

R30B31
University of Maryland Baltimore County
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	\$70,491	\$79,270	\$83,498	\$4,228	5.3%
Other Unrestricted Funds	157,183	156,475	157,921	1,446	0.9%
Total Unrestricted Funds	227,673	235,745	241,418	5,673	2.4%
Restricted Funds	<u>76,581</u>	<u>81,857</u>	<u>83,678</u>	<u>1,821</u>	<u>2.2%</u>
Total Funds	\$304,255	\$317,601	\$325,096	\$7,494	2.4%

- General funds increase \$4.2 million, or 5.3% over fiscal 2007. Other unrestricted funds increase mostly due to an increase in sales and services of auxiliary enterprises due to an increase in rates for auxiliary mandatory fees. Overall, the University of Maryland Baltimore County's (UMBC) budget increases \$7.5 million, or 2.4%.
- Health insurance costs decline due to one-time savings. Adjusting for this savings, the fiscal 2008 allowance increases \$10.6 million, or 3.4%.

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	1,741.13	1,848.56	1,848.56	0.00
Contractual FTEs	<u>456.90</u>	<u>518.22</u>	<u>518.22</u>	<u>0.00</u>
Total Personnel	2,198.03	2,366.78	2,366.78	0.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	86.14	4.66%
Positions Vacant as of 12/31/06	46.50	2.50%

- The fiscal 2008 allowance provides no additional positions for UMBC.

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

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Analysis in Brief

Major Trends

Teacher Education Program Enrollment Improves After Several Years of Decline; Number of Graduates Employed in Maryland Schools Sharply Declines: Enrollment in the teacher education program increased to 736 students in fiscal 2006. The number of graduates employed in Maryland schools sharply decreased from 93 in fiscal 2005 to 51 in fiscal 2006.

Retention Rate of African American Students Continues to Exceed That of All Students; Graduation Rates Increase Overall: The retention rate of African American students remained higher than that for all students. However, retention rates for both measures decreased in fiscal 2006. The graduation rate for African American students decreased while that for all students increased in fiscal 2006.

Research and Development Expenditures Continue to Increase, Exceeding the Target: Federal research and development expenditures per full-time faculty have increased to \$110,900 in fiscal 2006. This measure has steadily increased since at least fiscal 2002.

Issues

Erickson School of Aging Studies: The undergraduate program at the School of Aging Studies began in fall 2006. Forty-three students have declared a major in aging services. However, the unrestricted operation of the school is expected to operate at a deficit for two years in the future.

Personnel Study Continues: The instruction program share of the total personnel at UMBC has increased since fiscal 2005.

Affordability Remains an Issue: Resident undergraduate tuition is frozen for the second consecutive year. Fees at UMBC increase 4% in fiscal 2008.

Recommended Actions

1. Concur with Governor's allowance.

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University of Maryland Baltimore County
University System of Maryland

Operating Budget Analysis

Program Description

The University of Maryland Baltimore County (UMBC) is a mid-sized research and doctoral-level university serving the greater Baltimore region. UMBC offers a complement of focused masters and doctoral programs closely linked to a moderate range of undergraduate programs in the arts, sciences, and engineering.

At UMBC, students are encouraged to participate in research projects. UMBC also seeks to transfer benefits of faculty research to the public and industry through its research park, business incubator, and technology transfer programs. UMBC aspires to be the best public research university of its size in the nation and has a deep commitment to the educational experience of its undergraduates.

The majority of UMBC students come from the greater Baltimore region, but the institution is enrolling an increasing number of students from other areas of Maryland, other states, and foreign countries. The campus pays special attention to the needs of nontraditional, evening, and part-time students. Well-qualified students are recruited through special scholarship initiatives such as the Humanities Scholarship Program and the Meyerhoff Scholarship Program for talented high school graduates interested in science and engineering.

The institution has adopted the six goals of the University System of Maryland (USM) which are to:

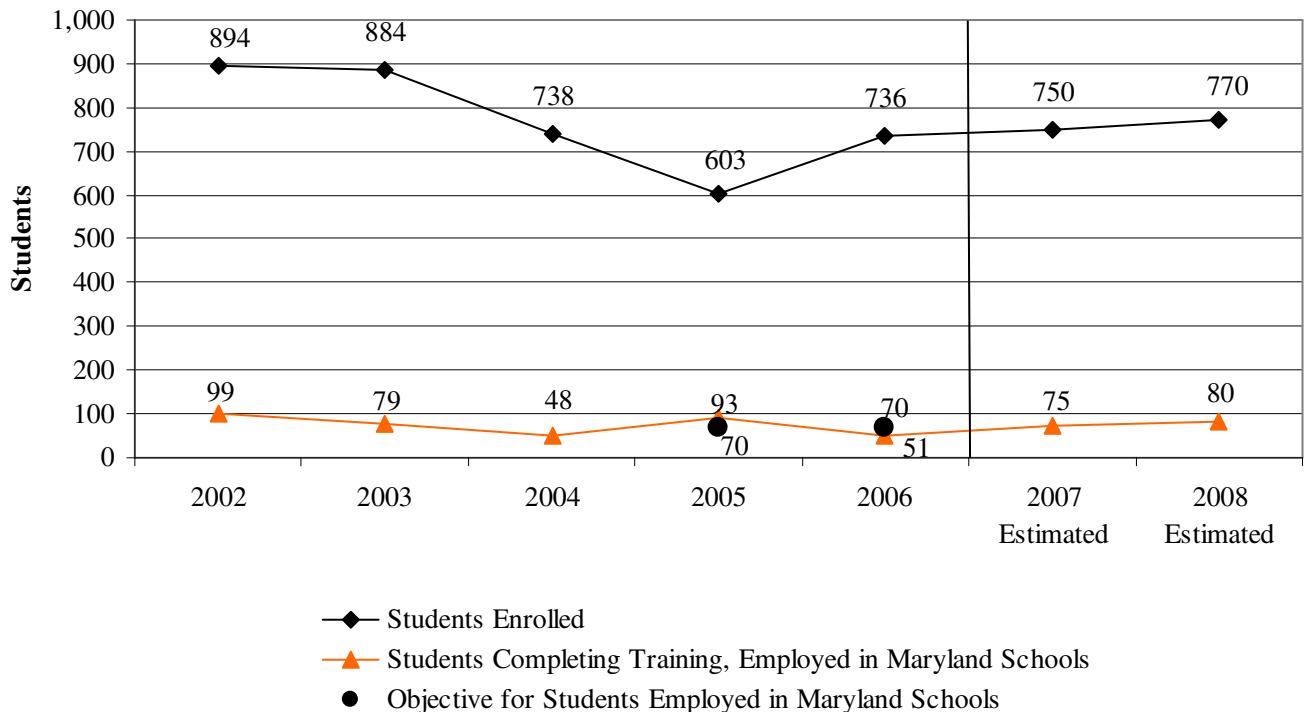
- create and maintain a well-educated workforce;
- promote economic development;
- increase access for economically disadvantaged and minority students;
- achieve and sustain national eminence in providing quality education, research, and public service;
- increase revenue from non-state sources; and
- maximize the efficient and effective use of State resources.

