

R30B22
University of Maryland, College Park
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	\$370,689	\$396,174	\$414,552	\$18,378	4.6%
Other Unrestricted Funds	660,103	715,847	753,017	37,170	5.2%
Total Unrestricted Funds	1,030,792	1,112,021	1,167,569	55,548	5.0%
Restricted Funds	<u>286,754</u>	<u>307,963</u>	<u>316,735</u>	<u>8,772</u>	<u>2.8%</u>
Total Funds	\$1,317,546	\$1,419,984	\$1,484,303	\$64,320	4.5%

- General funds increase \$18.4 million, or 4.6%, in the fiscal 2009 allowance. Other unrestricted funds include \$16.4 million from the Higher Education Investment Fund (HEIF) created during the 2007 special session. These funds will be used to freeze tuition, fund enrollment growth, and implement programs and initiatives.
- In terms of total funds, the University of Maryland, College Park's (UMCP) budget increases \$64.3 million, or 4.5%. However, after adjusting for health insurance and Other Post Employment Benefits liability costs, the underlying increase in the fiscal 2009 allowance is \$47.6 million, or 3.5%, over fiscal 2008.

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	7,774.32	8,093.54	8,145.03	51.49
Contractual FTEs	<u>1,350.07</u>	<u>1,312.58</u>	<u>1,289.49</u>	<u>-23.09</u>
Total Personnel	9,124.39	9,406.12	9,434.52	28.40

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	234.58	2.88%
Positions Vacant as of 12/31/07	491.74	6.10%

- The fiscal 2009 allowance includes 51 new non-State supported regular positions; contractual positions decrease by 23 positions due to conversion of contractual positions to regular positions.

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

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Analysis in Brief

Major Trends

Research and Development Expenditures Exceed Expectations: Research and development expenditures increase from \$339 million in fiscal 2006 to \$354 million in 2007, exceeding the target of \$347 million.

Students Completing Teacher Education Training and Employed in Maryland Decreases: The number of students completing the teacher education program and employed as teachers in Maryland decreases from 306 in fiscal 2006 to 261 graduates in fiscal 2007.

African American Retention Rate Increases; Graduation Gap Narrows: The retention rate of African American students increased 2.3 percentage points to 89.2% in fiscal 2007. Graduation rates increase for all students and African American students resulting in a decrease in the graduation gap of 9 percentage points.

Issues

Joint School of Public Health with University of Maryland, Baltimore: In June 2007, the initial application for accrediting UMCP's School of Public Health was approved. A decision will be made in fall 2009. In 2007, the University of Maryland, Baltimore delayed going forward in accrediting its School of Public Health.

Affordability Remains an Issue: The fiscal 2009 allowance includes \$4.8 million in HEIF funds to freeze resident undergraduate tuition for a third consecutive year; fees increase slightly. The majority of need-based aid, 98.3%, went to students with expected family contributions under \$7,000.

Facility Maintenance and Renewal: Since fiscal 2005, the number of positions in operations and maintenance has remained stable while salary related expenditures steadily increased. In fiscal 2008 it is projected UMCP will reach the target of spending 2% of the current replacement value of its capital assets on facilities renewal.

Recommended Actions

1. Concur with Governor's allowance.

Updates

College of Education Accreditation Status: In December 2005, UMCP's teacher education program was placed on conditional status by the accreditation body. In 2007, the conditional status was removed from the College of Education accreditation.

R30B22
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Operating Budget Analysis

Program Description

The University of Maryland, College Park (UMCP) is the flagship institution of the University System of Maryland (USM), aspiring to be one of the nation's preeminent public research universities that is nationally and internationally recognized for the quality of its faculty and programs. As Maryland's largest public research university and its original land grant institution, UMCP is the State's primary center for graduate study, serving the State through its research, teaching, and outreach activities.

The university admits highly qualified students to its undergraduate and graduate programs from Maryland, other states, and the world. UMCP provides students with an enriched educational experience taking full advantage of UMCP's special strengths of a diverse research university while promoting retention and graduation.

The federal government is a primary source of supported research. Agencies sponsoring research include the National Science Foundation; the National Aeronautics and Space Administration; and U.S. Departments of Commerce, Defense, Energy, and Health and Human Services. In addition the university is developing a network of support among its alumni and constituents – a feature of a premier research university.

UMCP offers baccalaureate, masters, and doctoral programs in the liberal arts and sciences, social sciences, the arts, applied areas, and selected professional fields. The university also offers certificates in certain upper-level and graduate courses of study and provides university honors, scholars, and departmental honors programs. UMCP has over 200 majors and programs including the core arts and sciences, biosciences, engineering, business, journalism, environmental sciences, public policy, and international affairs.

UMCP contributes to the economic development of Maryland by preparing graduates to be productive members of the labor force, especially in critical need areas.

