
University System of Maryland Fiscal 2010 Budget Overview

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

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

For further information contact: Sara J. Baker

Phone: (410) 946-5530

Analysis of the FY 2010 Maryland Executive Budget, 2009

Operating Budget Data

(\$ in Thousands)

| | <u>FY 08</u> <u>Actual</u> | <u>FY 09</u> <u>Working</u> | <u>FY 10</u> <u>Allowance</u> | <u>FY 09-10</u> <u>Change</u> | <u>% Change</u> <u>Prior Year</u> |
|--|-------------------------------|--------------------------------|----------------------------------|----------------------------------|--------------------------------------|
| General Funds | \$1,005,018 | \$1,023,731 | \$1,104,454 | \$80,724 | 7.9% |
| Contingent & Back of Bill Reductions | 0 | 0 | -1,898 | -1,898 | |
| Adjusted General Fund | \$1,005,018 | \$1,023,731 | \$1,102,556 | \$78,826 | 7.7% |
| Special Funds | 6,803 | 66,537 | 7,541 | -58,996 | -88.7% |
| Adjusted Special Fund | \$6,803 | \$66,537 | \$7,541 | -\$58,996 | -88.7% |
| Other Unrestricted Funds | 1,969,423 | 2,060,739 | 2,124,795 | 64,056 | 3.1% |
| Contingent & Back of Bill Reductions | 0 | 0 | -147 | -147 | |
| Adjusted Other Unrestricted Fund | \$1,969,423 | \$2,060,739 | \$2,124,648 | \$63,909 | 3.1% |
| Total Unrestricted Funds | 2,981,244 | 3,151,007 | 3,236,790 | 83,885 | 2.7% |
| Contingent & Back of Bill Reductions | 0 | 0 | -2,046 | -2,046 | |
| Adjusted Total Unrestricted Funds | \$2,981,244 | \$3,151,007 | \$3,234,744 | \$81,839 | 2.7% |
| Restricted Funds | 930,934 | 1,019,523 | 1,059,531 | 40,008 | 3.9% |
| Contingent & Back of Bill Reductions | 0 | 0 | -512 | -512 | |
| Adjusted Restricted Fund | \$930,934 | \$1,019,523 | \$1,059,019 | \$39,496 | 3.8% |
| Adjusted Grand Total | \$3,912,178 | \$4,170,530 | \$4,291,865 | \$121,335 | 2.9% |

- General funds for the University System of Maryland (USM) increase \$78.8 million, or 7.7%, in the fiscal 2010 allowance. However, after adjusting for \$59.6 million of Higher Education Investment Funds (HEIF) in fiscal 2009, and \$1.9 million to delete the deferred compensation match in fiscal 2010, the underlying increase is \$19.2 million, or 1.9%, over fiscal 2009.
- Other pending and proposed actions affecting the fiscal 2009 and 2010 budgets will be further discussed in the proposed budget section.

Personnel Data

| | <u>FY 08 Actual</u> | <u>FY 09 Working</u> | <u>FY 10 Allowance</u> | <u>FY 09-10 Change</u> |
|------------------------|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Regular Positions | 21,525.27 | 21,931.29 | 22,072.06 | 140.77 |
| Contractual FTEs | <u>5,341.99</u> | <u>5,273.84</u> | <u>5,350.58</u> | <u>76.74</u> |
| Total Personnel | 26,867.26 | 27,205.13 | 27,422.64 | 217.51 |

Vacancy Data: Regular Positions

| | | |
|---|--------|-------|
| Turnover and Necessary Vacancies, Excluding New Positions | 576.08 | 2.61% |
| Positions and Percentage Vacant as of 12/31/08 | 776.60 | 3.50% |

- The fiscal 2010 allowance includes 141 additional regular positions.
- Contractual positions increase by 77 positions.
- Total USM workforce increases 0.8% over fiscal 2009.

Analysis in Brief

Major Trends

Enrollment in Teacher Education Programs Increases While Teacher Employment in Maryland Continues to Decline: After four years of decline, students enrolled in teacher education programs increased 1%; however, the number of graduates employed in Maryland local public schools continues to decline from 1,063 graduates in fiscal 2007 to 1,009 in fiscal 2008.

Nursing Enrollment and Graduating Students Declines: Enrollment in nursing programs dropped 1.3%, from 2,247 students in fiscal 2007 to 2,218 in fiscal 2008. For a third consecutive year, the number of students graduating from nursing programs declined 4%, or by 28 graduates, in fiscal 2008.

Retention Rate Remains Stable; Graduation Gap Remains at Widest Margin: The two-year retention rate and six-year graduation rate for African American and all students remained unchanged while the gap in graduation rates remained at its widest margin of 19 percentage points.

Issues

Undergraduate Resident Tuition Frozen Again in Fiscal 2010; Fees Increase: The fiscal 2010 allowance provides \$16.1 million in general funds to freeze resident undergraduate tuition rates for a fourth consecutive year. However, mandatory fees increase an average of 5.6% over fiscal 2009, thereby increasing the total tuition and fees a student pays at a USM institution by 1.3%.

Facility Renewal: As buildings age, facility renewal becomes more of an issue. Overall, 38.0% of the total square footage of USM's State-supported buildings are over 26 years old. Systemwide, expenditures on facilities renewal in fiscal 2010 totals \$65.1 million, equivalent to 1.3% of the replacement value of State-supported assets.

Closing the Achievement Gap: As a follow-up to a systemwide symposium on reducing the gap in retention and graduation rates of minority, low-income and first-time students, institutions developed plans to close the gap that include needs assessment, specific goals, and timelines.

Recommended Actions

1. Add language that would reduce current unrestricted (general) funds.
2. Adopt narrative requesting continued reporting on faculty workload.

Updates

Efficiency Initiative at USM: In 2004, USM implemented its effectiveness and efficiency initiative to reduce costs and accommodate future enrollment growth. Through the initiative, USM requires a 0.5% reduction in expenditures of the State-supported budget for each institution. Academic-related efficiencies include reducing time-to-degree, increasing faculty workload, and redesigning larger courses to be more cost-efficient and improve the learning environment.

Funding Comprehensive Institutions: USM was required to submit a report examining the funding of its comprehensive institutions and provide recommendations addressing funding needed per full-time equivalent student and the appropriate level of State support and tuition. USM presented three long-term goals and guiding principles for incremental funding of comprehensive institution that would cost \$80 million phased in over several years.

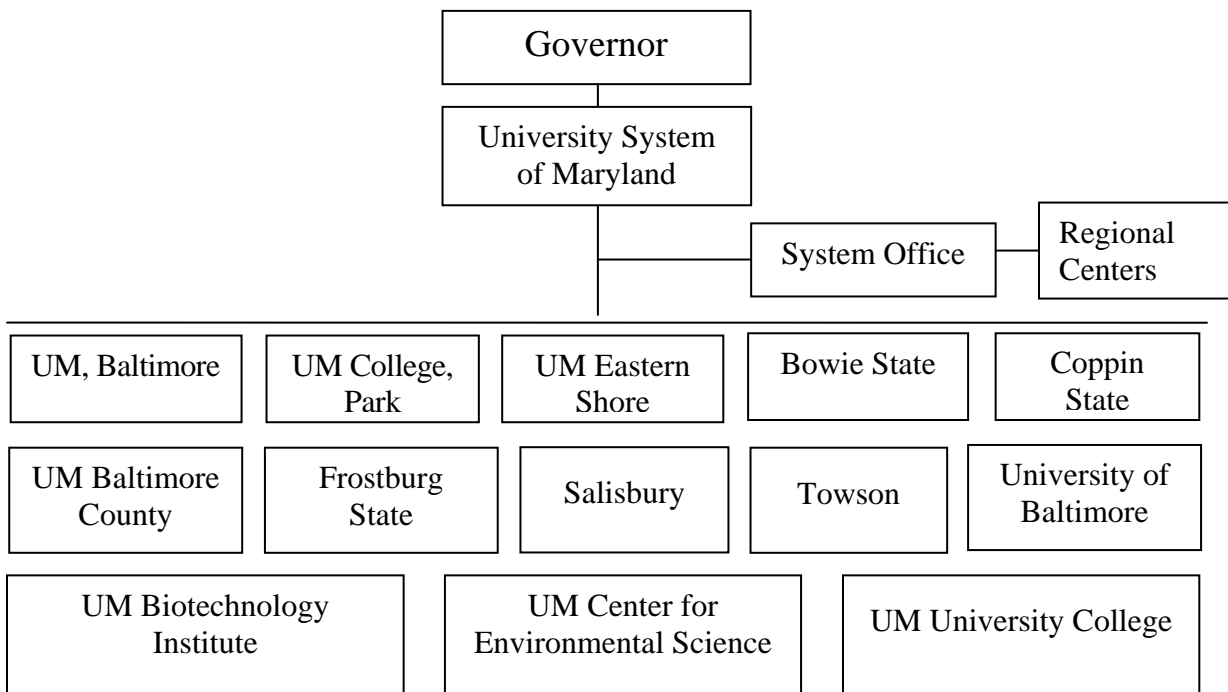
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University System of Maryland
Fiscal 2010 Budget Overview

Operating Budget Analysis

Program Description

Title 12 of the Education Article establishes the University System of Maryland (USM) to “foster the development of a consolidated system of public higher education, to improve the quality of education, to extend its benefits, and to encourage the economical use of the State’s resources.” USM consists of 11 degree-granting institutions, 2 research centers, and the system office which operates 2 regional higher education centers. **Exhibit 1** illustrates the structure of the system.

Exhibit 1
University System of Maryland



UM: University of Maryland

Source: Department of Legislative Services

The Board of Regents is the governing body of USM. The board consists of 17 members, including a full-time student and the State Secretary of Agriculture (ex officio). Except for the Agriculture Secretary, each member is appointed by the Governor with the advice and consent of the Senate. The board appoints the Chancellor, who serves as the chief executive officer of the system and the chief of staff to the board. The Chancellor and staff coordinate system planning; advise the board of systemwide policy; coordinate and arbitrate among system institutions; and provide technical, legal, and financial assistance.

The board reviews, modifies, and approves a system strategic plan developed by the Chancellor in consultation with institution presidents. The board is charged with assuring programs offered by the institutions are not unproductive or unreasonably duplicative. Other board activities include reviewing and approving new programs, reviewing existing programs, setting minimum admission standards, and determining guidelines for tuition and fees. The board monitors the progress of each system institution toward its approved goals and holds each president accountable for the progress toward the goals. Furthermore, the board may delegate any of its responsibilities to the Chancellor.

USM goals, consistent with the State Plan for Higher Education, are to:

- create and maintain a well-educated workforce;
- promote economic development;
- increase access for economically disadvantaged and minority students; and
- achieve and sustain national eminence in providing quality education, research, and public service.

Performance Analysis: Managing for Results

Producing a well-educated workforce is one goal of USM. The total undergraduate enrollment at all USM institutions increased 1.0% from 97,882 in fiscal 2007 to 98,973 in fiscal 2008. During the same time frame, the number of bachelor's degree recipients increased 1.3% from 18,057 to 18,299 recipients.

Enrollment in Teacher Education Programs Increases While Teacher Employment in Maryland Continues to Decline

USM established a goal to increase the number of graduates employed in areas having a shortage of workers as part of its efforts to produce a well-educated workforce. One of these areas is teaching and eight USM institutions offer teacher education programs.