Performance Analysis: Managing for Results

Teacher Education Program Enrollment Improves After Several Years of Decline; Number Employed in Maryland Schools Sharply Declines

One of UMBC’s goals is to increase the number of graduates hired by Maryland public schools to 95 in fiscal 2009. **Exhibit 1** shows this measure since fiscal 2002. In general, the number of graduates teaching in Maryland schools has declined since 2002. However, in 2005 there was a dramatic increase to 93 graduates. This was followed by a decrease to 51 graduates in fiscal 2006. UMBC reported that the sharp increase was likely to be temporary due to many students in 2004 who did not complete the required Praxis II exam prior to completing the program. By 2005 they had completed the exam and were, therefore, eligible for employment. Additionally, it is now required to complete the Praxis II exam prior to completing the education program. The number of graduates teaching in Maryland is expected to rebound to 75 in fiscal 2007 and increase slightly in 2008.

Exhibit 1
Students Enrolled in and Graduating from Teacher Training Programs,
Employed in Maryland Public Schools
Fiscal 2002-2008



Source: Governor’s Budget Books, Fiscal 2008

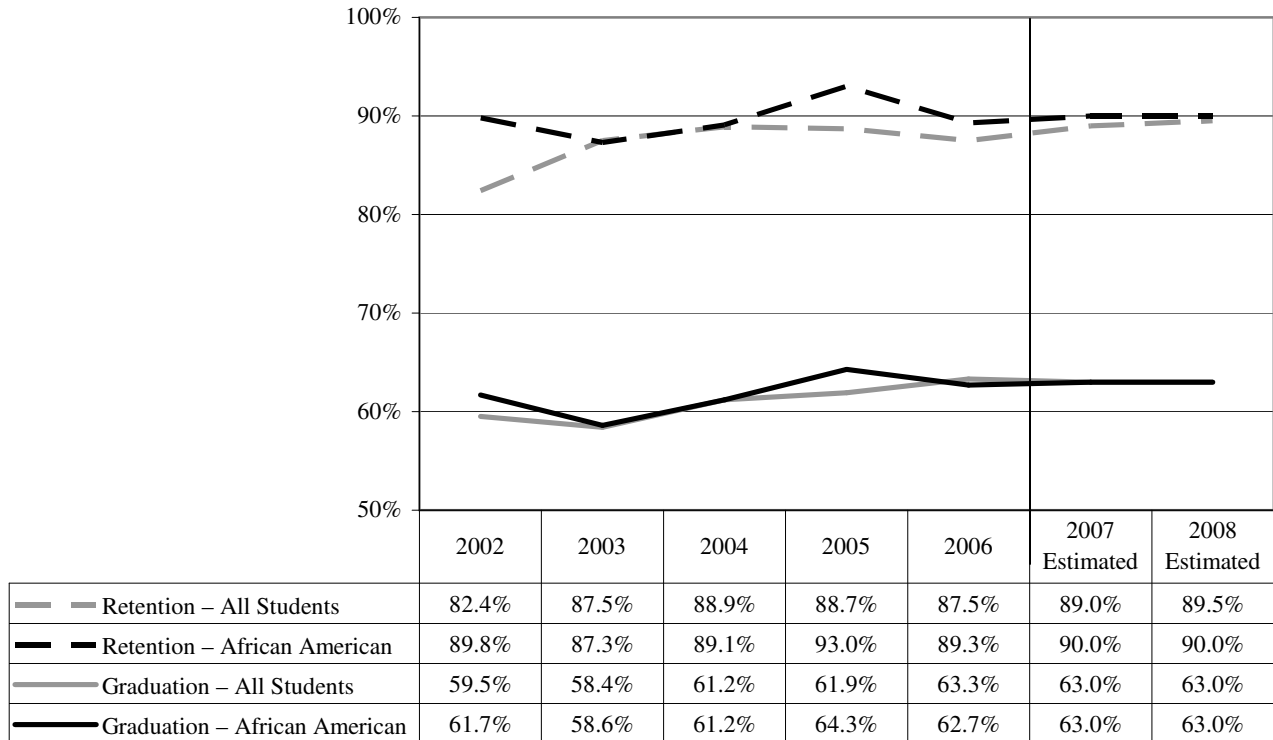
The number of students enrolled in the teacher education programs at UMBC is also shown in the exhibit. Following several years of decline, there was a sharp increase in fiscal 2006 to 736 students. UMBC attributes this increase to several factors. At the undergraduate level, UMBC has several initiatives to recruit and train teachers particularly in the Science, Technology, Engineering, and Math disciplines that were funded with grants and donations. At the graduate level, UMBC offers a Masters of Arts in Education. This program was approved by the Maryland Higher Education Commission in 2003. The No Child Left Behind Act requires teachers to be highly qualified, and this has prompted teachers to seek additional training at the graduate level.