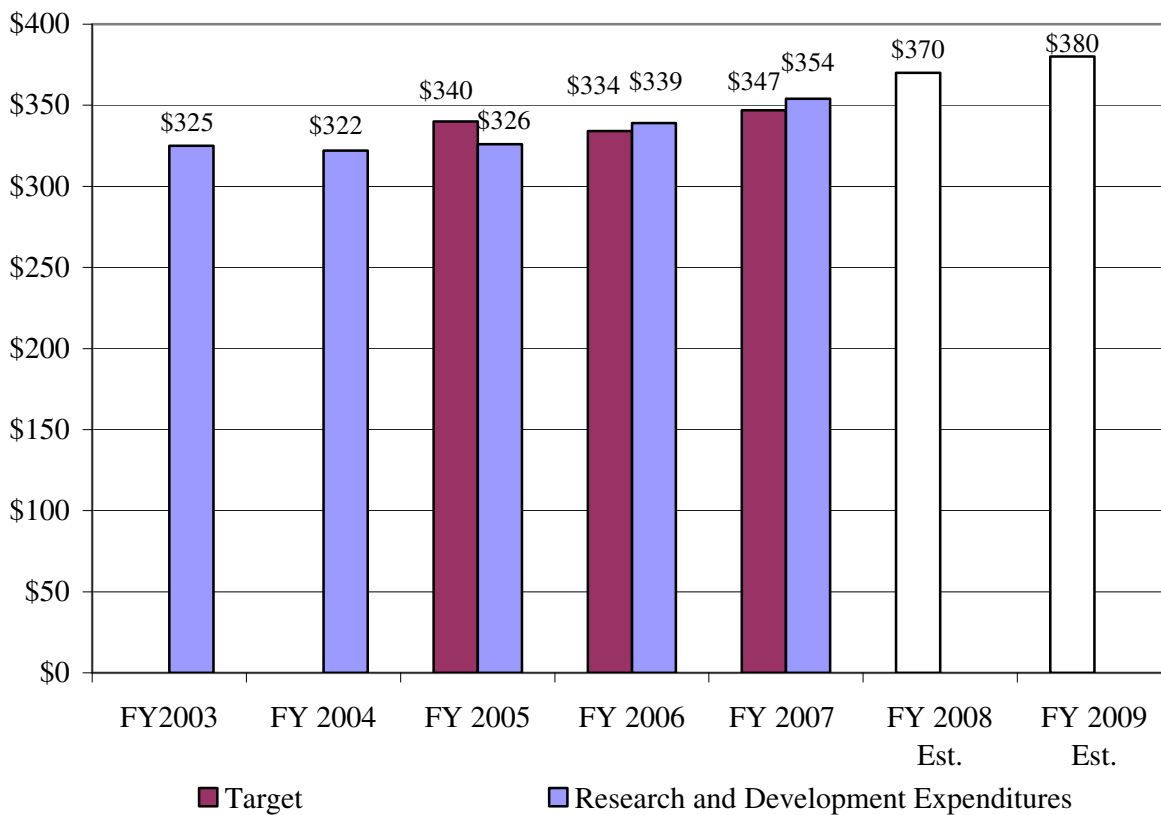
Performance Analysis

UMCP's first goal is to be a public research university with nationally and internationally recognized programs and faculty. In fiscal 2007, 53 of UMCP's colleges, programs, or specialty areas were ranked in the nation's top 15 at the graduate level. The rankings are published by the *U.S. News and World Report*, *Financial Times*, *Business Week*, *Success*, and the National Research Center. Also, in fiscal 2007, 45 faculty members received a prestigious award or recognition for excellence in research.

Research and Development Expenditures Slightly Exceed Expectations

As part of the goal to serve Maryland as a premier public research university, UMCP tracks research and development (R&D) expenditures. **Exhibit 1** shows R&D expenditures from fiscal 2003 to the estimated fiscal 2009 expenditures. Expenditures increase \$15 million in fiscal 2007 from \$339 million in fiscal 2006 to \$354 million. This exceeds the target of \$347 million by \$7 million. UMCP appears to be on track to reach \$380 million in R&D expenditures by fiscal 2009.

Exhibit 1
University of Maryland, College Park
Research and Development Expenditures
Fiscal 2003-2009
(\$ in Millions)



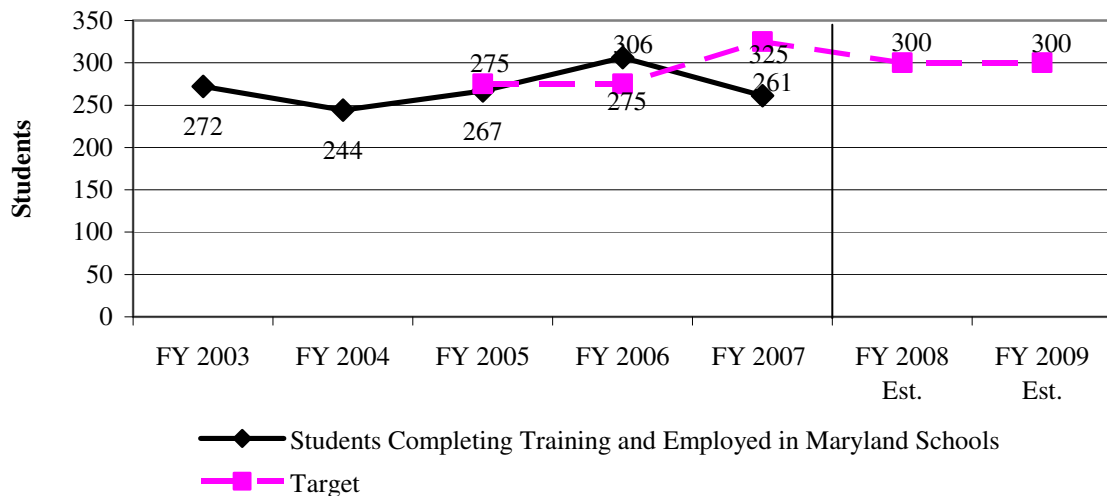
Source: Governor’s Budget Books, Fiscal 2009

The President should comment on the trend of decreasing federal awards and the impact this may have on future research and development expenditures.

Students Completing Teacher Education Training and Employed in Maryland Decreases

Preparing students to be productive members of the labor force, particularly in the areas considered vital to the economic success of the State, is one of UMCP’s goals. **Exhibit 2** shows the number of students who completed teacher training and are employed in Maryland schools from the fiscal 2003 to 2009 estimate. After declining 10.3%, or by 28 graduates in fiscal 2004, the number employed in Maryland public schools increased 25.4%, or by 62 graduates by fiscal 2006. However, the number employed in Maryland public schools declined by 45 graduates, or 14.7%, in fiscal 2007. UMCP partly attributes this decline to its certification program which runs in two-year cohorts but is difficult to determine from the data provided in Managing for Results (MFR). **In order to identify enrollment and graduation trends in the teacher education program, UMCP should incorporate data on the number of students enrolled in and completing the teacher education program in the MFR.** It seems unlikely UMCP will meet its projection of having 300 graduates employed in Maryland schools in fiscal 2008 and 2009.