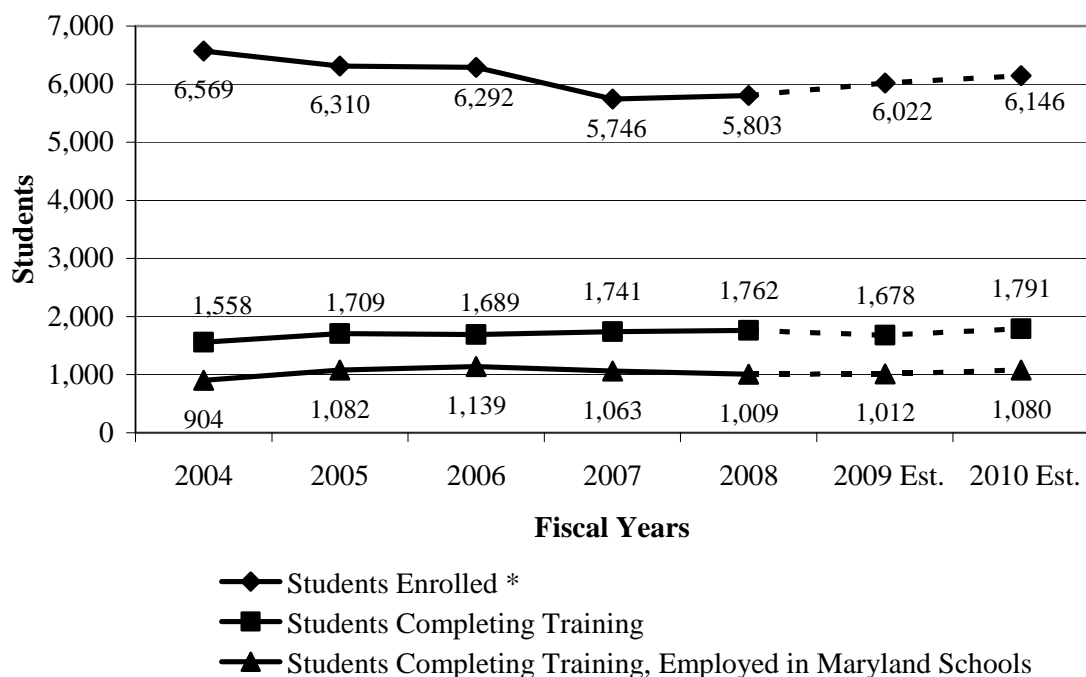
After four years of declining enrollment in USM teacher education programs, enrollment increased 1.0%, or by 57 students, in fiscal 2008, as shown in **Exhibit 2**. From fiscal 2004 to 2007, enrollment dropped by 12.5%, or by 823 students, with the largest decline of 8.7% occurring in fiscal 2007. According to USM, this decline was due to a drop in undergraduate enrollment and was not uniform across institutions. Enrollment increased at three (Bowie State University (BSU), Frostburg State University (FSU), and University of Maryland Baltimore County (UMBC)) of the eight institutions offering teacher education programs and remained stable at Salisbury University (SU). Enrollment drops occurred primarily in the following undergraduate programs: early childhood (Coppin State University (CSU) and Towson University (TU)), elementary education (University of Maryland, College Park (UMCP), TU, and SU) and special education (CSU). Additionally, the only enrollment decline in secondary education programs occurred at UMCP. Institutions attributed the decline to:

- Maryland State Department of Education identifying elementary education as a surplus field (TU);
- a strategic shift toward graduate education and professional development programs (UMCP); and
- an exceptionally large class in fiscal 2007 (CSU).

USM also tracks the number of students completing all teacher education requirements and employed in Maryland public schools. This number continues to decline, from 1,063 in fiscal 2007 to 1,009 graduates employed in Maryland public schools in fiscal 2008, following a 26% increase from fiscal 2004 to 2006. USM attributes the decline of graduates hired by Maryland public schools to the overall decrease in the number of teacher education undergraduates produced by USM institutions. **In order to identify enrollment and graduation trends of students in the teacher education programs at USM, USM should separately report data on the number of undergraduate and graduate students enrolled in and completing teacher training programs and employed in Maryland public schools.**

The Chancellor should comment on efforts USM institutions are undertaking to increase undergraduate enrollment as well as retaining students in teacher education programs.

Exhibit 2
USM Students Enrolled in and Graduating from Teacher Training Programs
Employed in Maryland Public Schools
Fiscal 2004-2010



*Beginning in fiscal 2004, student enrollment data reflects a revised definition and count of masters/post-baccalaureate teacher education students at some USM institutions. For instance, Towson University now only includes those students officially accepted into the program.

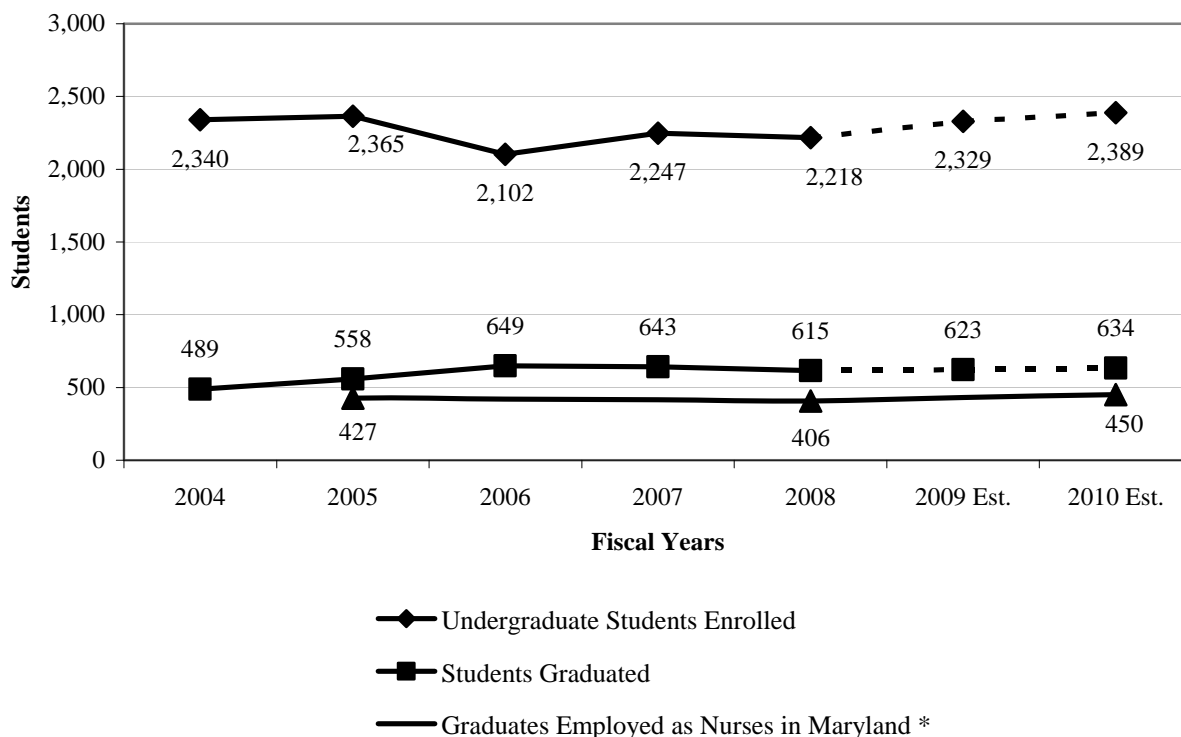
Source: Governor’s Budget Books, Fiscal 2010

Nursing Enrollment and Graduating Students Decline

Nursing is another workforce shortage area in Maryland. Nursing programs are offered at five USM institutions. In September 2006, the Maryland Higher Education Commission (MHEC), in collaboration with the Maryland Board of Nursing, published the *Maryland Nursing Program Capacity Study*. The study projected there will be a need for 68,695 nurses by 2012 and 74,611 nurses by 2016. Depending on the method used, the gap between the demand and the supply of nurses in 2016 ranges between 2,512 and 15,536 nurses.

Enrollment in nursing programs at USM institutions declined 1.3%, from 2,247 in fiscal 2007 to 2,218 students in fiscal 2008, as shown in **Exhibit 3**. Overall, enrollment has fluctuated over the past five years resulting in a 5.0% drop in enrollment from fiscal 2004 to 2008. The largest one-year decline occurred in fiscal 2006 with enrollment dropping 11.1%, or by 263 students. At the time, USM reported that the decline in fiscal 2006 was anticipated due to a decrease in undergraduate enrollment at the University of Maryland, Baltimore (UMB) and CSU.

Exhibit 3
USM Students Enrolled in and Graduating from
Undergraduate Nursing Programs and Employed in Maryland
Fiscal 2004-2010



*Data from a triennial survey of recent graduates conducted by the Maryland Higher Education Commission.

Source: Governor’s Budget Books, Fiscal 2010

In fiscal 2008, enrollment in nursing programs increased at CSU and TU, remained stable at SU, and declined at BSU and UMB. USM attributes the decline in enrollment to a variety of factors which vary by institution. The decrease at UMB is in accordance with the resizing of its undergraduate nursing program while increasing graduate enrollment. The drop at BSU is attributed to a spike in enrollment in fiscal 2007 in which enrollment increased over 40%. Subsequent growth is more consistent with the previous two-year average. USM notes enrollment increases at CSU and TU helped mitigate declines at other institutions.

For a third consecutive year the number of students graduating from USM nursing programs further declined 4.4%, or by 28 graduates, in fiscal 2008. According to USM, this decline reflects the impact of UMB reducing the size of its undergraduate nursing program from 822 students in fiscal 2005 to 727 students in 2006. It is projected that the number of nursing graduates will rebound to 623 in fiscal 2009. Overall, since fiscal 2004, the number of graduating students increased 25.8%.

Every three years MHEC conducts a graduate survey measuring the number of nursing graduates employed as nurses in Maryland. The 2008 survey indicated that 406 recently graduated nurses were employed in Maryland. This is a 5% decline from the fiscal 2005 survey in which 427 graduates indicated they were employed in the State. This was well short of USM's goal of having more than 500 recently graduated nurses report being employed in Maryland.

The Chancellor should comment on USM institutions' efforts to increase the capacity of and enrollment in nursing programs.

The Maryland Higher Education Commission administers the Nurse Support Program II (NSPII) which was established to increase the number of bedside nurses in Maryland hospitals and the nursing faculty necessary to train these nurses. One component of NSPII is a competitive grant program to increase the structural capacity of Maryland nursing schools through shared resources, innovative educational designs, and streamlined process to produce more nursing faculty. Approximately, \$11 million is available annually through a hospital assessment to fund NSPII.

In the first year of the program (fiscal 2007), two USM institutions received a grant: CSU was awarded a five-year grant totaling \$560,000; and UMB School of Nursing received two five-year awards totaling \$1.3 million and \$1.0 million. In fiscal 2008, SU received a three-year award for \$261,000, and TU was awarded a five-year grant totaling \$445,356. In fiscal 2009, UBM School of Nursing received two five-year grants.

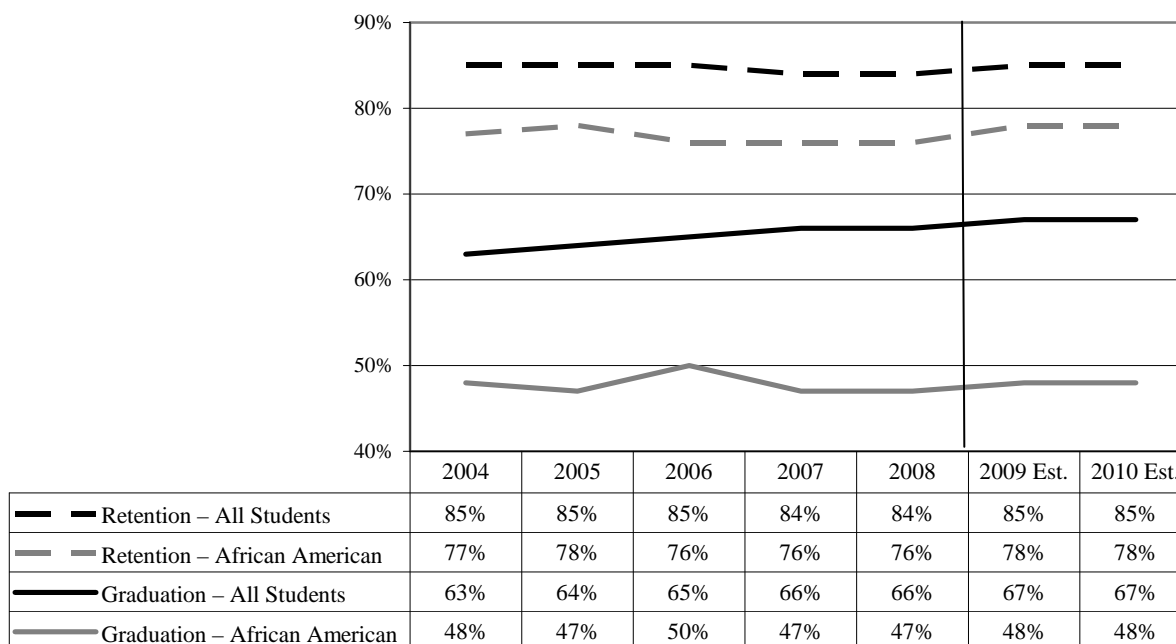
The Chancellor should comment on USM's efforts to assist those institutions with nursing programs to successfully compete and receive grants to fund nursing programs within USM, such as FSU's efforts to develop a collaborative nursing program with Allegany College.

Retention Rate Remains Stable; Graduation Gap Remains at Widest Margin

Increasing access for economically disadvantaged and minority students is a goal of USM. Systemwide, 40% of students are classified as economically disadvantaged. This number includes all institutions except BSU, which did not report this measure. USM's objective is to increase the percentage of economically disadvantaged students to 45% in fiscal 2009.

Exhibit 4 shows the two-year retention and six-year graduation rates for all students and African American students. These measures have remained fairly stable since fiscal 2006. The retention rate for both groups of students remained unchanged from fiscal 2007, at 84% for all students and 76% for African American students. The gap in the retention rate averaged eight percentage points from fiscal 2004 to 2008 with the widest margin of nine percentage points occurring in fiscal 2006.