Two-year Retention Rate of African American Students Continues to Exceed That of All Students; Six-year Graduation Rates Increase Overall

Another goal of UMBC is to enhance the access and success of minority students. This is reflected in the retention and graduation rates of African American students as compared to all students. Historically, African American students have performed as well as or better than all students at UMBC, as shown in **Exhibit 2**. This trend held true in fiscal 2006. In terms of retention, 89.3% of African American students continue into their second year of education. This compares favorably to all students, 87.5% of whom remain for the second year. In terms of graduation rates, a slight gap exists in 2006 after several years of no gap. African American students graduate in six years at a rate of 62.7% compared to 63.3% for all students.

When comparing the fiscal 2006 retention and graduation rates with those in fiscal 2005, all measures slightly decreased with the exception of the graduation rate of all students, which increased.

Exhibit 2
Six-year Graduation and Two-year Retention Rates
All Students and African American Students
Fiscal 2002-2008

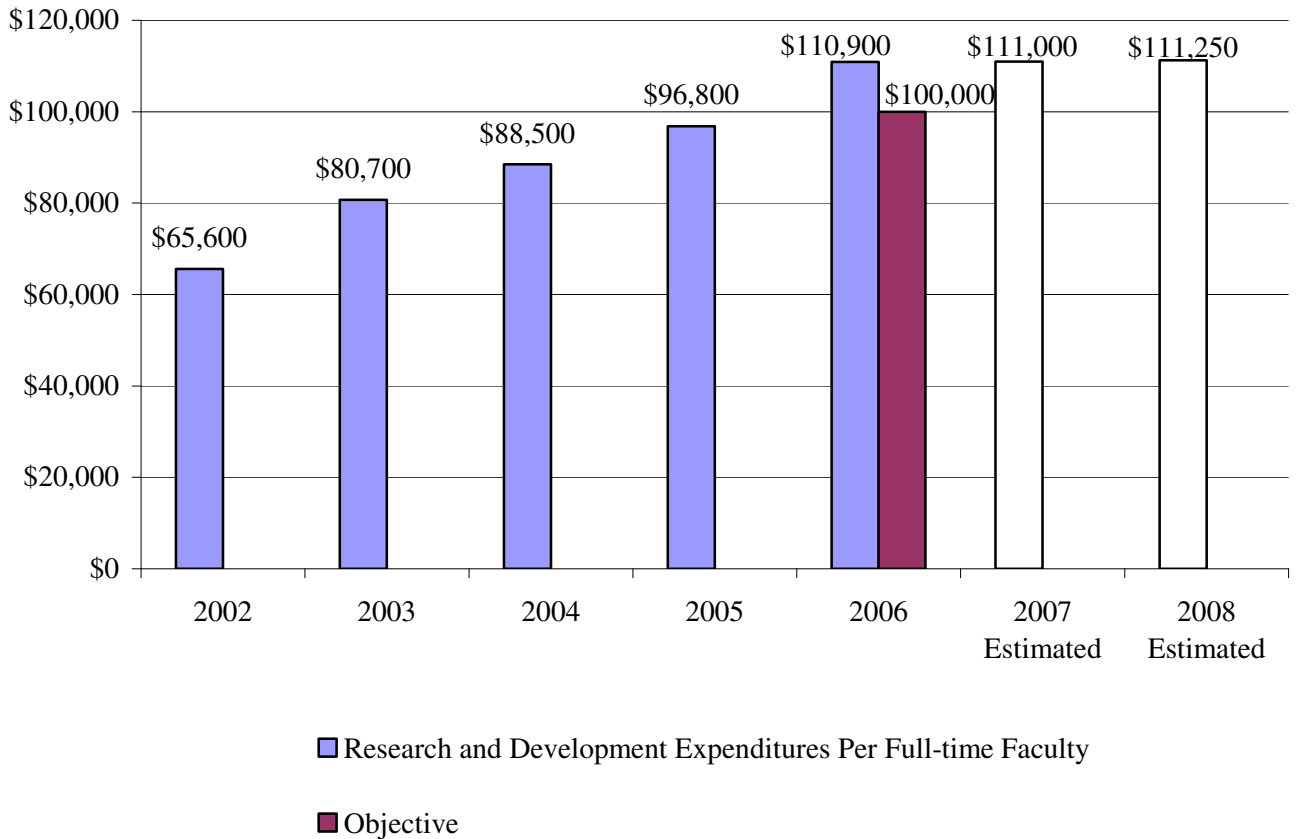


Source: Governor’s Budget Books, Fiscal 2008

Research and Development Expenditures Continue to Increase, Exceeding the Target

UMBC is one of three degree-granting research institutions within USM – the others are the University of Maryland, Baltimore and the University of Maryland, College Park. Therefore, the amount of research dollars is an important performance measure. **Exhibit 3** shows the total federal research and development expenditures per full-time faculty from fiscal 2002 through the estimate for 2008. In fiscal 2006, there was an additional \$14,100 in research and development expenditures per full-time faculty compared to 2005. This exceeded the target by \$10,900. Historically, this measure has consistently increased since at least fiscal 2002. In fact, it has increased almost 70% since fiscal 2002. UMBC attributes this to the quality of their faculty and an effort to enhance the research infrastructure at UMBC to provide more support to their faculty pre-award and post-award. UMBC expects the number of awards received from the federal government to decrease in anticipation of increased competition for decreasing federal dollars.