Exhibit 2
Students Completing Teacher Training and
Employed in Maryland Public Schools
Fiscal 2003-2009



Source: Governor’s Budget Books, Fiscal 2009

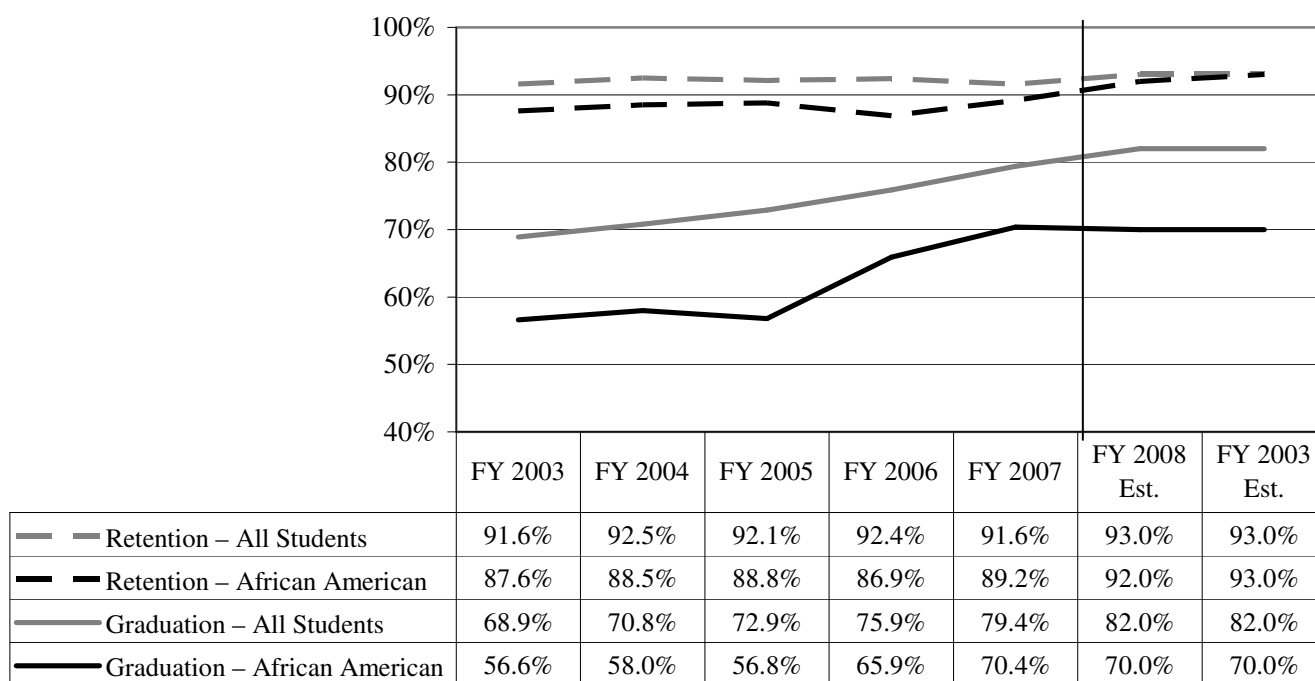
UMCP has undertaken recruitment efforts to expand the pool of teacher candidates by increasing opportunities for students to become teachers. Efforts include designing multiple pathways students may take to obtain teacher certification and restructuring some of the teacher education program to address critical shortage areas.

The President should comment on efforts to increase enrollment and retain students in the teacher education program.

Retention Rate of African American Students Increases; Graduation Gap Narrows

Providing an enriched education experience to students which takes advantage of the strengths of a diverse campus and promotes retention and graduation is another UMCP goal. **Exhibit 3** shows the two-year retention and six-year graduation rates for all students and African American students. The two-year retention rate of all students has remained stable at approximately 92% since at least fiscal 2003. For African American students, the two-year retention rate steadily increased from fiscal 2003 to 2005 but declined 1.9 percentage points to 86.9% in fiscal 2006. In fiscal 2007, the retention rate increased 2.3 percentage points to 89.2%.

Exhibit 3
University of Maryland, College Park Retention and Graduation Rates
All Students and African American Students
Fiscal 2003-2009



Note: Fiscal 2003 and 2007 data from the Maryland Higher Education Commission, *Retention and Graduation Rates at Maryland Public Four Year Institutions*, June 2007. Fiscal 2008 and 2009 data from Governor’s Budget Books, Fiscal 2009. Fiscal 2007 two-year retention data reflects 2005 cohort group and six-year graduation rate reflects 2000 cohort group.

Source: Governor’s Budget Books, Fiscal 2009

The six-year graduation rate for all students steadily increased from 68.9% in fiscal 2003 to 79.4% in 2007. The graduation rate for African American students has fluctuated from a low of 56.6% in fiscal 2003 to a high of 70.4% in fiscal 2007. Overall, the graduation rate of African American students has increased 13.8 percentage points since fiscal 2003. The gap in graduation rates decreased from 10 to 9 percentage points in fiscal 2007, an improvement from the widest point of 16.1 percentage points in fiscal 2005. **The President should comment on steps the university has taken that appear to be successful to improve retention and graduation rates of all students and to reduce the graduation gap.**

Fiscal 2008 Cost Containment

In July 2007, the Board of Public works approved cost containment measures resulting in a \$4.7 million, or 1.2%, decrease in UMCP’s State appropriations. When adjustments were made to the State supported budget, certain programs such as financial aid and library collections were excluded from reductions. Academic Affairs, the largest program area, received 75% of the reduction. This resulted in hiring fewer faculty and other support personnel.

Governor’s Proposed Budget

The general fund allowance for fiscal 2009 is \$18.4 million above the fiscal 2008 working appropriation, an increase of 4.6%, as shown in **Exhibit 4**. In terms of total funds, UMCP’s budget increases \$64.3 million, or 4.5%. However, this includes health insurance and Other Post Employment Benefits (OPEB) liability costs. After adjusting for these costs in fiscal 2008 and 2009, the underlying increase in the fiscal 2009 allowance is \$47.6 million, or 3.5%, over fiscal 2008.

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

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$370,689	\$396,194	\$414,552	\$18,358	4.6%
Higher Education Investment Funds*			7,436	7,436	n/a
Other Unrestricted Funds	660,103	715,827	745,581	29,754	4.2%
Total Unrestricted Funds	1,030,792	1,112,021	1,167,569	55,548	5.0%
Restricted Funds	286,754	307,963	316,735	8,772	2.8%
Total Funds	\$1,317,546	\$1,419,984	\$1,484,303	\$64,320	4.5%

*Excludes \$9.0 million in capital related funds.

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

R30B22 – USM – University of Maryland, College Park

The fiscal 2009 allowance provides UMCP \$7.4 million of HEIF funds. Of this amount \$2.6 million is to support enrollment growth of 194 full-time equivalent students (FTES) and \$4.8 million to replace tuition revenue lost as a result of the freeze on resident undergraduate tuition for fiscal 2009.

