

R30B30
University of Maryland University College
University System of Maryland

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 | \$24,691 | \$24,933 | \$31,551 | \$6,618 | 26.5% |
| Contingent & Back of Bill Reductions | 0 | 0 | -25 | -25 | |
| Adjusted General Fund | \$24,691 | \$24,933 | \$31,526 | \$6,593 | 26.4% |
| Special Funds | 0 | 4,054 | 0 | -4,054 | -100.0% |
| Adjusted Special Fund | \$0 | \$4,054 | \$0 | -\$4,054 | -100.0% |
| Other Unrestricted Funds | 247,457 | 251,331 | 257,719 | 6,388 | 2.5% |
| Contingent & Back of Bill Reductions | 0 | 0 | -97 | -97 | |
| Adjusted Other Unrestricted Fund | \$247,457 | \$251,331 | \$257,622 | \$6,291 | 2.5% |
| Total Unrestricted Funds | 272,148 | 280,318 | 289,270 | 8,953 | 3.2% |
| Contingent & Back of Bill Reductions | 0 | 0 | -123 | -123 | |
| Adjusted Total Unrestricted Funds | \$272,148 | \$280,318 | \$289,148 | \$8,830 | 3.2% |
| Restricted Funds | 8,960 | 9,939 | 10,000 | 61 | 0.6% |
| Contingent & Back of Bill Reductions | 0 | 0 | -4 | -4 | |
| Adjusted Restricted Fund | \$8,960 | \$9,939 | \$9,996 | \$57 | 0.6% |
| Adjusted Grand Total | \$281,108 | \$290,257 | \$299,144 | \$8,887 | 3.1% |

- General funds increase \$6.6 million, or 26.4%, in the fiscal 2010 allowance, after adjusting for contingent reductions. However, after accounting for \$4.1 million of Higher Education Investment Funds (HEIF) in fiscal 2009, the underlying increase is \$2.5 million, or 8.8%, over the fiscal 2009 working appropriation.
- Other unrestricted funds increase 2.5%, or \$6.3 million.
- Overall, the University of Maryland University College (UMUC) adjusted budget increases 3.1%, or \$8.9 million.
- Pending actions, such as a Board of Public Works reduction to recognize furlough savings and the likelihood of HEIF underattainment, are not accounted for in these numbers.

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

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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 | 844.71 | 844.71 | 844.71 | 0.00 |
| Contractual FTEs | <u>1,049.55</u> | <u>1,049.56</u> | <u>1,110.76</u> | <u>61.20</u> |
| Total Personnel | 1,894.26 | 1,894.27 | 1,955.47 | 61.20 |

Vacancy Data: Regular Positions

| | | |
|---|-------|-------|
| Turnover and Necessary Vacancies, Excluding New Positions | 16.81 | 1.99% |
| Positions and Percentage Vacant as of 12/31/08 | n/a | n/a |

- The allowance includes an increase of 61.2 contractual full-time equivalent (FTE) positions, 60.7 of which are in the Instruction program. The remaining 0.5 FTE is in the Operations and Maintenance of Plant budget program.

Analysis in Brief

Major Trends

Graduates in Maryland: One of UMUC’s main goals is to increase the number of graduates employed within the State. The Managing for Results reports 1,546 graduates are employed in Maryland, 317 of which are in information technology. **The President should comment on efforts to increase the employment of graduates in Maryland.**

Minority Enrollment Projections: In response to a 2008 *Joint Chairmen’s Report* information request, UMUC is reporting minority enrollment projections for fiscal 2009 and 2010. In fiscal 2008, 40% of undergraduates were minorities, and 29% were African Americans. Although UMUC beat their goals in past years, fiscal 2008 fell short.

Issues

Affordability: Institutional aid is important for many in obtaining a college education. The majority of UMUC’s aid is offered on a need basis, with the largest share going to those with the greatest need. Aid has increased over the past several years for both merit- and need-based purposes. **The President should comment on maintaining affordability for UMUC students.**

With No Achievement Gap, Focus Is on Retention: Although closing the achievement gap has become a major University System of Maryland initiative, UMUC reports no gap, as its second-year retention rate is very close for all student demographics. However, the average UMUC student is less likely to complete a degree, so the university has focused on improving retention for all students by expanding its Early Intervention Program and Student Success Program. Results are preliminary, but it appears to have had an affect on enrollments. **The President should comment on efforts to increase retention rates.**

Recommended Actions

1. Concur with Governor’s allowance.

R30B30 – USM – University of Maryland University College

R30B30
University of Maryland University College
University System of Maryland

Operating Budget Analysis

Program Description

The University of Maryland University College (UMUC) specializes in providing access to higher education for Maryland's adult learners. Most UMUC students have career or family commitments that lead them to study part time. UMUC serves its students through traditional and innovative delivery of undergraduate and graduate degree programs, noncredit professional development programs, and conference services.

UMUC provides courses at 21 locations throughout the State and the Washington, DC metropolitan area and has offered online education programs since 1994. The institution also offers special programs in other states and programs overseas for United States service members and their families, United States citizens, and international students. UMUC's vision is to be the Global University in Maryland.

Academic programs include Bachelor of Arts and Bachelor of Science degrees with 32 majors and 38 minors. The most extensive offerings are in business and management and computer studies. Master's degrees (14) are offered in management and technology areas that, like bachelor's degree concentrations, represent fields with significant current or anticipated workforce needs. UMUC also offers a Doctor of Management and a noncredit professional program emphasizing management and executive development. The university has a role in renewing and upgrading the skills of the experienced workforce.

Carnegie Classification: Master's L: Master's Colleges and Universities

| Fall 2008 Stateside Undergraduate Enrollment Headcount | | Fall 2008 Stateside Graduate Enrollment Headcount | |
|---|---------------|--|---------------|
| Male | 9,616 | Male | 5,241 |
| Female | 12,692 | Female | 6,623 |
| Total | 22,308 | Total | 11,864 |
| Universities at Shady Grove | 776 | Universities at Shady Grove | 109 |
| Other Maryland | 1,250 | Other Maryland | 207 |

| Fall 2008 Stateside New Students Headcount | |
|---|--------------|
| First-time | 897 |
| Transfers/Others | 5,239 |
| Graduate | 2,761 |
| Total | 8,897 |

| Programs | | Stateside Degrees Awarded (2007-2008) | |
|-----------------|----|--|--------------|
| Bachelor's | 32 | Bachelor's | 2,793 |
| Master's | 14 | Master's | 2,089 |
| Doctoral | 1 | Doctoral | 14 |
| | | Total Degrees | 4,896 |

Performance Analysis: Managing for Results

UMUC offers a different kind of educational experience than its University System of Maryland (USM) peers, being primarily an online and distance education based institution. The student body is also atypical, where the great majority is working at least part time and also have family obligations. Its goals as an institution of higher learning are similar, however: to create and maintain a well educated workforce.

