

R30B21
University of Maryland, Baltimore
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	FY 07	FY 08	FY 09	FY 08-09	% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Funds	\$159,717	\$170,642	\$182,095	\$11,453	6.7%
Other Unrestricted Funds	270,312	292,808	301,215	8,407	2.9%
Total Unrestricted Funds	430,030	463,450	483,310	19,861	4.3%
Restricted Funds	<u>360,241</u>	<u>383,893</u>	<u>383,893</u>	<u>0</u>	<u>0.0%</u>
Total Funds	\$790,270	\$847,342	\$867,203	\$19,861	2.3%

- General funds increase \$11.5 million in the fiscal 2009 allowance, an increase of 6.7% over fiscal 2008.
- The Higher Education Investment Fund adds \$4.3 million of unrestricted funds to the University of Maryland, Baltimore's (UMB) budget. In all, unrestricted funds increase by 2.9% to \$301.2 million in the allowance.
- In terms of total funds, UMB's budget increases \$19.9 million, or 2.3%, over fiscal 2008. However, the underlying budget change for UMB, absent health insurance and Other Post Employment Benefits funding which distort year-to-year comparisons, is \$8.5 million, or 1.0%.

Personnel Data

	FY 07	FY 08	FY 09	FY 08-09
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	4,174.30	4,401.47	4,410.47	9.00
Contractual FTEs	<u>438.48</u>	<u>419.30</u>	<u>362.40</u>	<u>-56.90</u>
Total Personnel	4,612.78	4,820.77	4,772.87	-47.90

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	62.19	1.41%
Positions Vacant as of 12/31/07	0.00	0.00%

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

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- The allowance includes an increase of 9.0 regular full-time equivalent (FTE) positions and a decrease of 56.9 contractual FTE positions.

Analysis in Brief

Major Trends

Grant Awards Increasing: The average grant award received has grown since fiscal 2006. Additionally, the award is consistently higher than predicted.

Extramural Funding Unlikely to Meet 2010 Goal: Revenue generated by UMB on social and economic development is unlikely to meet its fiscal 2010 goal of \$511.4 million. Although the amount has grown since fiscal 2006, fiscal 2009 is projected to be \$416.9 million. There has been only modest growth in the few preceding years. **UMB should comment on its efforts to raise extramural funding levels.**

Graduates in Key Health Service Fields: The number of graduates in nursing is projected to continue growing, as well as in pharmacy and dentistry, after fluctuating and flattening over the past several years.

Issues

Capital Project to Drive Student Fee Increases: UMB is currently constructing a more traditional campus center than what is currently available to the mostly graduate and professional students. However, the total cost of the project has increased due to unforeseen site inefficiencies and adverse market conditions. To pay for the increased cost, the school is planning to increase fees 20% per year for five years and possibly longer. **The President should comment on the effect these planned increases will have upon affordability to students in the State.**

UMB Facility Renewal Below Target Spending: The University System of Maryland (USM) has set for its institutions a facility renewal spending goal of 2% of the value of campus capital assets. Although spending has increased during the past two years, the school is still below the target by half. **UMB should comment on its progress toward meeting the 2% facility renewal spending goal.**

Unable to Measure Institutional Aid: The cost of an advanced medical, dental, nursing, or law degree greatly exceeds that of an advanced humanities degree. Since UMB does not submit institutional aid data for graduate students, it is difficult to determine how well UMB's aid program meets the needs of its students. **The Department of Legislative Services recommends that UMB submit data on institutional aid similar to data provided for undergraduate aid.**

Recommended Actions

1. Adopt narrative requesting graduate student institutional aid data.

Updates

UMB Postpones School of Public Health for Master of Public Health Degree: UMB was planning to open a School of Public Health and later join with the University of Maryland, College Park's public health school to pool resources and win more grant awards than they otherwise would separately. However, due to instability within the Department of Epidemiology and difficulties in hiring a dean, accreditation for the School of Public Health has been postponed in favor of a Master of Public Health Degree.

R30B21 – USM – University of Maryland, Baltimore

R30B21
University of Maryland, Baltimore
University System of Maryland

Operating Budget Analysis

Program Description

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

UMB is located in downtown Baltimore and has two clinical partners – the University of Maryland Medical System and the Veterans Administration Medical Center – as well as one research partner, the University of Maryland Biotechnology Institute. UMB’s mission is 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 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 through the State.

UMB also aims to provide public service to all 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

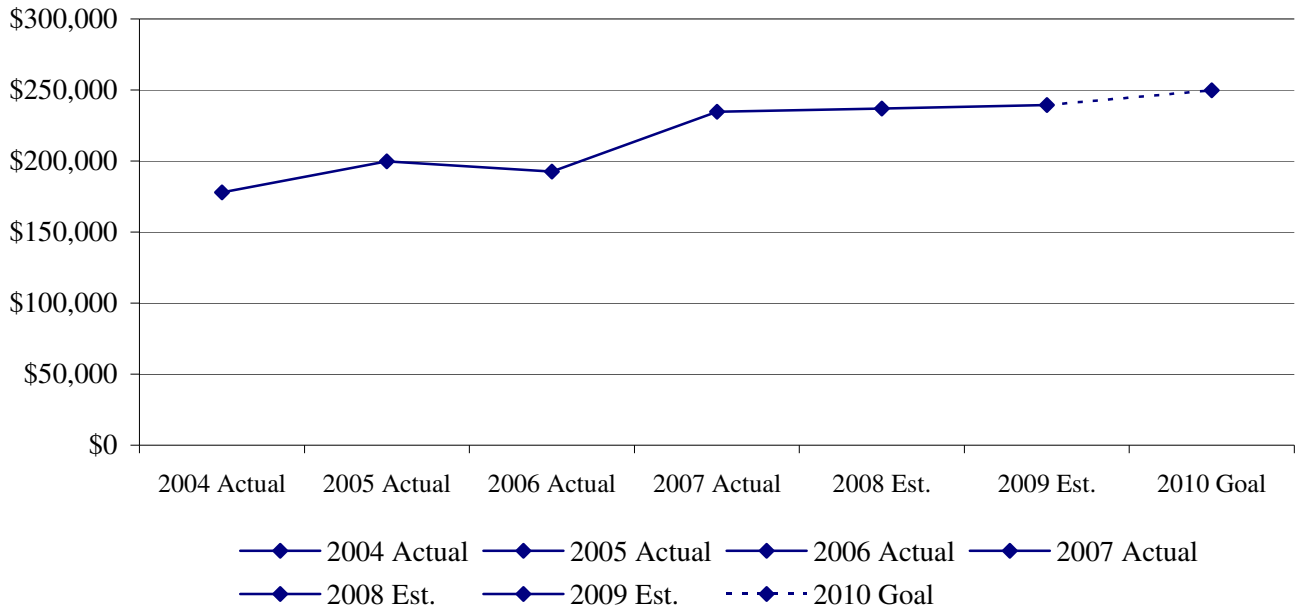
UMB strives to be a leading center in the education and research of health sciences, law, and social work. Although rankings for some of the school’s programs have not been completed in a few years, UMB boasts several top ten schools according to *U.S. News & World Report*. The school of law and school of nursing have programs ranked among peers second and third best in the country, respectively. A total of seven programs at UMB were rated in the top ten in the most recent ranking. Additionally, the dental school received the eighth highest number of National Institutes of Health awards in the nation, with the medical school ranked thirteenth.

