expected to slightly increase in fiscal 2007.

Exhibit 3
Minority and African American Undergraduates
Fiscal 2005-2007



Source: Governor's Budget Books, Fiscal 2008

Governor's Proposed Budget

The general fund allowance for fiscal 2008 is \$9.7 million above fiscal 2007, an increase of 6.1%, as shown in **Exhibit 4**. Overall, the UMB budget increases 3.0%. The increase includes an adjustment for one-time health insurance savings that frees additional funds that may be used in fiscal 2008. Of the \$8.6 million in one-time savings, approximately \$3.5 million is general funds. This brings the total new general funds that are available for use in fiscal 2008 to \$13.2 million. UMB intends to use the increase in general funds and one-time health insurance savings for merit increases and fringe benefits (\$4.3 million), utility increases (\$2.7 million), the Maryland Poison Center (\$2.5 million), the School of Pharmacy expansion (\$1.3 million), facilities renewal and debt service (\$1.1 million), enrollment increases (\$0.6 million), student aid (\$0.6 million), and to offset a tuition freeze (\$0.2 million).

Exhibit 4
Governor’s Proposed Budget
University of Maryland, Baltimore
(\$ in Thousands)

	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Working</u>	<u>FY 08</u> <u>Allowance</u>	<u>FY 07-08</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$145,702	\$157,679	\$167,357	\$9,678	6.1%
Other Unrestricted Funds	265,941	276,748	282,179	5,431	2.0%
Total Unrestricted Funds	411,643	434,427	449,536	15,109	3.5%
Restricted Funds	323,699	363,893	363,893	0	0.0%
Retiree Health Adjustment *		<u>-8,597</u>		<u>8,597</u>	
Total Funds	\$735,342	\$789,723	\$813,429	\$23,706	3.0%

* The retiree health insurance adjustment in fiscal 2007 amounts to an additional \$8.6 million that is available for expenditure in fiscal 2008.

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

Other unrestricted funds in the allowance grow primarily from a tuition and fee increase of \$4.1 million to pay for mandatory costs and enrollment growth for the expansion of the School of Pharmacy. An increase in State and local grants and contracts of \$1.3 million would support the rental of space for the new School of Public Health. Considering all increases and decreases, other unrestricted funds increase \$5.4 million, 2.0%. Restricted funds are expected to remain flat in fiscal 2008.

Budget changes in the allowance by program are shown in **Exhibit 5**. Expenditures for operation and maintenance of plant are expected to increase at the highest rate of 12.6%, or \$7.4 million from fiscal 2007 to 2008. Accounting for the majority of the growth are expenses related to the rental of space for the new School of Public Health, an increase in the facilities renewal budget, and utility inflation. Instruction is expected to increase \$5.8 million, or 3.8%, due to \$2.5 million in additional funding for the Maryland Poison Center (addressed in Issue 5), \$1.8 million to fund the School of Pharmacy expansion to the Universities at Shady Grove (USG), and \$1.6 million to fund faculty recruitment and retention as well as merit increases and adjustments to fringe benefits. Academic support is expected to increase 5.0%, or \$2.0 million to expand enrollment for the School of Pharmacy at USG as well as to fund merit increases and adjustments to fringe benefits. Institutional support is expected to decrease \$1.2 million, or 1.8% due to an efficiency reduction.

Exhibit 5
UMB Budget Changes for Unrestricted Funds by Program
Fiscal 2006-2008
(\$ in Thousands)