Exhibit 3
Total Federal Research and Development Expenditures
Per Full-time Faculty
Fiscal 2002-2008



Source: Governor's Budget Books, Fiscal 2008

Governor’s Proposed Budget

The general fund allowance for fiscal 2008 is \$4.2 million above the fiscal 2007 working appropriation, an increase of 5.3%, as shown in **Exhibit 4**. The additional general funds include the adjustment for fiscal 2007 enrollment attainment. In fiscal 2007, UMBC did not meet its enrollment target. Therefore, \$0.4 million was deducted from the fiscal 2008 general fund allowance. One-time savings in health insurance frees additional funds in fiscal 2008. The general fund portion of the one-time savings is approximately \$2.1 million. Therefore, total new general funds that are available for expenditure in fiscal 2008 are \$6.3 million, or an 8.1% increase. This includes approximately \$2.0 million to freeze resident undergraduate tuition in fiscal 2008. The majority of new general funds will go toward current services costs. This amount includes merit increases, health inflation, retirement, academic revenue bond debt service, utility inflation, financial aid, and facility renewal. The general fund increase also includes \$0.6 million in enhancement funds. Of this amount, approximately \$0.5 million will be used to recruit four faculty positions in mechanical engineering, chemistry, and financial economics – areas that experienced recent enrollment growth – and one additional counselor position. Additionally, UMBC is receiving \$0.1 million for the Science, Technology, Engineering, and Math initiative. The purpose of this initiative is to increase the number of teachers that are qualified in these subject areas. The funds will support an additional faculty member in science education as well as an advisor/recruiter that will work with applicants to the education program. Although the 2008 allowance does not include these additional personnel, UMBC plans to add 7 new positions if the enhancements are fully funded.

Exhibit 4
Governor’s Proposed Budget
University of Maryland Baltimore County
(\$ 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	\$70,491	\$79,270	\$83,498	\$4,228	5.3%
Other Unrestricted Funds	157,183	156,475	157,921	1,446	0.9%
Total Unrestricted Funds	227,673	235,745	241,418	5,673	2.4%
Restricted Funds	76,581	81,857	83,678	1,821	2.2%
Retiree Health Adjustment *		<u>-3,112</u>		<u>3,112</u>	
Total Funds	\$304,255	\$314,490	\$325,096	\$10,606	3.4%

* The retiree health insurance adjustment in fiscal 2007 amounts to an additional \$3.1 million that is available for expenditure in fiscal 2008.

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

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Other unrestricted funds increase \$1.4 million due to sales and services of auxiliary enterprises. These additional funds will come from an increase in auxiliary mandatory fees in fiscal 2008. Considering all increases and decreases, including a \$2.3 million transfer to fund balance, total unrestricted funds increase 2.4%. Restricted funds are expected to increase \$1.8 million, or 2.2%.

An additional \$3.1 million in total funds is available for expenditure in fiscal 2008 due to one-time savings in health insurance. When considering these savings, the total budget for UMBC increases by \$10.6 million, or 3.4%.

Exhibit 5 shows UMBC's budget changes in unrestricted funds by program. Operation and maintenance of plant is expected to increase \$3.1 million, or 12.4%. This is due to utility increases, facility renewal increases, and academic revenue bond debt service. The next highest increase in expenditure is in instruction. This is expected to increase \$1.6 million, or 1.9%, and is due to merit increases and program enhancements in instruction related activities. Public service decreases the most, by 11%, following a significant increase in fiscal 2007. Research decreases for the second year in a row. However, UMBC reports that this may be due to an error in the coding of data that determines to which program expenditures are attributed. Therefore, the research and public service data in this exhibit may not reflect actual expenditures. UMBC is working to better understand whether there are errors in this data. UMBC is expecting to transfer \$2.3 million to fund balance. This is the same amount as in fiscal 2007.

The President should comment on any progress UMBC has made in determining the correct research and public service expenditures.

