

R30B31
University of Maryland Baltimore County
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	FY 07 <u>Actual</u>	FY 08 <u>Working</u>	FY 09 <u>Allowance</u>	FY 08-09 <u>Change</u>	% Change <u>Prior Year</u>
General Funds	\$79,270	\$84,488	\$88,812	\$4,324	5.1%
Other Unrestricted Funds	158,368	162,872	168,378	5,506	3.4%
Total Unrestricted Funds	237,638	247,361	257,190	9,830	4.0%
Restricted Funds	<u>78,147</u>	<u>83,678</u>	<u>85,996</u>	<u>2,318</u>	<u>2.8%</u>
Total Funds	\$315,785	\$331,038	\$343,186	\$12,148	3.7%

- General funds increase \$4.3 million, or 5.1% in the fiscal 2009 allowance. Other unrestricted funds include \$3.3 million from the Higher Education Investment Fund created during the 2007 special session. These funds will be used to freeze tuition, fund enrollment growth, and enhance a research facility.
- In terms of total funds, the University of Maryland Baltimore County's (UMBC) budget increases \$12.1 million, or 3.7%. However, after adjusting for health insurance and Other Post Employment Benefits liability costs, the underlying increase in the fiscal 2009 allowance is \$7.5 million, or 2.4%.

Personnel Data

	FY 07 <u>Actual</u>	FY 08 <u>Working</u>	FY 09 <u>Allowance</u>	FY 08-09 <u>Change</u>
Regular Positions	1,848.56	1,865.11	1,865.11	0.00
Contractual FTEs	<u>531.03</u>	<u>527.09</u>	<u>527.09</u>	<u>0.00</u>
Total Personnel	2,379.59	2,392.20	2,392.20	0.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	72.55	3.89%
Positions Vacant as of 12/31/07	74.10	4.00%

- The fiscal 2009 allowance provides no new positions for UMBC.

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

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Analysis in Brief

Major Trends

Enrollment in Teacher Education Declines While Graduates Employed in Maryland Schools Increase: The number of students enrolled in the teacher training program declined after a 22% increase in fiscal 2006. The number of graduates employed in Maryland increased from 51 to 54 students.

Retention Rate of African American Students Exceeds All Students; Gap in Graduation Rate Increases: Historically, African American students have performed as well as, or better than all students, and this trend held true for the two-year retention rate in fiscal 2007. The gap in the graduation rate increased 1.7 percentage points.

Research and Development Expenditures Continue to Increase, Exceeding Target: Federal research and development expenditures increased to \$113,800 per full-time faculty. Expenditures have consistently increased since at least fiscal 2003.

Issues

Affordability Remains an Issue: While resident undergraduate tuition rates are frozen for the third consecutive year, fees increase slightly. The majority of need-based financial aid went to students with expected family contributions under \$7,000. However, need-based aid only comprises 7% of UMBC's total institutional aid.

Facility Maintenance and Renewal: In fiscal 2008, nine positions were eliminated in operations and maintenance of plant due to budget reductions resulting in UMBC focusing only on the highest priorities and critical maintenance needs.

Recommended Actions

1. Concur with Governor's allowance.

Updates

Erickson School of Aging Studies: The school admitted its first undergraduate class in fall 2006. In fall 2007, enrollment increased to 353 students with 55 declaring a major of aging services. Additionally, the school received 50 applications for its inaugural master's program.

R30B31
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 public research and doctoral university serving the greater Baltimore region. UMBC offers undergraduate, master's, and doctoral programs in the arts and sciences and engineering.

UMBC integrates teaching, research, and service to benefit Maryland. The university provides a strong foundation for undergraduate students, preparing them for graduate and professional study, entry into the workforce, and community service and leadership. At the graduate level, emphasis is placed on science, engineering, information technology, human services, and public policy. UMBC contributes to economic development of the State and region through the transference of faculty research to the public and industry through its research park, business incubator and technology transfer program.

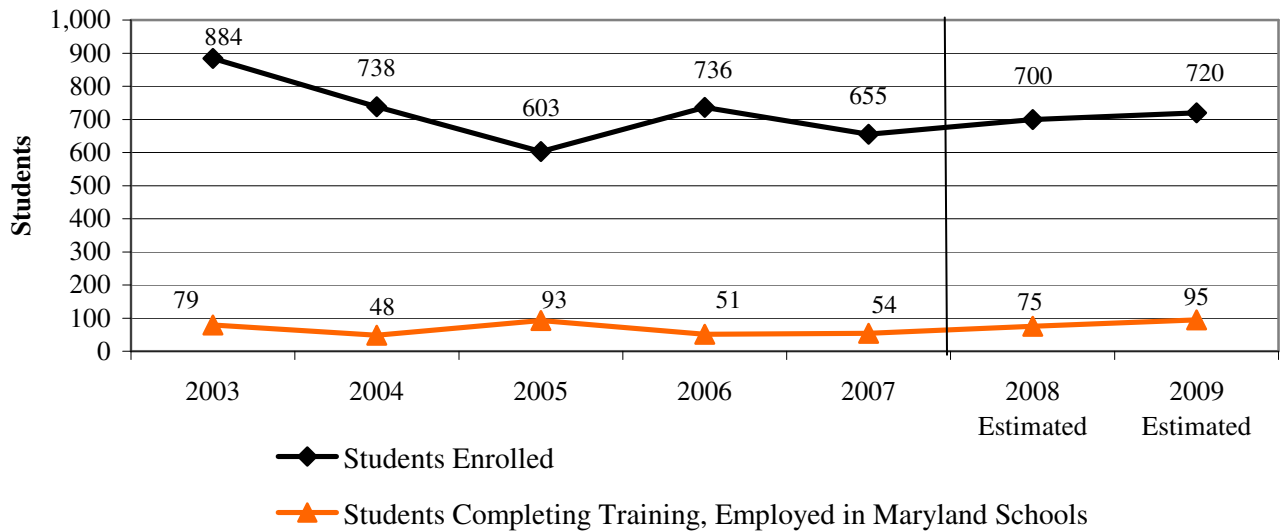
While the majority of UMBC students are from the greater Baltimore region, an increasing number of students are from other areas of Maryland, other states, and foreign countries. The campus pays special attention to the needs of nontraditional, evening, and part-time students. Well-qualified students 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.

Performance Analysis

Enrollment in Teacher Education Declines While Graduates Employed in Maryland Schools Increase

Increasing the number of graduates hired by Maryland public schools to 95 in fiscal 2009 is one of UMBC's goals. Unlike other University System of Maryland (USM) institutions, UMBC does not offer an undergraduate education degree but instead requires students to major in a content area such as math or science while fulfilling the requirements for the teaching certificate. **Exhibit 1** shows the number of students enrolled and graduating from the teacher training programs. From fiscal 2003 to 2005, enrollment declined by 281 students, or 31.8%, and then increased 22.0% to 736 students in fiscal 2006. In fiscal 2007, enrollment again declined 11.0%, or by 81 students. Overall, enrollment in the teacher training program has declined 25.9% since fiscal 2003.