The allowance also provides UMCP with \$9.0 million from HEIF to fund two enhancement projects: \$7.5 million to renovate the Health and Human Performance building to create new space for the School of Public Health; and \$1.5 million to renovate the biology-psychology animal-based research and teaching laboratories. **Due to the capital nature of these projects, it would be more appropriate for these projects to be budgeted under the Board of Public Works. Additionally, transferring these capital related projects would not distort funding formulas based on USM's operating budget such as the Cade and Sellinger funding formulas.**

Other unrestricted funds increase \$29.8 million, or 4.2%, due to an increase in sales and services of auxiliary enterprises of \$11.9 million, or 5.9%. Additionally, revenues from tuition and fees increase \$9.3 million, or 2.6%, over fiscal 2008.

Changes in UMCP's budget by program are shown in **Exhibit 5**. The data reflect unrestricted funds only, consisting mostly of general and HEIF funds, and tuition and fee revenues. Operation and maintenance of plant is projected to increase at the highest rate at 5.7%, or \$8.2 million. Increases are due to \$2.9 million for facility renewal, \$2.2 million for merit increases, health insurance, and OPEB; \$1.4 million in fuel and utilities; \$1.3 million for debt service; and \$0.4 million related to new facility operating costs.

Public service increases 4.3%, or \$1.3 million, and instruction increases 4.0%, or \$13.7 million. Increases in both program areas are primarily attributed to merit increases, benefits, and adjustments to health insurance. Scholarship and fellowship increases 5.3%, or \$3.3 million; of this amount \$1.7 million will go toward undergraduate students.

Exhibit 5
University of Maryland, College Park
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>2007-08</u> <u>% Change</u>	<u>2009</u> <u>Allowance</u>	<u>2008-09</u> <u>Change</u>	<u>2008-09</u> <u>% Change</u>
Expenditures						
Instruction*	\$330,340	\$343,757	4.1%	\$357,469	\$13,713	4.0%
Research	76,042	84,342	10.9%	86,622	2,280	2.7%
Public Service	27,497	31,522	14.6%	32,867	1,344	4.3%
Academic Support	109,595	113,277	3.4%	116,040	2,763	2.4%
Student Services	32,994	35,329	7.1%	36,224	895	2.5%
Institutional Support	80,485	94,399	17.3%	96,571	2,172	2.3%
Operation and Maintenance of Plant	126,928	144,165	13.6%	152,340	8,175	5.7%
Scholarships and Fellowships	57,462	61,463	7.0%	64,740	3,276	5.3%
Education and General Total	\$841,343	\$908,254	8.0%	\$942,874	\$34,620	3.8%
Auxiliary Enterprises	\$189,449	\$203,767	7.6%	\$215,695	\$11,928	5.9%
Grand Total	\$1,030,792	\$1,112,021	7.9%	\$1,158,569	\$46,548	4.2%
Revenues						
Tuition and Fees	\$350,067	\$352,206	0.6%	\$361,511	\$9,305	2.6%
General Funds	370,689	396,174	6.9%	414,552	18,378	4.6%
HEIF*				7,436		
Other Unrestricted Funds	156,592	163,874	4.7%	172,874	9,000	5.5%
Subtotal	\$877,348	\$912,254	4.0%	\$956,374	\$44,120	4.8%
Auxiliary Enterprises	\$191,692	\$203,767	6.3%	\$215,695	\$11,928	5.9%
Transfer to/from Fund Balance	-38,248	-4,000	-89.5%	-4,500	-\$500	12.5%
Grand Total	\$1,030,792	\$1,112,021	7.9%	\$1,167,569	\$55,548	5.0%

Note: Unrestricted funds only. All programs.

*Excludes \$9.0 million in capital-related funds.

Source: Governor's Budget Books, Fiscal 2009

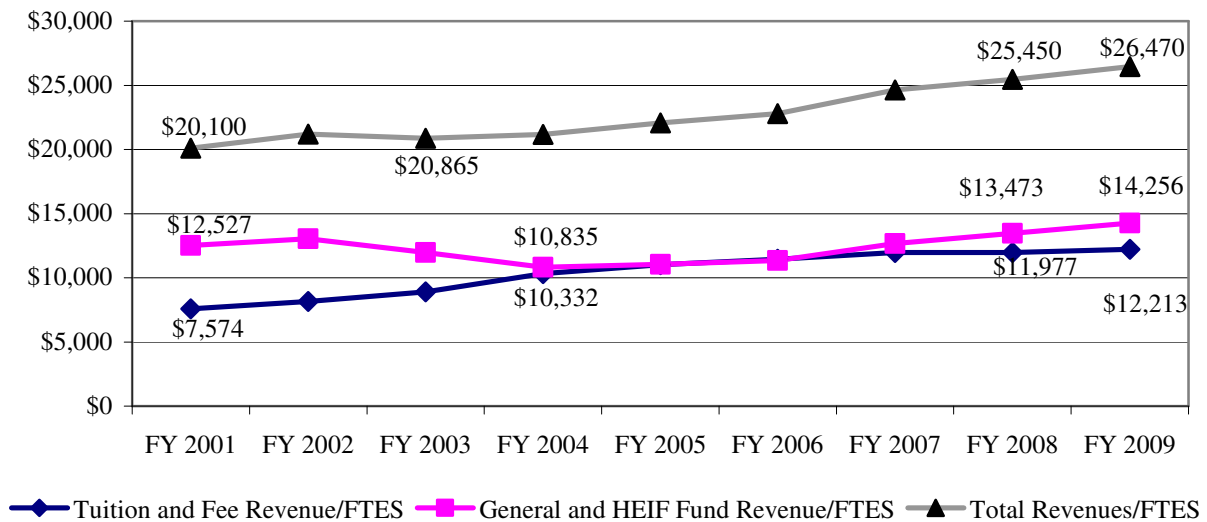
UMCP Grows by 51 Regular Positions

The fiscal 2009 allowance provides UMCP an additional 51 regular positions. All 51 positions are in the auxiliary program area which is non-State supported. This is an increase of 6.5% over fiscal 2008.

General Fund, HEIF, and Tuition and Fee Revenues

General fund, HEIF, and tuition and fee revenues per FTES are shown in **Exhibit 6**. Since fiscal 2007, general and HEIF funds per FTES surpassed tuition and fee revenues per FTES. In fiscal 2009, general and HEIF funds increase \$783, or 5.8%, over fiscal 2008, totaling \$14,256 per FTES. Tuition and fee revenue increase \$236, or 2.0%, over fiscal 2008, totaling \$12,213 per FTES. Total revenues per FTES increase \$1,020 per FTES or 4.0% over fiscal 2008.