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

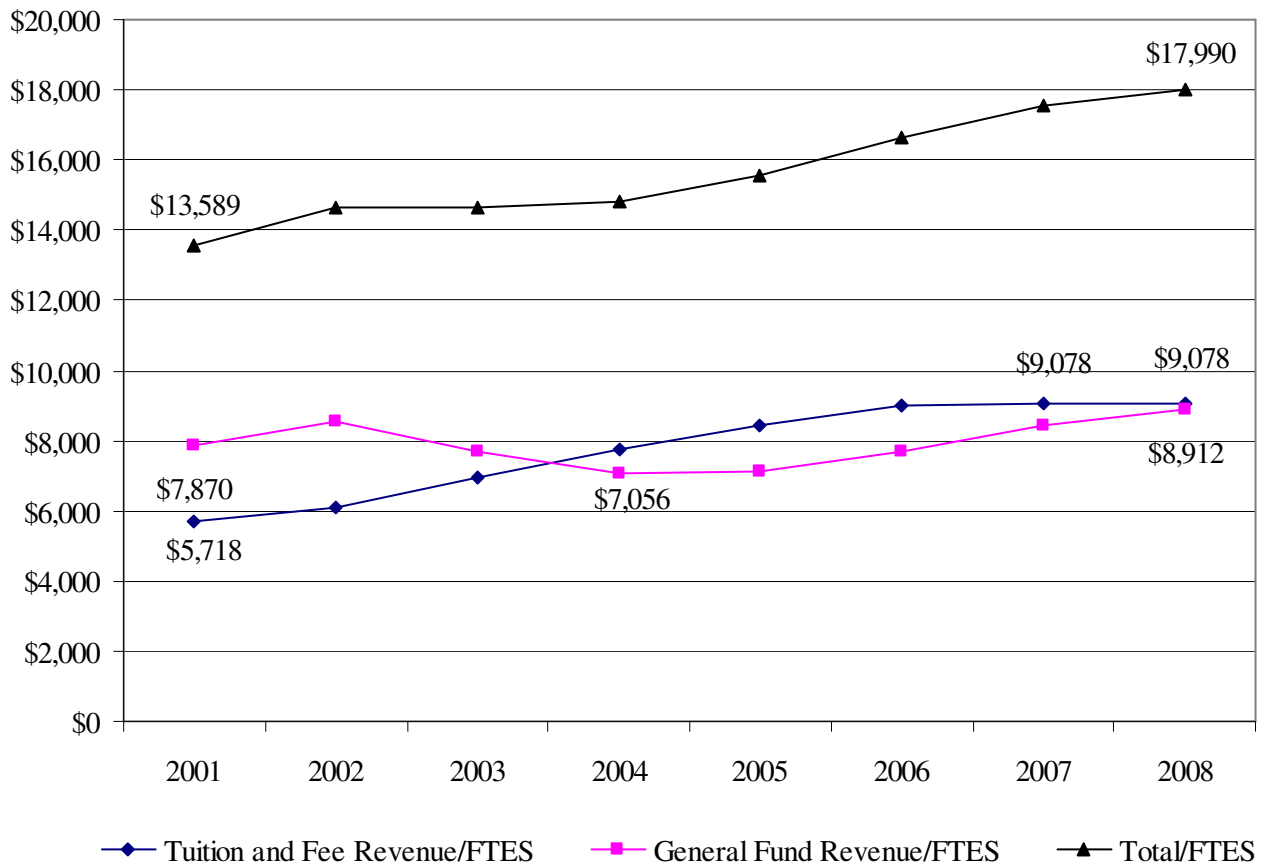
	<u>FY 2006</u> <u>Actual</u>	<u>FY 2007</u> <u>Working</u>	<u>FY 06-07</u> <u>% Change</u>	<u>FY 2008</u> <u>Allowance</u>	<u>FY 07-08</u> <u>Change</u>	<u>FY 07-08</u> <u>% Change</u>
Expenditures						
Instruction	\$76,306	\$82,792	8.5%	\$84,343	\$1,551	1.9%
Research	11,803	6,175	-47.7%	5,749	-427	-6.9%
Public Service	308	3,001	875.5%	2,669	-331	-11.0%
Academic Support	15,594	16,580	6.3%	16,653	72	0.4%
Student Services	9,191	11,344	23.4%	11,438	94	0.8%
Institutional Support	26,191	27,964	6.8%	28,182	218	0.8%
Operation and Maintenance of Plant	22,167	24,599	11.0%	27,661	3,061	12.4%
Scholarships and Fellowships	19,312	17,514	-9.3%	17,673	160	0.9%
Education and General Total	\$180,872	\$189,969	5.0%	\$194,368	\$4,399	2.3%
Auxiliary Enterprises	\$46,802	\$45,776	-2.2%	\$47,051	\$1,275	2.8%
Grand Total	\$227,673	\$235,745	3.5%	\$241,418	\$5,673	2.4%
Revenues						
Tuition and Fees	\$82,333	\$85,051	3.3%	\$85,051	\$0	0.0%
General Funds	70,491	79,270	12.5%	83,498	4,228	5.3%
Other Unrestricted Funds	28,819	28,824	0.0%	28,824	0	0.0%
Subtotal	\$181,643	\$193,145	6.3%	\$197,373	\$4,228	2.2%
Auxiliary Enterprises	\$47,738	\$44,852	-6.0%	\$46,298	\$1,446	3.2%
Transfer (to)/from Fund Balance	-1,708	-2,253	31.9%	-2,253	0	0.0%
Grand Total	\$227,673	\$235,745	3.5%	\$241,418	\$5,673	2.4%

Note: Unrestricted funds only. All programs.

Source: Governor's Budget Books, Fiscal 2008

Exhibit 6 shows the general fund revenue and tuition and fee revenue per full-time equivalent student (FTES) at UMBC. At UMBC the tuition and fee revenue per FTES exceeded the general fund revenue per FTES starting in fiscal 2004 and is expected to remain slightly higher in fiscal 2008. The fiscal 2008 allowance provides \$9,078 in tuition and fee revenue per FTES and \$8,912 in general fund revenue per FTES. Combined revenue per FTES is expected to be \$17,990.

**Exhibit 6
Tuition and Fee and General Fund Revenues
Per Full-time Equivalent Student
Fiscal 2001-2008**



Source: Governor’s Budget Books, Fiscal 2008

Issues

1. Erickson School of Aging Studies

In total, the State has provided \$5 million in general funds to the Erickson School of Aging Studies at UMBC as start-up funds for the new school, including \$3.5 million in fiscal 2007. The following provides examples of how the fiscal 2007 funds were or will be spent:

- marketing and recruiting (\$0.6 million);
- new undergraduate and graduate degree programs (\$0.8 million);
- establishing a research center (\$0.1 million);
- lease payments (\$0.4 million);
- administrative costs (\$0.8 million); and
- university overhead charges (\$0.5 million).

The school offers a Bachelor of Arts in management of aging services, a post baccalaureate certificate in seniors housing administration, and an executive education program. The undergraduate program began in fall 2006 and enrolled 102 students, 43 of whom had declared a major in aging services. The number of majors is expected to double to 85 in fiscal 2008. A masters program is expected to be approved by the Board of Regents and the Maryland Higher Education Commission in the spring and is expected to begin enrolling students for the fall 2007 semester. In terms of faculty, there are nine full-time equivalent faculty that work exclusively for the school. Additionally, there are six graduate students conducting research and one graduate student serving as a teaching assistant.

The School of Aging Studies is intended to be self-supporting, meaning that they must operate within self-generated revenues. This includes tuition and fees from Aging Studies students, special programs revenue, private donations, and grant and contract revenue. **Exhibit 7** shows a summary of the projected revenues and expenses of the school through fiscal 2012. Revenues include \$5 million in earmarked State general funds and a \$5 million match from the Erickson Foundation, of which \$1 million is an in-kind contribution. The exhibit divides unrestricted and restricted funds. For both, excess revenues are available to offset any operational losses in future years. However, in fiscal 2010 and 2011 the school is projected to operate at a deficit in unrestricted funds. UMBC reports that the revenue estimates are conservative and that the revenues and expenditures will be monitored and expenditures will be adjusted as necessary so that the school will not have an operating deficit. UMBC has incorporated flexibility in its hiring of faculty. Many faculty were hired on a contract basis, which allows the university to not renew contracts if revenues will not support expenditures.