Exhibit 1
Students Enrolled in and Graduating from the Teaching Programs,
Employed in Maryland Public Schools
Fiscal 2003-2009



Note: Includes undergraduate and post-bachelor students.

Source: Governor’s Budget Books, Fiscal 2009

UMBC attributed the increase of students in fiscal 2006 to several factors including:

- funding of several initiatives with grants and donations at the undergraduate level to recruit and train teachers particularly in the science, technology, engineering, and math disciplines; and
- offering a Masters of Art in Education. The No Child Left Behind Act requires teachers to be highly qualified, which prompted some to seek additional training at the graduate level.

UMBC reports there is no specific factor that is responsible for the decrease in students in fiscal 2007.

UMBC also tracks the number of students completing the teacher education requirements and employed in Maryland public schools. The number of graduates employed in Maryland schools has fluctuated from a low of 48 in fiscal 2004 to a high of 93 graduates in fiscal 2005. UMBC states the spike in fiscal 2005 was likely due to many students in 2004 not completing the required Praxis II exam prior to completing the program. By 2005, these students passed the exam and, therefore, were eligible for employment. In fiscal 2007, the number of graduates slightly increased to 54 graduates employed in Maryland public schools.

UMBC set a target of having 75 of its graduates employed in Maryland public schools in fiscal 2008. UMBC reports it is unlikely to meet this target because the projections were based on expected increase in enrollments in the Master of Arts in Education program, along with the expansion of their partnerships and initiatives with the Professional Development Schools. These anticipated increases have yet to materialize.

The President should comment on efforts to increase enrollment and retention in the teacher training program.

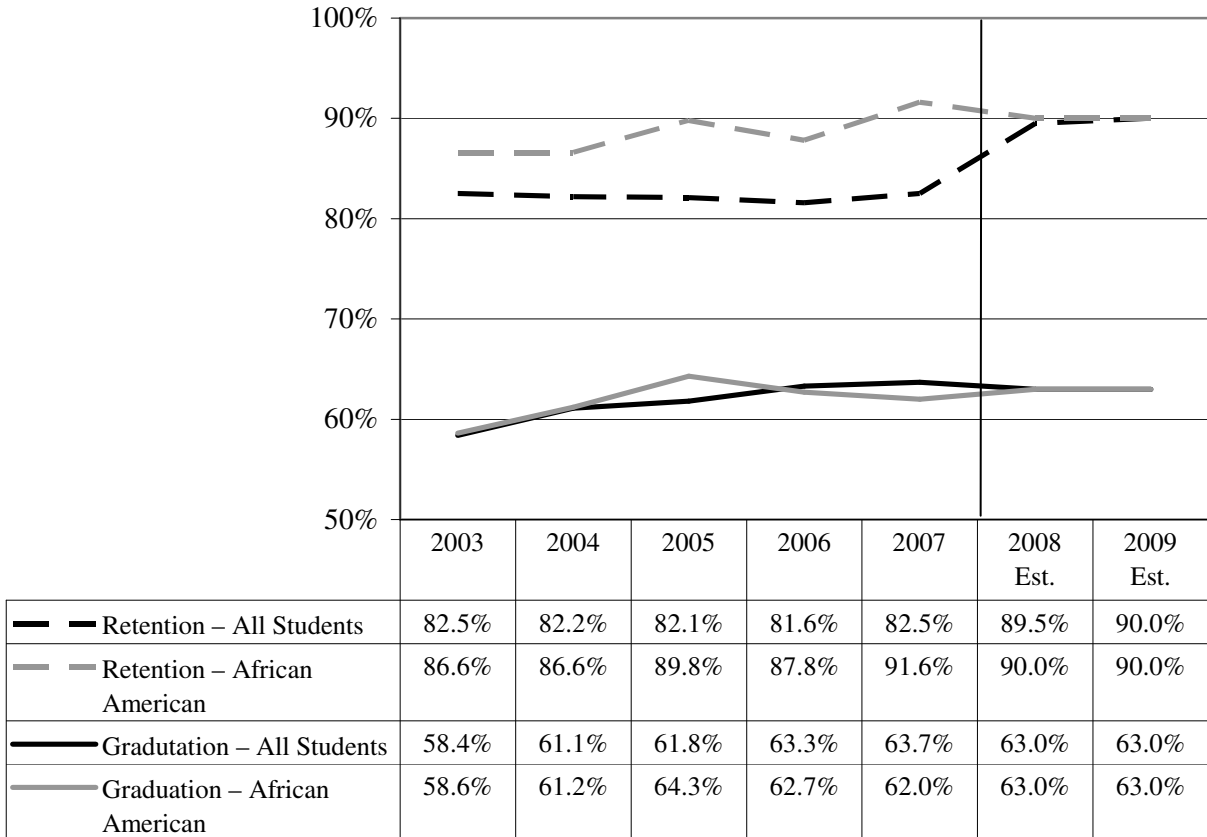
Retention Rate of African American Students Exceeds All Students; Gap in Graduation Rates Increases

Enhancing the access and success of minority students is another UMBC goal. 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, as shown in **Exhibit 2**. This trend held true for the two-year retention rate with 91.6% of African American students continuing on to their second year of education in fiscal 2007. This compares favorably to the two-year retention rate of 82.5% for all students.

The graduation rate for African American students has fluctuated over the past five years from a low of 58.6% in fiscal 2003 to 64.3% in fiscal 2005. Since fiscal 2006, the graduation rate has declined 2.3 percentage points to 62.0% in fiscal 2007. Generally, from fiscal 2003 to 2005 the graduation rate for African American students exceeded or was equal to that of all students. However, since fiscal 2006, the graduation rate for all students exceeded that of African American students. The gap in the graduation rate increased 1.7 percentage points in fiscal 2007. The graduation rate for all students has been steadily increasing from 58.4% in fiscal 2003 to 63.7% in fiscal 2007.

The President should comment on the factors contributing to the success in retaining and graduating students.