Exhibit 6
General Fund, HEIF* and Tuition and Fee Revenues Per Full-time Equivalent Student
Fiscal 2001-2009



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

*Excludes \$9.0 million of capital-related funding.

Source: Governor’s Budget Books, Fiscal 2009

Issues

1. Joint School of Public Health with University of Maryland, Baltimore

In June 2006, the Board of Regents approved the creation of a Joint School of Public Health between UMCP and UMB. Initially, both institutions were to obtain separate accreditation for their respective programs and then would merge into a single University of Maryland School of Public Health. In June 2007, the Council on Education for Public Health (CEPH) approved UMCP's initial application for accreditation. An accreditation decision will be made in fall 2009 based on a self-study document and a CEPH site visit. In 2007, UMB decided to delay accrediting its School of Public Health.

In spring 2007, UMCP received final approval for three new concentrations in the masters of public health (biostatistics, epidemiology, and environment health), a masters of health administration, and doctoral programs in epidemiology, health services, and maternal and child health. In July 2007, the academic reorganization of the College of Health and Human Performance was completed with the establishment of the School of Public Health. The program began enrolling students in fall 2007 with 25 masters and 12 doctoral students.

In order to support the establishment of the School of Public Health, UMCP received a total of \$3.0 million in general funds: \$2.0 million in fiscal 2007 and \$1.0 million in fiscal 2008. These funds were used to hire new faculty. In fiscal 2007, UMCP also reallocated \$0.7 million within its budget to renovate laboratory space and purchase equipment. Additionally, the fiscal 2009 allowance provides \$7.5 million HEIF funds to renovate the health and human performance building to provide new space for the School of Public Health.

One advantage to collaborating with UMB in establishing a joint school, is it would benefit from the complementary strengths of each institution. This would allow the school to be eligible for over \$50.0 million of federal research funding. UMCP reports the former College of Health and Human Performance, now the School of Public Health, received \$6.5 million from research and grant activity. UMCP expects its School of Public Health will have the potential to obtain additional contracts and grants above the current level, particularly from sponsors such as the National Institute of Health. UMCP notes discussions are underway regarding teaching and research collaboration opportunities with UMB and Johns Hopkins' Bloomberg School of Public Health.

The President should comment on the effects of UMB's withdrawal of accrediting its School of Public Health, thereby halting the creation of the joint school; specifically, how this will affect UMCP's School of Public Health's eligibility for federal grants.

2. Affordability Remains an Issue

Maryland was awarded an 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 directly affecting affordability is tuition and fee rates. The fiscal 2009 allowance provides \$4.8 million of HEIF to freeze undergraduate resident tuition at the fiscal 2006 rate. This is the amount of revenue lost as a result of not increasing tuition 4%. Freezing tuition rates over the past three years has saved UMCP students a total of \$1,618, assuming an annual 4% increase in tuition.

Fees, which are part of the total cost to the student, have not been frozen. In fiscal 2009, mandatory fees increase \$36, or 2.6%. When including tuition, the cost to a resident undergraduate student at UMCP will increase 0.5% from fiscal 2008. This is lower than the average systemwide increase of 1.1%.

Distribution of Types of Institutional Aid

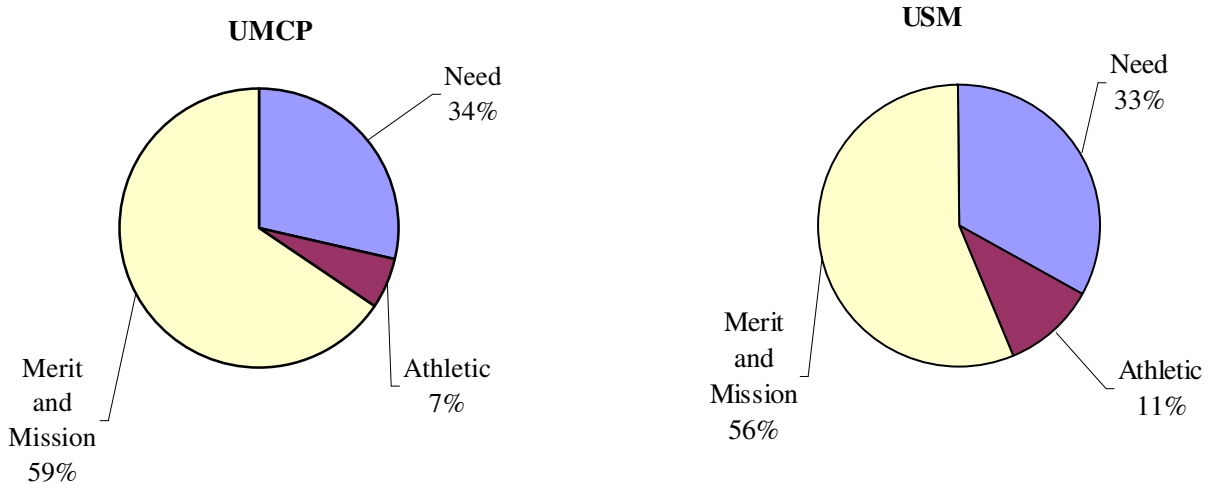
Another factor affecting affordability is institutional financial aid. Categories of institutional aid include merit, need, athletic, and mission. Students may also receive other State and federal aid. Data on aid are available in categories of need, athletic, and combined merit and mission.

In fiscal 2008, the majority of institutional aid at UMCP remains in the merit and mission category (59%), with need comprising 34% of the aid, as shown in **Exhibit 8**. Athletic aid comprises 7% of the total institutional aid awarded to UMCP students. UMCP's proportion of need-based aid is lower than USM as a whole (33%), and athletic aid is less than all USM institutions (11%). Overall, UMCP expects to spend \$31.8 million on institutional aid, an increase of 5.5%, or \$1.7 million, over fiscal 2007. All of the increase is in non-need-based aid.

UMCP expects to spend \$18.8 million on merit and mission aid in fiscal 2008. This is an increase of 13.8%, or \$2.3 million, over fiscal 2007. The total spent on merit and mission aid in fiscal 2007 totaled \$16.5 million. Conversely, in fiscal 2008, UMCP expects to distribute \$10.8 million for need-based aid, a decrease of 5.5%, or \$626,906 in fiscal 2007.

The President should discuss why need-based aid is decreasing and merit and mission aid increasing in fiscal 2008.