UMUC’s Managing for Results submission measures this by providing information about the number of graduates currently employed in Maryland as well as those employed in a major area of the State’s workforce, information technology. The data in **Exhibit 1** comes from a survey conducted by the Maryland Higher Education Commission every three years and shows the number of the previous year’s graduates employed in the State. The university’s goal for 2009 is to have 1,500 graduates employed in Maryland. According to the 2008 survey results, it will miss the goal. The projection for 2011 also shows UMUC falling short of the goal. **The President should comment on efforts to increase the employment of graduates in Maryland.**

Exhibit 1 Employment of UMUC Bachelor’s Degree Recipients in Maryland

| | <u>2002 Survey</u> | <u>2005 Survey</u> | <u>2008 Survey</u> | <u>2011 Survey Est.</u> | <u>Goal</u> |
|-----------------------|--------------------|--------------------|--------------------|-------------------------|-------------|
| Overall | 1,086 | 1,107 | 1,229 | > = 1,100 | 1,500 |
| Employed in IT | 426 | 460 | 317 | > = 350 | > = 350 |

IT: information technology

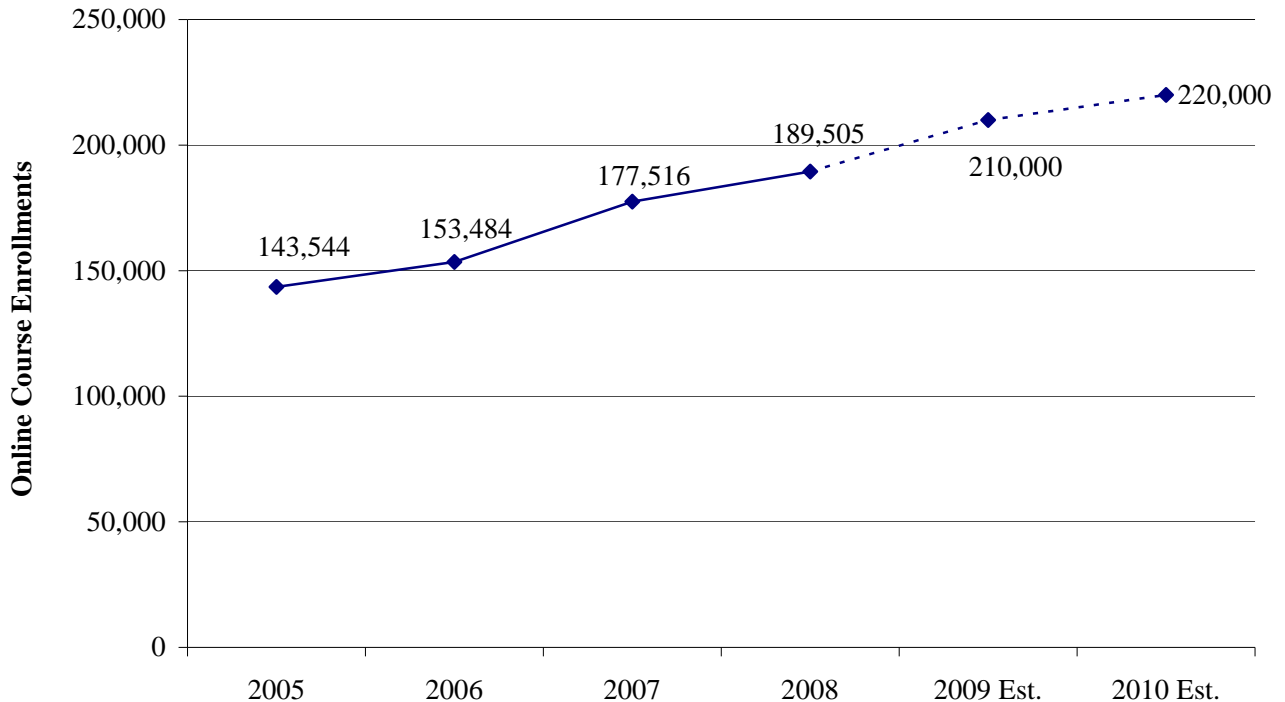
Note: Survey years 2002, 2005, 2008, 2011 (Estimated).

Source: Governor’s Budget Books, Fiscal 2010

Online Enrollments Continue to Grow

UMUC is one of the largest providers of distance education in the world. With the majority of UMUC courses delivered online, UMUC uses a proprietary site on the Internet. Growth has been rapid over the past decade and currently over 750 courses are offered online. **Exhibit 2** shows its online enrollments from fiscal 2007 through 2010. It should be noted these are the total number of online course enrollments, meaning if one student enrolls in three online courses that counts as three enrollments. Between fiscal 2007 and 2008, online enrollments grew 6.8%. It is expected to increase 10.8% in fiscal 2009 to 210,000 and slow to 4.8% in fiscal 2010 – meeting the goal of 220,000 enrollments.

**Exhibit 2
Online Course Enrollments
Fiscal 2005-2010**



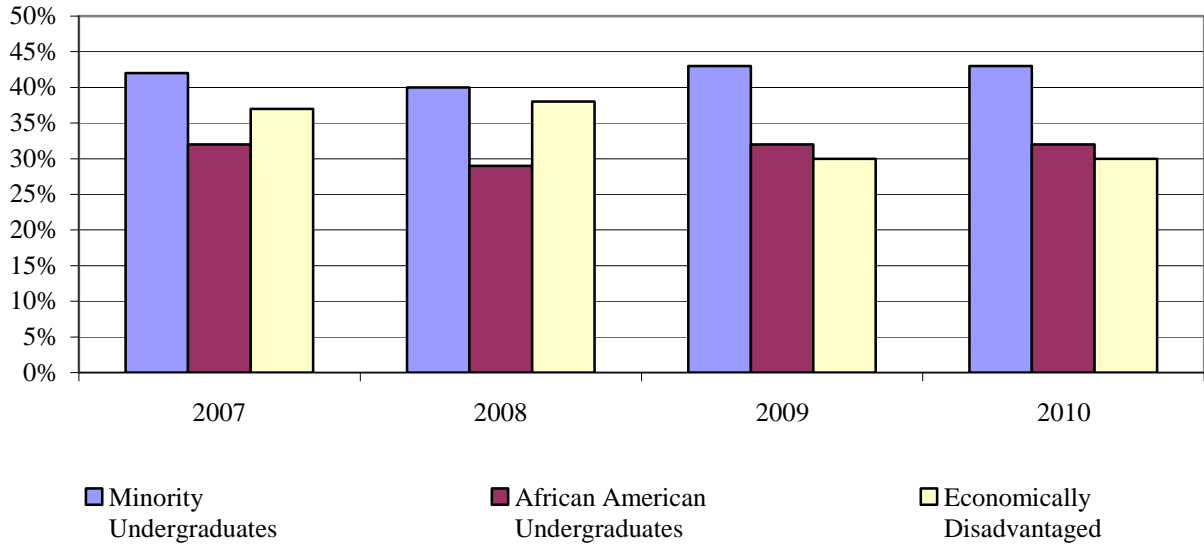
Source: Governor’s Budget Books, Fiscal 2010