Exhibit 2
Six-year Graduation and Two-year Retention Rates
All Student and African American Students
Fiscal 2003-2009



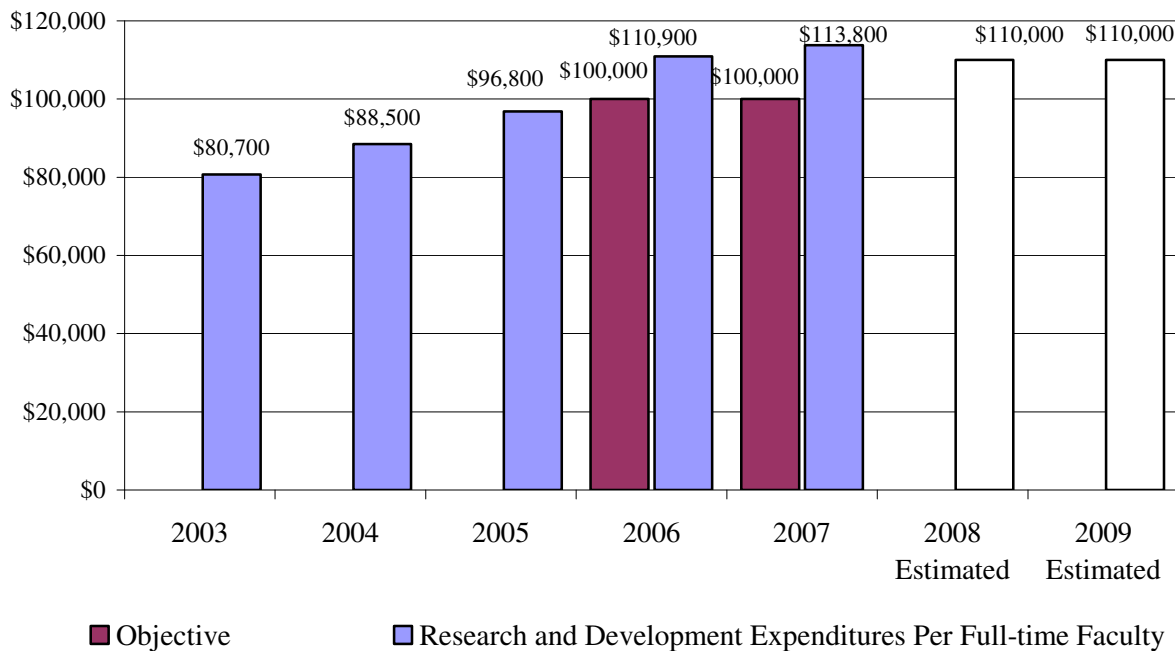
Notes: Fiscal 2007 two-year retention data reflects 2005 cohort group and six-year graduation rate reflects 2000 cohort group.

Source: Fiscal 2003 to 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 the Governor’s Budget Books, Fiscal 2009.

Research and Development Expenditures Continue to Increase, Exceeding the Target

UMBC is one of three USM degree-granting research institutions – the other two being 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 (R&D) expenditures per full-time faculty. In fiscal 2007, R&D expenditures increased 26.1%, or \$2,900, totaling \$113,800 per full-time faculty, exceeding the target by \$13,800. Overall, R&D expenditures increased 41.0% since fiscal 2003. UMBC attributes the increase to the quality of the faculty and an effort to enhance the research infrastructure to provide more pre- and post-award support to the faculty. However, UMBC expects the number of awards received from the federal government to decrease due to increased competition for decreasing federal dollars.

Exhibit 3
Total Federal Research and Development Expenditures
Per Full-time Faculty
Fiscal 2003-2009



Source: Governor’s Budget Books, Fiscal 2009

The President should comment on the efforts to maintain or increase the amount of research funding in light of the expected decrease in federal research funding.

Fiscal 2008 Cost Containment

In July 2007, the Board of Public Works approved cost containment measures resulting in a \$1.0 million, or 1.2% decrease in UMBC’s State appropriations. This resulted in the elimination of three faculty positions and a reduction of 8.8 positions across support functions such as human resources, facilities, and information technology. Additionally, facilities renewal expenditures decreased \$400,000, delaying roof replacements and technology upgrades.

Governor’s Proposed Budget

The general fund allowance for fiscal 2009 is \$4.3 million above the fiscal 2008 working appropriation, an increase of 5.1%, as shown in **Exhibit 4**. In terms of total funds, UMBC’s budget increases \$12.1 million, or 3.7%. However, this includes the health insurance and Other Post Employment Benefits liability costs, distorting the year-to-year comparison. After adjusting for these costs in fiscal 2008 and 2009, the underlying increase in the fiscal 2009 allowance is \$7.5 million, or 2.4%.

Exhibit 4
Governor’s Proposed Budget
University of Maryland Baltimore County
(\$ 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	\$79,270	\$84,488	\$88,812	\$4,324	5.1%
Higher Education Investment Fund			\$3,280	3,280	
Other Unrestricted Funds	158,368	162,872	165,099	2,226	1.4%
Total Unrestricted Funds	237,638	247,361	257,190	9,830	4.0%
Restricted Funds	78,147	83,678	85,996	2,318	2.8%
Total Funds	\$315,785	\$331,038	\$343,186	\$12,148	3.7%

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

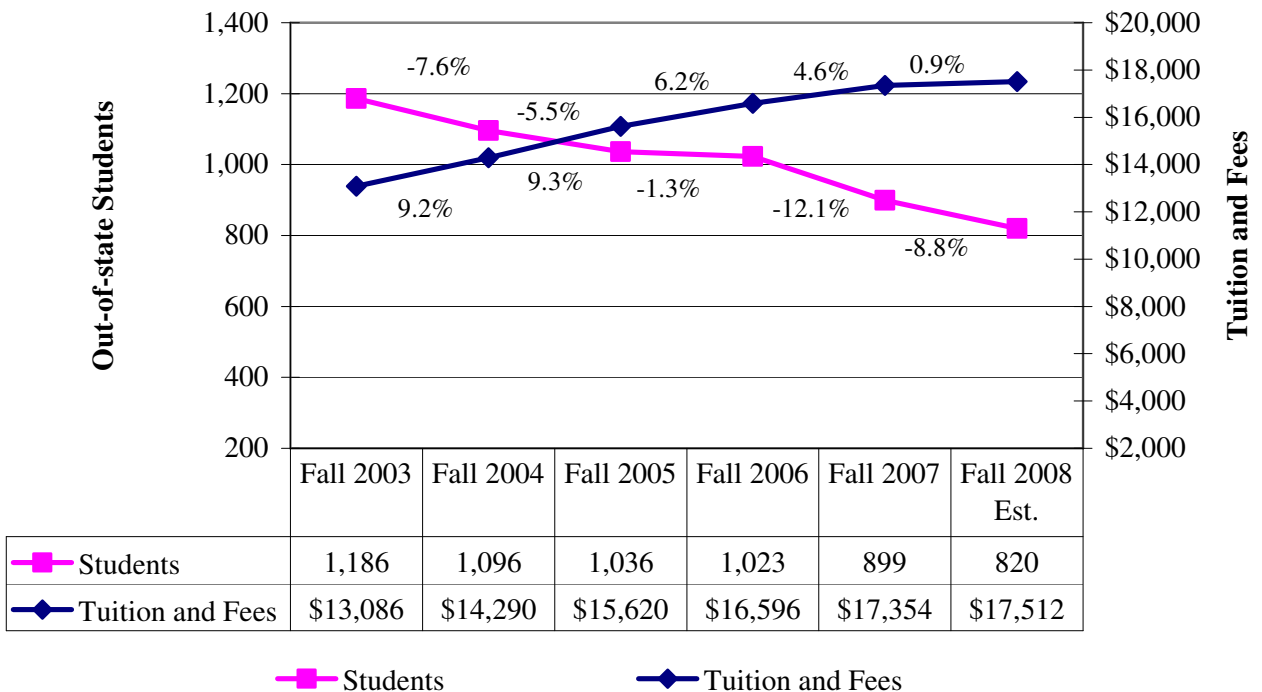
UMBC will receive \$3.3 million of Higher Education Investment Funds (HEIF). Of this amount, \$865,714 funds the budgeted fiscal 2009 enrollment growth of 96 full-time equivalent students (FTES); \$2.0 million replaces tuition revenue lost as a result of the freeze on resident undergraduate tuition; and \$450,000 enhances the Life Sciences and Materials Microscopy Imaging facility. The fiscal 2009 allowance also provides \$350,000 in general funds to support the Walter Sondheim, Jr. Public Service Internships Scholarship program established under HB 269 of 2007 (Chapter 490).