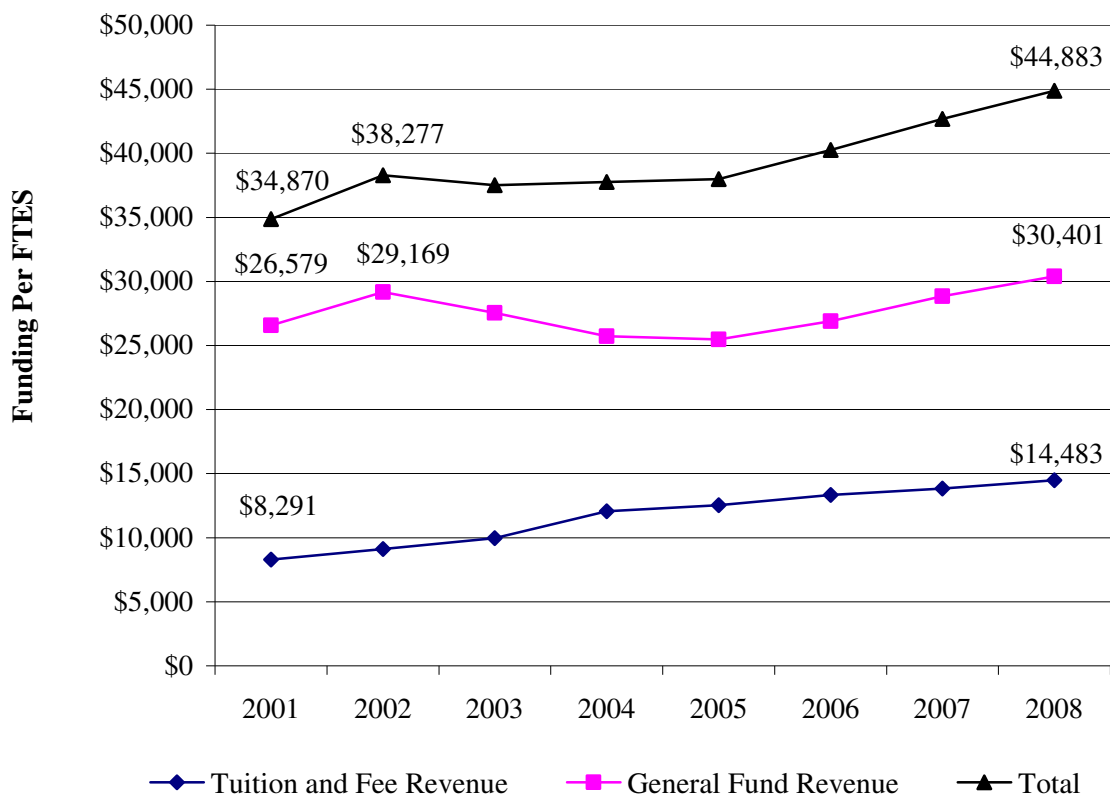
	<u>2006</u> <u>Actual</u>	<u>2007</u> <u>Working</u>	<u>06-07 %</u> <u>Change</u>	<u>2008</u> <u>Allowance</u>	<u>07-08</u> <u>Change</u>	<u>07-08 %</u> <u>Change</u>
Expenditures						
Instruction	\$151,367	\$154,520	2.1%	\$160,354	\$5,834	3.8%
Research	40,392	47,685	18.1%	47,838	153	0.3%
Public Service	558	606	8.6%	606	0	0.0%
Academic Support	36,313	40,941	12.7%	42,988	2,047	5.0%
Student Services	3,512	3,647	3.8%	3,598	-49	-1.3%
Institutional Support	58,431	65,325	11.8%	64,151	-1,174	-1.8%
Operation and Maintenance of Plant	55,915	59,262	6.0%	66,703	7,441	12.6%
Scholarships and Fellowships	9,185	8,372	-8.9%	9,210	838	10.0%
Education and General Total	\$355,673	\$380,358	6.9%	\$395,448	\$15,090	4.0%
Hospitals	\$33,465	\$35,802	7.0%	\$35,822	\$20	0.1%
Auxiliary Enterprises	22,505	18,267	-18.8%	18,267	0	0.0%
Grand Total	\$411,643	\$434,427	5.5%	\$449,537	\$15,110	3.5%
Revenues						
Tuition and Fees	\$72,283	\$75,624	4.6%	\$79,726	\$4,102	5.4%
General Funds	145,702	157,679	8.2%	167,357	9,678	6.1%
Other Unrestricted Funds	164,267	184,624	12.4%	186,447	1,823	1.0%
Subtotal	\$382,252	\$417,927	9.3%	\$433,530	\$15,603	3.7%
Auxiliary Enterprises	\$19,419	\$20,467	5.4%	\$20,684	\$217	1.1%
Transfer (to)/from Fund Balance	9,972	-3,967	-139.8%	-4,679	-711	17.9%
Grand Total	\$411,643	\$434,427	5.5%	\$449,536	\$15,109	3.5%

Note: Unrestricted funds only. All programs.