Minority Enrollments Continue at High Levels

A UMUC student is much more likely to be working at least part time than the average USM student and is also more likely to be a minority or come from an economically disadvantaged background. UMUC also enrolls more minorities as a percentage of all students than any non-historically black USM institution. **Exhibit 3** shows the proportion of all minority undergraduates, all African American undergraduates, and all economically disadvantaged students enrolled at UMUC.

While it appears that fiscal 2009 and 2010 will see a significant decline in the percentage of economically disadvantaged students, the estimates for those years simply reflect that UMUC will exceed the fiscal 2004 benchmark of 30%. With enrollment of economically disadvantaged students reaching 37% in fiscal 2007 and 38% in fiscal 2008, the university’s goals may need to be revisited. Estimates for all minorities and African Americans are similarly benchmarked to fiscal 2004, although UMUC has missed the goal for both of these in the current year.

Exhibit 3
Enrollment of Economically Disadvantaged and Minority Students
Fiscal 2007-2010



Source: Governor’s Budget Books, Fiscal 2009 and 2010

Pursuant to language in the 2008 *Joint Chairmen’s Report*, Maryland’s public institutions of higher education were requested to submit enrollment data for more minority groups than previously reported. In addition to African Americans, enrollments for Hispanic Americans, Asian Americans, and Native Americans were requested. UMUC’s enrollment for these groups, as well as for economically disadvantaged students, for fiscal 2007 through 2010 is shown in **Exhibit 4**.

Exhibit 4
Minority Enrollments at UMUC
Fiscal 2007-2010

| | <u>2007</u> | <u>2008</u> | <u>2009 Estimated</u> | <u>2010 Estimated</u> |
|----------------------------|-------------|-------------|-----------------------|-----------------------|
| All Minorities | 42% | 40% | >= 43% | >= 43% |
| African American | 32% | 29% | >= 32% | >= 32% |
| Hispanic | 5% | 5% | >= 5% | >= 5% |
| Asian | 4% | 4% | >= 4% | >= 4% |
| Native American | 1% | 1% | >= 1% | >= 1% |
| Economically Disadvantaged | 37% | 38% | >= 30% | >= 30% |

Source: University System of Maryland; *Joint Chairmen’s Report* Response, December 2008

Fiscal 2009 Actions

Impact of Cost Containment

Throughout fiscal 2009, the Board of Public Works has reduced UMUC's budget by \$581,960 in unrestricted funds. The first reduction was \$189,017, which was replaced with funds that had previously been restricted for Other Post Employment Benefits only. The remaining \$392,943 reduction was achieved by extending an administrative hiring freeze that the university had already been working under to achieve savings. UMUC also reduced contractual services costs and deferred system upgrades

The allowance indicates a number of additional reductions to fiscal 2009 as well. A statewide government employee furlough included higher education, and UMUC reduced its salary and wage budget by \$245,766. The employees earning less than \$30,000 a year were exempt, and the number of days an employee was required to take depended on salary level – higher salaries were required to take more days. The executive committee of the university was furloughed five days. Part-time faculty, graduate assistants, and overseas staff were exempt from the plan.

Proposed Budget

The general fund allowance for fiscal 2010 is \$31.5 million, or 26.4% higher than the fiscal 2009 working appropriation, as shown in **Exhibit 5**. After accounting for the Higher Education Investment Funds (HEIF) in fiscal 2009, however, the underlying growth falls to \$2.9 million, or 10.0%. Other unrestricted funds increase 2.5%, or \$6.3 million.

Exhibit 5
Proposed Budget
University of Maryland University College
(\$ in Thousands)

| | <u>2008</u> <u>Actual</u> | <u>2009</u> <u>Working</u> | <u>2010</u> <u>Adjusted</u> | <u>2009-10</u> <u>Change</u> | <u>% Change</u> <u>Prior Year</u> |
|--------------------------|------------------------------|-------------------------------|--------------------------------|---------------------------------|--------------------------------------|
| General Funds | \$24,691 | \$24,933 | \$31,526 | \$6,593 | 26.4% |
| HEIF* | | 3,728 | | -\$3,728 | -100.0% |
| Total State Funds | \$20,069 | \$28,661 | \$31,526 | \$2,864 | 10.0% |
| Other Unrestricted Funds | 247,457 | 251,331 | 257,622 | \$6,291 | 2.5% |
| Total Unrestricted Funds | 272,148 | 279,992 | 289,148 | \$9,156 | 3.3% |
| Restricted Funds | 8,960 | 9,939 | 9,996 | \$57 | 0.6% |
| Total Funds | \$281,108 | \$289,931 | \$299,144 | \$9,212 | 3.2% |

*It is expected Higher Education Investment Fund appropriations in fiscal 2009 will be reduced by \$325,619 due to under attainment of revenues.

Note: Numbers may not sum due to rounding. Fiscal 2009 does not include furlough reductions.

It should be noted that the amount shown for the HEIF in Exhibit 5 is less than the legislative appropriation which is shown in this analysis' opening exhibit. This is due to the expected underattainment of the fund, which receives a portion of the State's corporate income taxes. Due to the weakening economy, the fund has received less revenue than was projected during the 2008 session. UMUC is expected to receive \$325,619 less than budgeted.

The majority of UMUC's general fund increase is to fund an in-state undergraduate tuition freeze. These are funds to replace revenue that would have been generated by increasing tuition by 4% equaling \$2.8 million for the university. The remaining \$0.1 million will be used to partially offset mandatory costs.

Restricted funds grow by 0.6%, or \$56,692, in the Governor's allowance. Although this growth is modest, it is consistent with the growth experienced in restricted funds over the past several years.