Exhibit 7
Erickson School of Aging Studies Budget Summary
Fiscal 2005-2012

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Unrestricted								
Revenues	\$577,809	\$2,504,181	\$5,447,640	\$2,961,241	\$4,135,721	\$5,002,255	\$6,845,114	\$8,751,591
Expenses	322,679	1,930,057	3,759,899	3,814,036	5,036,693	6,115,267	7,212,038	7,940,760
Prior Year Carry Forward		255,130	829,254	2,516,995	1,664,200	763,228	0	0
Excess Revenue	\$255,130	\$829,254	\$2,516,995	\$1,664,200	\$763,228	-\$349,784	-\$366,924	\$810,831
Restricted								
Scholarships								
Revenues	\$0	\$242,000	\$0	\$0	\$50,000	\$50,000	\$50,000	\$50,000
Expenses	0	0	28,000	56,000	61,600	67,760	74,536	81,990
Prior Year Carry Forward		0	242,000	214,000	158,000	146,400	128,640	104,104
Excess Revenue	\$0	\$242,000	\$214,000	\$158,000	\$146,400	\$128,640	\$104,104	\$72,114
Grant Funds	\$1,351,271	\$1,123,826	\$2,216,284	\$1,568,267	\$942,214	\$692,028	\$696,630	\$0

Source: University of Maryland Baltimore County

In fiscal 2012 the school is projected to have excess revenues again. The restricted revenues are separated into scholarship funds and grant funds. The school received funds in fiscal 2006 for scholarships. These funds are expected to be used over several years. Additional scholarship revenues are expected in fiscal 2009. Grant funds are expected to reach \$2.2 million in fiscal 2007 and then decrease.

The President should comment on the projected operating deficit of the Erickson School of Aging Studies as well as where funds will come from if there is a deficit. Since revenues come from enrolled students, the President should also comment on enrollment projections for the school.

2. Personnel Study Continues

The composition of UMBC’s personnel has changed since fiscal 2005, as shown in **Exhibit 8**. The data in this exhibit reflect filled regular positions only. In terms of total personnel, UMBC has 1,792 filled positions in fiscal 2007. This is 216 more positions than in fiscal 2005. In fiscal 2007, instructional personnel – who fulfill UMBC’s core mission – account for the largest share of the filled positions (41.2%). This has increased from 38% in fiscal 2005. Research personnel – who fulfill UMBC’s research mission – accounted for 14% of total personnel (or 221 positions) in fiscal 2005. They account for 13.3% (or 238 positions) in fiscal 2007.

Exhibit 8
UMBC Full-time Equivalent Personnel by Budget Program
Filled Regular Positions Only
Fiscal 2005-2007

	Fiscal 2005		Fiscal 2006		Fiscal 2007		Change in Share of Total 05-07
	FTEs	% of Total FTEs	FTEs	% of Total FTEs	FTEs	% of Total FTEs	
Instruction	599	38.0%	675	40.5%	738	41.2%	3.2
Research	221	14.0%	192	11.5%	238	13.3%	-0.7
Public Service	71	4.5%	82	4.9%	68	3.8%	-0.7
Academic Support	127	8.0%	155	9.3%	129	7.2%	-0.8
Student Services	98	6.2%	100	6.0%	119	6.7%	0.5
Institutional Support	244	15.5%	232	13.9%	263	14.7%	-0.8
Operations, Maintenance of Plant	84	5.3%	83	5.0%	98	5.5%	0.2
Auxiliary Enterprises	132	8.4%	148	8.9%	139	7.8%	-0.6
Total	1,576		1,666		1,792		

Note: Data are for filled regular positions only. All data are self-reported and unaudited. Numbers may not sum to total due to rounding.

Source: University of Maryland Baltimore County

The Department of Legislative Services also reviewed personnel by faculty, exempt, and nonexempt categories. Of the 1,792 filled regular positions at UMBC, 40.5% of them are classified as faculty. This is higher than the systemwide total, which is 38.1% faculty. Exempt personnel, who generally are higher-paid administrators and managers and are exempt from overtime pay, make up 32.7% of staff at UMBC, which is close to the systemwide total of 34.6%. Nonexempt personnel make up 26.8% of the staff at UMBC. Systemwide there are 27.3% nonexempt personnel.

The fiscal 2008 budget calls for a vacancy rate of 4.66%, or 86.14 positions. The fiscal 2007 budget allows for a vacancy rate of 4.86%, but UMBC has a vacancy rate of 2.5%, or 46.5 positions, as of December 31, 2006.

3. Affordability Remains an Issue

Maryland was awarded another F for affordability in *Measuring Up 2006*, produced by the National Center for Public Policy and Higher Education. 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.

Resident Undergraduate Tuition Frozen; Minimal Fee Increase

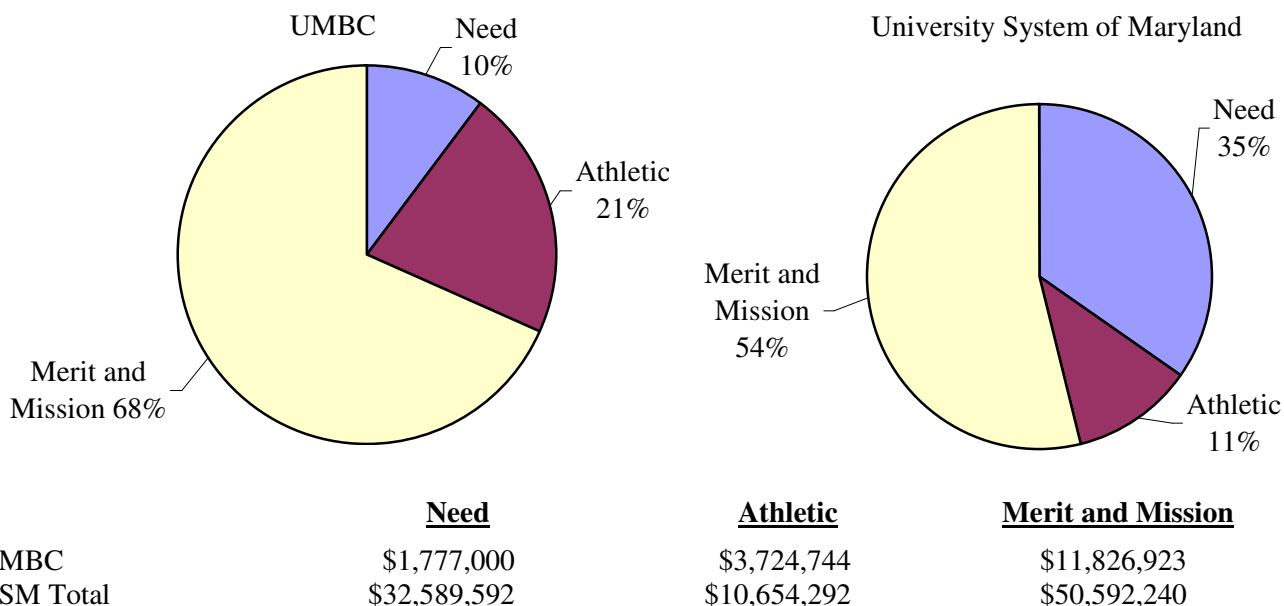
A factor that directly affects affordability is tuition and fee rates. The fiscal 2008 allowance provides general funds so that resident undergraduate tuition can be frozen at USM institutions. Resident undergraduate tuition has been frozen since fiscal 2006. However, fees are part of the total cost to the student and they have not been frozen. Mandatory fees increase \$86, or 4% in fiscal 2008 for auxiliary operations. When including tuition and fees, the cost to a UMBC resident undergraduate student has increased 2.2% since fiscal 2006. This is lower than the average USM increase of 2.9%.