UMB also strives to be a leading community service organization. Its faculty members commit to work in public service with Maryland governments, businesses, schools, and communities. In fiscal 2007, they spent on average 11.5 days in community service, slightly more than the fiscal 2006 level of 11.3, but far short of the fiscal 2010 goal of 18.75 days. On the other hand, faculty and students offer a growing number of free and reduced price services to low-income individuals in Maryland. Charity patient care amounted to 3,776 days in fiscal 2007, over 150 days more than fiscal 2006.

Grant Awards Growing

The amount of grant money the school has received over the years has been steadily increasing, with the average amount of each grant award being higher than expected each year. Fiscal 2007 had an average grant award of \$234,679, over \$40,000 more than fiscal 2006 and \$30,000 more than predicted. **Exhibit 1** shows the average grant value from fiscal 2004 through 2007 and estimates through fiscal 2010. The fiscal 2010 goal appears to be within reach.

Exhibit 1
Average Grant Amount
Fiscal 2004-2010 (Projected)

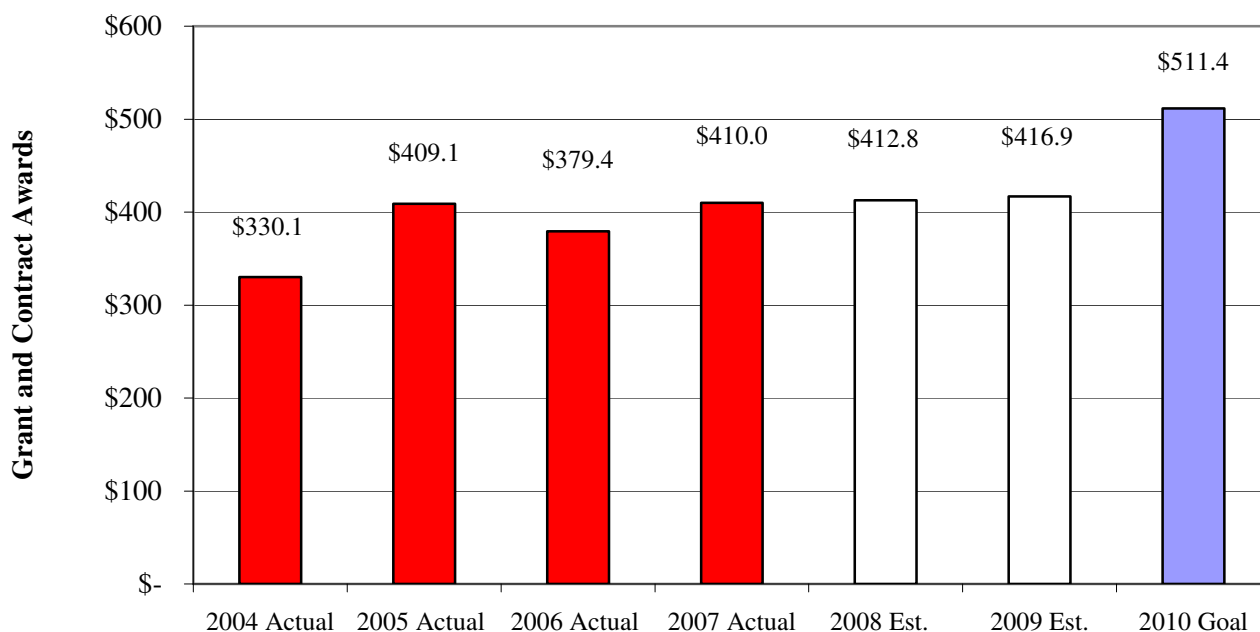


Source: Governor's Budget Books, Fiscal 2009

Extramural Funding Unlikely to Meet 2010 Goal

Extramural funding is measured in research and scholarship funds received in the areas of life and health sciences, law, and social work, and it affects UMB's impact on social and economic development. The school's goal is to increase this funding to \$511.4 million by fiscal 2010. **Exhibit 2** shows extramural funding for research, service, and training compared to its goal. Despite weaker than anticipated 2006 fundraising due to the loss of several highly productive faculty to competing institutions and declining National Institutes of Health funding (which make up the majority of UMB's extramural funds), UMB received \$410.0 million in fiscal 2007, an increase of \$30.6 million over fiscal 2006. Fiscal 2008 is projected to yield \$412.8 million in extramural funding, more than the previous year and \$41.0 million higher than originally estimated for fiscal 2008, but still nearly \$100.0 million short of the school's 2010 goal. **The President should comment on efforts to raise extramural funding levels.**

Exhibit 2
Extramural Funding for Research, Service, and Training
Fiscal 2004-2010
(\$ in Millions)