Impact of Cost Containment

An additional contingent across-the-board reduction will reduce UMUC's budget due to the State deleting the deferred compensation match. General funds are reduced by \$25,411, unrestricted funds by \$97,230 and restricted funds by \$4,212. An additional reduction may occur as part of \$30.0 million in unspecified reductions, a portion of which may affect UMUC.

Changes by Program

Budget changes by program are shown in **Exhibit 6**. The Instruction budget program grows 4.3%, or \$3.5 million, nearly all for salaries and wages. This is related to the 60.7 new contractual full-time equivalent positions in the allowance, which the university needs for growing enrollments. There is also a sizable decline in its Public Service budget program, by \$1.3 million, or 7.9%. This is due to an expected reduction in revenue from the Inn and Conference Center.

Exhibit 6 UMUC 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>2010</u> <u>Adjusted</u> | <u>2009-10</u> <u>Change</u> | <u>2009-10</u> <u>% Change</u> |
|------------------------------------|------------------------------|-------------------------------|-----------------------------------|--------------------------------|---------------------------------|-----------------------------------|
| <u>Expenditures</u> | | | | | | |
| Instruction | \$74,758 | \$81,107 | 8.5% | \$84,563 | \$3,456 | 4.3% |
| Research | 629 | 679 | 7.9% | 690 | 11 | 1.6% |
| Public Service | 15,974 | 17,029 | 6.6% | 15,690 | -1,339 | -7.9% |
| Academic Support | 41,179 | 51,863 | 25.9% | 52,155 | 292 | 0.6% |
| Student Services | 51,904 | 60,811 | 17.2% | 61,993 | 1,182 | 1.9% |
| Institutional Support | 35,247 | 35,755 | 1.4% | 35,908 | 153 | 0.4% |
| Operation and Maintenance of Plant | 39,529 | 20,431 | -48.3% | 25,628 | 5,197 | 25.4% |
| Scholarships and Fellowships | 6,773 | 6,268 | -7.5% | 6,268 | 0 | 0.0% |
| Education and General Total | \$265,993 | \$273,943 | 3.0% | \$282,895 | \$8,953 | 3.3% |
| Auxiliary Enterprises | \$6,155 | \$6,375 | 3.6% | \$6,375 | \$0 | 0.0% |
| Pending Reductions ¹ | | -326 | | -123 | | |
| Grand Total | \$272,148 | \$279,992 | 2.9% | \$289,148 | \$9,156 | 3.3% |
| <u>Revenues</u> | | | | | | |
| Tuition and Fees | \$213,148 | \$219,194 | 2.8% | \$225,404 | \$6,210 | 2.8% |
| Higher Education Investment Fund | | 3,728 | | | -3,728 | -100.0% |
| General Funds | 24,691 | 24,933 | 1.0% | 31,551 | 6,618 | 26.5% |
| Other Unrestricted Funds | 28,362 | 28,174 | -0.7% | 28,230 | 56 | 0.2% |
| Subtotal | \$266,201 | \$276,029 | 3.7% | \$285,185 | \$9,156 | 3.3% |
| Auxiliary Enterprises | \$6,418 | \$6,638 | 3.4% | \$6,638 | \$0 | 0.0% |
| Transfer (to)/from Fund Balance | -471 | -2,675 | 467.4% | -2,675 | 0 | 0.0% |
| Grand Total | \$272,148 | \$279,992 | 2.9% | \$289,148 | \$9,156 | 3.3% |

¹Fiscal 2009 does not include furlough reductions.

Note: Unrestricted funds only. All programs.

Source: Maryland State Budget

R30B30 – USM – University of Maryland University College

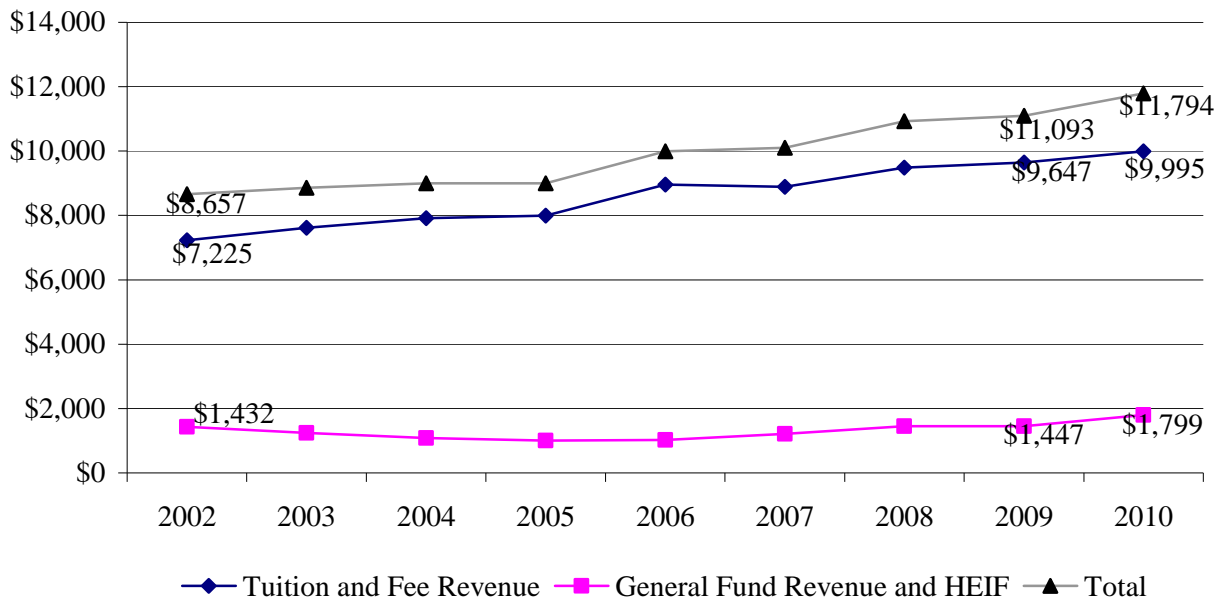
The largest changes in UMUC's budget occur in the Operations and Maintenance of Plant program, which are related to the purchase of a new building in August 2008. Between fiscal 2008 and 2009, spending in this category fell by 48.3%, or \$19.1 million, due to the purchase cost being in the fiscal 2008 budget. The building cost was \$38.0 million, of which \$15.0 million was State general obligation bonds. The remaining \$23.0 million was financed by UMUC. In fiscal 2010, Operations and Maintenance of Plant increases by 25.4%, or \$5.2 million, to cover operating costs of the building.