Exhibit 4
USM Retention and Graduation Rates
All Students and African American Students
Fiscal 2004-2010



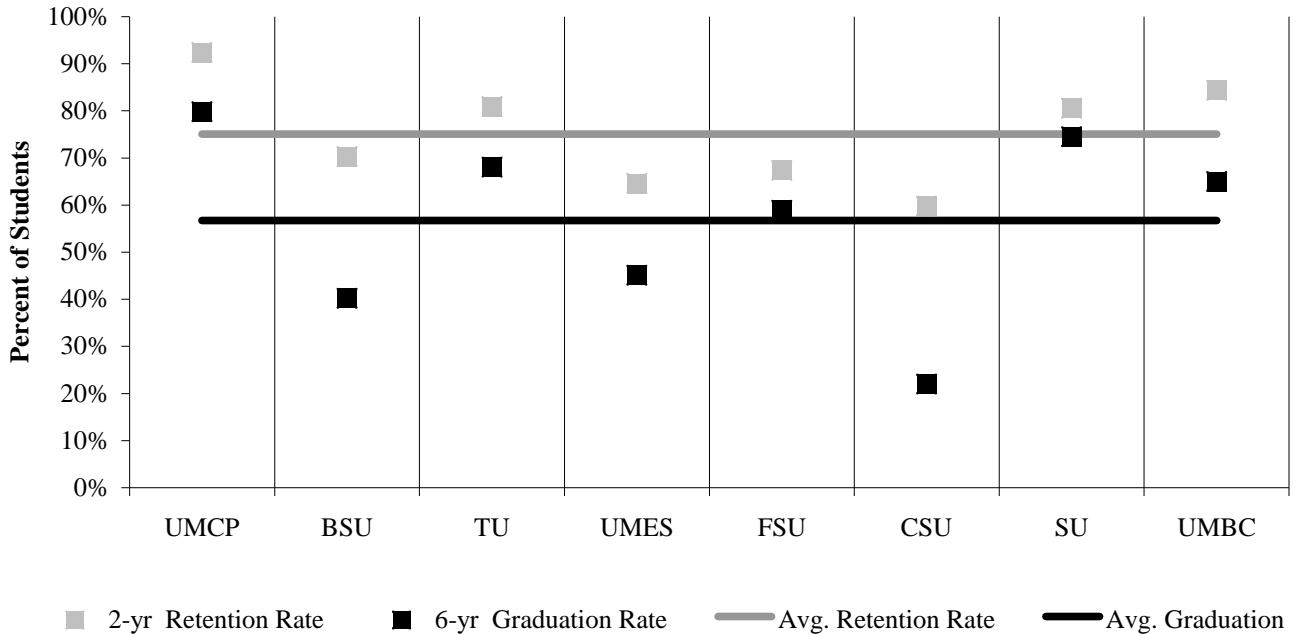
Source: Governor’s Budget Books

The graduation rate for African American and all students also held steady in fiscal 2008, at 47 and 66%, respectively. For African American students, the graduation rate reached its highest rate of 50% in fiscal 2006 but has since declined. The gap in graduation rates remains at its widest margin for the second year at 19 percentage points in fiscal 2008.

The two-year retention and six-year graduations rates for all undergraduate students at USM institutions, excluding UMB, University of Baltimore (UB), and University of Maryland University College (UMUC), for fiscal 2008 are shown in **Exhibit 5**. UMCP had the highest retention rate at 92.4% while CSU had the lowest at 59.8%. The unweighted average two-year retention rate is 75.1%. For the six-year graduation rate, UMCP had the highest rate at 79.8% while CSU had the lowest at 22.0%. The unweighted average six-year graduation rate is 56.7%. CSU and BSU have the largest gap between the two-year retention and six-year graduation rates of 37.8 and 30.1 percentage points, respectively. The average gap for the other institutions is 13.2 percentage points.

The Chancellor should comment on USM’s efforts to close the gap in retention and graduation rates and especially, the gap between all students and African American students’ graduation rates.

**Exhibit 5
USM Undergraduate Retention and Graduation Rates
Fiscal 2008 Actual**



BSU: Bowie State University
 CSU: Coppin State University
 FSU: Frostburg State University
 SU: Salisbury University
 TU: Towson University
 UMBC: University of Maryland Baltimore County
 UMCP: University of Maryland, College Park
 UMES: University of Maryland Eastern Shore
 USM: University System of Maryland

Source: Maryland Higher Education Commission *Retention and Graduation Rates at Maryland Public Four-year Institutions, 2008*

Economic Development Activities

Promoting economic development is another USM goal. USM reports on the number of companies graduating from incubator programs at UMCP and UMBC. The goal is to graduate at least five companies annually from these incubator programs. In fiscal 2008, USM graduated three companies, a decline from seven companies in fiscal 2007. USM notes the decline reflects UMCP’s incubator program having a successful year in fiscal 2007 which included companies graduating ahead of schedule. One of the graduated companies grew to an above average size of 30 employees, taking up more space and, thereby, affecting the number of companies admitted to the incubator.

UMB, TU, and FSU recently initiated incubator programs. UMB's BioInnovation Center opened in March 2008 with two companies moving into the center and a third company coming in February 2009. TU's TowsonGlobal opened in April 2007 and has a 70% occupancy rate. Currently, there are four resident members who maintain an office on-site and two associate members who participate in the program. Working with the Allegany County Department of Economic Development, the Maryland Department of Business and Economic Development, and private developers, FSU recently established the Allegany Business Center (ABC). Four technology companies previously housed in Tawes Hall, which served as a temporary incubator, will relocate to ABC while the developer will secure additional tenants. Since it takes several years to build a program and graduate companies, these programs have not yet been incorporated into the Managing for Results measure.

National Eminence

Achieving and sustaining national eminence in providing quality education is another USM goal. One measure used to track progress toward this goal is the number of nationally ranked graduate programs. In fiscal 2008, 81 programs were ranked in the top 25, down slightly from 89 programs in fiscal 2007. The rankings only included programs at UMB and UMCP published by *U.S. News and World Report*, *Financial Times*, and other publications.

Fiscal 2009 Actions

Impact of Cost Containment

In June 2008, the Board of Public Works (BPW) approved cost containment measures resulting in a \$4.5 million reduction in USM's general funds which were to be replaced with revenues previously restricted for Other Post Employment Benefit liability costs. In October 2008, BPW approved a second cost containment measure reducing USM's State appropriations by 1.6%, or \$15.6 million. **Exhibit 6** shows how the reductions were allocated across USM institutions. USM made pro-rata reductions of 1.6% based on each institutions share of general funds, except for CSU which received a 1.0% reduction. Reductions resulted in implementing a systemwide hiring freeze, increasing class sizes, and reducing facilities renewal funds.

Furthermore, USM was requested to reduce its current salary and wage budget by \$15.9 million as part of a statewide furlough plan. Since USM is not part of the State's personnel system, it developed its own furlough plan. In December 2008, the Board of Regents authorized the Chancellor to work with each President to develop and implement a plan that best meets the needs of the institution. **Exhibit 7** shows the allocation of the reduction across the system.

The Chancellor should comment on the overall impact of the cost containment measures, specifically what, if any, affect the reductions had on instruction, student services, and institutional aid.

Exhibit 6
Board of Public Works Action by Institution
Fiscal 2009

| | Board of Public Works Reduction | |
|---|--|---------------------|
| | <u>June 2008</u> | <u>October 2008</u> |
| University of Maryland, Baltimore | \$983,871 | \$2,766,530 |
| University of Maryland, College Park | 1,576,695 | 6,324,107 |
| Bowie State University | 75,037 | 338,961 |
| Towson University | 432,289 | 1,321,538 |
| University of Maryland Eastern Shore | 136,771 | 316,058 |
| Frostburg State University | 135,893 | 493,119 |
| Coppin State University | 93,514 | 344,250 |
| University of Baltimore | 153,738 | 454,195 |
| Salisbury University | 154,147 | 573,282 |
| University of Maryland University College | 189,017 | 392,943 |
| University of Maryland Baltimore County | 477,589 | 1,351,692 |
| University of Maryland Center for Environmental Science | 43,527 | 281,865 |
| University of Maryland Biotechnology Institute | 36,786 | 325,044 |
| University System of Maryland Office | 11,126 | 306,229 |
| Total | \$4,500,000 | \$15,589,813 |

Source: University System of Maryland; Department of Budget and Management

Exhibit 7
Anticipated Furlough Reduction by Institution
Fiscal 2009

| | <u>Furlough Reduction</u> |
|---|---------------------------|
| University of Maryland, Baltimore | \$2,710,139 |
| University of Maryland, College Park | 6,862,133 |
| Bowie State University | 415,767 |
| Towson University | 1,387,389 |
| University of Maryland Eastern Shore | 446,795 |
| Frostburg State University | 447,475 |
| Coppin State University | 309,942 |
| University of Baltimore | 602,251 |
| Salisbury University | 607,848 |
| University of Maryland University College | 245,766 |
| University of Maryland Baltimore County | 1,410,505 |
| University of Maryland Center for Environmental Science | 163,941 |
| University of Maryland Biotechnology Institute | 194,421 |
| University System of Maryland Office | 120,628 |
| Total | \$15,925,000 |

Source: University System of Maryland; Department of Budget and Management

Anticipated Fiscal 2009 Reductions

The Administration's Budget Reconciliation and Financing Act (BRFA) of 2009 includes provisions to transfer \$20.0 million from USM's fund balance to the general fund. **Exhibit 8** shows USM's fund balance and planned reduction of the State-supported portion of the fund balance by institution. The State-supported share of fund balance includes tuition and fee revenues and other unrestricted revenues, except auxiliary revenues related to non-academic purposes, such as dining and residence halls. It should be noted four institutions (FSU, CSU, UB, and UMUC) have a negative or zero balance in their State-support share of the fund balance as of June 30, 2008. After the transfer to the general fund, these four institutions and UMBC and UMES are projected to have a negative balance in the State-supported portion of their fund balance. USM's projected fund balance at the end of fiscal 2009 will total \$564.3 million. Additionally, \$18.3 million is expected to be transferred to the fund balance in fiscal 2010, increasing the total to \$582.5 million.

The Chancellor should comment on how institutions with a negative or zero balance, or with insufficient funds in the State-supported portion of the fund balance, will be able meet their allocation of the \$20 million transfer to general funds.

**Exhibit 8
Fund Balance by Institution
Fiscal 2009-2010**

| | 2009 | | | | 2010 | | | |
|--------------|---|-------------------------------------|---|---------------------------------------|---------------------------------------|--|---|--------------------------------|
| | <u>State-supported</u> | | | | <u>Non-State</u> | <u>Total</u> | <u>State & Non-State</u> | |
| | <u>Beginning Bal. (As of 6/30/08)</u> | <u>Transfer to General Fund</u> | <u>Est. Transfer to/(from) fund</u> | <u>Est. Ending Bal. (6/30/09)</u> | <u>Est. Ending Bal. (6/30/09)</u> | <u>Est. Ending Balance (6/30/09)</u> | <u>Est. Transfer to/(from) fund</u> | <u>Est. Ending Balance</u> |
| UMB | \$26,606,922 | -\$3,481,351 | \$949,099 | \$24,074,670 | \$83,364,940 | \$107,439,610 | \$5,261,870 | \$112,701,480 |
| UMCP | 73,983,567 | -7,895,800 | 1,000,000 | 67,087,767 | 151,986,411 | 219,074,178 | 1,000,000 | 220,074,178 |
| BSU | 1,572,386 | -680,858 | 686,390 | 1,577,918 | 10,868,019 | 12,445,937 | 1,253,666 | 13,699,603 |
| TU | 4,992,081 | -1,751,378 | -200,000 | 3,040,703 | 53,195,545 | 56,236,248 | 3,290,164 | 59,526,412 |
| UMES | 198,606 | -623,684 | 0 | -425,078 | 7,025,968 | 6,600,890 | 811,370 | 7,412,260 |
| FSU | 0 | -635,469 | 0 | -635,469 | 7,377,419 | 6,741,950 | 110,306 | 6,852,256 |
| CSU | -2,931,420 | -191,342 | 0 | -3,122,762 | 5,150,560 | 2,027,798 | 0 | 2,027,798 |
| UB | 0 | -601,166 | 0 | -601,166 | 9,866,819 | 9,265,653 | 650,000 | 9,915,653 |
| SU | 10,257,231 | -759,701 | 182,183 | 9,679,713 | 30,715,177 | 40,394,890 | 1,242,418 | 41,637,308 |
| UMUC | 0 | -571,714 | 0 | -571,714 | 63,172,980 | 62,601,266 | 2,675,008 | 65,276,274 |
| UMBC | 686,600 | -1,735,058 | 0 | -1,048,458 | 22,609,063 | 21,560,605 | 2,582,529 | 24,143,134 |
| UMCES | 595,934 | -328,450 | -38,223 | 229,261 | 6,405,524 | 6,634,785 | -36,322 | 6,598,463 |
| UMBI | 3,736,628 | -378,766 | -200,000 | 3,157,862 | 5,794,569 | 8,952,431 | -652,000 | 8,300,431 |
| USM Office | 1,833,231 | -365,263 | 70,000 | 1,537,968 | 2,749,846 | 4,287,814 | 70,000 | 4,357,814 |
| Total | \$121,531,766 | \$20,000,000 | \$2,449,449 | \$103,981,215 | \$460,282,840 | \$564,264,055 | \$18,259,009 | \$582,523,064 |

BSU: Bowie State University
 CSU: Coppin State University
 FSU: Frostburg State University
 SU: Salisbury University
 TU: Towson University
 UB: University of Baltimore
 UMB: University of Maryland, Baltimore

UMBC: University of Maryland Baltimore County
 UMBI: University of Maryland Biotechnology Institute
 UMCES: University of Maryland Center for Environmental Sciences
 UMCP: University of Maryland, College Park
 UMES: University of Maryland Eastern Shore
 USM: University System of Maryland
 UMUC: University of Maryland University College

Source: University System of Maryland; Department of Budget and Management

Proposed Budget

The general fund allowance for fiscal 2010 is \$78.8 million above the fiscal 2009 level, an increase of 7.7%, as shown in **Exhibit 9**. Due to the underattainment of the Higher Education Investment Fund (HEIF) revenues in fiscal 2009, it is expected that USM’s allocation of these funds will be reduced by \$5.6 million. **Exhibit 10** shows the anticipated distribution of the HEIF reduction across the institutions. When adjusting for the \$54.0 million of the HEIF revenues that replaced general funds in fiscal 2009, and the reduction of \$1.9 million to delete the deferred compensation match in fiscal 2010, the underlying growth in general funds is \$24.9 million, or 2.3%, over fiscal 2009. However, it is anticipated the fiscal 2009 budget will be further reduced by \$15.9 million due to salary and wage reductions related to the furlough.