**Exhibit 8
Institutional Financial Aid
Fiscal 2008 Estimate**



	<u>Need</u>	<u>Athletic</u>	<u>Merit and Mission</u>	<u>Total</u>
UMCP	\$10,800,000	\$2,240,000	\$18,760,000	\$31,800,000
USM Total	\$33,473,322	\$10,774,804	\$57,230,081	\$101,478,207

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 provide a profile of students receiving financial aid. The FAIS data have information for institutional aid awarded at UMCP in fiscal 2006 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 9** shows the percent of the students receiving need-based aid and other types of institutional aid by EFC category. In fiscal 2006, 98.3% of the need-based aid went to students with an EFC under \$7,000. These students also received 55.6% of other institutional aid such as merit and mission, and athletic. Students with an EFC of \$10,000 or more accounted for 0.6% of the students receiving need-based aid and 19.0% of other institutional aid. As shown in **Exhibit 10**, this is a shift from fiscal 2005 data in which nearly 70% of other aid recipients had an EFC of \$10,000 or more, meaning more aid is now being targeted to students with EFCs below \$10,000. **The President should comment on how the distribution of institutional aid to students with EFCs below \$10,000 was shifted so dramatically in one year and whether the shift of aid to students with greater need will be maintained in the future.**

Exhibit 9
Percent of Institutional Aid Awards by EFC
Fiscal 2006

<u>EFC Category</u>	<u>Need-based</u>	<u>Other</u>
\$0	41.5%	20.0%
\$1 – \$3,850	53.4%	24.8%
\$3,851 – \$6,999	3.4%	10.8%
\$7,000 – \$9,999	0.9%	7.5%
\$10,000 – \$14,999	0.3%	8.2%
\$15,000 – \$19,999	0.3%	3.0%
\$20,000 +	0.0%	7.8%

EFC: Expected Family Contribution

Note: “Other” category includes athletic, merit, mission and other aid. Total may not sum to 100% due to students receiving awards who do not fill a Free Application for Federal Student Aid.

Source: Maryland Higher Education Commission; Financial Aid Information System 2005-2006

Exhibit 10
Distribution of Aid Awards
Fiscal 2005 and 2006

<u>EFC</u>	<u>Need-based Aid</u>			<u>Other Institutional Aid</u>		
	<u>2005</u>	<u>2006</u>	<u>Change</u>	<u>2005</u>	<u>2006</u>	<u>Change</u>
Below \$10,000	83.8%	99.2%	15.4	33.2%	63.1%	29.9
\$10,000 and Above	16.2%	6.0%	-10.2	66.8%	19.0%	-47.8

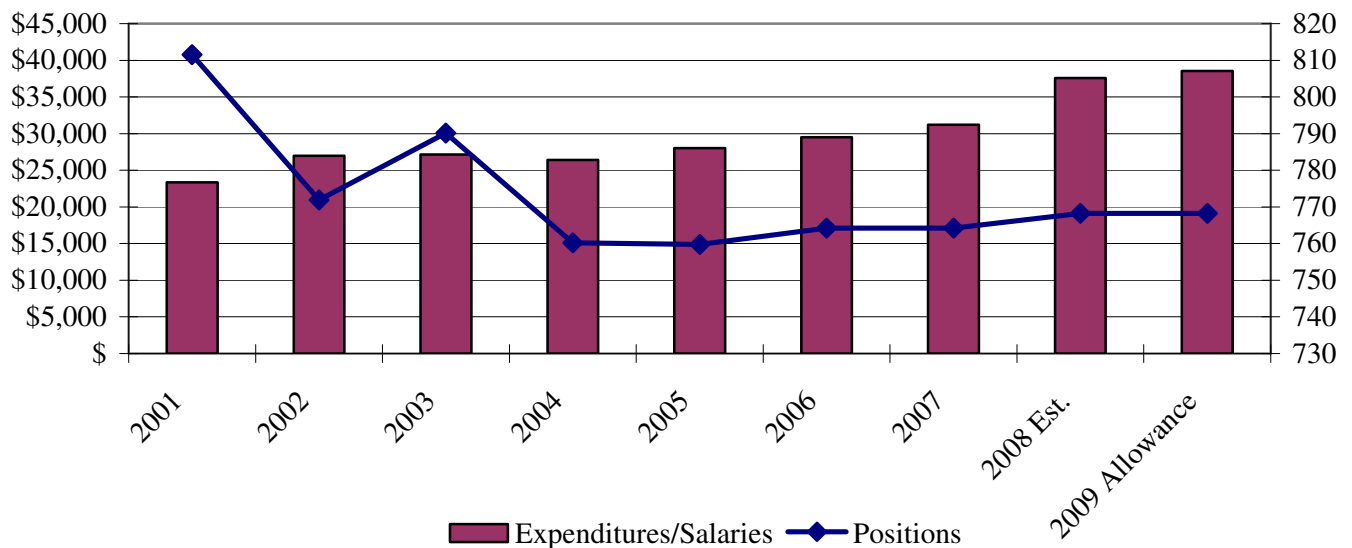
Source: Maryland Higher Education Commission: Financial Aid Information System

3. Facilities Maintenance and Renewal

Personnel

UMCP is increasing its efforts to improve existing facilities and address the backlog of maintenance. **Exhibit 11** shows the number of operations and maintenance of plant positions and the associated salaries and benefit expenditures from fiscal 2001 to 2009. In fiscal 2001, while total full-time equivalent (FTE) positions was at its highest (812 FTEs), expenditures related to salaries were the lowest. The decline was due to budget reductions resulting in the elimination of positions. Since fiscal 2004, total FTEs has remained stable while expenditures steadily increase. In the fiscal 2008 working appropriation, expenditures increase 20.5% over fiscal 2007. UMCP reports this program area has had significant vacancies, totaling 72 in fiscal 2007 but declined by 20 positions, for a total of 52 vacancies as of December. Overall, since fiscal 2001, total operations and maintenance of plant expenditures accounted, on average, for 9.5% of UMCP’s budget.