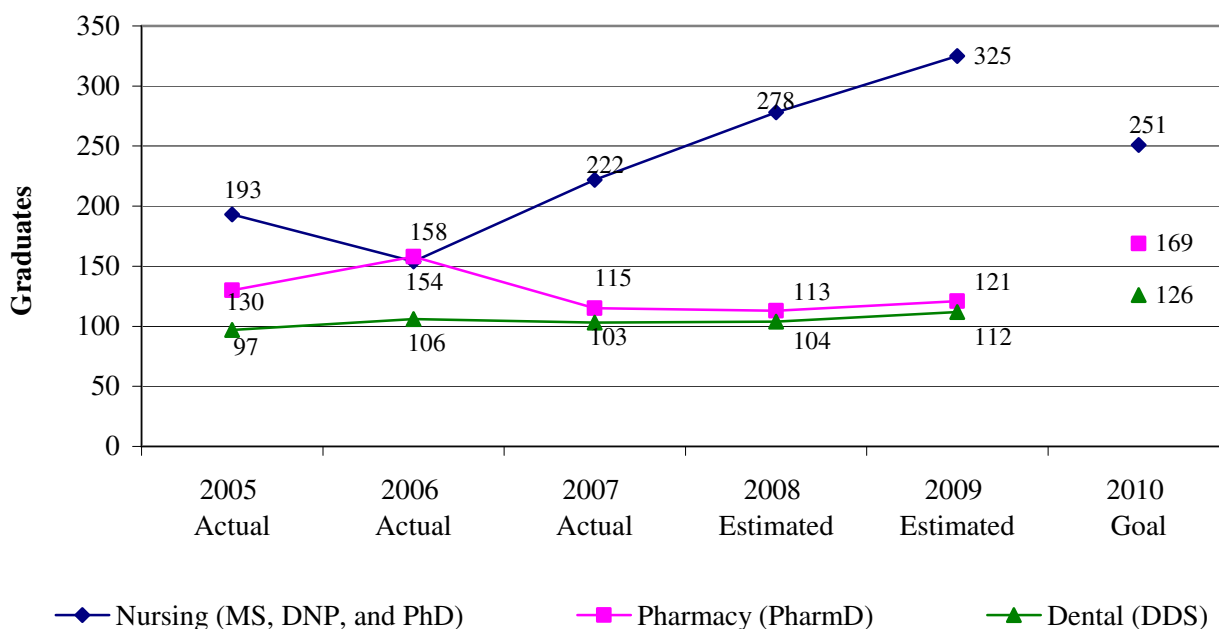


Source: Governor's Budget Books, Fiscal 2009

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 improving access to professional careers in these fields. Increasing the number of nursing faculty, pharmacists, and dentists is one way UMB hopes to reach this goal, and **Exhibit 3** shows the number of graduates in the key areas of nursing, pharmacy, and dentistry, as well as 2010 goals.

Exhibit 3
Nursing, Pharmacy, and Dental Graduates
Fiscal 2005-2009



Source: Governor’s Budget Books, Fiscal 2009

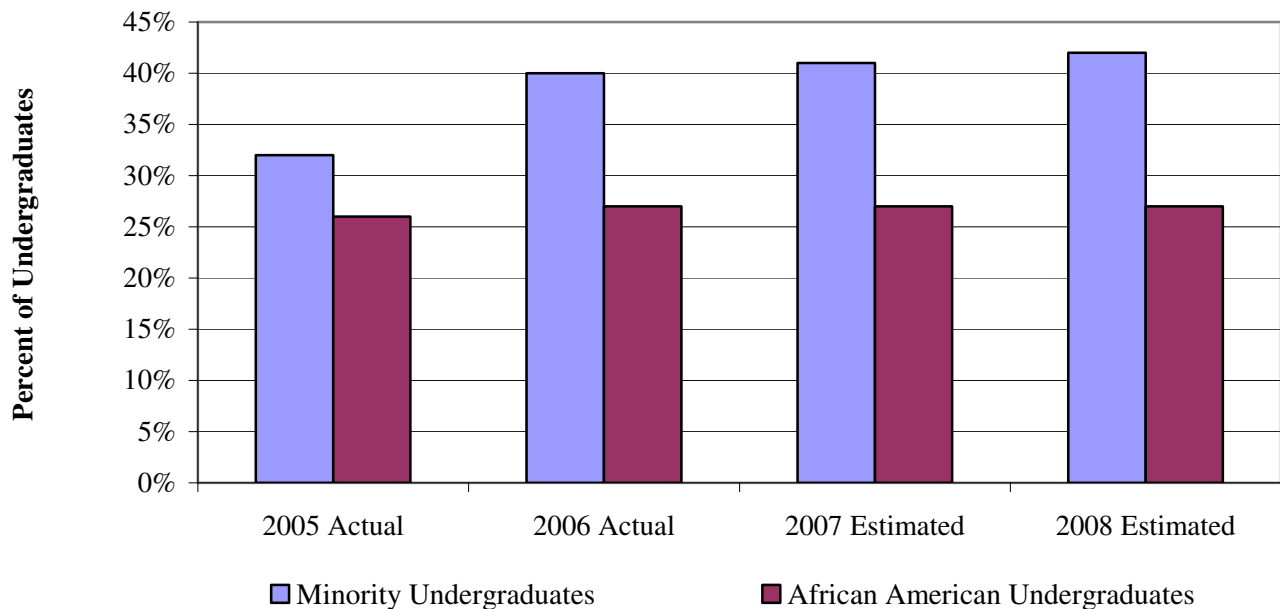
UMB reports that the number of graduates in nursing normally fluctuates but that it expects to see substantial increases due to an increasing number of students enrolling at the Universities at Shady Grove over the past two years for the Clinical Nurse Leader and Doctor of Nursing Practice programs. Nursing is expected to exceed the 2010 graduation goal. The decline in pharmacy students in fiscal 2007 is due to the phasing out of a non-traditional PharmD program. Adjusting for that change, both the PharmD and Dental programs have experienced modest growth in the number of graduates over the past few years, although short of the 2010 goals.

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 University System of

Maryland (USM) degree-granting institutions. The institution reports only the actual percentage 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 4** illustrates the percentage of minority undergraduates and African American undergraduates. The fiscal 2008 data reflects the fall semester of 2007. The percent of African American undergraduate students slightly increased in fiscal 2006 and has remained steady through the current year. The percent of minority undergraduates has been growing gradually over the past four years, to 42% in fiscal 2008.

Exhibit 4
Minority and African American Undergraduates
as Percent of Student Body
Fiscal 2005-2008



Source: Governor’s Budget Books, Fiscal 2009

Fiscal 2008 Actions

The Board of Public Works fiscal 2008 cost containment actions reduced UMB’s general funds by \$2,016,351, or 1.2%. Each of UMB’s schools and administrative units absorbed the reduction on a prorated basis determined by the proportion of general fund support for salaries represented at each unit in the UMB budget.