Exhibit 11 shows, by institution, the allocation of general funds and the underlying growth in general funds for fiscal 2010. After adjusting for the underattainment of HEIF revenues the fiscal 2009 budget is reduced by \$5.6 million, or 0.5%. The fiscal 2010 allowance provides \$16.1 million to freeze undergraduate resident tuition for a fourth consecutive year and \$11.3 million to cover mandatory costs. After adjusting the fiscal 2010 allowance for the deletion of \$1.9 million for deferred compensation, the underlying growth in State funds is \$24.9 million, or 2.3%.

Exhibit 9
Proposed Budget
University System of Maryland
(\$ in Thousands)

| | 2008 | 2009 | 2010 | 2009-10 | % Change |
|--------------------------|--------------------|--------------------|--------------------|------------------|-------------------|
| | <u>Actual</u> | <u>Working</u> | <u>Adjusted</u> | <u>Change</u> | <u>Prior Year</u> |
| General Funds | \$1,005,018 | \$1,023,731 | \$1,102,557 | \$78,825 | 7.7% |
| HEIF* | 0 | 53,950 | 0 | -\$53,950 | -100.0% |
| Total State Funds | 1,005,018 | 1,077,681 | 1,102,557 | 24,875 | 2.3% |
| Other Unrestricted Funds | 1,976,226 | 2,067,676 | 2,130,290 | 62,614 | 3.0% |
| Total Unrestricted Funds | 2,981,244 | 3,145,357 | 3,232,846 | 87,489 | 2.8% |
| Restricted Funds | 930,934 | 1,019,523 | 1,059,019 | 39,496 | 3.9% |
| Total Funds | \$3,912,178 | \$4,164,880 | \$4,291,865 | \$126,985 | 3.0% |

HEIF: Higher Education Investment Fund

*The fiscal 2009 reflects expected reduction of \$5.6 million due to underattainment of HEIF revenues.

Note: Fiscal 2010 general funds adjusted \$1.9 million and other unrestricted \$147,536 to reflect the deletion of the deferred compensation match. Numbers may not sum to total due to rounding.

Source: Governor’s Budget Book, Fiscal 2010; Department of Budget and Management

Exhibit 10
Anticipated Reduction of HEIF Funds by Institution
Fiscal 2009

| | <u>HEIF Adjustment</u> |
|---|------------------------|
| University of Maryland, Baltimore | \$742,376 |
| University of Maryland, College Park | 2,244,738 |
| Bowie State University | 213,999 |
| Towson University | 607,776 |
| University of Maryland Eastern Shore | 167,456 |
| Frostburg State University | 174,947 |
| Coppin State University | 113,396 |
| University of Baltimore | 207,043 |
| Salisbury University | 263,410 |
| University of Maryland University College | 325,619 |
| University of Maryland Baltimore County | 460,549 |
| University of Maryland Center for Environmental Science | 39,713 |
| University of Maryland Biotechnology Institute | 45,797 |
| University System of Maryland Office | 43,147 |
| Total | \$5,649,966 |

HEIF: Higher Education Investment Funds

Source: University System of Maryland; Department of Budget and Management

Other unrestricted funds increase \$62.6 million, or 3.0%, over fiscal 2009. This is mainly due to increases in tuition and fee revenue of \$34.6 million, or 3.1%, and auxiliary enterprises of 4.1%, or \$20.5 million. These increases are offset by \$18.6 million transfer to the fund balance. Restricted funds increase 3.9% in the allowance. Overall, total funds increase 3.0%, or \$127.0 million, over fiscal 2009.

Funds are not specifically provided in the allowance to fund the growth of additional full-time equivalent students (FTES) at USM institutions. Overall, enrollment is projected to increase 0.5% in fiscal 2010 from 102,473 FTES in fiscal 2009 to 103,023 FTES, with enrollment growth occurring at UMB, UB, and UMUC.

Exhibit 11
USM Increase General Funds Allocation
Fiscal 2010 Proposed Budget

| <u>Institution</u> | <u>2009 Working</u> | <u>HEIF Underattainment</u> | <u>2009 Adjusted</u> | <u>New General Funds</u> | <u>4% Tuition Replacement</u> | <u>Deferred Compensation</u> | <u>2010 Adjusted Allowance</u> | <u>2009-10 Adjusted Change</u> | <u>% Change Prior Year</u> |
|--------------------|------------------------|-----------------------------|------------------------|--------------------------|-------------------------------|------------------------------|--------------------------------|--------------------------------|----------------------------|
| UMB | \$184,715,976 | -\$742,376 | \$183,973,600 | \$2,726,700 | \$170,446 | -\$292,460 | \$186,578,286 | \$2,604,686 | 1.4% |
| UMCP | 420,028,576 | -2,244,738 | 417,783,838 | 1,828,701 | 4,880,489 | -724,367 | 423,768,661 | 5,984,823 | 1.4% |
| BSU | 35,856,960 | -213,999 | 35,642,961 | 106,500 | 580,130 | -15,778 | 36,313,813 | 670,852 | 1.9% |
| TU | 91,384,025 | -607,776 | 90,776,249 | 301,250 | 2,600,470 | -211,601 | 93,466,368 | 2,690,119 | 3.0% |
| UMES | 33,037,002 | -167,456 | 32,869,546 | 152,000 | 398,761 | -53,358 | 33,366,949 | 497,403 | 1.5% |
| FSU | 33,456,543 | -174,947 | 33,281,596 | 396,536 | 733,404 | -112,180 | 34,299,356 | 1,017,760 | 3.1% |
| CSU | 35,138,565 | -113,396 | 35,025,169 | 3,451,183 | 387,867 | -54,468 | 38,809,751 | 3,784,582 | 10.8% |
| UB | 31,380,444 | -207,043 | 31,173,401 | 150,200 | 405,702 | -54,809 | 31,674,494 | 501,093 | 1.6% |
| SU | 39,640,679 | -263,410 | 39,377,269 | 320,950 | 1,109,624 | -95,141 | 40,712,702 | 1,335,433 | 3.4% |
| UMUC | 28,986,826 | -325,619 | 28,661,207 | 101,225 | 2,788,614 | -25,411 | 31,525,635 | 2,864,428 | 10.0% |
| UMBC* | 91,464,824 | -460,549 | 91,004,275 | 304,250 | 1,997,515 | -183,636 | 92,577,241 | 1,572,966 | 1.7% |
| UMCES | 17,885,006 | -39,713 | 17,845,293 | 609,542 | | -29,202 | 18,425,633 | 580,340 | 3.3% |
| UMBI | 20,624,785 | -45,797 | 20,578,988 | 613,115 | | -21,899 | 21,170,204 | 591,216 | 2.9% |
| USM Office | 19,730,846 | -43,147 | 19,687,699 | 203,735 | | -24,015 | 19,867,419 | 179,720 | 0.9% |
| USM Total | \$1,083,331,057 | -\$5,649,966 | \$1,077,681,091 | \$11,265,887 | \$16,053,022 | -\$1,898,325 | \$1,102,556,512 | \$24,875,421 | 2.3% |

BSU: Bowie State University
 CSU: Coppin State University
 FSU: Frostburg State University
 SU: Salisbury University
 TU: Towson University
 UB: University of Baltimore
 UMB: University of Maryland, Baltimore

UMBC: University of Maryland, Baltimore
 UMBI: University of Maryland Biotechnology Institute
 UMCES: University of Maryland Center for Environmental Science
 UMCP: University of Maryland, College Park
 UMES: University of Maryland Eastern Shore
 UMUC: University of Maryland University College
 USM: University System of Maryland

Note: Pending fiscal 2009 actions include \$5.6 million underattained of HEIF revenues and \$15.9 million reduction in salaries and wages due to the furlough. Fiscal 2010 adjusted to reflect the deletion of \$1.9 million for deferred compensation.

Source: Governor's Budget Books, Fiscal 2010; University System of Maryland

One of the primary factors behind the growth of general funds at CSU (10.9%) and UMUC (10.1%) is the opening of new facilities. **Exhibit 12** shows the total increase in USM’s current service costs. New facilities total \$15.8 million, with CSU (\$5.9 million) and UMUC (\$4.8 million) accounting for 68.1% of the total. Only three institutions (FSU, UB, and UMBC) are increasing the amount of operating funds going toward facility renewal. The fiscal 2010 allowance also provides funds for other expenses including:

- \$1.1 million related to the ongoing pharmacy and nursing programs at Shady Grove (UMB);
- \$81,103 related to increased costs associated with the Virginia-Maryland Regional College of Veterinary Medicine (UMCP);
- \$1.3 million related to the hiring of 36 full-time equivalent (FTE) adjunct faculty (TU); and
- \$57,881 for Maryland Environmental Service charges for water and wastewater management (UMCES).

Exhibit 12
USM Current Services Costs Increases
Fiscal 2010

| | <u>Amount</u> |
|-------------------------------------|---------------------|
| New Facilities | \$15,765,308 |
| Academic Revenue Bond Debt Service | 2,300,000 |
| Health Retirement and Benefits | 26,039,183 |
| Utilities and Natural Gas | 13,649,573 |
| Facilities Renewal | 869,790 |
| Other | 2,509,423 |
| Efficiency Initiative | -9,970,387 |
| Total Current Services Costs | \$51,162,890 |

Note: USM estimated current services cost increases to be \$56.1 million. However, systemwide financial aid of \$4.9 million is better categorized as enhancement funding. Therefore, it was deducted from USM’s cost of current services.

Source: University System of Maryland

The fiscal 2010 allowance provides USM \$11.2 million for additional enhancements or enrollment growth, as shown in **Exhibit 13**. The fiscal 2010 estimated “mandatory” or current services costs are \$51.2 million and include efficiency savings of 0.5% of the State-supported budget. New general funds, tuition replacement, and new tuition and fee revenue total \$61.9 million. Additionally, USM will receive \$486,102 in new other unrestricted revenue. The difference of \$11.2 million is available for enhancements such as financial aid and enrollment growth.

Exhibit 13
USM State-supported Revenues Available for Program Enhancements
Fiscal 2010

| | <u>\$ Amount</u> |
|---|---------------------|
| Expenditures | |
| Current Services Cost Increase ¹ | \$61,133,277 |
| Costs Saved through Efficiency Initiative | -9,970,387 |
| Revised Estimated Current Services Costs | \$51,162,890 |
| Revenues | |
| New General Funds | \$11,265,887 |
| 4% Tuition Replacement | 16,053,022 |
| New Tuition and Fee Revenues | 34,603,702 |
| Other New Unrestricted Revenues ² | 486,102 |
| New General Fund, Tuition, and Other Revenues | \$62,408,713 |
| Funds Available for Enhancements/Enrollment Growth | \$11,245,823 |
| (Revenues Less Expenditures) | |
| Additional Dedicated Funds (UMB – WellMobile) | \$570,500 |

UMB: University of Maryland, Baltimore

USM: University System of Maryland

¹ USM estimated current services cost increases to be \$66.1 million. However, systemwide financial aid of \$4.9 million is better categorized as enhancement funding. Therefore, it was deducted from USM’s cost of current services.

²Does not include auxiliary, educational activities, or grants and contracts.