Distribution of Types of Institutional Aid

Another factor that affects affordability is financial aid. Categories of financial aid include merit, need, athletic, and mission. Data on funding is available only in categories of need, athletic, and combined merit and mission. Efforts have been made to increase the amount of need-based aid that is available to students.

In fiscal 2007, the majority of institutional aid at UMBC remains in the merit and mission category (68%), and 10% goes to need, as shown in **Exhibit 9**. Athletic aid is 21% of the total institutional aid awarded to UMBC students. UMBC's proportion of need-based aid is significantly lower than it is for USM as a whole (35%). The proportion of athletic aid at UMBC is significantly higher than it is for USM as a whole (11%). In terms of dollars spent on institutional aid, \$1.8 million is expected to be spent in fiscal 2007 for need-based aid, \$3.7 million for athletic aid, and \$11.8 million for merit and mission aid. Institutional aid is one kind of aid students receive and may be accompanied by State and federal aid.

**Exhibit 9
Institutional Financial Aid
Fiscal 2007**



Source: University System of Maryland

The Maryland Higher Education Commission is in the process of developing a Financial Aid Information System (FAIS) database. The FAIS data collected provides a profile of those students receiving financial aid. The FAIS data has information for institutional aid awarded at UMBC in fiscal 2005 for students that filled out a Free Application for Federal Student Aid to determine a student's expected family contribution (EFC). In general, the lower a student's EFC, the greater a student's financial need. Certain students with very low family income automatically qualify for a \$0 EFC, *i.e.* no family contribution. **Exhibit 10** shows the share of need-based institutional aid and other institutional aid (aid provided as work study is not included) awards by EFC category. The vast majority of need-based aid awards in fiscal 2005 went to students with an EFC below \$2,500. This compares favorably with what would be expected based on Pell grant data. UMBC has an above average percentage of students who receive federal Pell grants, which are given to students with an EFC of \$3,850 or less. Pell grants are an indicator of the degree of financial need of students. In fiscal 2005, 26% of total headcount enrollment at UMBC received Pell grants. However, students with an EFC below \$2,500 received only 16% of other institutional aid awards, and students with an EFC of \$5,000 or more accounted for nearly three quarters (73.8%) of other institutional aid awards, which represents the majority of aid dollars (90%) distributed at UMBC. Specifically, the average award of need-based aid was \$1,088, and the average award of other institutional aid was \$8,280.

The President should comment on future plans to award more aid to students with greater financial need as well as whether a student's EFC is a factor in what type of and how much institutional aid is awarded.

Exhibit 10
Recipients of Institutional Financial Aid by EFC
Fiscal 2005

	<u>Need-based</u>	<u>Other</u>
\$0	37.6%	4.7%
\$1 thru \$2,499	40.8%	11.1%
\$2,500 thru \$4,999	12.7%	10.4%
\$5,000 thru \$9,999	5.6%	17.6%
\$10,000 thru \$19,999	2.6%	31.5%
\$20,000 plus	0.6%	24.7%

Note: Other includes merit and mission, athletic, and other institutional aid. Work study is not included.

EFC: Expected Family Contribution

Source: Maryland Higher Education Commission: Financial Aid Information System

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

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

	General <u>Fund</u>	Other Unrestricted <u>Fund</u>	Total Unrestricted <u>Fund</u>	Restricted <u>Fund</u>	<u>Total</u>
Fiscal 2006					
Legislative Appropriation	\$69,264	\$153,074	\$222,338	\$86,240	\$308,578
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	1,227	5,583	6,810	-5,583	1,227
Reversions and Cancellations	0	-1,474	-1,474	-4,076	-5,550
Actual Expenditures	\$70,491	\$157,183	\$227,673	\$76,581	\$304,255
Fiscal 2007					
Legislative Appropriation	\$76,698	\$163,675	\$240,373	\$80,657	\$321,030
Budget Amendments	2,571	-7,200	-4,628	1,200	-3,428
Working Appropriation	\$79,270	\$156,475	\$235,745	\$81,857	\$317,601

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

Fiscal 2006

For fiscal 2006, general funds increased \$1.2 million through budget amendments. This amount included \$1.0 million for the State employee cost-of-living adjustment (COLA) and an increase of \$0.2 million to realign health insurance expenditures with projections. Other unrestricted funds increased \$5.6 million. Of this net amount, increases included \$2.8 million in miscellaneous revenue from the Erickson School and Professional Education workshop, \$2.4 million from sales and services of auxiliary enterprises, \$0.5 million from contracts and grants, \$0.2 million from sales and services of educational activities, and \$0.01 million from tuition revenue for summer programs. A decrease of \$0.3 million was due to a transfer to the fund balance.