Institute for Human Virology Transfers to School of Medicine

The Institute for Human Virology (IHV) was transferred to the UMB School of Medicine (SOM) on July 1, 2007. Originally part of the University of Maryland Biotechnology Institute (UMBI), a USM review found its mission more closely linked to that of SOM due to its strong medical research basis. IHV was transferred by budget amendment to UMB, including:

- 162.3 positions;
- \$4.5 million of indirect cost recovery; and
- \$1.8 million in general funds

The transfer was administrative only, so IHV continues to be housed in the UMBI-owned Medical Research Facility (MRF). The transfer agreement allows IHV to continue occupancy within MRF for at least five years and until new space opens up. UMB hopes a new building, Health Sciences Facility III, will be available eventually to house IHV, although it is not in the fiscal 2009 five-year *Capital Improvement Program*.

Governor’s Proposed Budget

The general fund allowance for fiscal 2009 is \$182.1 million, or 6.7%, higher than the fiscal 2008 working appropriation, as shown in **Exhibit 5**. Overall, the budget increases by 2.3% although the underlying budget change for UMB is 1.0% when accounting for health insurance and Other Post Employment Benefits (OPEB), which distort year-to-year comparisons.

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

	FY 07	FY 08	FY 09	FY 08-09	% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>\$ Change</u>	<u>Prior Year</u>
General Funds	\$159,717	\$170,642	\$182,095	\$11,453	6.7%
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Total Unrestricted Funds	430,030	463,450	483,310	19,861	4.3%
Restricted Funds	<u>360,241</u>	<u>383,893</u>	<u>383,893</u>	<u>0</u>	
Total Funds	\$790,270	\$847,342	\$867,203	\$19,861	2.3%

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

Institute for Human Virology (IHV) was transferred to UMB in fiscal 2008. For comparison purposes, fiscal 2007 data includes IHV.

R30B21 – USM – University of Maryland, Baltimore

Unrestricted funds apart from general funds grow to \$301.2 million, or \$8.4 million over fiscal 2008: \$4.3 million in tuition and fee revenue and \$4.2 million from the new Higher Education Investment Fund (HEIF). UMB's use of HEIF funds are as follows:

- undergraduate in-state tuition freeze (\$186,185);
- enrollment support for growing programs (\$269,500); and
- enhancements to expand the nursing program (\$3.0 million) and information technology equipment at the new Institute for Genome Research (\$825,333).

Restricted funds remain flat in the fiscal 2009 allowance, although based on past fiscal year allowances compared to that same year's actual, it is likely to increase. UMB consistently underestimates its restricted fund revenue. Since fiscal 2005, restricted revenues have grown 8.3% annually. With that annual growth, fiscal 2009 will more likely be closer to \$415.6 million than its current allowance figure of \$383.9 million.

Budget changes by program are shown in **Exhibit 6**. The largest change occurs in instruction, which grows by \$10.4 million, or 6.4%, due to an expansion of the Nursing and Pharmacy programs at the Shady Grove campus, and OPEB liability costs. Operations and Maintenance of Plant is also growing by 6.1%, or \$3.8 million, because of equipment purchases for the Institute for Genomic Science and facilities renewal spending. Institutional Support is growing by 2.8%, or \$1.9 million, due to salary increases and health insurance costs.

An additional change to the fiscal 2009 budget not yet reflected in Exhibit 6 is an \$850,000 transfer to the University of Maryland Biotechnology Institute to offset some of the lost unrestricted and restricted revenue it will not receive due to the transfer of IHV to UMB. The University System of Maryland determined that amount after the fiscal 2009 budgets were submitted; consequently, this transfer is not yet budgeted. USM has indicated that the transfer will come out of UMB's fund balance.

Exhibit 6
UMB Budget Changes for Unrestricted Funds by Program
Fiscal 2007-2009
(\$ in Thousands)

	<u>2007</u> <u>Actual</u>	<u>2008</u> <u>Working</u>	<u>07-08 %</u> <u>Change</u>	<u>2009</u> <u>Allowance</u>	<u>08-09 \$</u> <u>Change</u>	<u>07-08 %</u> <u>Change</u>
Expenditures						
Instruction	\$149,503	\$161,973	8.3%	\$172,363	\$10,389	6.4%
Research	52,969	49,607	-6.3%	50,388	781	1.6%
Public Service	3,454	4,182	21.1%	4,353	171	4.1%
Academic Support	42,366	46,104	8.8%	47,685	1,581	3.4%
Student Services	3,549	3,249	-8.5%	3,409	160	4.9%
Institutional Support	58,494	69,339	18.5%	71,283	1,944	2.8%
Operation and Maintenance of Plant	53,875	61,948	15.0%	65,707	3,760	6.1%
Scholarships and Fellowships	8,376	8,953	6.9%	9,401	448	5.0%
Education and General Total	\$372,586	\$405,354	8.8%	\$424,587	\$19,233	4.7%
Hospitals	\$36,388	\$37,845	4.0%	\$38,367	\$522	1.4%
Auxiliary Enterprises	21,056	20,250	-3.8%	20,356	106	0.5%
Grand Total	\$430,030	\$463,450	7.8%	\$483,310	\$19,861	4.3%
Revenues						
Tuition and Fees	\$78,391	\$81,436	3.9%	\$85,778	\$4,342	5.3%
Higher Education Investment Fund				4,281	4,281	
General Funds	159,717	170,642	6.8%	182,095	11,453	6.7%
Other Unrestricted Funds	190,006	193,012	1.6%	193,061	49	0.0%
Subtotal	\$428,114	\$445,090	4.0%	\$465,216	\$20,126	4.5%
Auxiliary Enterprises	\$20,505	\$21,739	6.0%	\$22,345	\$606	2.8%
Transfer to/from Fund Balance	-18,589	-3,379	-81.8%	-4,250	-871	25.8%
Grand Total	\$430,030	\$463,450	7.8%	\$483,310	\$19,861	4.3%