Source: Governor's Budget Books, Fiscal 2008.

Exhibit 6 shows tuition and fee revenue and general fund revenue per full-time equivalent student (FTES) between fiscal 2001 and 2008. General fund revenue per FTES has provided the majority of revenue per FTES since fiscal 2001. From fiscal 2001 to 2008, general fund revenue has increased 14.4% overall despite a decrease from fiscal 2002 to 2005. Tuition and fee revenue per FTES has grown steadily with an overall increase of 74.7% from fiscal 2001 to 2008. For fiscal 2008, tuition and fee revenue per FTES is expected to be \$14,483 and general fund revenue per FTES is expected to be \$30,401; the total revenue per FTES is expected to be \$44,883.

Exhibit 6
Tuition and Fee and General Fund Revenue Per FTES
Fiscal 2001-2008



FTES: Full-time Equivalent Student

Source: Governor’s Budget Books, Fiscal 2008.

Issues

1. Expansion of Pharmacy School

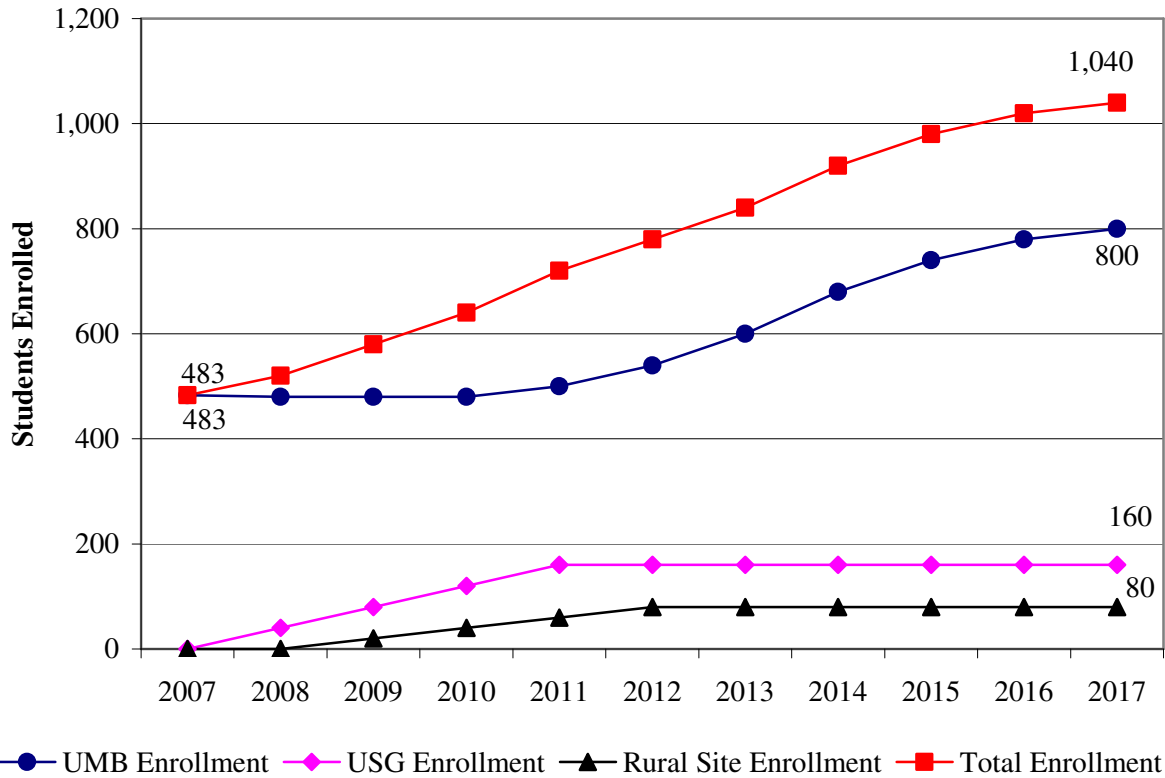
As the only school of pharmacy in the State, the UMB School of Pharmacy provides the State with a significant percentage of the required pharmacy practitioners in an environment of escalating need. The school hopes to build an addition to their current facility and plans to establish two satellite facilities, the first of which would be located at the Universities at Shady Grove regional higher education center.