Source: Governor’s Budget Books, Fiscal 2010; University System of Maryland

The Department of Legislative Services recommends reducing current unrestricted revenues (general funds) by \$5,649,966, USM's allocation of the underattainment of HEIF in fiscal 2009, which is being replaced with general funds in the fiscal 2010 allowance. In anticipation of the fiscal 2009 shortfall, USM institutions were instructed to reduce fiscal 2009 budgets by \$5.6 million resulting in an overstatement of actual revenues and expenditures in fiscal 2009. The fiscal 2010 allowance was based on the lower adjusted fiscal 2009 budget. As a result, the fiscal 2010 allowance provides USM an additional \$5.6 million in general funds which are used to replace the unrealized HEIF revenues in fiscal 2009. After adjusting for the \$5.6 million HEIF underattainment in fiscal 2009, the general funds increase by \$24.9 million fiscal 2010. Reducing the fiscal 2010 allowance by \$5.6 million would still leave \$5.6 million in revenue above current services costs in fiscal 2010.

Fiscal 2010 Cost Containment

The only contingent across-the-board reduction affecting USM is the reduction of \$2.6 million to delete the deferred compensation match. Additionally, for fiscal 2010, language in the BRFA does not allow for bonuses related to individual performance, merit increases, or cost-of-living adjustments but allows for salary increases necessary for the retention of faculty members.

Budgets for Operation and Maintenance of Plant and Scholarships and Fellowships Show Highest Rates of Increase

Budget changes by program in the allowance are shown in **Exhibit 14**. The data considers unrestricted funds only, the majority of which consist of general funds and tuition and fee revenues. Expenditures on operation and maintenance of plant increase at the highest rate of 7.6%, or \$29.2 million. This increase is attributed to the opening of new facilities and cost of fuel and utilities. Expenditures for scholarships and fellowships and instruction increased at the next highest rates of 3.8%, or \$5.7 million, and 2.1%, or \$20.7 million, respectively.

Public service expenditures decrease 1.8%, or \$1.2 million. This is attributed to a decline in revenue at UMUC's Inn and Conference Center.

Transfers to the fund balance total \$18.3 million in fiscal 2010 bringing the total in the fund balance to \$582.5 million. USM sets a goal for each campus to set aside 1% of their current unrestricted funds to transfer to the balance. Institutions are given some flexibility year-to-year in meeting this goal depending on the individual needs of the institution. For instance, an institution may set aside more funds in one year in anticipation of using funds for a future project.

The Chancellor should comment on the budgetary priorities and how institutions are able to transfer a combined \$18.3 million to the fund balance given recent and possible future budgetary reductions.

Exhibit 14
USM Budget Changes for Unrestricted Funds by Program
Fiscal 2008-2010
(\$ in Thousands)

| | <u>2008</u> <u>Actual</u> | <u>2009</u> <u>Working</u> | <u>2008-09</u> <u>% Change</u> | <u>FY 2010</u> <u>Allowance</u> | <u>2009-10</u> <u>% Change</u> |
|------------------------------------|------------------------------|-------------------------------|-----------------------------------|------------------------------------|-----------------------------------|
| Expenditures | | | | | |
| Instruction | \$904,193 | \$969,717 | 7.2% | \$990,385 | 2.1% |
| Research | 204,399 | 209,862 | 2.7% | 211,058 | 0.6% |
| Public Service | 55,799 | 67,335 | 20.7% | 66,121 | -1.8% |
| Academic Support | 317,754 | 326,728 | 2.8% | 329,542 | 0.9% |
| Student Services | 144,043 | 162,129 | 12.6% | 164,627 | 1.5% |
| Institutional Support | 340,998 | 359,940 | 5.6% | 362,276 | 0.6% |
| Operation and Maintenance of Plant | 380,721 | 383,112 | 0.6% | 412,349 | 7.6% |
| Scholarships and Fellowships | 132,902 | 149,604 | 12.6% | 155,304 | 3.8% |
| Education and General Total | \$2,480,810 | \$2,628,428 | 6.0% | \$2,691,663 | 2.4% |
| Hospitals (UMB) | \$38,271 | \$41,259 | 7.8% | \$42,182 | 2.2% |
| Auxiliary Enterprises | 462,163 | 481,320 | 4.1% | 501,047 | 4.1% |
| Pending Reductions | | -5,650 | | -2,046 | |
| Grand Total | \$2,981,244 | \$3,145,357 | 5.5% | \$3,232,846 | 2.8% |
| Revenues | | | | | |
| Tuition and Fees | \$1,083,736 | \$1,114,959 | 2.9% | \$1,149,563 | 3.1% |
| General Funds | 1,005,018 | 1,023,731 | 1.9% | 1,104,455 | 7.9% |
| HEIF* | | 53,950 | | | |
| Other Unrestricted Funds | 485,273 | 472,587 | -2.6% | 479,571 | 1.5% |
| Subtotal | \$2,574,027 | \$2,665,227 | 3.5% | \$2,733,588 | 2.6% |
| Auxiliary Enterprises | \$480,266 | \$497,036 | 3.5% | \$517,517 | 4.1% |
| Transfer (to)/from Fund Balance | -73,048 | -16,907 | | -18,259 | |
| Grand Total | \$2,981,244 | \$3,145,357 | 5.5% | \$3,232,846 | 2.8% |

HEIF: Higher Education Investment Funds

UMB: University of Maryland, Baltimore

USM: University System of Maryland

*Reflects anticipated \$5.6 million reduction in revenues due to underattainment.

Note: Unrestricted funds only. All programs. University System of Maryland institutions only.

Source: Governor's Budget Books, Fiscal 2010

Personnel

The fiscal 2010 allowance provides USM with 177 additional regular positions. However, after adjusting for the abolition of 31 positions at UMB and 5 positions at FSU, the underlying growth of new positions totals 141. As shown in **Exhibit 15**, 108 State-supported positions are allocated to specific programs: instruction (59); academic support (7); student services (3); institutional support (20); and operation and maintenance of plant (19). Non-State-supported positions include 25 in research, 1 in institutional support, and 43 in auxiliary. The exhibit also shows the increase over fiscal 2009 filled regular positions for each program. Positions in operations and maintenance of plant increase 1.2%, and auxiliary positions increase 2.3%. The 177 new positions are at UMCP, TU, UB, SU, UMBC, and USM Office.

Exhibit 15 Summary of USM Additional Positions Fiscal 2010

| | <u>New Fiscal 2010 Positions</u> | <u>% Increase</u> |
|--|--------------------------------------|-----------------------|
| State-supported Positions | | |
| Instruction | 59 | 0.8% |
| Research | 0 | 0.0% |
| Public Service | 0 | 0.0% |
| Academic Support | 7 | 0.3% |
| Student Services | 3 | 0.3% |
| Institutional Support | 20 | 0.7% |
| Operation and Maintenance of Plant | 19 | 1.2% |
| Total State-supported | 108 | 0.7% |
| Non-State-supported Positions * | | |
| Research | 25 | 0.6% |
| Institutional Support | 1 | 0.4% |
| Auxiliary | 43 | 2.3% |
| Total Non-State-supported Positions | 69 | 1.1% |
| USM Total New Positions | 177 | |

USM: University System of Maryland

*Funded by auxiliary grants.

Notes: Data is full-time equivalent. No new positions for Bowie State University; Coppin State University; Frostburg State University; University of Maryland Eastern Shore; University of Maryland, Baltimore; University of Maryland Center for Environmental Science; University of Maryland University College; and University of Maryland Biotechnology Institute are included in the allowance.

Source: University System of Maryland

R30B00 – University System of Maryland – Fiscal 2010 Budget Overview

In fiscal 2009, USM has 15,598 State-supported FTE positions. Of these positions, 526 FTEs, which includes faculty, exempt, and non-exempt, are vacant with 195 FTEs vacant for over one year. Salaries for all vacant positions total \$33.7 million.

Issues

1. Undergraduate Resident Tuition Frozen Again in Fiscal 2010; Fees Increase

The fiscal 2010 allowance provides \$16.1 million in general funds to freeze the resident undergraduate tuition rate at the fiscal 2006 level. This is the amount of tuition and revenue lost as a result of not increasing tuition by 4.0%. **Exhibit 16** shows the impact of a 4.0% tuition increase over the past four years and the cumulative total savings to students. Overall, the cumulative systemwide average savings for students in tuition are estimated to be \$2,184 since fiscal 2007 resulting in a 10.4% savings to students. This does not include the savings that would be realized if tuition rates had increased more than 4.0% in any year.

Exhibit 16
USM Increase in Undergraduate Resident Tuition without Tuition Freeze
Fiscal 2006-2010

Tuition with 4% Annual Increases

| | Tuition 2006 | Est. Tuition 2007 | Est. Tuition 2008 | Est. Tuition 2009 | Est. Tuition 2010 | Total Student Savings 2007-10 |
|--|-------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|--|
| University of Maryland, Baltimore ¹ | \$6,890 | \$7,166 | \$7,452 | \$7,750 | \$8,060 | \$2,868 |
| University of Maryland, College Park | 6,566 | 6,829 | 7,102 | 7,386 | 7,681 | 2,734 |
| University of Maryland Baltimore County | 6,484 | 6,743 | 7,013 | 7,294 | 7,585 | 2,699 |
| Univ. of Maryland University College | 5,520 | 5,741 | 5,970 | 6,209 | 6,458 | 2,298 |
| University of Baltimore | 5,325 | 5,538 | 5,760 | 5,990 | 6,229 | 2,217 |
| USM Average² | \$5,246 | \$5,456 | \$5,674 | \$5,901 | \$6,137 | \$2,184 |
| Towson University | \$5,180 | \$5,387 | \$5,603 | \$5,827 | \$6,060 | \$2,157 |
| Frostburg State University | 5,000 | 5,200 | 5,408 | 5,624 | 5,849 | 2,082 |
| Salisbury University | 4,814 | 5,007 | 5,207 | 5,415 | 5,632 | 2,004 |
| Bowie State University | 4,286 | 4,457 | 4,636 | 4,821 | 5,014 | 1,784 |
| University of Maryland Eastern Shore | 4,112 | 4,276 | 4,448 | 4,625 | 4,810 | 1,712 |
| Coppin State University | 3,527 | 3,668 | 3,815 | 3,967 | 4,126 | 1,468 |

USM: University System of Maryland

¹University of Maryland, Baltimore undergraduate nursing program tuition.

²Not a weighted average.

Note: Fiscal 2010 rates are pending Board of Regents approval.

Source: University System of Maryland; Department of Legislative Services

Despite the tuition freeze, Maryland remains a relatively high tuition state. In 2005-2006, Maryland’s flagship institution (UMCP) ranked tenth most expensive in the country, while tuition at the comprehensive institutions ranked fifth nationally. In 2007-2008, the ranking for Maryland’s flagship dropped to nineteenth but comprehensive institutions remained in the top 10 nationally, dropping to the seventh most expensive in cost.

While in-state tuition rates have been frozen for four consecutive years, fees continue to increase thereby increasing the total amount students pay to a USM institution. **Exhibit 17** shows the mandatory fees from fiscal 2006 to 2010. For fiscal 2010, the average expected increase in fees is 5.3%. For the second consecutive year, UMB’s fees increase at the highest rate of 15.1% with CSU and SU fees increasing at the next highest rates of 8.4 and 7.5%, respectively. UMBC and TU consistently have had the highest nominal fees over the past four years, increasing to \$2,388 and \$2,238 in fiscal 2010, respectively. Since fiscal 2006, fees have increased on average 26.9% overall, with UMUC increasing 100.0% due to a doubling of fees in fiscal 2009; however, UMUC’s fees remain the lowest of all USM institutions.