Other unrestricted funds increase \$2.2 million, or 1.4%, due to an increase in tuition and fee revenue of \$1.3 million, or 1.5%, over fiscal 2008. Revenues from the sales and services of auxiliary enterprises increase \$1.5 million, or 2.9%. However, these increases are offset by a decline of \$561,410, or 5.2%, in other sources which include interest income and licensing fees.

Out-of-State Tuition and Fee Revenue

Since at least fall 2003, enrollment of out-of-state undergraduate students has been declining as out-of-state tuition has increased, affecting total tuition and fee revenues. **Exhibit 5** shows the number of enrolled out-of-state undergraduate students from fall 2003 to fall 2008 and the corresponding tuition and fee rate. While the tuition and fee rate increased 33.8%, or \$4,426, since fall 2003, out-of-state enrollment declined 30.9%, or by 366 students. Although the increase in out-of-state tuition and fees is minimal at 0.9% for fiscal 2009, the university expects out-of-state enrollment to continue declining, though at a lower rate of 8.8%. Overall, the percentage of out-of-state undergraduate students declined from 12.4% of the total undergraduate enrollment in fall 2003, to an estimated 8.6% in fall 2008.

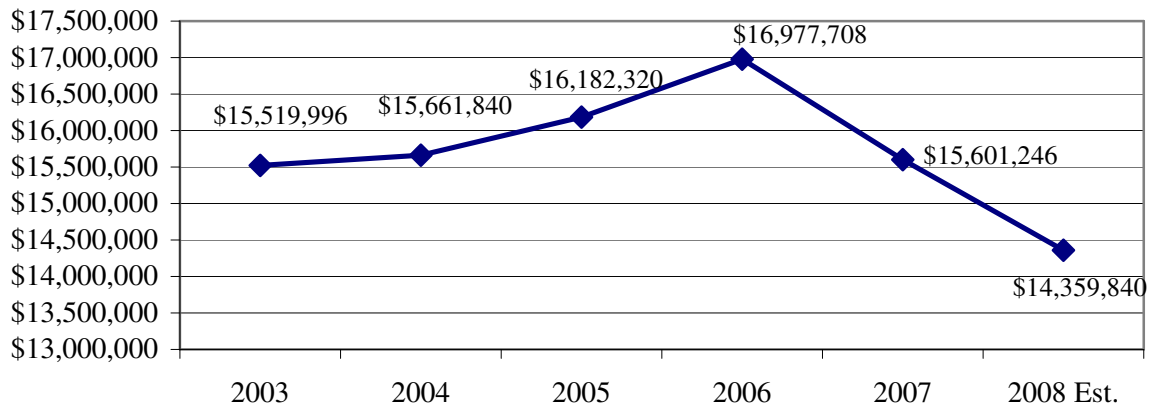
Exhibit 5
Out-of-State Enrollment and Tuition and Fees
Fall 2003-2008



Source: University of Maryland Baltimore County; University System of Maryland

Despite the higher tuition and fee rate, the decline in out-of-state enrollment has led to a recent decrease in tuition and fee revenues. **Exhibit 6** shows total out-of-state undergraduate tuition and fee revenues from fall 2003 to 2008. Despite a 13.7% decline in out-of-state enrollment from fall 2003 to 2006, total revenues increased 9.4%, or by \$1.5 million. Revenues peaked in fall 2006 at \$17.0 million. However, since fall 2006, total out-of-state undergraduate tuition and fee revenues fell 15.4%, or \$2.6 million, while enrollment declined 19.8%, or by 203 students. The decline in out-of-state undergraduate tuition and fee revenues has resulted in UMBC reducing services, holding vacant positions open, and slowing down the implementation of new programs.

Exhibit 6
Total Tuition and Fee Revenues
From Out-of-State Undergraduate Students
Fall 2003-2008



Source: University of Maryland Baltimore County; University System of Maryland; Department of Legislative Services

The President should comment on when the university estimates that out-of-state enrollment will stabilize, plans for out-of-state tuition increases, and efforts to recruit and increase enrollment of out-of-state undergraduate students.

Program Budget

Changes in UMBC's budget by program are shown in **Exhibit 7**. The data reflects unrestricted funds only, consisting mostly of general and HEIF funds, and tuition and fee revenues. Operation and maintenance of plant expenditures are projected to increase at the highest rate of 6.3%, or \$1.7 million. Additional funds will be used for utilities inflation (\$0.3 million), employee merit and benefits increases (\$0.3 million), debt service (\$0.3 million), and facilities renewal (\$0.8 million). Instruction increases at the next highest rate of 5.4%, or \$4.8 million. A majority of the increase is due to increases in salaries and benefits (\$4.0 million), and \$0.5 million will be used to upgrade the microscopy core research and teaching facilities. Scholarships and fellowships grow at the next highest rate of 4.5%, or \$0.8 million, which will go toward undergraduate students. Despite the decline in out-of-state revenue, total tuition and fee revenue grows 1.5% in the fiscal 2009 allowance. The university also expects to transfer \$2.3 million to fund balance.