The State of Maryland is experiencing a shortage of pharmacists that the Pharmacy School expansion would address. A May 2004 study conducted by the Maryland Department of Labor, Licensing, and Regulation projected the need for 2,000 new pharmacists in Maryland over the 10-year period from 2000 through 2010. According to the Maryland Higher Education Commission, the UMB Pharmacy School can only enroll 120 students per year leaving a 40% gap. Other factors that enhance the need for pharmacists include the fact that Maryland will experience a 74% increase in the over-60 population by 2020. Demand for pharmaceuticals will grow as the Medicare drug benefit is implemented and as there is a continued decrease in length of stay for acute hospital admissions.

The UMB Pharmacy School expansion plan includes both the physical expansion of current facilities and the establishment of satellite facilities. The UMB Pharmacy Hall addition would allow enrollment growth of 80 students per class.

Two satellite facilities are also planned to foster enrollment growth. The first pharmacy school satellite facility will open at the Universities at Shady Grove. UMB expects to begin classes with 40 students in fall 2007. The second facility will potentially be in Hagerstown and would open in fall 2008 with 20 students. The Hagerstown site would also serve rural pharmacy needs. Both satellite facilities would incorporate distance learning, on-site faculty, and local clinical rotations. **Exhibit 7** shows the impact of the planned expansion on Pharmacy School enrollment over the next 10 years. Enrollment projections are based on the Pharmacy Hall addition opening in fall 2010.

**Exhibit 7
Doctor of Pharmacy Program
Ten-year Enrollment Projections
Fiscal 2007-2017**

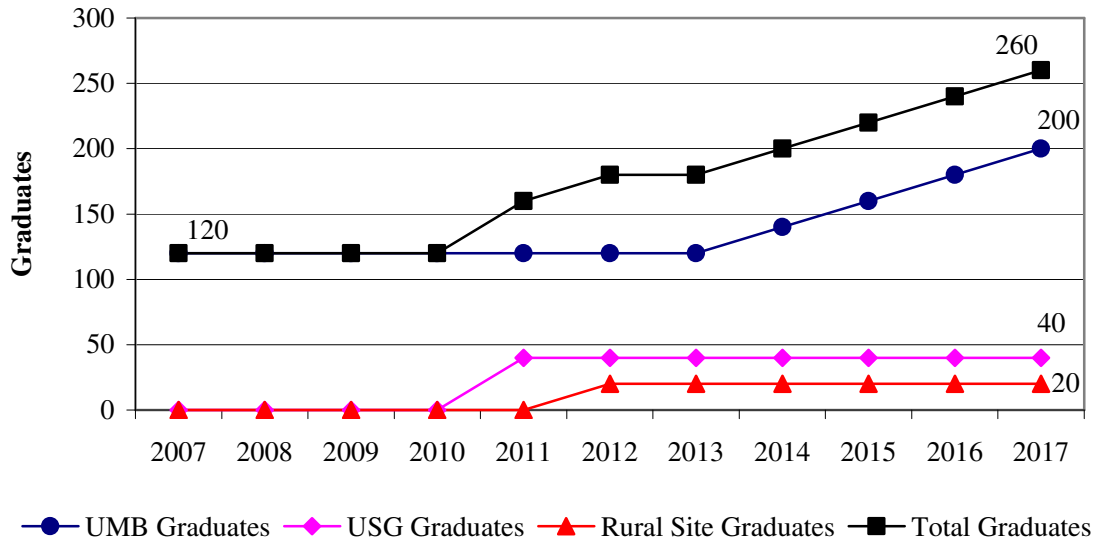


Note: The PharmD Program is a four-year post-baccalaureate program that admits students once each year in the fall. Enrollment projections assume opening of Pharmacy Hall addition in fiscal 2011.