Exhibit 17
University System of Maryland Increase in Mandatory Fees
Fiscal 2006-2010

| | 2006 Fee | 2007 Fee | 2008 Fee | 2009 Fee | 2010 Fee* | 2009-10 % Increase | 2006-10 % Increase |
|---|---------------------|---------------------|---------------------|---------------------|----------------------|-------------------------------|-------------------------------|
| Univ. of Maryland, Baltimore ¹ | \$689 | \$742 | \$799 | \$913 | \$1,051 | 15.1% | 52.5% |
| Univ. of Maryland, College Park | 1,255 | 1,340 | 1,403 | 1,439 | 1,509 | 4.9% | 20.2% |
| Bowie State Univ. | 1,195 | 1,444 | 1,653 | 1,719 | 1,754 | 2.0% | 46.8% |
| Towson Univ. | 1,916 | 1,984 | 2,054 | 2,134 | 2,238 | 4.9% | 16.8% |
| Univ. of Maryland Eastern Shore | 1,696 | 1,796 | 1,876 | 1,930 | 1,960 | 1.6% | 15.6% |
| Frostburg State Univ. | 1,230 | 1,392 | 1,550 | 1,614 | 1,684 | 4.3% | 36.9% |
| Coppin State Univ. | 1,187 | 1,218 | 1,453 | 1,613 | 1,749 | 8.4% | 47.3% |
| Univ. of Baltimore | 1,469 | 1,509 | 1,609 | 1,729 | 1,846 | 6.8% | 25.7% |
| Salisbury Univ. | 1,562 | 1,598 | 1,598 | 1,678 | 1,804 | 7.5% | 15.5% |
| Univ. of Maryland University College | 120 | 120 | 120 | 240 | 240 | 0.0% | 100.0% |
| Univ. of Maryland Baltimore County | 2,036 | 2,036 | 2,223 | 2,296 | 2,388 | 4.0% | 17.3% |
| USM Average | \$1,305 | \$1,380 | \$1,485 | \$1,573 | \$1,657 | 5.3% | 26.9% |

¹UMB undergraduate nursing program fees

*Pending approval by the Board of Regents

Source: University System of Maryland

Exhibit 18 shows the percentage change in the resident tuition and mandatory fee rates from fiscal 2006 to 2010. Since tuition remains frozen at fall 2006 or fiscal 2007 rates, increases are due to rising mandatory fees. In fiscal 2010, the systemwide average growth in tuition and fee rates is projected to increase 1.2%. CSU and SU are projected to have the highest percentage increases in tuition and fees 2.6 and 1.9%, respectively. For the past three years, CSU had the highest percent increase in tuition and fees ranging from 5.0% in fiscal 2008 to 2.6% in fiscal 2010. Overall, since fiscal 2006, systemwide increases in tuition and fees averaged 4.1% with CSU and BSU having the highest increase of 11.2% and 5.4%, respectively.

Exhibit 18
University System of Maryland Increase in In-state Tuition and Fees
Fiscal 2006-2010

| | <u>% Change</u> <u>2006-07</u> | <u>% Change</u> <u>2007-08</u> | <u>% Change</u> <u>2008-09</u> | <u>% Change</u> <u>2009-10</u> | <u>% Change</u> <u>2006-10</u> |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Univ. of Maryland, Baltimore ¹ | 0.7% | 0.7% | 1.5% | 1.8% | 4.0% |
| Univ. of Maryland, College Park | 1.1% | 0.8% | 0.5% | 0.9% | 2.1% |
| Bowie State University | 4.5% | 3.6% | 1.1% | 0.6% | 5.4% |
| Towson University | 1.0% | 1.0% | 1.1% | 1.4% | 3.5% |
| Univ. of Maryland Eastern Shore | 1.7% | 1.4% | 0.9% | 0.5% | 2.8% |
| Frostburg State University | 2.6% | 2.5% | 1.0% | 1.1% | 4.6% |
| Coppin State University | 0.7% | 5.0% | 3.2% | 2.6% | 11.2% |
| University of Baltimore | 0.6% | 1.5% | 1.7% | 1.7% | 4.9% |
| Salisbury University | 0.6% | 0.0% | 1.2% | 1.9% | 3.2% |
| Univ. of Maryland University College | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Univ. of Maryland Baltimore County | 1.2% | 1.0% | 0.8% | 1.0% | 2.9% |
| USM Average * | 1.3% | 1.6% | 1.2% | 1.2% | 4.1% |

USM: University System of Maryland

*Not weighted

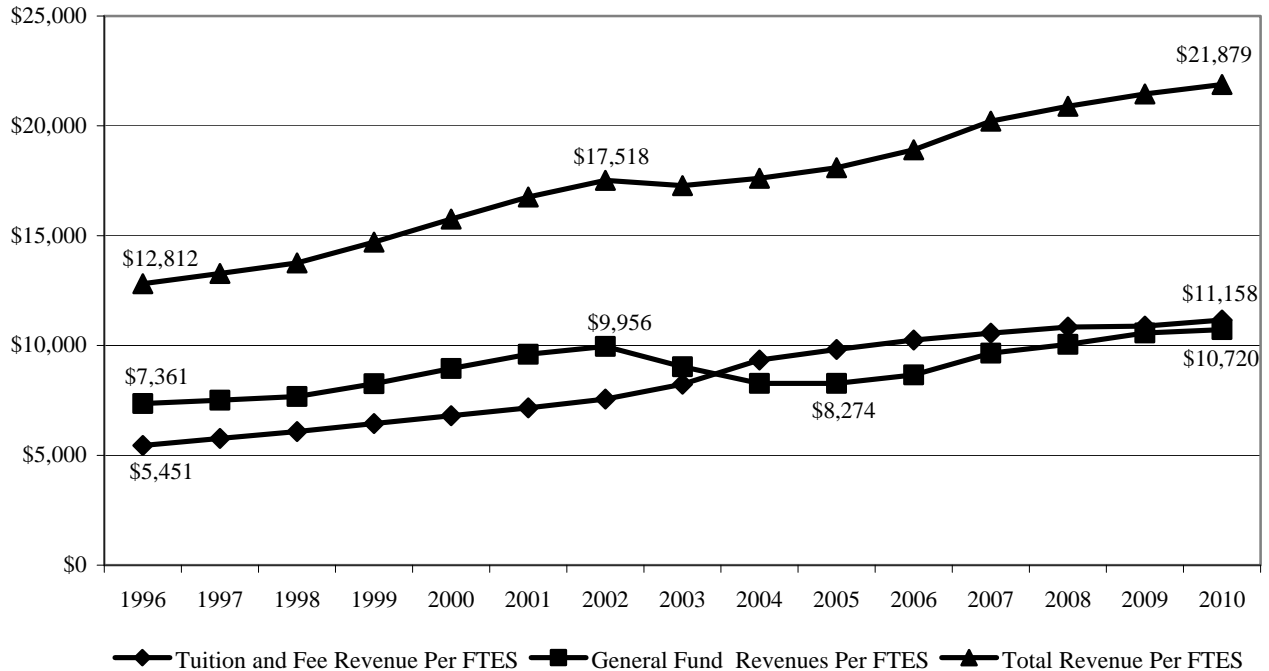
¹University of Maryland, Baltimore undergraduate nursing program fees.

Source: University System of Maryland; Governor’s Budget Books, Fiscal 2010

General Fund and Tuition and Fee Revenues Per FTES

From fiscal 1996 to 2002, general funds per FTES steadily increased, reaching \$9,956 per FTES, as shown in **Exhibit 19**. After cost containment reductions, general funds per FTES decreased 16.9%, or by \$1,682, between fiscal 2003 and 2005. During the same time period, tuition and fees revenues per FTES increased 29.8%, or \$2,255, from \$7,563 to \$9,818 per FTES, surpassing general funds per FTES in fiscal 2004. In fiscal 2010, general funds per FTES total \$10,720, an increase of 1.4%, or \$149, over fiscal 2009. Tuition and fees per FTES increase 2.6%, or \$278, totaling \$11,158 per FTES. The projected fiscal 2010 total revenues per FTES is \$21,879, a 2.5% increase over fiscal 2009.

Exhibit 19
USM General Funds and Tuition and Fee Revenues Per FTES
Fiscal 1996-2010



FTES: full-time equivalent student
 USM: University System of Maryland

Note: Fiscal 2009 general funds included Higher Education Investment Funds.

Source: Governor’s Budget Books, Fiscal 2010

2. Facility Renewal

Facility renewal is defined as the planned renovation, adaptation, replacement, or upgrade of the systems of a capital asset during its lifespan such that it meets assigned functions in a reliable manner. A priority for USM is to maintain an adequate annual investment in the maintenance and renewal of its capital assets. When funding is insufficient to deal with a problem such as replacing a leaking roof, repairs are made to meet the immediate concern and the replacement is “deferred,” becoming part of the backlog. USM estimates its current backlog of deferred maintenance is \$1.6 billion with UMCP comprising \$625 million of the backlog.

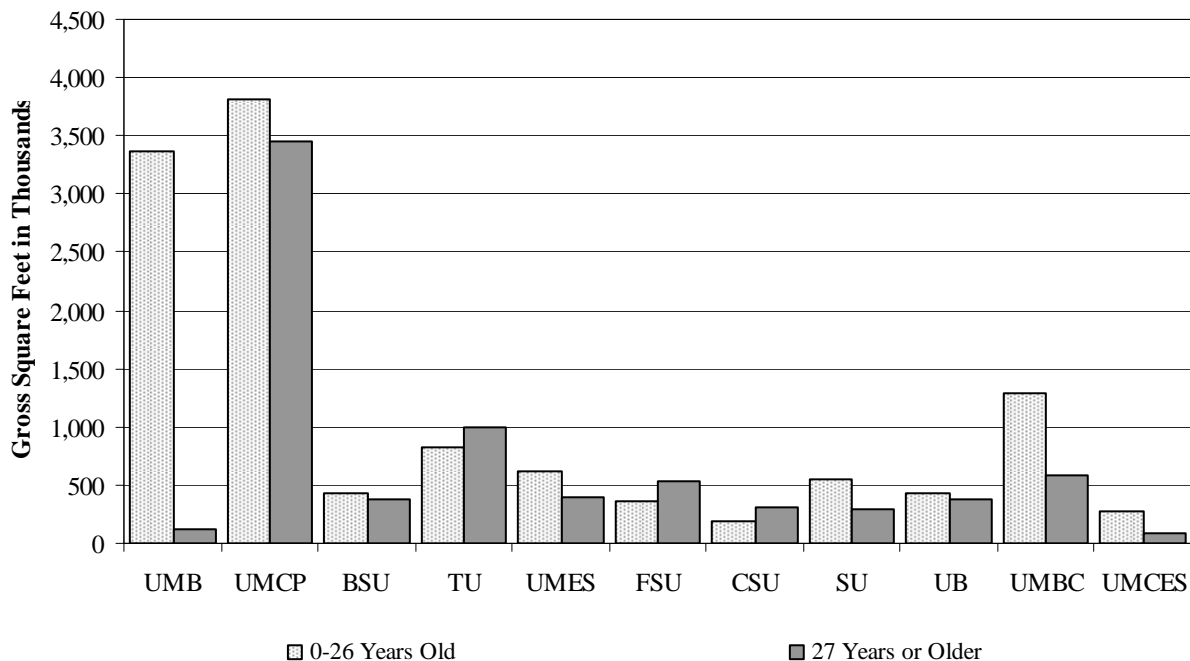
Facility renewal becomes more of an issue as buildings age. **Exhibit 20** shows the age of space for each institution. Square footage of State-supported buildings totals 19.7 million, of which 61.9%, or 12.2 million square feet, is under 27 years old. UMCP has the most square footage of any institution, totaling 7.3 million square feet, or 37%, of USM’s total footage. Of UMCP’s total square footage, 3.4 million, or 46%, of the space is 27 years or older. UMB has the second highest footage of all institutions, totaling 3.5 million, or 18%, of total square footage. However, 96%, or 3.5 million square feet of space, is between 0 and 26 years old.

USM programs and policies are intended to reduce the existing backlog of deferred maintenance and find a balance between wear-and-tear on facilities and adequate spending to maintain the facilities. Funding is intended to be from the operating budget, but historically, operating funds have not been able to sustain adequate levels of facilities renewal funding causing an increase in the backlog of deferred maintenance. To address the increasing backlog the Board of Regents adopted two strategies:

- reduce the backlog to a manageable size through deliberate spending on major renovation and replacement in the capital budget; and
- adopt an annual operating spending formula based on a target guideline of 2% of the replacement value of campus buildings.

In 2005, the board adopted a policy requiring each institution to annually increase 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 projects funded through academic revenue bonds to the 2.0% target. Once the target is met, only operating expenses will apply to the 2.0% target.