Exhibit 7
UMBC Budget Changes for Unrestricted Funds by Program
Fiscal 2007-2009
(\$ in Thousands)

	<u>2007 Actual</u>	<u>2008 Working</u>	<u>2007-08 % Change</u>	<u>2009 Allowance</u>	<u>2008-09 Change</u>	<u>2008-09 % Change</u>
Expenditures						
Instruction	\$88,045	\$89,021	1.1%	\$93,830	\$4,809	5.4%
Research	9,310	8,964	-3.7%	8,969	5	0.1%
Public Service	4,196	3,675	-12.4%	3,484	-191	-5.2%
Academic Support	15,865	17,118	7.9%	17,660	542	3.2%
Student Services	10,325	10,804	4.6%	11,173	370	3.4%
Institutional Support	26,367	28,594	8.4%	29,493	899	3.1%
Operation and Maintenance of Plant	24,392	27,152	11.3%	28,852	1,700	6.3%
Scholarships and Fellowships	18,235	17,639	-3.3%	18,436	797	4.5%
Education and General Total	\$196,734	\$202,967	3.2%	\$211,897	\$8,930	4.4%
Auxiliary Enterprises	\$40,904	\$44,394	8.5%	\$45,293	\$900	2.0%
Grand Total	\$237,638	\$247,361	4.1%	\$257,190	\$9,830	4.0%
Revenues						
Tuition and Fees	\$85,243	\$86,345	1.3%	\$87,650	\$1,304	1.5%
General Funds	79,270	84,488	6.6%	88,812	4,324	5.1%
Higher Education Investment Fund				3,280		
Other Unrestricted Funds	28,821	28,257	-2.0%	27,696	-561	-2.0%
Subtotal	\$193,334	\$199,091	3.0%	\$207,437	\$8,346	4.2%
Auxiliary Enterprises	\$49,522	\$50,522	2.0%	\$52,006	\$1,484	2.9%
Transfer (to)/from Fund Balance	-5,218	-2,253	-56.8%	-2,253	0	0.0%
Grand Total	\$237,638	\$247,361	4.1%	\$257,190	\$9,830	4.0%

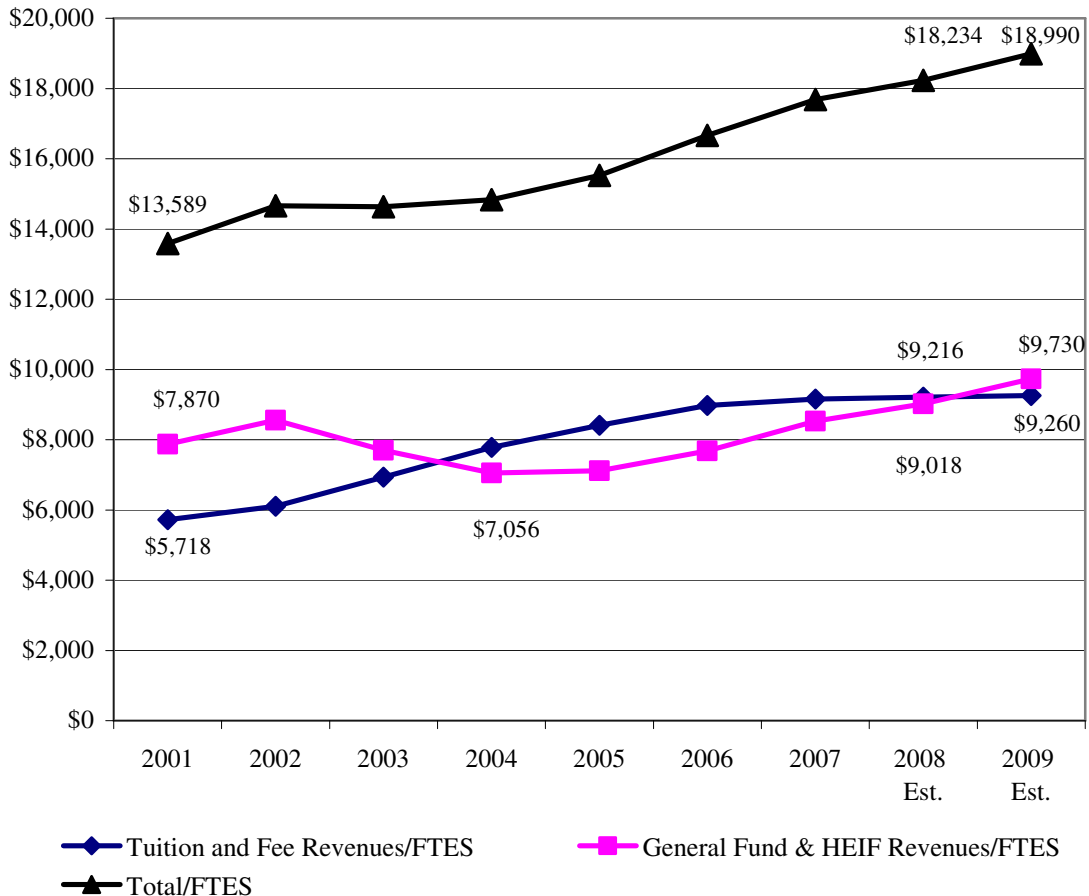
Note: Unrestricted funds only. All programs

Source: Governor's Budget Books, Fiscal 2009

General Fund, HEIF, and Tuition and Fee Revenues

Since fiscal 2007, tuition and fee revenues per FTES have been stable due to the freeze in tuition as shown in **Exhibit 8**. General fund and HEIF revenues per FTES increase \$712, or 7.9%, over fiscal 2008 totaling \$9,730 per FTES. Tuition and fee revenues increase \$44, or 0.5%, in fiscal 2009. After cost containment reductions, general fund revenues per FTES declined to a low of \$7,056 per FTES in fiscal 2004. At the same time, tuition and fee revenue increased sharply, surpassing general funds per FTE. In fiscal 2009, general fund and HEIF revenues will exceed tuition and fee revenues by \$470 per FTES. Overall, total revenues per FTES increase \$756, or 4.1%, totaling \$18,990 per FTES in fiscal 2009. Since fiscal 2001, total revenue per FTES has increased each year except in fiscal 2002 and 2003, when revenue was flat.

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



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

Source: Governor's Budget Books, Fiscal 2009

Issues

1. 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 post secondary 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 UMBC \$2.0 million in 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%. The cumulative savings in tuition to UMBC students by not raising tuition by 4% for three consecutive years is \$1,598.

Fees, which are a part of the total cost to the student, have not been frozen. In fiscal 2009, fees are expected to increase \$72, or 3.2%. UMBC has the highest fees of all USM institutions at \$2,296 in fiscal 2009. When including tuition, the cost to a resident undergraduate student at UMBC increased 0.8% in fiscal 2009, lower than the average systemwide increase of 1.1%. UMBC continues to have the highest resident tuition and fees among USM institutions, second only to St. Mary's College among public four-year institutions in the State.