Restricted funds decreased a net \$5.6 million through budget amendment. This amount included a \$10.7 million decrease in State and local contracts and grants related to the Department of Health and Mental Hygiene, a \$1.0 million decrease in private contracts and grants, and a \$6.1 million increase in federal contracts and grants related to the National Aeronautics and Space Administration and the National Science Foundation.

A cancellation of \$1.5 million of unrestricted funds was due primarily to a tuition revenue shortfall with lower than expected enrollment. When UMBC determined that there would be fewer enrollments than expected, they reduced the State-supported budget by 0.5%. The cancellation reflects these savings. A cancellation of \$4.1 million of restricted funds was due to realigning actual expenditures with anticipated expenditures.

Fiscal 2007

For fiscal 2007, general funds increased a total of \$2.6 million through budget amendments. This amount included \$1.9 million for State employee COLA increases and \$0.7 million to realign funds to balance a tuition revenue reduction with health cost savings.

Other unrestricted funds decreased by a net \$7.2 million through budget amendment. Decreases included \$7.5 million in auxiliary revenue due to accounting changes to bring the management reporting of the privatized housing in alignment with financial reporting, \$1.7 million in tuition and fee revenue due to a student mix change and the summer and winter session, and \$114,513 in sales and services of educational activities. Increases included a \$2.1 million net increase in indirect cost recoveries from State and private grants and contracts and a \$96,629 increase in miscellaneous revenue.

Restricted funds increased by \$1.2 million through budget amendment. Federal, State, and private grants and contracts all increased.

Audit Findings

Audit Period for Last Audit:	February 1, 2002 – September 30, 2005
Issue Date:	May 2006
Number of Findings:	9
Number of Repeat Findings:	1
% of Repeat Findings:	11%
Rating: (if applicable)	n/a

- Finding 1:*** Internal controls over cash receipts were inadequate in several departments.
- Finding 2:*** Electronic fund transfers were not processed timely.
- Finding 3:*** Payroll processing was not adequately controlled in several departments.
- Finding 4:*** **Bookstore inventories and related purchase transactions were not properly controlled.**
- Finding 5:*** Network access controls over critical health data were not adequate.
- Finding 6:*** UMBC’s computer network was not adequately secured.
- Finding 7:*** User account and password controls over certain critical systems were inadequate.
- Finding 8:*** Procedures for monitoring certain critical application’s security logs and documenting reviews of account activity were inadequate.
- Finding 9:*** Controls over program changes made in the financial applications system were insufficient.

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

**Object/Fund Difference Report
USM – University of Maryland Baltimore County**

<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	1,741.13	1,848.56	1,848.56	0	0%
02 Contractual	456.90	518.22	518.22	0	0%
Total Positions	2,198.03	2,366.78	2,366.78	0	0%
Objects					
01 Salaries and Wages	\$ 172,377,140	\$ 185,497,767	\$ 187,501,461	\$ 2,003,694	1.1%
02 Technical and Special Fees	711,823	377,444	397,444	20,000	5.3%
03 Communication	1,180,072	1,085,604	1,083,456	-2,148	-0.2%
04 Travel	4,499,491	3,736,379	3,916,379	180,000	4.8%
06 Fuel and Utilities	10,258,669	11,098,477	14,142,474	3,043,997	27.4%
07 Motor Vehicles	848,269	985,506	981,162	-4,344	-0.4%
08 Contractual Services	32,876,225	36,183,470	37,069,845	886,375	2.4%
09 Supplies and Materials	16,741,376	16,590,557	15,940,953	-649,604	-3.9%
11 Equipment – Additional	4,849,620	5,902,711	5,902,711	0	0%
12 Grants, Subsidies, and Contributions	35,908,254	35,936,167	36,881,905	945,738	2.6%
13 Fixed Charges	22,174,654	16,919,929	17,399,278	479,349	2.8%
14 Land and Structures	1,828,942	3,287,481	3,878,578	591,097	18.0%
Total Objects	\$ 304,254,535	\$ 317,601,492	\$ 325,095,646	\$ 7,494,154	2.4%
Funds					
40 Unrestricted Fund	\$ 227,673,421	\$ 235,744,718	\$ 241,418,030	\$ 5,673,312	2.4%
43 Restricted Fund	76,581,114	81,856,774	83,677,616	1,820,842	2.2%
Total Funds	\$ 304,254,535	\$ 317,601,492	\$ 325,095,646	\$ 7,494,154	2.4%

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

Fiscal Summary
USM – University of Maryland Baltimore County

<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	\$ 77,274,432	\$ 84,011,321	\$ 85,573,334	\$ 1,562,013	1.9%
02 Research	51,835,773	51,467,985	51,851,381	383,396	0.7%
03 Public Service	23,227,265	23,994,846	23,963,754	-31,092	-0.1%
04 Academic Support	15,593,812	16,624,365	16,696,784	72,419	0.4%
05 Student Services	9,214,903	11,626,840	11,720,456	93,616	0.8%
06 Institutional Support	26,238,859	27,964,235	28,182,093	217,858	0.8%
07 Operation and Maintenance of Plant	22,166,972	24,599,176	27,660,671	3,061,495	12.4%
08 Auxiliary Enterprises	46,801,763	45,775,810	47,050,521	1,274,711	2.8%
17 Scholarships and Fellowships	31,900,756	31,536,914	32,396,652	859,738	2.7%
Total Expenditures	\$ 304,254,535	\$ 317,601,492	\$ 325,095,646	\$ 7,494,154	2.4%
Unrestricted Fund	\$ 227,673,421	\$ 235,744,718	\$ 241,418,030	\$ 5,673,312	2.4%
Restricted Fund	76,581,114	81,856,774	83,677,616	1,820,842	2.2%
Total Appropriations	\$ 304,254,535	\$ 317,601,492	\$ 325,095,646	\$ 7,494,154	2.4%

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