Exhibit 11
Operation and Maintenance of Plant Personnel and Expenditures
Fiscal 2001-2009



Source: Governor’s Budget Books, Fiscal 2003, 2005, 2007, and 2009

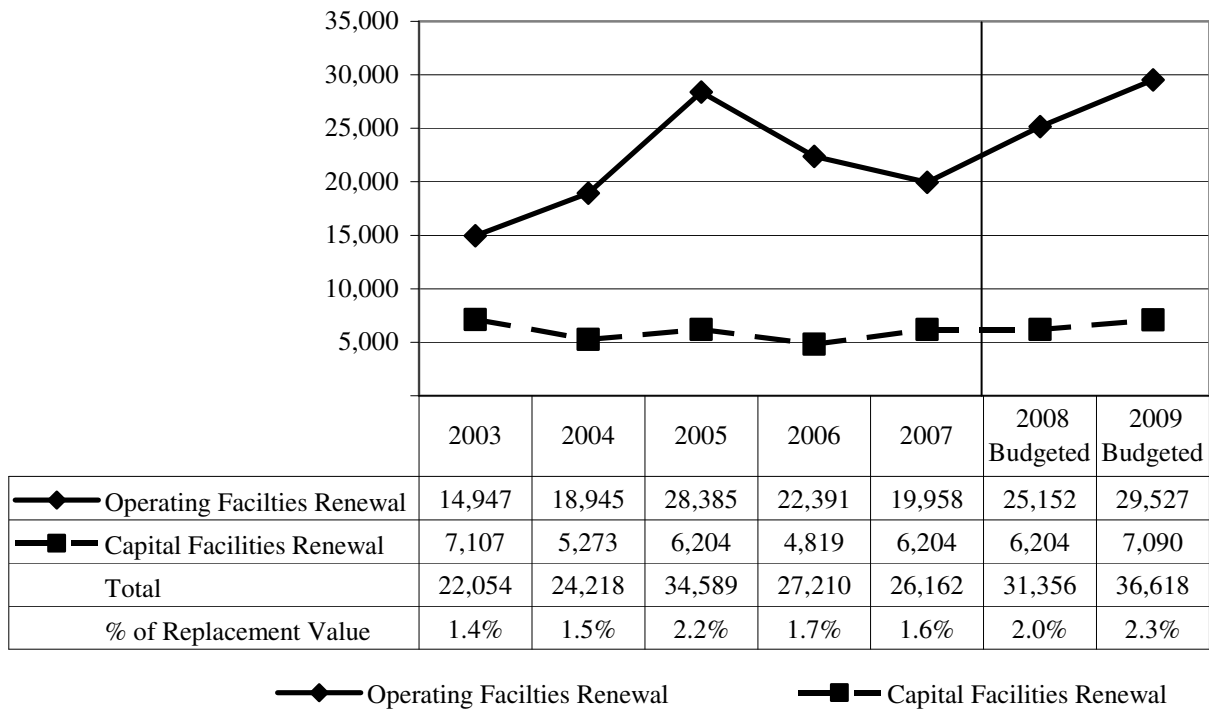
Facilities Renewal

In 1992, the Board of Regents set institutional facilities renewal spending target of 2.0% of the current replacement value of capital assets. In 2005, the board adopted a new policy requiring

each institution to annually increase (annual five-year average) its operating expenditures by 0.2% of the replacement value of all capital assets until the institution reaches the 2.0% target. Additionally, due to the backlog of deferred maintenance, institutions may apply academic revenue bond facilities line items to the 2.0% target. Once the target is met, only operating expenses will apply to the 2.0% target.

Overall, since fiscal 2001, operating facilities renewal expenditures comprised, on average, 78% of UMCP’s total facilities renewal expenditures, as shown in **Exhibit 12**. However, operating expenditures have fluctuated from a low of \$14.9 million in fiscal 2003 to a high of \$28.4 million in fiscal 2005. In fiscal 2008 operating expenditures increase \$5.2 million, or 26.0%. In fiscal 2009, operating expenditures are budgeted to increase \$4.4 million, or 17.4%. It is projected UMCP will exceed the 2.0% target in fiscal 2009 by 0.3%. UMCP estimates its current backlog of deferred maintenance is \$623 million.

Exhibit 12
Total Facilities and Renewal Expenditures



Note: Annual spending target (2% replacement value); \$31.777 million based on 2005 value; replacement values are updated every five years.

Source: University System of Maryland

The President should comment on the vacancies in the operations and maintenance of plant area. The President should also address efforts to reduce the backlog of maintenance while keeping pace with routine maintenance needs.

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. College of Education Accreditation Status

In 2005, the National Council for Accreditation of Teacher Education (NCATE) evaluated UMCP's College of Education. In December 2005, the Maryland State Department of Education issued a letter indicating NCATE granted the college accreditation with conditions. UMCP was given two years to improve weaknesses in standards for assessment and unit evaluation.

In September 2007, the NCATE Board of Examiners conducted a follow-up visit. It was determined the college had corrected all five assessment areas listed for improvement in 2005. In October 2007, NCATE informed UMCP the conditional status on the College of Education was removed from accreditation.

The visiting NCATE team leader commented on the quality of UMCP's initial and advanced students, and how far the college progressed since the 2005 visit. The College of Education's next NCATE visit is scheduled for spring 2011.

Current and Prior Year Budgets

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

	General Fund	Other Unrestricted Fund	Total Unrestricted Fund	Restricted Fund	Total
Fiscal 2007					
Legislative Appropriation	\$363,975	\$672,454	\$1,036,429	\$302,082	\$1,338,511
Deficiency Appropriation	0	20,000	20,000	10,000	30,000
Budget Amendments	8,400	5,610	14,010	-198	13,812
Reversions and Cancellations	0	-39,647	-39,647	-25,130	-64,777
Actual Expenditures	\$372,375	\$658,417	\$1,030,792	\$286,754	\$1,317,546
Fiscal 2008					
Legislative Appropriation	\$391,630	\$713,596	\$1,105,226	\$318,286	\$1,423,512
Cost Containment	-4,731	0	-4,731	0	-4,731
Budget Amendments	9,274	2,252	11,526	-10,323	1,203
Working Appropriation	\$396,173	\$715,848	\$1,112,021	\$307,963	\$1,419,984

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

Fiscal 2007

For fiscal 2007, UMCP general funds increased \$8.4 million through a budget amendment for a State employee cost-of-living adjustment (COLA). Other unrestricted funds increased a net \$25.6 million through deficiency appropriation and budget amendment. Increases included:

- \$20 million deficiency appropriation for increased auxiliary expenditures and realignment of expenditures with projections;
- \$3.2 million from tuition revenue; and
- \$4.2 million from sales and services of educational activities.