On the revenues side, Exhibit 6 shows a large change in transfers to the fund balance between fiscal 2008 and 2009, changes that are also related to UMUC's new building. During the 2008 session, the fiscal 2008 working appropriation showed the university's fund balance transferring out a net of \$27.3 million, mostly as a loan to finance the purchase. Due to significant cost cutting measures such as increasing turnover and delaying institutional advancement and physical plant projects, UMUC's expenditures were lower than its fiscal 2008 revenue. This allowed the university to finance the building using its own revenue instead of by loan, and it ended the fiscal year transferring \$0.5 million into its fund balance. There is no change from the fiscal 2009 working appropriation and the fiscal 2010 allowance.

Funding Per Student

Exhibit 7 shows State funds and tuition and fee revenue per full-time equivalent student (FTES) from fiscal 2002 to the fiscal 2010 allowance. Overall, the Governor’s allowance grows 6.3%, at \$701 per FTES. General funds and HEIF increase by 24.4%, or \$353, per FTES over the 2009 working appropriation, and tuition and fee revenue increases 3.6%, or \$348.

Exhibit 7
Tuition and Fee and State Funds Per Statewide
Full-time Equivalent Student
Fiscal 2002-2010



HEIF: Higher Education Investment Funds

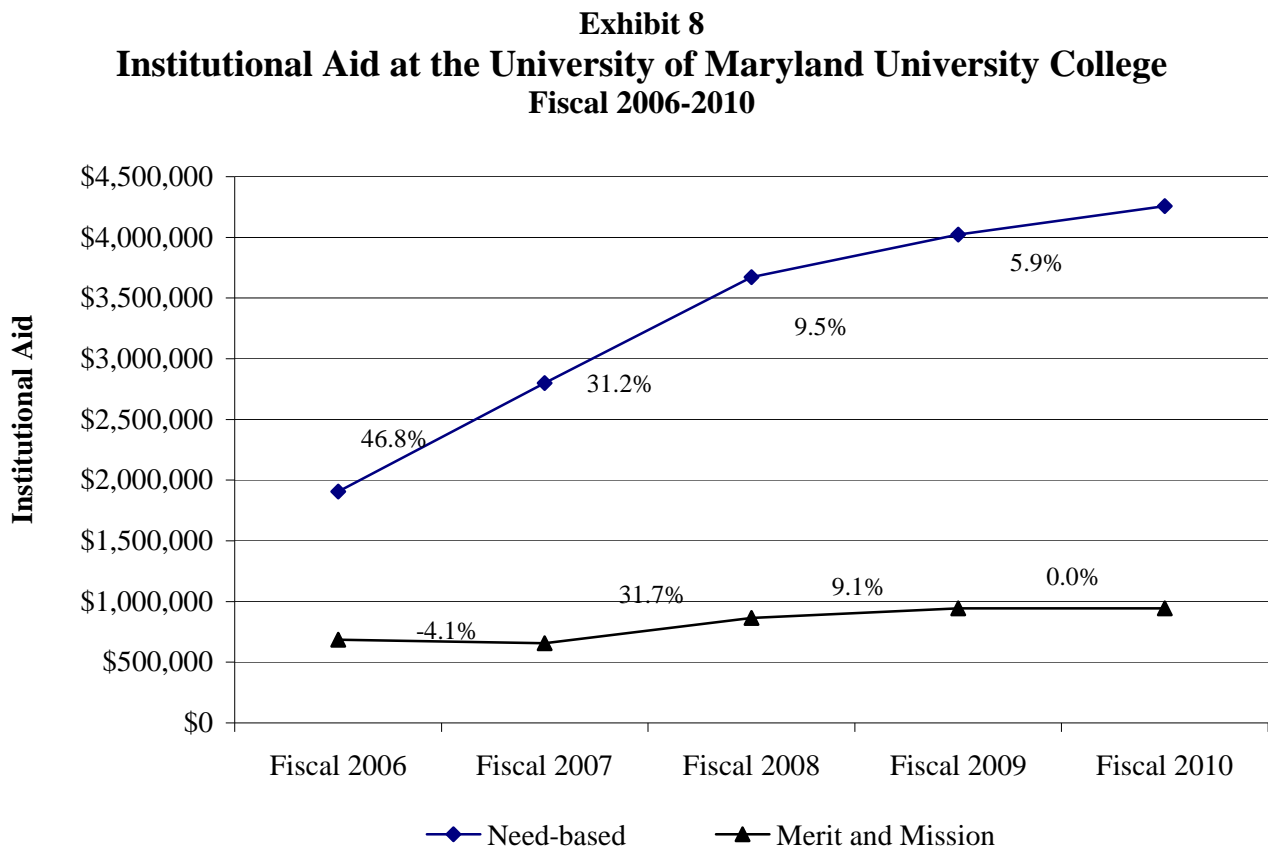
Source: Governor’s Budget Books, Fiscal 2004-2010; University of Maryland University College

Issues

1. Affordability

Financial aid is an important factor in getting a college education. Sources of financial aid include federal and State government programs, private foundations, and individual institutions. Institutional aid takes three forms: merit- and mission-based, athletic, and need-based. USM institutions seek to increase access to higher education, and one of the main ways to achieve that goal is by expanding need-based aid programs.

Exhibit 8 shows growth in UMUC’s institutional aid from fiscal 2006 to 2010. UMUC varies from other USM institutions in that it does not have an athletic department. It also offers a much larger proportion of its institutional aid to students on a need basis compared to merit and mission. In fiscal 2010, 81.9% of aid will be awarded on a need basis, and 18.1% will be offered for merit and mission.



Source: University System of Maryland

For the most part, students enrolling in college complete a Free Application for Federal Student Aid (FAFSA), to determine eligibility for federal student loan programs. The application determines the expected family contribution (EFC) of each student, and aid is often based on EFC category. **Exhibit 9** shows UMUC’s undergraduate student aid by EFC for awards given on a need basis and for other aid. For need-based aid, the great majority of awards are students with an EFC of under \$3,850, 87.1%. The distribution for other aid is more even, although data is missing for students who received institutional aid but did not complete a FAFSA.

Exhibit 9
Percent of Undergraduate Institutional Financial Aid Awards
By Expected Family Contribution
Fiscal 2007

| <u>EFC Category</u> | <u>Percent of All Need-based Aid</u> | <u>Percent of All Other Aid</u> | <u>Number of Awards</u> |
|---------------------|--------------------------------------|---------------------------------|-------------------------|
| \$0 | 3.8% | 9.0% | 251 |
| \$1 – 3,850 | 83.3% | 16.2% | 1,648 |
| \$3,851 – 6,999 | 10.4% | 10.6% | 379 |
| \$7,000 – 9,999 | 0.6% | 6.4% | 147 |
| \$10,000 – 14,999 | 0.4% | 5.4% | 135 |
| \$15,000 – 19,999 | 0.4% | 2.9% | 67 |
| \$20,000 + | 0.4% | 5.2% | 116 |

FAFSA: Free Application for Federal Student Aid

Note: Numbers may not sum due to rounding. Total may not sum to 100% due to students receiving awards who did not file a FAFSA.