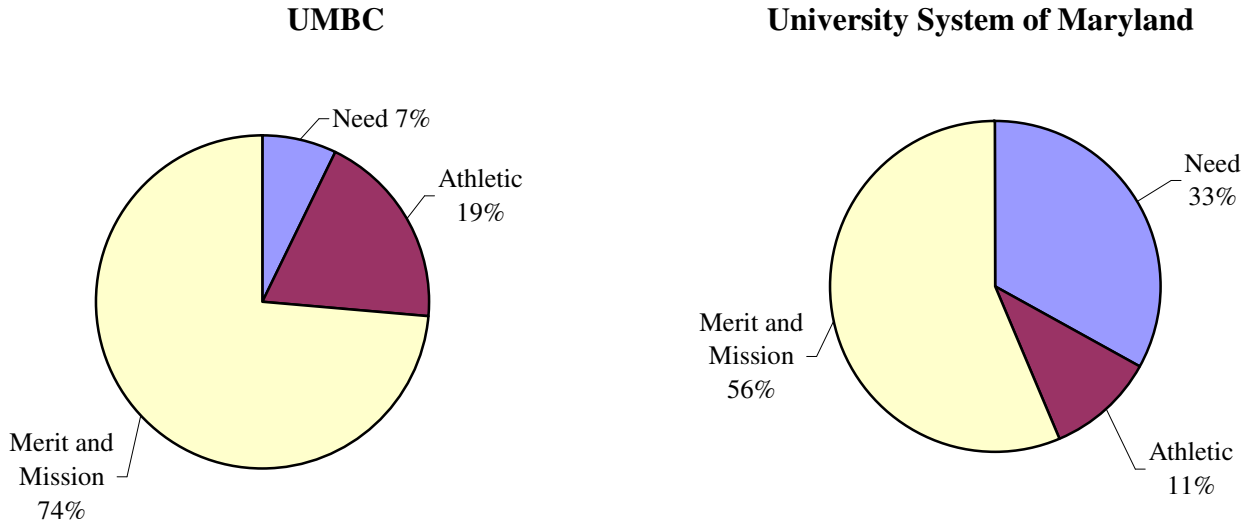
The President should comment on the tuition and fee schedule and the impact on affordability.

Distribution of Types of Institutional Aid

Another factor affecting affordability is institutional or financial aid. Categories of institutional aid include merit, need, athletic, and mission. Institutional aid is one kind of aid students receive and may be accompanied by State and federal aid. Data on aid are available in the categories of need, athletic, and combined merit and mission.

In fiscal 2008, UMBC expects to spend \$1.4 million on need-based aid, an increase of \$176,583, or 14.6% over fiscal 2007, as shown in **Exhibit 9**. However, need-based aid only comprises 7.2% of UMBC's institutional aid. While merit and mission is expected to increase 1.0%, or \$140,522 over fiscal 2007, it accounts for 73.6% of total institutional aid. Spending on athletic aid in fiscal 2008 is expected to increase \$125,570, or 3.5% over fiscal 2007. Athletic aid comprises 19.2% of institutional aid. Overall, in fiscal 2008, UMBC expects to spend \$19.4 million on institutional aid, an increase of \$442,672, or 2.3% over fiscal 2007.

**Exhibit 9
Institutional Financial Aid
Fiscal 2008 Estimate**



	<u>Need</u>	<u>Athletic</u>	<u>Merit and Mission</u>	<u>Total</u>
University of Maryland Baltimore County	\$1,386,000	\$3,724,744	\$14,258,000	\$19,368,744
University System of Maryland 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 UMBC in fiscal 2006 for students that filled out a Free Application for Federal Student Aid (FAFSA) 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 percent of the students receiving need-based aid and other types of institutional aid by EFC category. In fiscal 2006, 91.6% of the need-based aid went to students with an EFC between \$0 and \$6,999. Students with EFC above \$10,000 received 3.1% of the need-based aid, and 28.7% of other institutional aid such as merit, mission, and athletic. Overall, 48.8% of all other institutional aid went to students who filed a FAFSA in fiscal 2006. This means 51.2% of other aid went to students who did not file a FAFSA and, therefore, had no demonstrated financial need.

The President should comment on the amount of merit and mission aid awarded and the amount awarded to students who had not demonstrated financial need. The President should also address 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 aid is awarded.

Exhibit 10
Percent of Institutional Financial Aid Awards by EFC
Fiscal 2006

<u>EFC Category</u>	<u>Need-based</u>	<u>Other</u>
\$0	42.8%	2.8%
\$1 – \$3,850	40.7%	6.4%
\$3,851 – \$6,999	8.1%	5.7%
\$7,000 – \$9,999	5.1%	5.2%
\$10,000 – \$14,999	2.8%	6.8%
\$15,000 – \$19,999	0.2%	5.6%
\$20,000 +	0.1%	16.3%

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 did not file a Free Application for Federal Student Aid.

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

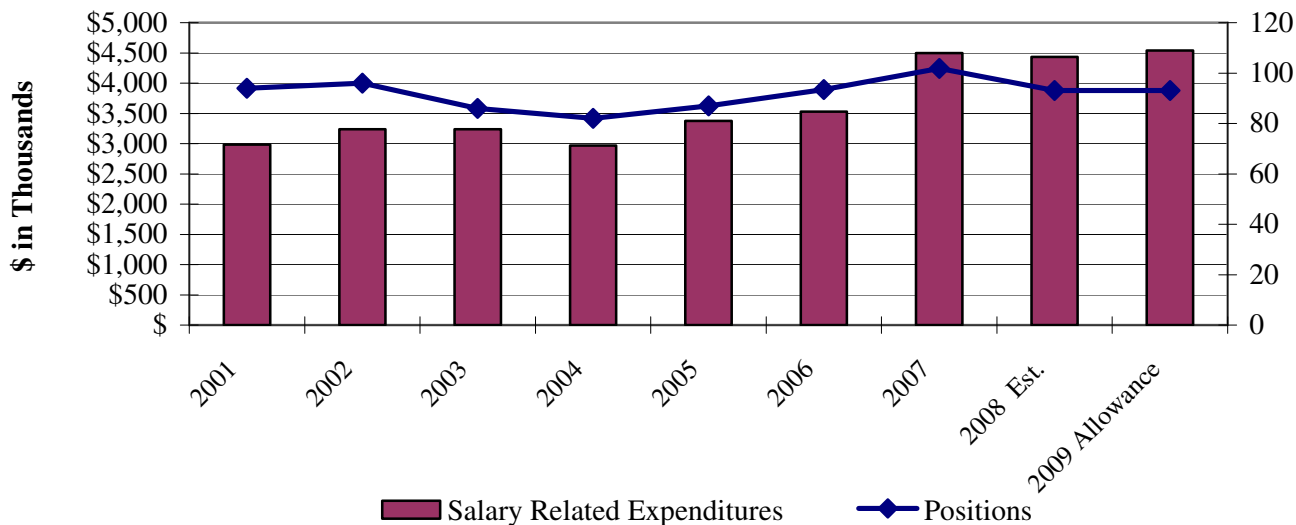
2. Facility Maintenance and Renewal

Personnel

USM 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 at UMBC and the associated salaries and benefit expenditures from fiscal 2001 to 2009. In fiscal 2007, personnel expenditures increased 27.4%, corresponding with a 9.0% increase in positions to a total of 102 full-time equivalent (FTE) positions. This is the highest number of positions since fiscal 2001. However, in fiscal 2008, while the number of positions declined 8.6%, to 93 FTEs, salary-related expenditures only decreased 1.5%.