Source: University of Maryland, Baltimore

Pharmacy School graduation rates offer a clear picture of the direct impact on the pharmacist shortage in Maryland since the vast majority of graduates work in the State upon graduation. With the completion of the Pharmacy Hall addition and two satellite facilities, graduates would grow from 120 to 260 per year. **Exhibit 8** shows the increase in Pharmacy School graduates over the next 10 years with the implementation of the expansion plans.

**Exhibit 8
Doctor of Pharmacy Program
Ten-year Graduate Projections
Fiscal 2007-2017**



Source: University of Maryland, Baltimore

The President should comment on the status of the Pharmacy School expansion and the anticipated date that the program at Shady Grove will be able to accept students.

2. Transfer of the Institute of Human Virology (IHV) from the University of Maryland Biotechnology Institute to UMB

As part of its systemwide efficiency initiative, the Board of Regents studied whether the University of Maryland Biotechnology Institute (UMBI) was the most appropriate home for the Institute of Human Virology given the institute’s shift to a clinical focus. It was recommended that the USM Office lead a review of realigning the administration of the IHV to UMB.

The Chancellor first met with experts in human virology, and the consensus was that UMB would be a more compatible administrative home for IHV. Also, a task force was established to analyze the financial, faculty, and building space impacts that the realignment may have. IHV is located in the Medical Research Facility (MRF). The MRF was intended to only house the Medical Biotechnology Center (MBC), another research center of UMBI. Currently, IHV occupies 56% of the space in the MRF. In terms of money, 75% of the IHV research funding is due to UMB primary faculty, and this is expected to continue to increase. In terms of faculty, IHV employs 73% of the personnel located in the MRF.

It is for these reasons that the task force recommended IHV be administratively realigned with UMB. The task force acknowledged that there would be formidable administrative, fiscal, and facilities obstacles in realigning IHV. In December 2006, the Board of Regents approved the transfer.

IHV will become part of UMB's School of Medicine. However, it will maintain its institute status. IHV will remain in its current physical location as UMB does not yet have appropriate facilities to house it. Space in the MRF will be frozen for at least three years until a space allocation study is complete. UMBI will remain the owner of the MRF building and will continue to operate the MBC. It has been suggested that when UMB's Health Sciences Facility III (HSF III) is open, IHV could move to that location. However, HSF III is not currently in the Governor's five-year *Capital Improvement Program*.

The financial impact will occur in the fiscal 2008 budget year and will include the following:

- all awards and associated indirect cost recovery generated by IHV will transfer to UMB;
- all faculty and staff will be transferred to UMB;
- all general funds related to IHV will transfer to UMB;
- all general funds provided to UMBI to support the MRF will remain with UMBI; and
- UMBI will assume all costs associated with the MRF (UMB will not pay rent).

The Regents approved the transfer of the IHV on December 1, 2006. IHV and the School of Medicine subsequently signed a memorandum of understanding (MOU) concerning the structure and reporting relationship of the Institute within the school, and other academic and operating matters which was accepted by USM and UMB. USM and UMB then signed an MOU that finalized all details of the transfer that relate to UMB.

The President should comment on the space needs of the IHV and the anticipated date that UMB might be able to house the Institute on UMB's campus.

3. New School of Public Health

The USM Board of Regents approved the creation of a new school of public health at UMB in June 2006. The accreditation process has begun with the new school being accepted as a candidate for accreditation by the Council on Education for Public Health in October 2006. The accreditation process requires a self-study to precede a visit by an accrediting team.

A search is currently underway for a permanent dean. A few faculty members, currently housed in the Department of Epidemiology of the School of Medicine are in the process of transferring to the new School of Public Health. It is likely the additional faculty will be required for accreditation.

The University of Maryland, College Park (UMCP) is also in the process of establishing a School of Public Health out of the already existing College of Health and Human Performance. The Regents' approval of both schools was conditional in that the two schools would limit faculty redundancy. Once accreditation was achieved for both schools, the two schools would then merge as one school on two campuses.