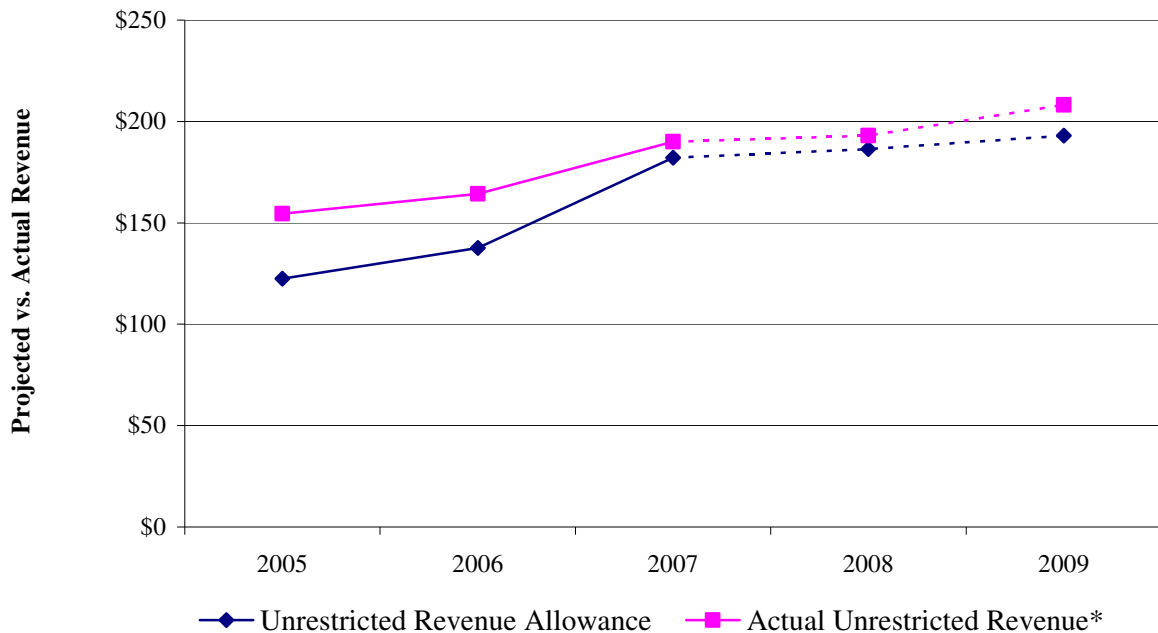
Note: Unrestricted funds only. All Programs.

Institute for Human Virology (IHV) was transferred to UMB in fiscal 2008. For comparison purposes, fiscal 2007 data includes IHV.

Source: Governor's Budget Books, Fiscal 2009

Other unrestricted fund revenues, other than general funds, tuition and fee revenues, HEIF, auxiliary, and fund balance transfers are projected to grow only \$49,000 in the fiscal 2009 allowance. As with its restricted funds, UMB has not accurately estimated how much revenue it will receive over the past several years. **Exhibit 7** compares the allowance and actual unrestricted fund revenues, other than tuition and fees and general funds, from fiscal 2005 to 2009. In fiscal 2005 and 2006, UMB underestimated revenue by over \$32.0 million and \$26.7 million, respectively. The estimate for fiscal 2007 was closer, under by only \$7.9 million, and the fiscal 2008 working appropriation closer still, exceeding the legislative appropriation by \$6.6 million. On average, during this period, other unrestricted revenue has grown by 7.9%. Based on that growth rate, fiscal 2009 will more likely result in \$208.3 million rather than the \$193.1 million provided for by the allowance. **UMB is asked to comment on why unrestricted and restricted revenue estimates have differed from actual attainment in recent years, and the rationale for budgeting no growth in other unrestricted and restricted revenues in fiscal 2009.**

Exhibit 7
Unrestricted Fund Revenue
Excluding General Funds, Tuition and Fee Revenue,
HEIF, Auxiliary, and Fund Balance Transfers
Fiscal 2005-2009
(\$ in Millions)



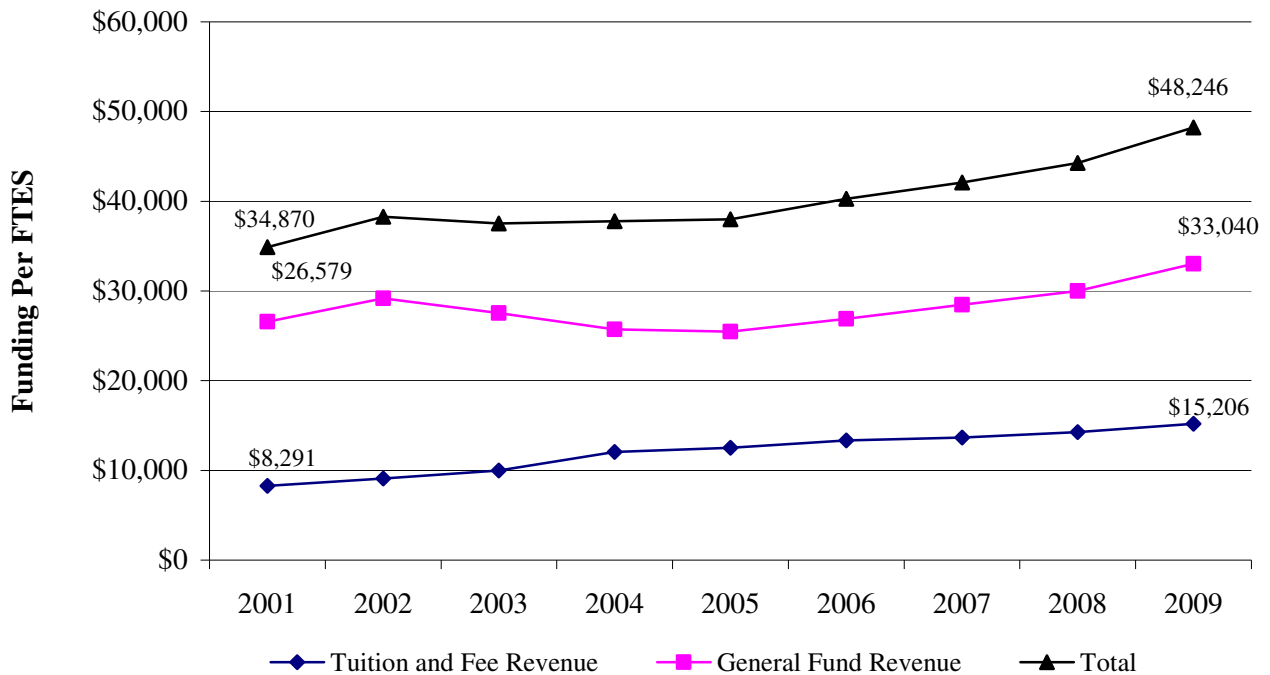
“Actual” data reflects the fiscal 2008 working appropriation and Department of Legislative Services projection for fiscal 2009

HEIF: Higher Education Investment Fund

Source: Governor’s Budget Books, Fiscal 2005-2009; Department of Legislative Services

Exhibit 8 shows general and HEIF funds, as well as tuition and fee revenue per full-time equivalent student (FTES) from fiscal 2001 to 2009. Overall, the Governor’s allowance is 9.0% higher than the 2008 working appropriation, at \$48,246 per FTES. The majority of the growth in recent years has been from general funds, rising to \$33,040 per FTES in fiscal 2009. Tuition and fee revenue per FTES continues to increase in fiscal 2009, as it has throughout the entire period, to \$15,206.