Exhibit 20
USM Gross Square Feet of State-supported Buildings by Age
Fall 2007



BSU: Bowie State University
 CSU: Coppin State University
 FSU: Frostburg State University
 SU: Salisbury University
 TU: Towson University
 UB: University of Baltimore

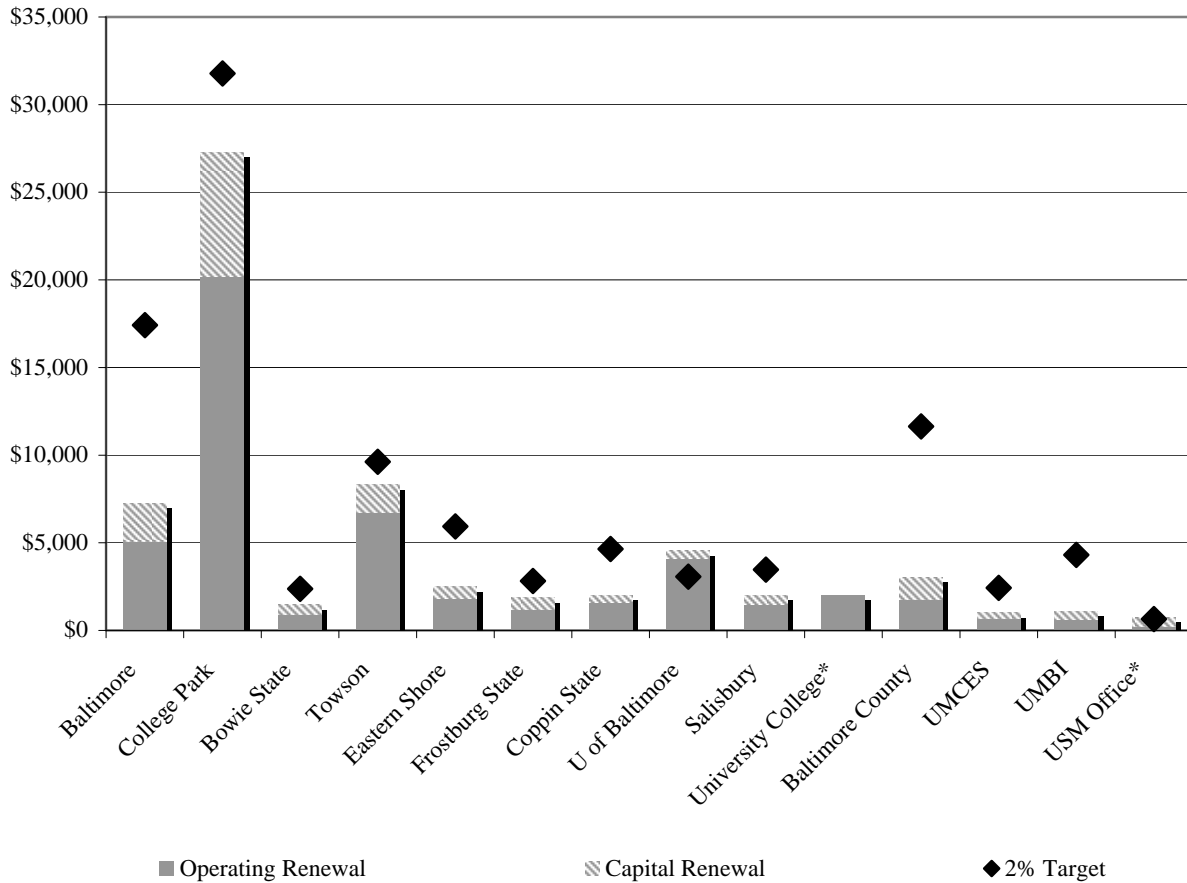
UMB: University of Maryland, Baltimore
 UMBC: University of Maryland Baltimore County
 UMCES: University of Maryland Center for Environmental Science
 UMCP: University of Maryland, College Park
 UMES: University of Maryland Eastern Shore
 USM: University System of Maryland

Note: Includes only State-supported buildings open as of fall 2007. Represents age of building from date of original construction or most recent renovation. University of Maryland Biotechnology Institute is not included due to the age of space not meeting the 20-year requirement for facility renewal.

Source: Capital Investment Workgroup Report of the Commission to Develop the Maryland Model for Funding Higher Education, November 2008

Exhibit 21 shows the operating and capital funds budgeted for facilities renewal for fiscal 2010 and the 2.0% target. In fiscal 2010, UB is the only institution expected to exceed its target by \$1.5 million with total spending equivalent to 3.0% of the replacement value of its assets. UMBC and UMBI have the lowest rate, with expenditures equaling 0.5%, of the replacement value of assets. Overall, expenditures total \$65.1 million for fiscal 2010 which is equivalent to 1.3% of the replacement value of State-supported assets.

Exhibit 21
USM Operating and Capital Facility Renewal Expenditures
Fiscal 2010



UMBI: University of Maryland Biotechnology Institute
 UMCES: University of Maryland Center for Environmental Science
 USM: University System of Maryland

* University of Maryland University College does not have a spending target due to the unique nature of its facilities profile which includes leased buildings and buildings that are off-campus or outside of the State. USM Office includes system centers.

Source: University System of Maryland

It should be noted that due to cost containment measures in fiscal 2009, some institutions reduced expenditures budgeted for facility renewal. FSU reduced expenditures \$493,199, resulting in a 42.0% decrease in operating funds available to use for renewal projects. Planned upgrades to the energy management system in an academic building and replacing lights in the library with energy

efficient units were deferred due to the reduction. UB reduced facility renewal expenditures by \$160,152, or 4.0%, of operating funds budgeted for facility renewal. UMBC reduced expenditures by \$200,000, or 12.8%, of operating funds for facility renewal, deferring repairs and replacement of mechanical, electrical, and structures of facilities. TU decreased planned expenditures by \$807,500, representing 14.0% of operating funds targeted for facility renewal.

The Chancellor should comment on how institutions will be able to maintain facility renewal efforts to keep the backlog of deferred maintenance to a manageable level and an institution's ability to achieve the policy goal given recent budget reductions.

3. Closing the Achievement Gap

Closing the achievement gap is a major USM initiative to address the challenges associated with retention and graduation rates as increasing numbers of minority, low-income, and first-time students enroll in universities. As part of its efforts to close this gap, USM held a symposium in November 2007 which served as a spring board for developing major campus-based initiatives aimed at closing the gaps in retention and graduation rates between low-income, minority students and first-time students, and all students. Additionally, USM joined 18 other state university systems in the National Association of System Heads *Access to Success* initiative to improve enrollment and achievement among these students and adopted a goal of closing, by half, the retention and graduation gaps by 2015.

As a follow-up to the symposium, institutions were tasked to develop achievement gap analyses including needs assessment, specific goals, and timelines to reducing the gap. Each institution identified its gap by analyzing factors affecting retention and graduation rates such as income, gender, and race. Some identified gaps were between transfer and low-income students and all students at the institution, and between African American students at the institution, and all USM African American students.

Institutions submitted their analyses to the USM Office for review and approval. To the extent current funds allow, institutions are implementing a variety of programs to address the achievement gap. Activities can be classified into five broad categories:

- establishing early warning systems using interventions and longitudinal assessments;
- implementing course redesign and improving assessments for base level courses in mathematics and English based on identified remedial needs and assessments of incoming students;
- providing educational support systems for at-risk students admitted to USM institutions through bridge programs between high school and college; student preparedness assessments; creation of small group courses; and providing financial aid, housing support, and stipends for pre-admission programs;

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- creating vibrant learning communities providing group housing to support pre-admits, establishing mentoring opportunities with other students; and offering hands-on support to students throughout their education; and
- increasing financial support through need-based scholarships; financial aid to bridge the gap between community colleges and USM institutions; and ongoing career development assistance through mentoring, internships, and networking.

The Chancellor should comment on efforts to improve the retention and graduation rates of low-income, minority, and first-time students and all students and how institutions will fund closing the achievement gap initiatives and programs.

Recommended Actions

1. Add the following language:

Provided that the appropriation herein for the University System of Maryland institutions shall be reduced by \$5,649,966 in current unrestricted funds. This reduction shall not reduce the number of students projected to be enrolled.

Explanation: In anticipation of underattainment of the Higher Education Investment Fund (HEIF), the University System of Maryland (USM) institutions were instructed to reduce fiscal 2009 budgets by \$5,649,966, the amount of the projected shortfall of HEIF revenues. This results in an overstatement of actual revenues and expenditures for fiscal 2009. After adjusting for the HEIF under attainment in fiscal 2009, general funds in fiscal 2010 increase by an additional \$21.2.

2. Adopt the following narrative:

Faculty Workload Report: The committees request that the University System of Maryland (USM) continue to provide annual instructional workload reports for tenured and tenure-track faculty. By focusing on these faculty, the committees gain a sense of the teaching activities for the regular, core faculty at the institutions. Additional information may be included in the report at USM's discretion. Furthermore, the report should include the percent of faculty meeting or exceeding teaching standards for tenured and tenure-track faculty for the University of Maryland, Baltimore's programs.

| Information Request | Author | Due Date |
|---|---------------|------------------|
| Annual report on instructional workload for tenured and tenured-track faculty | USM | December 1, 2009 |

Updates

1. Efficiency Initiative at USM

In fall 2004, USM implemented its Effectiveness and Efficiency (E&E) initiative to reduce costs, improve quality, and accommodate future enrollment growth. The plan includes initiatives targeting administrative and academic efficiencies. One strategy requires a 1.0% reduction in expenditures of the State-supported budget for each institution. In fiscal 2009, this target was reduced to 0.5% because savings related to procurement and utilities have been maximized and institutions reported fewer available avenues to achieve savings without comprising services. Each institution has discretion over how they will achieve these savings. **Exhibit 22** shows the expected efficiency savings from fiscal 2006 through 2010. The expected systemwide reduction is \$10.0 million for fiscal 2010.

Exhibit 22
USM Institution Efficiency Savings
Fiscal 2006-2010

| | <u>2006 Est.</u> | <u>2007 Est.</u> | <u>2008 Est.</u> | <u>2009 Est.</u> | <u>2010 Est.</u> |
|------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| UMB | \$2,305,322 | \$2,640,910 | \$2,333,028 | \$1,242,910 | \$1,320,437 |
| UMCP | 6,451,048 | 6,994,483 | 6,868,779 | 3,576,995 | 3,674,673 |
| BSU | 477,081 | 504,026 | 572,422 | 294,454 | 302,910 |
| TU | 1,691,676 | 1,770,655 | 1,860,594 | 1,014,431 | 1,024,021 |
| UMES | 456,496 | 485,147 | 487,723 | 255,163 | 260,905 |
| FSU | 515,344 | 541,575 | 571,139 | 283,034 | 294,207 |
| CSU | 504,424 | 544,744 | 474,840 | 240,017 | 246,973 |
| UB | 626,885 | 670,665 | 675,224 | 356,045 | 391,797 |
| SU | 700,764 | 733,021 | 750,624 | 383,390 | 401,950 |
| UMUC | 1,407,095 | 1,678,884 | 1,736,700 | 943,549 | 934,691 |
| UMBC | 1,501,890 | 1,581,791 | 1,564,246 | 808,215 | 823,555 |
| UMCES | 148,597 | 155,803 | 154,503 | 86,432 | 90,834 |
| UMBI | 195,768 | 216,316 | 207,711 | 108,730 | 104,749 |
| USM Office | 144,459 | 162,259 | 144,469 | 96,664 | 98,685 |
| USM Total | \$17,126,849 | \$18,680,279 | \$18,402,002 | \$9,690,029 | \$9,970,387 |

BSU: Bowie State University
 CSU: Coppin State University
 FSU: Frostburg State University
 SU: Salisbury University
 TU: Towson University
 UB: University of Baltimore
 UMB: University of Maryland, Baltimore

UMBC: University of Maryland Baltimore County
 UMBI: University of Maryland Biotechnology Institute
 UMCES: University of Maryland Center for Environmental Science
 UMCP: University of Maryland, College Park
 UMES: University of Maryland Eastern Shore
 UMUC: University of Maryland University College
 USM: University System of Maryland

Source: University System of Maryland

Decreasing Time-to-degree

A major academic initiative is reducing an undergraduate student's time-to-degree. This allows institutions to accommodate more students and reduces the cost of a degree. The Board of Regents approved the following three policies, effective in fall 2006, to reduce the time-to-degree:

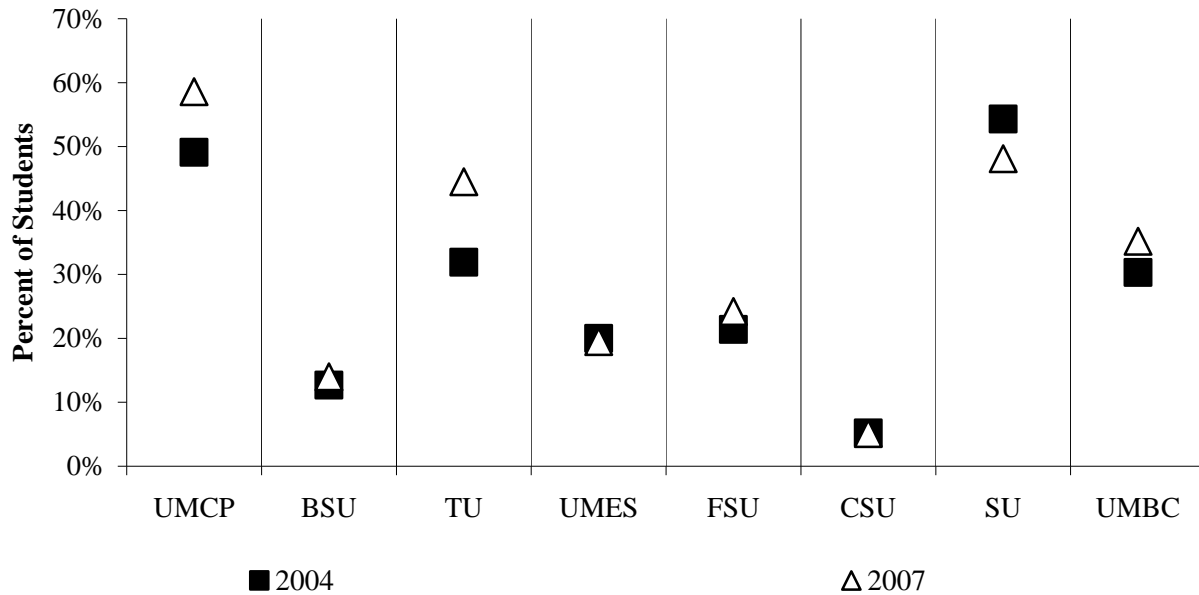
- First-time freshmen, whose admission is deferred till the spring semester, are encouraged to take 12 credit hours of coursework during the fall semester prior to spring admittance. This helps ensure students will still be able to graduate in a timely manner.
- Students are encouraged to take 12 credit hours of coursework through alternative means such as online, special sessions, independent study, and other nontraditional methods.
- Establish 120 credits as the standard number required for a bachelor's degree except for programs requiring five years of course work or programs fulfilling external accreditation standards.