Source: Maryland Higher Education Commission; Financial Aid Information System Fiscal 2006-2007

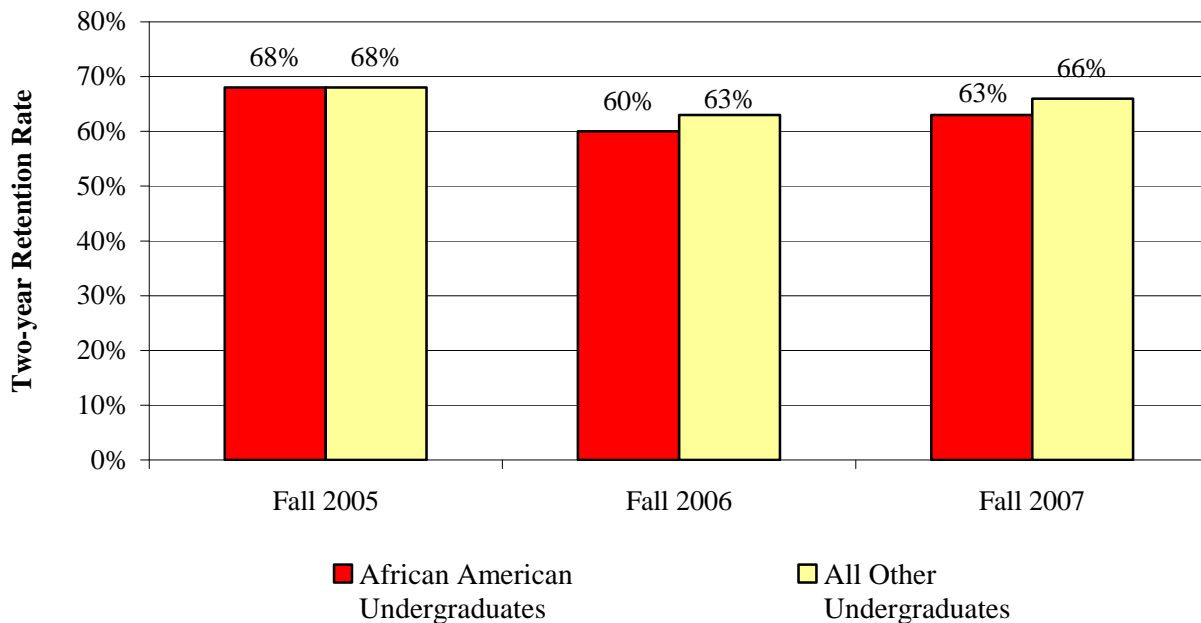
The President should comment on maintaining affordability for UMUC students.

2. With No Achievement Gap, Focus Is on Retention

As a follow up to USM’s symposium held in November 2007, each campus identified and developed strategies to address institution-specific factors leading to gaps in retention and graduation rates for low-income and minority students. For most campuses, this resulted in the development of an Achievement Gap Action Plan and Funding Initiative which campuses implemented in fall 2008 to reduce the achievement gap by one-half by 2015.

UMUC submitted a report to USM in September 2008 indicating that the university does not have an achievement gap to close. About 90% of UMUC students are working at least part time and the median age is 32. Many have family obligations as well. Nearly half are the first member of his or her family to attend college. UMUC reports that these factors override any others including race. With so many students sharing similar demographics, gaps in retention rates between races are minimal, as shown in **Exhibit 10**.

Exhibit 10
Retention Rates of University of Maryland University College
First-time Students by Race
Fall 2005-2007



Source: University of Maryland University College

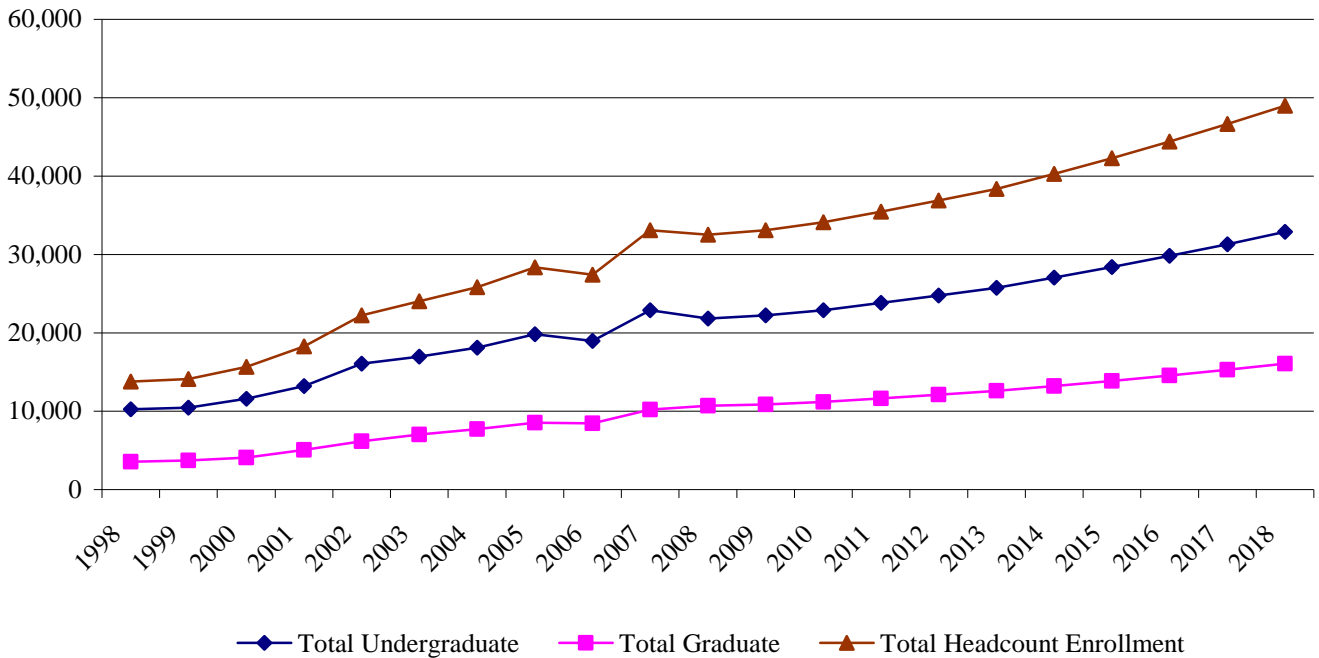
For fall 2005, no gap was visible, and there was only a 3.0 percentage point gap in fall 2006 and 2007. The university decided this was not large enough to warrant new programs and decided instead to target efforts toward the entire student body. Its goal was to increase overall retention rates, and the university reports early successes, as evidenced by fall 2008 enrollment growth.