Exhibit 8
Tuition and Fee, General Fund, and HEIF Revenue Per FTES
Fiscal 2001-2009



FTES: Full-time Equivalent Student
 HEIF: Higher Education Investment Fund

Source: Governor’s Budget Books, Fiscal 2001-2009

Issues

1. Capital Project to Drive Student Fee Increases

Construction has begun on a new campus center to offer a more traditional student center than currently available to UMB's mostly graduate and professional school students. When complete, it will house a range of retail, meeting, recreational, fitness, and wellness options for students. The cost for this project, however, has increased since the first estimate in 2005. The original estimate of \$48,394,000 grew by \$5.6 million to \$54,604,000, which is the current construction cost estimate. For one contract in particular, the Whiting-Turner Contracting Company, costs rose \$14.6 million, or 55%. The vast majority of funding for this project comes from USM Academic/Auxiliary Facility Revenue Bonds, not State General Obligation bonds. Some unrestricted operating dollars have been used as well.

Like many capital projects, cost increases are due to the current construction market and scope expansions. Labor shortages and adverse market conditions for construction, such as the rising prices of steel and concrete, are a major reason for the increase. Additionally, the Pratt Athletic Facility, which will be part of the expanded fitness center, requires extensive and unexpected structural reinforcement. Further site constraints introduce other additional costs, such as contaminated and unusable soil. Scope increases include the replacement of elevators and fire alarms in the Pratt Street garage. Nevertheless, the project is scheduled for completion in April 2009.

With the issuance of USM revenue bonds, UMB's total debt service will increase annually by \$4.9 million and add \$98.3 million in principal and interest to its debt. Their current payment is \$4.4 million on \$37.9 million. To cover this additional debt service, the school plans to more than double student facility fees upon project completion. Having been \$571 in fiscal 2008, fees increased 20% to \$685 in fiscal 2009. The plan calls for them to continue to increase 18-20% per year for another four years, with the possibility of a few years extension at 10%. Assuming the annual increase is 20%, **Exhibit 9** shows the growth in student fees beginning in fiscal 2008 that would be charged given the planned increases. **The President should comment on the affect these planned fee increases will have upon affordability to students in the State.**

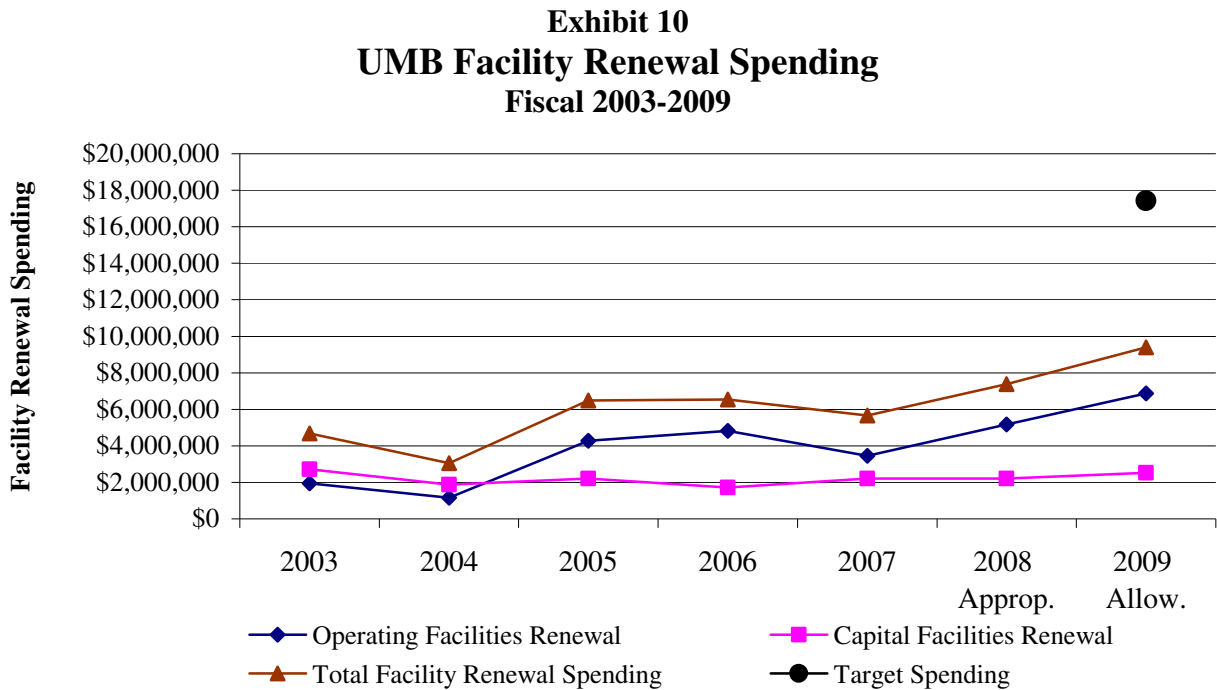
Exhibit 9
Projection of Planned UMB Facility Fee Increases
Fiscal 2008-2013

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Fee Amount	\$571	\$685	\$822	\$878	\$1,184	\$1,421
% Increase from 2008	0%	20%	44%	73%	107%	149%

Source: University of Maryland, Baltimore; Department of Legislative Services

2. UMB Facility Renewal Below Target Spending

The USM Board of Regents has set for its schools a facility renewal spending goal of 2.0% of the replacement value of all capital property. For UMB, this amount is \$17.4 million. Since every school was falling short of its target, in fiscal 2005 USM asked each school to move 0.2% closer to the goal than the previous year until each reaches 2.0%. **Exhibit 10** shows UMB’s facility renewal spending since fiscal 2003 as well as the 2% objective.