UMBC attributes the decline in positions to reductions to UMBC’s fiscal 2008 budget and a \$1.0 million budget reduction due to the Board of Public Works cost containment measures. Half of the eliminated positions were from the grounds department. UMBC reports it is able to meet current grounds-related maintenance by outsourcing the lawn mowing and some grounds maintenance functions. The remaining positions were located across property/work control and administrative functions. UMBC states the loss of the positions has made it more challenging to operate and maintain its facilities. Currently, UMBC focuses maintenance needs on its highest priorities and critical maintenance and renewal needs. UMBC estimates its current backlog of deferred maintenance totals \$32 million.

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



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

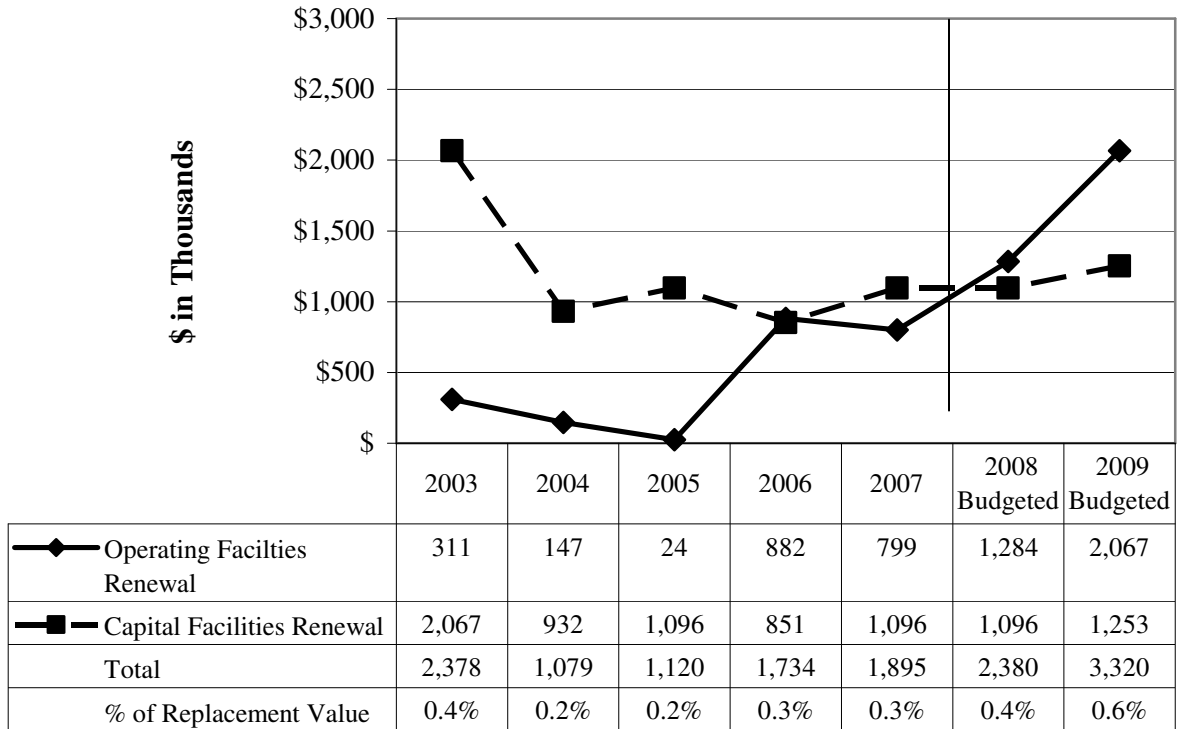
Facilities Renewal

In 1992, the Board of Regents set an institutional facilities renewal spending target of 2% of the current replacement value of capital assets. In an effort to move institutions to the target in a timely manner, the Board of Regents adopted a new policy in 2005. The new policy requires each institution to annually increase operating expenditures for facility renewal by 0.2% of the replacement value of all capital assets until the institution reaches the 2% target. Additionally, due to the backlog of projects, institutions may apply facilities renewal funded by academic revenue bonds in the capital budget to the 2% target. Once the target is met, only operating expenses will count towards the 2% target.

Overall, UMBC’s total facilities and renewal expenditures from fiscal 2003 to 2007 averaged 0.3% of the replacement value of assets, as shown in **Exhibit 12**. In fiscal 2006, operating expenditures increased \$858,446, or 3,578% from fiscal 2005. This reflects the Board of Regents policy of increasing expenditures by 0.2%. In fiscal 2008, operating expenditures for facilities renewal surpass capital expenditures by \$188,000. In fiscal 2009, operating expenditures are budgeted to increase \$783,000 from \$1.3 million in fiscal 2008 to \$2.1 million, reflecting USM’s efforts to increase expenditures on facility renewal. Total expenditures on facilities renewal will be \$3.3 million in fiscal 2009. This is equivalent to 0.6% of the replacement value of UMBC’s assets.

The President should comment on the efforts to address the maintenance backlog and keep pace with ongoing maintenance requirements.

Exhibit 12
UMBC’s Total Facilities and Renewal Expenditures
Fiscal 2003-2009



 Operating Facilities Renewal
  Capital Facilities Renewal

Note: Annual spending target (2% replacement value): \$11.6 million. Based on 2005 value, replacement values updated every five years.

Source: University System of Maryland

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Erickson School of Aging Studies

The Erickson School of Aging admitted its first undergraduate class in fall 2006 with an enrollment of 102 undergraduate students, of whom 43 declared a major in aging services. In fall 2007, enrollment increased to 353 students, with 55 declaring aging services as a major. The school offers a master's in the Management of Aging Studies, and 50 applications were received for the inaugural program. Thirty applicants were accepted, and three deferred to fall 2008. The school also offers an executive education program. In fiscal 2006, 93 students enrolled in five courses, and in fiscal 2007, 176 students enrolled in eight courses.

The school set an aggressive enrollment target of 1,600 plus degree students within the next 10 years. The school developed this goal in consultation with the Erickson School Advisory Board. Additionally, the Erickson Foundation agreed to fund or help raise the funds necessary to support the projected rapid growth in enrollment.