Managing Enrollment Fluctuations

UMUC’s enrollment growth has been rapid over the past 10 years. As an open-enrollment institution, the university admits all qualified students who apply, and with online education becoming more common, UMUC is able to enroll as many students as demand dictates. Every year between fiscal 2000 and 2005 saw growth of over 7.5%. Beginning the next year, however, UMUC’s enrollments began to fluctuate. **Exhibit 11** shows undergraduate and graduate enrollments from fiscal 1998 through the fiscal 2018 projection.

In fiscal 2006, total enrollments dropped by 857, or 3.3%. The following year, it grew by 3,898 students, the largest increase. UMUC reported this was due to a saturation marketing campaign in the Washington, DC metropolitan area that prevented competing institutions from effectively advertising. Just one year later, however, enrollments dropped again, by 1,045. The university again explained that competition is the main factor in enrollment levels.

Exhibit 11
University of Maryland University College Headcount Enrollment
Fiscal 1998-2018 Projected



Source: Governor’s Budget Books, Fiscal 2000-2007; Maryland Higher Education Commission

Enrollments were up again at the beginning of the fall 2008 semester. UMUC reports an increase of 5.3% over fall 2007 enrollments. While 5.3% is less than the percentage increases experienced between fall 2000 and 2005, it amounts to 1,713 students. The university reports this is due to growing retention.

Exhibit 12 shows the enrollment of new and returning graduate and undergraduate students between fall 2006 and 2008, as well as the percentages of each fall’s enrolling class that are new or returning. The decrease in enrollments between fall 2006 and 2007 is largely due to a decline in the number of new students; that group grew by only 21 students, or 0.002%, in fall 2008. Meanwhile, the number of returning students grew 1,692, or by 7.1%.

Exhibit 12
Composition of Fall Enrollments
Fall 2006-2008

| | <u>Fall 2006</u> | | <u>Fall 2007</u> | | <u>Fall 2008</u> | |
|--------------------|------------------|---------------|------------------|---------------|------------------|---------------|
| New Students | 10,009 | 30.3% | 8,668 | 26.7% | 8,689 | 25.4% |
| Returning Students | 23,023 | 69.7% | 23,770 | 73.3% | 25,462 | 74.6% |
| All | 33,032 | 100.0% | 32,438 | 100.0% | 34,151 | 100.0% |

Source: University of Maryland University College

Focus on Retention

Retention is especially important for UMUC, as it operates in a different and more competitive environment than its USM peers. Students enrolled in distance education courses also tend to have lower levels of institutional identification than those who live on a university campus, which makes it easier to transfer from one college to another. Retaining students will help the university grow.

Internal studies have revealed mid-semester indicators of which students are likely to perform poorly or not enroll in the subsequent year. Using the university’s proprietary WebTycho online course delivery system, students who do not log on regularly, especially at the beginning of a course, are flagged. Students who exhibit poor writing and math skills or submit work late are also highlighted as needing help and are entered into the Early Intervention Program, which involves direct interaction with UMUC employees.

R30B30 – USM – University of Maryland University College

As described in the plan UMUC submitted for USM’s Closing the Achievement Gap initiative, UMUC has undertaken a two-year project to identify student needs and further increase retention. The plan lists 14 actions, and the major ones are listed below:

- expand the Early Intervention Program – staff contacts a student directly, as human contact has shown to be more effective. The program also involves course tutoring;
- create a student mentoring program in the School of Undergraduate Studies; and
- expand the School of Undergraduate Studies Student Success Center and hire additional faculty to assist students and expand faculty training.

Many of the programs listed in UMUC’s plan have been implemented without additional funding, but some, such as adding positions to the Student Success Center and additional adjunct positions, will require additional or reallocated resources within the university’s budget. Its fiscal 2009 costs are estimated at \$366,900 and fiscal 2010 at \$438,275. **The President should comment on efforts to increase retention rates.**

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

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

| | <u>General Fund</u> | <u>Special Fund</u> | <u>Other Unrestricted Fund</u> | <u>Total Unrestricted Fund</u> | <u>Restricted Fund</u> | <u>Total</u> |
|----------------------------------|--------------------------------|--------------------------------|---|---|-----------------------------------|---------------------|
| Fiscal 2008 | | | | | | |
| Legislative Appropriation | \$24,609 | \$0 | \$285,405 | \$310,013 | \$10,000 | \$320,013 |
| Deficiency Appropriation | 0 | 0 | 0 | 0 | 0 | 0 |
| Budget Amendments | 378 | 0 | 0 | 378 | 0 | 378 |
| Cost Containment | -295 | 0 | 0 | -295 | 0 | -295 |
| Reversions and Cancellations | 0 | 0 | -37,948 | -37,948 | -1,040 | -38,988 |
| Actual Expenditures | \$24,691 | \$0 | \$247,457 | \$272,148 | \$8,960 | \$281,108 |
| Fiscal 2009 | | | | | | |
| Legislative Appropriation | \$25,147 | \$3,281 | \$251,331 | \$279,759 | \$9,939 | \$289,698 |
| Cost Containment | -582 | 0 | 0 | -582 | 0 | -582 |
| Budget Amendments | 369 | 772 | 0 | 1,141 | 0 | 1,141 |
| Working Appropriation | \$24,933 | \$4,054 | \$251,331 | \$280,318 | \$9,939 | \$290,257 |

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

Fiscal 2008

The legislative appropriation was \$24,608,541 in general funds and a total of \$310,013,134 in unrestricted funds. This amount was increased by a \$377,724 general fund cost-of-living adjustment (COLA) and reduced by \$294,847 from a Board of Public Works (BPW) cost containment action.

The university cancelled \$37,948,028 in unrestricted funds due to lower than expected enrollments in fiscal 2008 causing the school to undertake several cost containment initiatives. The largest was a delay in bringing new applications online, \$17,564,310, and increasing turnover, \$8,581,103. Physical plant projects were delayed, saving \$4,527,424, and major purchases were delayed, saving \$4,321,316. Finally, a reduced communications budget lowered spending by \$2,980,603 and other miscellaneous actions saved an additional \$26,728. An additional \$1,040,423 in restricted funds was cancelled due to a lower than expected use of federal scholarship dollars.