Source: University System of Maryland

Spending on capital facility renewal, or expenditures on projects with a 15-year or longer lifespan, has been steady over the years averaging \$2.2 million. Operating facilities renewal, or spending on projects with a fewer than 15-year lifespan, has averaged \$4.0 million from fiscal 2003 to 2009 but has fluctuated over the years. It fell from fiscal 2003 to 2004, increased in fiscal 2005, and remained flat until budgeted to increase in fiscal 2008 and 2009.

Part of the spending is on employees who are needed to keep up with the backlog of projects valued at \$596.9 million. In this respect, UMB is holding steady. Overall, the number of physical plant workers remains even with the fiscal 2008 working appropriation, which had 35.9 more regular and contractual positions than fiscal 2007.

The fiscal 2009 allowance budgets \$9.4 million for facilities renewal. Although this is well short of the \$17.4 million goal, it is 0.3% closer than the fiscal 2008 working appropriation. **UMB is asked to comment on its progress toward meeting the 2.0% facility renewal spending goal.**

Projects UMB is pursuing on facility renewal include:

- Bressler Research Building elevator upgrade (\$1.9 million), cooling tower replacement (\$1.0 million);
- School of Social Work heating, ventilation, and air conditioning upgrade (\$1.9 million); and
- School of Pharmacy piping, cooling tower, and chiller replacement (\$2.7 million).

3. Unable to Measure Institutional Aid

Higher education is widely recognized to be very expensive with costs increasing nationally. The kinds of degrees that UMB specializes in – medical, dental, nursing, and law, for example – are especially expensive. Moreover, although there has been a tuition freeze in place for the past two years and another proposed for fiscal 2009, it only applies to in-state undergraduates, leaving the vast majority of UMB students unaffected. UMB does submit institutional aid data on its undergraduates, showing most of the \$465,128 goes to students with expected family contributions of less than \$3,850 and entirely on a need-basis. However, unlike other USM institutions, graduate students make up most of UMB's student body. Institutional aid to UMB's graduate students totals \$8.9 million in fiscal 2009, but other than UMB reporting that it too was awarded entirely on a need-basis, there is no other data available with which to better understand the use of institutional aid to UMB's graduate students. **The Department of Legislative Services recommends that UMB submit data on graduate institutional aid similar to data provided for undergraduate aid.**

Recommended Actions

1. Adopt the following narrative:

Institutional Aid Report: The committees request that the University of Maryland, Baltimore submit with the budget request and allowance all categories (need-based, merit, and mission) of institutional aid data for graduate students, in the same format as that which is submitted for undergraduate students, as well as institutional aid awarded by school, average award by school, and percent of aid given in the same format as that which is submitted for undergraduate students by expected family contribution, including prior year actual, current year working, and allowance.

Information Request	Author	Due Date
Report institutional aid provided to graduate students	University of Maryland, Baltimore	With request and allowance

Updates

1. UMB Postpones School of Public Health for Master of Public Health Degree

UMB has planned, in conjunction with the University of Maryland, College Park (UMCP), to open a joint School of Public Health (SPH). UMCP would focus on the social science aspects of public health while UMB would focus on medicine, with its strong medical research background. Two schools would be formed, accredited separately, and join together at a later date as one school on two campuses. Their pooled resources would greatly increase grant award potential. UMB has withdrawn its accreditation application from the Council on Education for Public Health, however, stopping the two-year process. Instead, they have pursued certification of a Master of Public Health degree within the School of Medicine (SOM), having submitted that application in October 2007. With plans to resume accreditation of a school in the future, UMB will have to restart the process. There are two main reasons for postponement of UMB's SPH – personnel and leadership, with personnel tied to research funding dollars.

In August 2007, the Chair of the Department of Epidemiology left the school for another institution and along with him went six other faculty as well as \$1.8 million in sponsored research. SPH was being built around SOM's Department of Epidemiology, although it would have included other faculty and students who wished to affiliate. As such, losing the department's chair, faculty members, and sponsored research dollars created uncertainty within SPH. UMB has also had trouble recruiting a dean to head SPH. The school has been reluctant to share the details of internal negotiations; however, and the reasons for the hiring problem are unknown.

There is also a question of where SPH would be housed. UMB has requested that construction of the Health Sciences Facility III (HSFIII) be made a priority in the State – it would house SPH as well as other grant-winning research divisions. The USM Board of Regents submitted a special request to the Governor for \$15.0 million in fiscal 2009 for HSFIII, but it does not appear in the State's 2009 five-year *Capital Improvement Plan*. Until it is constructed, the school plans to base SPH out of rented space at the UMB BioPark.

Current and Prior Year Budgets

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

	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Unrestricted</u> <u>Fund</u>	<u>Total</u> <u>Unrestricted</u> <u>Fund</u>	<u>Restricted</u> <u>Fund</u>	<u>Total</u>
Fiscal 2007					
Legislative Appropriation	\$157,648	\$273,195	\$430,843	\$363,893	\$794,736
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	31	3,554	3,584	0	3,584
Reversions and Cancellations	0	-12,752	-12,752	-12,086	-24,839
Actual Expenditures	\$157,679	\$263,996	\$421,675	\$351,806	\$773,481
Fiscal 2008					
Legislative Appropriation	\$167,357	\$282,179	\$449,536	\$363,893	\$813,429
Cost Containment	-2,016	0	-2,016	0	-2,016
Budget Amendments	5,302	10,628	15,930	20,000	35,930
Working Appropriation	\$170,642	\$292,808	\$463,450	\$383,893	\$847,342

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

Fiscal 2007

The legislative appropriation for fiscal 2007 was \$157,648,144 in general funds and \$273,194,621 in other unrestricted funds, for a total of \$430,842,765 unrestricted funds. A cost-of-living adjustment (COLA) added \$2,624,055 to that amount. Another amendment reduced the UMB budget by \$2,593,430 because the University System of Maryland realigned funds adjusting for unrealized tuition revenue and health insurance cost savings. The result is a net general fund increase of \$30,625 over the legislative appropriation.

The school's unrestricted fund appropriation increased through an amendment in the amount of \$3,553,854. Used to fund salaries and operating expenses at UMB, this increase came from a variety of sources, such as tuition revenue, fees, and the sale of educational services.

Restricted funds were cancelled due to lower than expected contract and grant income in the amount of \$12,086,364.