In terms of the impact on the budget, the School of Public Health will need additional space to operate. In the short-term, the Regents and Board of Public Works approved leasing space in the UMB BioPark to accommodate the school with funds from indirect cost recoveries used to support the leasing. Funds totaling \$1.3 million are included in the fiscal 2008 allowance for space rental.

The President should comment on the progress of the accreditation self-study as well as efforts to limit redundancies between the schools at UMB and UMCP.

4. Personnel Study Continues

The composition of UMB's personnel has changed since fiscal 2005, as shown in **Exhibit 9**. The data in this exhibit reflects filled regular positions only. In terms of total personnel, UMB has 4,013 filled positions in fiscal 2007. This is 297 more positions than in fiscal 2005. In fiscal 2007, instructional personnel (28.7%) and research personnel (28.3%) account for more than half of the filled positions. The share of research personnel has increased 5.4 percentage points over fiscal 2005, while the share of instructional personnel has decreased 2.8 percentage points during the same period.

UMB is expecting an additional 40 full-time equivalent positions in fiscal 2008. Of the 40 new regular positions, 27.5 are for instruction and 12.5 are for academic support. The number of new instruction positions includes 10 faculty, 1 resident, and 16.5 other positions for the Pharmacy School enrollment growth. All of the new regular positions are State-supported. The 3.65 new contractual positions are also for the School of Pharmacy and consist of camera operators and adjunct faculty.

Exhibit 9
UMB Full-time Equivalent Personnel by Budget Program
Filled Regular Positions
Fiscal 2005-2007

	<u>2005</u>		<u>2006</u>		<u>2007</u>		Change in Share of Total <u>05-07</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	1,169	31.5%	1,187	30.6%	1,152	28.7%	-2.8
Research	851	22.9%	956	24.7%	1,135	28.3%	5.4
Public Service	194	5.2%	210	5.4%	57	1.4%	-3.8
Academic Support	369	9.9%	377	9.7%	321	8.0%	-1.9
Student Services	31	0.8%	40	1.0%	41	1.0%	0.2
Institutional Support	460	12.4%	460	11.9%	523	13.0%	0.6
Operations, Maintenance of Plant	304	8.2%	292	7.5%	280	7.0%	-1.2
Auxiliary	57	1.5%	58	1.5%	59	1.5%	0.0
Hospitals	281	7.6%	297	7.7%	445	11.1%	3.5
Total	3,716		3,877		4,013		

Notes: Data are for filled regular positions only. All data are self-reported and unaudited.

Source: University of Maryland, Baltimore

5. Maryland Poison Center

The Maryland Poison Center (MPC) submitted a response to a request in the 2006 *Joint Chairmen's Report* on the center's long-term operating needs. MPC is certified by the American Association of Poison Control Centers as a regional poison center and provides poisoning triage, treatment recommendations, education, and prevention services to the State. Approximately 75% of cases reported to the Poison Center are managed safely at home thus avoiding the cost of a typical poisoning emergency room visit in Maryland, which is between \$500 and \$1,000. The center handles 60,000 calls per year involving household cleaners, medicines, snake and spider bites, industrial accidents, and chemical and biological warfare agents. The Poison Center also promotes poison prevention through educational materials, programs for children and adults, and exhibits at health fairs and events.

Working closely with the Maryland Poison Center, the National Capital Poison Center (NCPC) is a 501(c)(3) non-profit organization serving the residents of Washington, DC, and Montgomery and Prince George's counties. Both centers are currently funded through a variety of sources: general fund appropriations, tuition dollars, private giving, and contracts and grants, including funding from the Maryland Medical Assistance Program and from federal grants. An MOU established the current funding levels of \$290,000 for NCPC and \$390,000 for MPC per year.

Tasked with reporting on the long-term operating needs, MPC estimates additional funding needs of \$2.5 million for fiscal 2008. MPC recommended using a general fund line-item in the budget of the Department of Health and Mental Hygiene (DHMH) as the mission of the poison centers most closely aligns with the mission of DHMH. Other possible funding options discussed were general fund support through the Maryland Higher Education Commission or through the University System of Maryland.