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Other Unrestricted Fund</u>	<u>Total Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Total</u>
Fiscal 2007					
Legislative Appropriation	\$76,698	\$163,675	\$240,373	\$80,657	\$321,030
Deficiency Appropriation	0	2,000	2,000	0	2,000
Budget Amendments	1,906	-3,535	-1,629	1,200	-429
Reversions and Cancellations	0	-3,107	-3,107	-3,710	-6,817
Actual Expenditures	\$78,604	\$159,033	\$237,637	\$78,147	\$315,784
Fiscal 2008					
Legislative Appropriation	\$83,498	\$157,921	\$241,419	\$83,678	\$325,097
Cost Containment	-1,009	0	-1,009	0	-1,009
Budget Amendments	2,000	4,952	6,952	0	6,952
Working Appropriation	\$84,489	\$162,873	\$247,362	\$83,678	\$331,040

Note: Numbers may not sum to total due to rounding

Fiscal 2007

For fiscal 2007, general funds for UMBC increased \$1.9 million through a budget amendment for State employee cost-of-living adjustment (COLA).

Other unrestricted funds decreased a net \$1.5 million through a deficiency appropriation and budget amendments. Deficiency appropriations included a \$4.6 million increase for deferred maintenance to dorms and apartment buildings and a \$2.6 million decrease due to a reduction in the use of consultants and other contractual services. Other increases included:

- \$3.0 million from auxiliary services and services and sales of educational services;
- \$2.1 million from indirect costs; and
- \$0.7 million reallocation of funds balancing tuition revenue reductions with health cost savings.

Decreases to unrestricted funds included:

- \$7.5 million in auxiliary revenue due to accounting changes;
- \$1.7 million in tuition and fee revenue; and
- \$0.1 million in sales and services of educational activities.

Restricted funds increased \$1.2 million through a budget amendment due to an increase in federal, State, and private contracts and grants.

Cancellations of unrestricted funds amounted to \$3.1 million due to less than anticipated tuition and fee revenue and less than expected fuel and utility costs. Cancellation of restricted funds amounted to \$3.7 million which was due to a timing difference between anticipated and actual expenditures.

Fiscal 2008

For fiscal 2008, general funds increased a net \$1.0 million through budget amendments. This amount included an increase of \$2.0 million for the State employee COLA and a decrease of \$1.0 million for cost containment. Other unrestricted funds increased \$5.0 million through a budget amendment. Increases included:

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- \$2.4 million in auxiliary revenue;
- \$1.6 million in miscellaneous revenue;
- \$0.5 million in sales and services of education activities due to summer/winter session and noncredit courses; and
- \$0.8 million from federal and private grant activity.

There was also a \$390,132 decrease in State and local contracts and grants.

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

<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	1848.56	1865.11	1865.11	0	0%
02 Contractual	531.03	527.09	527.09	0	0%
Total Positions	2379.59	2392.20	2392.20	0	0%
Objects					
01 Salaries and Wages	\$ 183,588,832	\$ 193,390,332	\$ 201,683,781	\$ 8,293,449	4.3%
02 Technical and Spec. Fees	642,388	337,195	337,195	0	0%
03 Communication	1,112,992	1,178,629	1,179,445	816	0.1%
04 Travel	4,454,557	4,636,207	4,636,207	0	0%
06 Fuel and Utilities	10,638,458	13,718,155	13,871,922	153,767	1.1%
07 Motor Vehicles	829,093	884,851	879,551	-5,300	-0.6%
08 Contractual Services	34,965,042	36,149,114	37,980,639	1,831,525	5.1%
09 Supplies and Materials	17,475,411	18,254,345	18,254,345	0	0%
11 Equip. – Additional	5,280,102	6,067,635	6,067,635	0	0%
12 Grants, Subsidies, and Contributions	36,440,431	36,914,410	37,711,606	797,196	2.2%
13 Fixed Charges	16,866,803	17,458,570	17,752,165	293,595	1.7%
14 Land and Structures	3,490,534	2,048,798	2,831,737	782,939	38.2%
Total Objects	\$ 315,784,643	\$ 331,038,241	\$ 343,186,228	\$ 12,147,987	3.7%
Funds					
40 Unrestricted Fund	\$ 237,637,945	\$ 247,360,625	\$ 257,190,135	\$ 9,829,510	4.0%
43 Restricted Fund	78,146,698	83,677,616	85,996,093	2,318,477	2.8%
Total Funds	\$ 315,784,643	\$ 331,038,241	\$ 343,186,228	\$ 12,147,987	3.7%

Note: The fiscal 2008 appropriation does not include deficiencies.

Fiscal Summary
University of Maryland Baltimore County

<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	\$ 88,897,818	\$ 90,298,608	\$ 95,115,756	\$ 4,817,148	5.3%
02 Research	52,746,550	55,545,652	57,350,672	1,805,020	3.2%
03 Public Service	24,814,943	25,840,374	26,159,501	319,127	1.2%
04 Academic Support	15,864,550	17,118,142	17,659,802	541,660	3.2%
05 Student Services	10,324,503	10,803,703	11,173,204	369,501	3.4%
06 Institutional Support	26,366,965	28,594,021	29,492,697	898,676	3.1%
07 Operation and Maintenance of Plant	24,391,652	27,152,055	28,852,070	1,700,015	6.3%
08 Auxiliary Enterprises	40,904,252	44,393,719	45,293,363	899,644	2.0%
17 Scholarships and Fellowships	31,473,410	31,291,967	32,089,163	797,196	2.5%
Total Expenditures	\$ 315,784,643	\$ 331,038,241	\$ 343,186,228	\$ 12,147,987	3.7%
Unrestricted Fund	\$ 237,637,945	\$ 247,360,625	\$ 257,190,135	\$ 9,829,510	4.0%
Restricted Fund	78,146,698	83,677,616	85,996,093	2,318,477	2.8%
Total Appropriations	\$ 315,784,643	\$ 331,038,241	\$ 343,186,228	\$ 12,147,987	3.7%

Note: The fiscal 2008 appropriation does not include deficiencies.

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

	<u>Fiscal 2002</u>		<u>Fiscal 2007</u>		<u>Fiscal 2008</u>		<u>Change in Share of Total 2002-2008</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	579	45.4%	738	41.2%	697	39.1%	-6.3
Research	18	1.4%	238	13.3%	257	14.4%	13.0
Public Service	6	0.5%	68	3.8%	105	5.9%	5.4
Academic Support	134	10.5%	129	7.2%	125	7.0%	-9.0
Student Services	95	7.4%	119	6.7%	115	6.4%	20.0
Institutional Support	249	19.6%	263	14.7%	258	14.5%	9.0
Operations, Maintenance of Plant	86	6.7%	98	5.5%	84	4.7%	-2.0
Auxiliary Enterprises	108	8.4%	139	7.8%	141	7.9%	33.0
Total	1,275		1,792		1,782		

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

Source: University of Maryland Baltimore County