Unrestricted funds totaling \$12,752,441 were cancelled by UMB. Specific items are listed below:

Financial system change resulted in medical services performed and billed in fiscal 2006 not being paid until fiscal 2007	\$8,192,921
One project's cancelled funds being labeled as unrestricted when they should have been restricted – a mistake that will be corrected	7,043,149
Contract income lower than expected	1,738,214
Income from hospital less than expected	780,977
Money transferred to fund balance during year	337,849
Other contributing amounts	39,990
Tuition and fee income higher than originally budgeted	-2,766,904
Other unrestricted fund income higher than expected, mostly from interest income and school development fund raising for individual needs	-2,576,235
Auxiliary income more than estimated	-37,520
Total cancelled unrestricted funds	\$12,752,441

The numbers shown in Appendix 1 for fiscal 2007 differ from those in Exhibits 5 and 6. This is due to the transfer of the Institute for Human Virology in fiscal 2008, the funds for which are shown in Exhibits 5 and 6 for the purpose of comparison.

Fiscal 2008

The legislative appropriation was \$167,356,682 in general funds and \$282,179,223 in other unrestricted funds. A COLA added an additional \$3,515,283 in general funds to the school's budget, while another action reduced other unrestricted funds by \$2,016,351 due to a Board of Public Works cost containment measure.

Due to the transfer of IHV, UMB received \$1,786,418 in general funds, as well as its other unrestricted funds revenue, \$5,220,000. They also received additional unrestricted funds from auxiliary income and several miscellaneous adjustments amounting to \$5,408,411. Restricted revenue increased by \$20,000,000, \$11,400,000 of which was due to IHV.

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

<u>Object/Fund</u>	<u>FY07 Actual</u>	<u>FY08 Working Appropriation</u>	<u>FY09 Allowance</u>	<u>FY08-FY09 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	4174.30	4401.47	4410.47	9.00	0.2%
02 Contractual	438.48	419.30	362.40	-56.90	-13.6%
Total Positions	4612.78	4820.77	4772.87	-47.90	-1.0%
Objects					
01 Salaries and Wages	\$ 520,097,076	\$ 550,567,407	\$ 570,170,359	\$ 19,602,952	3.6%
02 Technical and Spec. Fees	1,707,060	1,695,643	1,787,509	91,866	5.4%
03 Communication	4,358,159	4,467,505	4,467,979	474	0%
04 Travel	8,399,912	8,240,799	8,240,799	0	0%
06 Fuel and Utilities	17,943,685	19,848,576	19,958,576	110,000	0.6%
07 Motor Vehicles	1,444,709	1,401,818	1,378,991	-22,827	-1.6%
08 Contractual Services	121,231,272	137,115,469	136,504,550	-610,919	-0.4%
09 Supplies and Materials	49,668,418	50,434,650	47,436,316	-2,998,334	-5.9%
10 Equip. – Replacement	538,022	451,260	481,260	30,000	6.6%
11 Equip. – Additional	15,434,380	15,774,646	16,697,164	922,518	5.8%
12 Grants, Subsidies, and Contributions	21,689,284	25,070,952	25,562,804	491,852	2.0%
13 Fixed Charges	24,299,086	27,107,046	27,666,967	559,921	2.1%
14 Land and Structures	3,459,013	5,166,709	6,849,739	1,683,030	32.6%
Total Objects	\$ 790,270,076	\$ 847,342,480	\$ 867,203,013	\$ 19,860,533	2.3%
Funds					
40 Unrestricted Fund	\$ 430,029,500	\$ 463,449,666	\$ 483,310,199	\$ 19,860,533	4.3%
43 Restricted Fund	360,240,576	383,892,814	383,892,814	0	0%
Total Funds	\$ 790,270,076	\$ 847,342,480	\$ 867,203,013	\$ 19,860,533	2.3%

Note: The fiscal 2008 appropriation does not include deficiencies.

Fiscal Summary
USM – University of Maryland, Baltimore

<u>Program/Unit</u>	<u>FY07 Actual</u>	<u>FY08 Wrk. Approp</u>	<u>FY09 Allowance</u>	<u>Change</u>	<u>FY08-FY09 % Change</u>
01 Instruction	\$ 170,955,355	\$ 185,370,333	\$ 194,559,832	\$ 9,189,499	5.0%
02 Research	309,047,993	322,044,599	318,975,485	-3,069,114	-1.0%
03 Public Service	8,609,083	9,991,679	10,162,355	170,676	1.7%
04 Academic Support	42,776,197	46,362,258	47,943,293	1,581,035	3.4%
05 Student Services	3,549,335	3,249,022	3,408,765	159,743	4.9%
06 Institutional Support	58,980,709	69,476,043	71,419,754	1,943,711	2.8%
07 Operation and Maintenance of Plant	54,051,542	61,947,585	65,707,096	3,759,511	6.1%
08 Auxiliary Enterprises	21,056,781	20,249,885	20,355,902	106,017	0.5%
17 Scholarships and Fellowships	16,545,768	19,159,998	19,607,650	447,652	2.3%
18 Hospitals	104,697,313	109,491,078	115,062,881	5,571,803	5.1%
Total Expenditures	\$ 790,270,076	\$ 847,342,480	\$ 867,203,013	\$ 19,860,533	2.3%
Unrestricted Fund	\$ 430,029,500	\$ 463,449,666	\$ 483,310,199	\$ 19,860,533	4.3%
Restricted Fund	360,240,576	383,892,814	383,892,814	0	0%
Total Appropriations	\$ 790,270,076	\$ 847,342,480	\$ 867,203,013	\$ 19,860,533	2.3%

Note: The fiscal 2008 appropriation does not include deficiencies.

**UMB Full-time Equivalent Personnel by Budget Program
Fiscal 2006-2008**

	<u>Fiscal 2006</u>		<u>Fiscal 2007</u>		<u>Fiscal 2008</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	1,187	30.6%	1,152	28.7%	1,132	25.9%	-4.7%
Research	956	24.7%	1,135	28.3%	1,388	31.7%	7.1%
Public Service	210	5.4%	57	1.4%	65	1.5%	-3.9%
Academic Support	377	9.7%	321	8.0%	377	8.6%	-1.1%
Student Services	40	1.0%	41	1.0%	34	0.8%	-0.2%
Institutional Support	460	11.9%	523	13.0%	541	12.4%	0.5%
Operations, Maintenance of Plant	292	7.5%	280	7.0%	303	6.9%	-0.6%
Auxiliary	58	1.5%	59	1.5%	64	1.5%	-0.1%
Hospitals	297	7.7%	445	11.1%	470	10.7%	3.1%
Total	3,877		4,013		4,375		