The four-year graduation rates at USM institutions from fiscal 2004 to 2007, are shown in **Exhibit 23**, excluding UMB, UMUC, and UB. This corresponds to cohort years 2000 to 2003. Since fiscal 2004, the four-year graduation rates increased at five of the eight institutions. Graduation rates were relatively flat at three institutions (BSU, CSU, and UMES) and increased at UMCP, FSU, TU and UMBC, with TU having the largest increase of 12.6 percentage points over fiscal 2006. Although the E&E efforts related to decreasing the time-to-degree started in fall 2006 (fiscal 2007), this data establishes a baseline with which to compare future four-year graduation rates, helping to evaluate the success of the academic efficiency efforts.

Increase in Faculty Workload

Increasing faculty instructional workload is a key part of the E&E initiative. The Board of Regents set standards for tenured/tenure-track faculty workload: faculty at comprehensive institutions should carry a workload of 7 to 8 courses, and 5 to 6 courses for faculty at research institutions. As part of the initiative, each institution was charged with meeting the mid-point of the workload standard by fiscal 2006. The faculty instruction workload target at comprehensive institutions is 7.5 course units and 5.5 course units for research institutions. For fiscal 2008, the average faculty course load at comprehensive institutions is 7.5 course units and 5.8 course units at research institutions as shown in **Exhibit 24**.

Exhibit 23
Four-year Graduation Rates
Fiscal 2004-2007



BSU: Bowie State University
CSU: Coppin State University
FSU: Frostburg State University
SU: Salisbury State University

TU: Towson University
UMBC: University of Maryland Baltimore County
UMCP: University of Maryland, College Park
UMES: University of Maryland Eastern Shore

Source: Maryland Higher Education Commissions, *Retention and Graduation Rates at Maryland Public Four-year Institutions, 2008*

Exhibit 24
Average Course Units Taught by Tenured/Tenure-track Faculty
Fiscal 2004-2008

| | <u>2003-2004</u> Courses/FTEF | <u>2004-2005</u> Courses/FTEF | <u>2005-2006</u> Courses/FTEF | <u>2006-2007</u> Courses/FTEF | <u>2007-2008</u> Courses/FTEF |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Comprehensive Institutions | | | | | |
| Bowie State University | 8.4 | 8.2 | 7.5 | 7.9 | 7.9 |
| Coppin State University | 8.8 | 9.0 | 9.2 | 8.5 | 8.5 |
| Frostburg State University | 7.9 | 7.8 | 7.8 | 7.7 | 7.8 |
| Salisbury University ¹ | 7.8 | 7.9 | 7.9 | 7.9 | 7.9 |
| Towson University ¹ | 6.9 | 7.3 | 7.1 | 7.0 | 6.9 |
| University of Baltimore ¹ | 7.0 | 6.9 | 6.9 | 6.7 | 7.3 |
| University of MD Eastern Shore | 7.8 | 7.5 | 7.8 | 7.8 | 7.4 |
| All Comprehensive Inst. | 7.5 | 7.7 | 7.7 | 7.5 | 7.5 |
| Research Institutions | | | | | |
| University of MD, Baltimore ² | n/a | n/a | n/a | n/a | n/a |
| University of MD Baltimore County ³ | 5.2 | 5.7 | 5.8 | 5.8 | 6.0 |
| University of MD, College Park ³ | 5.1 | 5.1 | 6.1 | 5.9 | 5.8 |
| All Research Institutions | 5.1 | 5.3 | 6.0 | 5.9 | 5.8 |

FTEF: full-time equivalent faculty

¹Calculations for Salisbury University, Towson University, and University of Baltimore omit the schools of business and law because accreditation standards require law faculty to teach 4.0 course units and business faculty to teach 6 units.

²University of Maryland, Baltimore (UMB) reports 94% of all core faculty met or exceeded UMB's standard for workload in 2006-2007.

³State supported full-time equivalent.

Source: University System of Maryland's Faculty Workload Report

All comprehensive institutions, except TU, UB, and UMES met or surpassed the faculty workload target. TU and UB are the only institutions not meeting the workload target for the past four years. However, for the 2007-2008 academic year, faculty workload at UB increased to 7.3 from 6.7 course units the prior year. This is due to a new program admitting freshmen which resulted in increased course offerings and faculty in Arts and Sciences. UMES workload decreased from 7.8 to 7.4 course units in the 2007-2008 academic year due to accreditation standards for the business management and technology program requiring faculty to teach an average of 6 instead of 8 courses. CSU continues to have the highest workload of all USM institutions at 8.5 course units.

USM reports the lower-than-expected faculty workload at TU is the result of increased enrollment. This is because new faculty are typically allowed a period of reduced course load, in order for them to establish themselves at the institution, thereby, reducing the overall faculty workload. At UB, the business and law school faculty are exempt due to accreditation requirements limiting their course loads below these established targets, leaving a small number of faculty covered by this policy.

Research institutions exceeded the target of 5.5 course units. While UMCP's faculty workload decreased to 5.8 course units in the 2006-2007 academic year from 5.9 the previous year, it still surpassed the target. UMBC's faculty workload increased to 6.0 course units from 5.9 the previous year.

UMB reports on actual course units taught and the percentage of faculty meeting or exceeding the institution's standard. This is a more appropriate measure due to UMB's many professional schools which may be subject to varying workload requirements from differing accrediting bodies. UMB reports 94% of all core faculty meet or exceed the institution's standard.

The faculty workload report only provides information on tenured/tenure-track faculty. Some institutions, particularly comprehensives, rely on full- and part-time non-tenure/non-tenured-track faculty to carry some of the instruction workload, as shown in **Exhibit 25**.

Exhibit 25
Instructional Faculty
2007-2008 Academic Year

| <u>Faculty Type</u> | <u>Research</u> | <u>Comprehensive</u> |
|--|------------------------|-----------------------------|
| Tenured/Tenure-track | 1,848 | 1,563 |
| Full-time Non-tenured/Non-tenure-track Instructional | 368 | 485 |
| Full-time Non-tenured/Non-tenure-track Research | 1,378 | 14 |
| Part-time | 807 | 1,457 |
| Total | 4,401 | 3,519 |

Source: *University System of Maryland's Faculty Workload Report*

Focusing on tenured/tenure-track faculty does not accurately reflect the workload of instructional faculty. As shown in **Exhibit 26**, when taking into account the workload of the non-tenured/non-tenure-track faculty, the average course load for comprehensive institutions increases from 7.5 to 7.8 course units. The average for research institutions increases from 5.8 to 5.9 course units.

Exhibit 26
Average Course Units Taught by Tenure/Tenure-track and
Full-time Non-tenured/Non-tenure-track Instructional Faculty
Fiscal 2006-2008

| | <u>2006-2007</u> <u>Courses/FTEF</u> | <u>2007-2008</u> <u>Courses/FTEF</u> |
|---|---|---|
| Comprehensive Institutions | | |
| Bowie State University | 7.9 | 8.0 |
| Coppin State University | 8.8 | 9.0 |
| Frostburg State University | 8.0 | 8.1 |
| Salisbury University | 8.0 | 8.2 |
| Towson University | 7.3 | 7.3 |
| University of Baltimore | 7.0 | 7.5 |
| University of Maryland Eastern Shore | 7.9 | 7.6 |
| All Comprehensive Institutions | 7.7 | 7.8 |
| Research Institutions | | |
| University of Maryland Baltimore County | 6.1 | 6.3 |
| University of Maryland, College Park | 5.9 | 5.8 |
| All Research Institutions | 6.0 | 5.9 |

FTEF: full-time equivalent faculty

Note: Calculations for Salisbury University, Towson University, and University of Baltimore omit the schools of business and law. Research universities may include State support FTEF in addition to full-time non-tenured faculty.

Source: *University System of Maryland's Faculty Workload Report*

Course Redesign Initiative

In fall 2006, USM initiated the Course Redesign Initiative; a systemwide effort to redesign large lecture-style courses to improve learning outcomes and reduce instructional costs. Generally, these courses use technology for some activities, make use of undergraduate learning assistants and, for courses with students from various backgrounds, create strategies for addressing differing needs of students. Each USM institution redesigned at least one pilot course, offered in fall 2008, including:

- three psychology courses;
- two biology courses;
- two mathematics courses;

- one chemistry course;
- one English course; and
- one nursing course.

USM received a planning grant from The Lumina Foundation to support a statewide partnership with Maryland Higher Education Commission, Maryland Association of Community Colleges (MACC) and Maryland Independent College and University Association. The goal of the grant is to develop a major proposal for four years of funding to support expansion of the initiative for USM and MACC. USM also submitted a proposal for a competitive grant to expand course redesign efforts to developmental mathematics courses.

2. Funding Comprehensive Institutions

Language in the 2008 *Joint Chairmen's Report* required USM to submit a report examining the funding of its comprehensive institutions. The report included analyses of the allocation of State funds across USM and comprehensive institutions on a per FTES basis, and adequacy of funding to support current and future enrollment. The report also included recommendations addressing funding needed per FTES and the appropriate level of State support and tuition.

Overall, comprehensive universities have been successful in expanding access, improving affordability, funding improvements related to the U.S. Office of Civil Rights (OCR) partnership agreement, and meeting the primary goal of improving quality. However, the analysis showed institutional trends indicate per FTES funding problems continue to exist or may be emerging at several institutions including University of Maryland University College and University of Maryland Eastern Shore.

USM presented three long-term goals and guiding principles for incremental funding of comprehensive institutions. The long-term goals include: (1) full funding of MHEC funding guidelines for each institution; (2) undergraduate resident tuition rates, on average rank twenty-fifth among public institutions nationally; and (3) historically black institutions (HBIs) per student funding should be sufficient to meet the comparable and competitive funding standard in the OCR partnership agreement. USM estimates, based on current funding levels, the total cost of achieving the three goals, phased in over several years, would total \$80 million. Principles guiding budget allocation include:

- increase funding to institutions with the lowest funding guideline attainment;
- sufficient funding for the HBIs; and
- full funding for enrollment growth and investment in workforce development and economic growth.

However, the Commission to Develop the Maryland Model for Funding Higher Education, which released its report in December 2008, recommended a new model and framework for funding higher education. Current guidelines set a funding goal equivalent to the fiftieth or seventy-fifth percentile of a set of peer institutions. The proposed funding model changes the metric used to gauge adequacy of funding of higher education institutions to those comparable institutions in 10 states Maryland competes with to attract employers and related jobs. The model sets funding at the seventy-fifth percentile of funding per FTES of the comparable institutions and the eightieth percentile for HBIs.

**USM Full-time Equivalent Personnel by Budget Program
Fiscal 2002, 2008, and 2009**

| | <u>2002</u> | | <u>2008</u> | | <u>2009</u> | | Change in Share of Total <u>08-09</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 | 5,858 | 33.5% | 6,258 | 30.8% | 7,977 | 32.1% | 1.3% |
| Research | 2,455 | 14.0% | 3,614 | 17.8% | 5,161 | 20.8% | 3.0% |
| Public Service | 689 | 3.9% | 666 | 3.3% | 855 | 3.4% | 0.2% |
| Academic Support | 1,937 | 11.1% | 2,175 | 10.7% | 2,392 | 9.6% | -1.1% |
| Student Services | 945 | 5.4% | 1,124 | 5.5% | 1,182 | 4.8% | -0.8% |
| Institutional Support | 2,427 | 13.9% | 2,724 | 13.4% | 2,909 | 11.7% | -1.7% |
| Operations and Maintenance of Plant | 1,558 | 8.9% | 1,529 | 7.5% | 1,663 | 6.7% | -0.8% |
| Auxiliary | 1,368 | 7.8% | 1,726 | 8.5% | 1,903 | 7.7% | -0.8% |
| Hospitals | 248 | 1.4% | 470 | 2.3% | 794 | 3.2% | 0.9% |
| Total | 17,485 | | 20,286 | | 24,836 | | |

Notes: Data are for filled positions only. Does not include the University System of Maryland office.

Source: University System of Maryland Institutions