The report states that additional funding is needed primarily for two reasons: a historical operating deficit and recently expanded services. The \$2.5 million in the fiscal 2008 allowance provides the NCPC with \$852,757. This is Maryland's share of the projected fiscal 2008 operating deficit at the NCPC. The remaining \$1.6 million is for MPC. Of this, \$832,004 is the projected operating shortfall and \$792,860 is for program enhancements (hiring additional staff) to provide expanded services.

The President should comment on the long-term operating needs including the need for the additional Poison Center funding that is part of the 2008 allowance.

Recommended Actions

1. Concur with Governor's allowance.

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 2006					
Legislative Appropriation	\$143,512	\$220,539	\$364,052	\$300,932	\$664,984
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	2,190	45,980	48,170	36,439	84,609
Reversions and Cancellations	0	-578	-578	-13,672	-14,250
Actual Expenditures	\$145,702	\$265,941	\$411,644	\$323,699	\$735,343
Fiscal 2007					
Legislative Appropriation	\$157,648	\$273,195	\$430,843	\$363,893	\$794,736
Budget Amendments	31	3,554	3,585	0	3,585
Working Appropriation	\$157,679	\$276,749	\$434,428	\$363,893	\$798,321

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

Fiscal 2006

Budget amendments increased total unrestricted funds by \$48.2 million. The general fund portion increased \$1.7 million for the employee cost-of-living adjustment and \$0.5 million for health insurance costs. Other unrestricted funds increased \$6.3 million due to higher tuition revenue attributed to changes in enrollment mix and \$39.7 million due to higher indirect cost recovery, an increase in School of Medicine Service Plan accounts, and an increase in interest income.

Restricted funds were increased by a budget amendment in the amount of \$36.4 million. The majority of the increase was due to an increase in federal contracts and grants in the amount of \$41.4 million, an increase in sales and services due to physician services in the amount of \$5.4 million and a decrease in private and State grants and gifts in the amount of \$11.7 million.

An unrestricted fund cancellation of \$0.6 million and a restricted fund cancellation of \$13.7 million were due to unspent grant funds based on overestimations at the beginning of the budget cycle.

Fiscal 2007

For fiscal 2007, general funds increased a net \$30,625 through budget amendment. This includes an increase of \$2.62 million for the employee cost-of-living adjustment. This increase was offset by a decrease of \$2.59 million to reflect the reallocation of general funds to balance health cost savings. Other unrestricted funds increase \$3.6 million due to increased investment income, parking rates, tuition revenue, sales and services of educational activity due to software licensing fees, and development and other funds.

Audit Findings

Audit Period for Last Audit:	December 1, 2002 – November 30, 2005
Issue Date:	December 2006
Number of Findings:	13
Number of Repeat Findings:	5
% of Repeat Findings:	39%
Rating: (if applicable)	n/a

- Finding 1:** Cash Receipts: Cash receipts received in the financial services department were not always deposited timely, the majority of which were not adequately controlled prior to deposit.
- Finding 2:** Cash Receipts: Appropriate action was not always taken to collect outstanding patient accounts receivable for the student dental clinics.
- Finding 3:** Non-cash Credits: Internal controls over the processing of non-cash credit adjustment at two locations were not adequate.
- Finding 4:** **Payroll: Controls were not adequate over the processing of payroll.**
- Finding 5:** **Contracts: Contractual payments due from the University of Maryland Medical System Corporation were not received in a timely manner, and UMB did not assess approximately \$36,000 in associated late payment fees.**
- Finding 6:** Information Systems: Access to critical systems was not properly restricted.
- Finding 7:** Information Systems: Security reporting and review need improvement.
- Finding 8:** **Information Systems: User account and password controls over certain critical systems were not adequate.**
- Finding 9:** Information Systems: Security controls over critical network devices and components need improvement.
- Finding 10:** **Information Systems: UMB’s internal computer network, including key administrative systems, was not adequately secured.**
- Finding 11:** Equipment: Sufficient controls were not maintained over capital equipment.
- Finding 12:** Equipment: UMB’s policy on sensitive equipment did not meet the minimum levels of control established by the USM *Policy for Capitalization and Inventory Control*.
- Finding 13:** **Working Fund: Internal control over the working fund was inadequate.**