Fiscal 2009

The fiscal 2009 legislative appropriation was \$25,146,522 in general funds and a total of \$279,758,804 in unrestricted funding. This includes \$3,281,359 in special funds from the Higher Education Investment Fund. The budget also increased by \$772,366 special funds authorized by the General Assembly to replace a general fund reduction in the appropriation. A general fund COLA added \$368,539 to the university's budget, as well.

Two BPW cost containment actions reduced the budget of the university. The first reduced the budget by \$189,017 in general funds, to be replaced with revenue previously restricted for Other Post Employment Benefit liabilities. A second action reduced the budget by an additional \$392,943 in general funds.

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

| <u>Object/Fund</u> | <u>FY08 Actual</u> | <u>FY09 Working Appropriation</u> | <u>FY10 Allowance</u> | <u>FY09 - FY10 Amount Change</u> | <u>Percent Change</u> |
|---|------------------------|---|---------------------------|--------------------------------------|---------------------------|
| Positions | | | | | |
| 01 Regular | 844.71 | 844.71 | 844.71 | 0 | 0% |
| 02 Contractual | 1,049.55 | 1,049.56 | 1,110.76 | 61.20 | 5.8% |
| Total Positions | 1,894.26 | 1,894.27 | 1,955.47 | 61.20 | 3.2% |
| Objects | | | | | |
| 01 Salaries and Wages | \$ 149,007,076 | \$ 160,528,572 | \$ 164,859,473 | \$ 4,330,901 | 2.7% |
| 02 Technical and Spec. Fees | 4,998,427 | 5,118,049 | 5,118,049 | 0 | 0% |
| 03 Communication | 2,512,529 | 3,003,084 | 3,023,084 | 20,000 | 0.7% |
| 04 Travel | 2,833,779 | 3,581,291 | 3,581,291 | 0 | 0% |
| 06 Fuel and Utilities | 1,635,776 | 2,808,200 | 4,611,362 | 1,803,162 | 64.2% |
| 07 Motor Vehicles | 189,334 | 176,614 | 147,012 | -29,602 | -16.8% |
| 08 Contractual Services | 51,609,098 | 76,459,112 | 78,802,680 | 2,343,568 | 3.1% |
| 09 Supplies and Materials | 9,670,432 | 9,625,356 | 9,935,356 | 310,000 | 3.2% |
| 11 Equipment – Additional | 3,158,421 | 1,290,619 | 1,290,619 | 0 | 0% |
| 12 Grants, Subsidies, and Contributions | 14,382,506 | 14,705,645 | 14,941,237 | 235,592 | 1.6% |
| 13 Fixed Charges | 11,114,182 | 10,950,303 | 10,950,302 | -1 | 0% |
| 14 Land and Structures | 29,996,000 | 2,010,000 | 2,010,000 | 0 | 0% |
| Total Objects | \$ 281,107,560 | \$ 290,256,845 | \$ 299,270,465 | \$ 9,013,620 | 3.1% |
| Funds | | | | | |
| 40 Unrestricted Fund | \$ 272,147,983 | \$ 280,317,749 | \$ 289,270,465 | \$ 8,952,716 | 3.2% |
| 43 Restricted Fund | 8,959,577 | 9,939,096 | 10,000,000 | 60,904 | 0.6% |
| Total Funds | \$ 281,107,560 | \$ 290,256,845 | \$ 299,270,465 | \$ 9,013,620 | 3.1% |

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.

Fiscal Summary
University of Maryland University College

| <u>Program/Unit</u> | <u>FY08 Actual</u> | <u>FY09 Wrk Approp</u> | <u>FY10 Allowance</u> | <u>Change</u> | <u>FY09 - FY10 % Change</u> |
|---------------------------------------|------------------------|----------------------------|---------------------------|---------------------|---------------------------------|
| 01 Instruction | \$ 75,976,230 | \$ 81,907,456 | \$ 85,363,034 | \$ 3,455,578 | 4.2% |
| 02 Research | 629,249 | 678,768 | 689,901 | 11,133 | 1.6% |
| 03 Public Service | 15,973,612 | 17,028,968 | 15,690,211 | -1,338,757 | -7.9% |
| 04 Academic Support | 41,179,006 | 51,863,011 | 52,155,149 | 292,138 | 0.6% |
| 05 Student Services | 52,478,049 | 61,949,606 | 63,192,763 | 1,243,157 | 2.0% |
| 06 Institutional Support | 35,247,294 | 35,754,926 | 35,908,251 | 153,325 | 0.4% |
| 07 Operation and Maintenance of Plant | 39,529,207 | 20,431,042 | 25,628,088 | 5,197,046 | 25.4% |
| 08 Auxiliary Enterprises | 6,154,913 | 6,375,210 | 6,375,210 | 0 | 0% |
| 17 Scholarships and Fellowships | 13,940,000 | 14,267,858 | 14,267,858 | 0 | 0% |
| Total Expenditures | \$ 281,107,560 | \$ 290,256,845 | \$ 299,270,465 | \$ 9,013,620 | 3.1% |
| Unrestricted Fund | \$ 272,147,983 | \$ 280,317,749 | \$ 289,270,465 | \$ 8,952,716 | 3.2% |
| Restricted Fund | 8,959,577 | 9,939,096 | 10,000,000 | 60,904 | 0.6% |
| Total Appropriations | \$ 281,107,560 | \$ 290,256,845 | \$ 299,270,465 | \$ 9,013,620 | 3.1% |

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.

**Full-time Equivalent Personnel by Budget Program
Filled Positions
Fiscal 2008-2009**

| | <u>Fiscal 2007</u> | | <u>Fiscal 2008</u> | | <u>Fiscal 2009</u> | | <u>Change in Share of Total 2007-09</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 | 171 | 20.9% | 165.01 | 20.3% | 165 | 20.2% | -0.6% |
| Research | 9 | 1.1% | 9 | 1.1% | 6 | 0.7% | -0.4% |
| Public Service | 3 | 0.4% | 3 | 0.4% | 2 | 0.2% | -0.1% |
| Academic Support | 209 | 25.5% | 237.2 | 29.1% | 238 | 29.2% | 3.7% |
| Student Services | 146 | 17.8% | 209.5 | 25.7% | 221 | 27.1% | 9.3% |
| Institutional Support | 273 | 33.3% | 184 | 22.6% | 177 | 21.7% | -11.6% |
| Operations, Maintenance of Plant | 8 | 1.0% | 7 | 0.9% | 6 | 0.7% | -0.2% |
| Total | 819 | 100% | 814.71 | 100% | 81,500% | 100% | 0% |

FTEs: full-time equivalent student