There was also a \$0.7 million decrease in indirect recovery costs from grant and contract activity and a \$1.7 million decrease due to reallocation of funds balancing tuition revenue reductions with health cost savings.

Restricted funds increased a net \$9.8 million through deficiency appropriation and budget amendments. Increases included a \$10.0 million deficiency appropriation for increased auxiliary expenditures and realignment of expenditures with projections and \$0.1 million for a COLA increase for the Maryland Fire and Rescue Institute. There was a decrease of \$0.3 million in grants and contracts to realign budget with actual activity.

Cancellations of unrestricted funds totaled \$39.6 million due to higher than expected facility management fees and reimbursements, less than projected fuel and utility costs, lower than anticipated graduate assistant remissions and fellowships and deferment of purchasing telecommunications and networking equipment. Cancellation of restricted funds amounted to \$25.1 million due to less than anticipated expenditures for federal and private contracts and grants.

Fiscal 2008

For fiscal 2008, general funds increased a net \$4.5 million through budget amendments. This amount included a \$9.3 million increase for State employee COLA and a decrease of \$4.7 million for cost containment. Other unrestricted funds increased a net \$2.3 million through a budget amendment. Increases included:

- \$6.1 million from miscellaneous income;
- \$1.4 million in sales and service of educational activities;
- \$0.7 million from tuition revenue; and

R30B22 – USM – University of Maryland, College Park

- \$0.6 million in indirect cost recovery.

There was also a \$6.6 million decrease in sales and service of auxiliary due to lower than anticipated revenues from Intercollegiate Athletics and Conference and Visitor Services.

Restricted funds decreased a net \$10.3 million through budget amendments. This amount included a \$12.6 million decrease in federal and private grants and contracts activity; \$2.2 million increase in State and local grants and contracts activity; and \$51,737 COLA increase for the Maryland Fire and Rescue Institute.

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

<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	7774.32	8093.54	8145.03	51.49	0.6%
02 Contractual	1350.07	1312.58	1289.49	-23.09	-1.8%
Total Positions	9124.39	9406.12	9434.52	28.40	0.3%
Objects					
01 Salaries and Wages	\$ 827,165,823	\$ 891,121,292	\$ 926,737,893	\$ 35,616,601	4.0%
02 Technical and Spec. Fees	6,133,218	8,406,891	8,406,891	0	0%
03 Communication	16,607,746	20,674,753	20,677,129	2,376	0%
04 Travel	28,406,708	24,361,835	24,361,835	0	0%
06 Fuel and Utilities	56,500,009	66,710,800	68,031,956	1,321,156	2.0%
07 Motor Vehicles	4,009,406	3,155,612	3,230,352	74,740	2.4%
08 Contractual Services	102,818,648	112,992,899	123,222,809	10,229,910	9.1%
09 Supplies and Materials	64,112,710	68,737,193	68,737,193	0	0%
10 Equip. – Replacement	-500	0	0	0	0.0%
11 Equip. – Additional	21,245,456	21,753,291	21,753,291	0	0%
12 Grants, Subsidies, and Contributions	96,358,762	105,123,854	108,549,948	3,426,094	3.3%
13 Fixed Charges	42,345,001	50,310,966	51,584,586	1,273,620	2.5%
14 Land and Structures	51,843,236	46,634,275	59,009,299	12,375,024	26.5%
Total Objects	\$ 1,317,546,223	\$ 1,419,983,661	\$ 1,484,303,182	\$ 64,319,521	4.5%
Funds					
40 Unrestricted Fund	\$ 1,030,792,052	\$ 1,112,020,803	\$ 1,167,568,634	\$ 55,547,831	5.0%
43 Restricted Fund	286,754,171	307,962,858	316,734,548	8,771,690	2.8%
Total Funds	\$ 1,317,546,223	\$ 1,419,983,661	\$ 1,484,303,182	\$ 64,319,521	4.5%

Note: The fiscal 2008 appropriation does not include deficiencies.

**Fiscal Summary
University of Maryland, College Park**

<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	\$ 348,453,836	\$ 362,236,019	\$ 385,426,180	\$ 23,190,161	6.4%
02 Research	286,827,398	310,980,535	320,793,813	9,813,278	3.2%
03 Public Service	64,186,296	72,276,386	74,343,857	2,067,471	2.9%
04 Academic Support	110,659,806	114,439,560	117,240,632	2,801,072	2.4%
05 Student Services	33,582,864	35,754,456	36,649,781	895,325	2.5%
06 Institutional Support	80,542,629	94,398,559	96,570,902	2,172,343	2.3%
07 Operation and Maintenance of Plant	126,952,890	144,165,271	152,340,398	8,175,127	5.7%
08 Auxiliary Enterprises	189,461,070	203,766,616	215,694,885	11,928,269	5.9%
17 Scholarships And Fellowships	76,879,434	81,966,259	85,242,734	3,276,475	4.0%
Total Expenditures	\$ 1,317,546,223	\$ 1,419,983,661	\$ 1,484,303,182	\$ 64,319,521	4.5%
Unrestricted Fund	\$ 1,030,792,052	\$ 1,112,020,803	\$ 1,167,568,634	\$ 55,547,831	5.0%
Restricted Fund	286,754,171	307,962,858	316,734,548	8,771,690	2.8%
Total Appropriations	\$ 1,317,546,223	\$ 1,419,983,661	\$ 1,484,303,182	\$ 64,319,521	4.5%

Note: The fiscal 2008 appropriation does not include deficiencies.

**UMCP Full-time Equivalent Personnel by Budget Program
Fiscal 2002, 2007, and 2008**

	Fiscal 2002		Fiscal 2007		Fiscal 2008		Change in Share of Total <u>02-08</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	2,226	31.4%	2,247	30.5%	2,267	30.0%	1.4
Research	1,265	17.9%	1,442	19.6%	1,481	19.6%	1.7
Public Service	482	6.8%	470	6.4%	454	6.0%	0.8
Academic Support	741	10.5%	792	10.7%	831	11.0%	0.5
Student Services	304	4.3%	281	3.8%	307	4.1%	0.2
Institutional Support	672	9.5%	648	8.8%	669	8.8%	-0.7
Operations and Maintenance of Plant	707	10.0%	694	9.4%	684	9.0%	-1.0
Auxiliary Enterprises	686	9.7%	799	10.8%	870	11.5%	1.8
Total	7,083		7,372		7,562		