*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>FY06 Actual</u>	<u>FY07 Working Appropriation</u>	<u>FY08 Allowance</u>	<u>FY07-FY08 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	3713.84	4012.00	4052.00	40.00	1.0%
02 Contractual	383.51	383.25	386.90	3.65	1.0%
Total Positions	4097.35	4395.25	4438.90	43.65	1.0%
Objects					
01 Salaries and Wages	\$ 471,311,001	\$ 511,466,093	\$ 519,917,707	\$ 8,451,614	1.7%
02 Technical and Spec. Fees	1,393,922	1,455,853	1,518,719	62,866	4.3%
03 Communication	3,898,671	4,020,535	4,171,383	150,848	3.8%
04 Travel	6,983,645	7,117,477	7,509,977	392,500	5.5%
06 Fuel and Utilities	17,309,111	19,442,105	24,491,897	5,049,792	26.0%
07 Motor Vehicles	1,959,870	1,220,143	2,016,511	796,368	65.3%
08 Contractual Services	136,907,953	145,640,884	149,963,032	4,322,148	3.0%
09 Supplies and Materials	38,286,750	49,529,668	41,198,721	-8,330,947	-16.8%
10 Equip – Replacement	0	1,288,899	0	-1,288,899	-100.0%
11 Equip – Additional	14,147,699	14,409,824	15,998,723	1,588,899	11.0%
12 Grants, Subsidies, and Contributions	20,501,355	20,426,586	21,341,150	914,564	4.5%
13 Fixed Charges	17,816,059	18,842,976	20,134,190	1,291,214	6.9%
14 Land and Structures	4,825,801	3,459,012	5,166,709	1,707,697	49.4%
Total Objects	\$ 735,341,837	\$ 798,320,055	\$ 813,428,719	\$ 15,108,664	1.9%
Funds					
40 Unrestricted Fund	\$ 411,643,042	\$ 434,427,241	\$ 449,535,905	\$ 15,108,664	3.5%
43 Restricted Fund	323,698,795	363,892,814	363,892,814	0	0%
Total Funds	\$ 735,341,837	\$ 798,320,055	\$ 813,428,719	\$ 15,108,664	1.9%

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.

**Fiscal Summary
University of Maryland, Baltimore**

<u>Program/Unit</u>	<u>FY06 Actual</u>	<u>FY07 Wrk Approp</u>	<u>FY08 Allowance</u>	<u>Change</u>	<u>FY07-FY08 % Change</u>
01 Instruction	\$ 169,590,147	\$ 176,535,771	\$ 182,370,145	\$ 5,834,374	3.3%
02 Research	260,885,695	294,407,851	294,560,471	152,620	0.1%
03 Public Service	8,578,535	9,628,678	9,628,678	0	0%
04 Academic Support	36,738,957	41,414,329	43,461,218	2,046,889	4.9%
05 Student Services	3,511,501	3,665,873	3,616,523	-49,350	-1.3%
06 Institutional Support	62,329,785	69,722,407	68,547,895	-1,174,512	-1.7%
07 Operation and Maintenance of Plant	56,084,258	59,262,207	66,703,468	7,441,261	12.6%
08 Auxiliary Enterprises	22,513,808	18,277,295	18,277,295	0	0%
17 Scholarships and Fellowships	15,826,587	15,572,304	16,409,542	837,238	5.4%
18 Hospitals	99,282,564	109,833,340	109,853,484	20,144	0%
Total Expenditures	\$ 735,341,837	\$ 798,320,055	\$ 813,428,719	\$ 15,108,664	1.9%
Unrestricted Fund	\$ 411,643,042	\$ 434,427,241	\$ 449,535,905	\$ 15,108,664	3.5%
Restricted Fund	323,698,795	363,892,814	363,892,814	0	0%
Total Appropriations	\$ 735,341,837	\$ 798,320,055	\$ 813,428,719	\$ 15,108,664	1.9%

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.