

R30B22
University of Maryland, College Park
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Working</u>	<u>FY 11</u> <u>Allowance</u>	<u>FY 10-11</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$394,417	\$389,661	\$411,294	\$21,634	5.6%
Contingent & Back of Bill Reductions	0	0	-7,346	-7,346	
Adjusted General Fund	\$394,417	\$389,661	\$403,948	\$14,288	3.7%
Higher Education Investment Funds	15,619	15,576	0	-15,576	-100.0%
Adjusted Special Fund	\$15,619	\$15,576	\$0	-\$15,576	-100.0%
Other Unrestricted Funds	763,294	772,338	803,522	31,184	4.0%
Contingent & Back of Bill Reductions	0	0	-4,758	-4,758	
Adjusted Other Unrestricted Fund	\$763,294	\$772,338	\$798,764	\$26,426	3.4%
Total Unrestricted Funds	1,173,329	1,177,574	1,214,817	37,243	3.2%
Contingent & Back of Bill Reductions	0	0	-12,105	-12,105	
Adjusted Total Unrestricted Funds	\$1,173,329	\$1,177,574	\$1,202,712	\$25,138	2.1%
Restricted Funds	332,387	374,927	409,255	34,328	9.2%
Adjusted Restricted Fund	\$332,387	\$374,927	\$409,255	\$34,328	9.2%
Adjusted Grand Total	\$1,505,716	\$1,552,501	\$1,611,967	\$59,466	3.8%

Note: For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected across-the-board budget reductions. A portion of the reductions is to be transferred from fund balance. The actual allocations are to be developed by the Administration.

- General funds for the University of Maryland, College Park (UMCP) increase \$21.6 million, or 5.6%, in the fiscal 2011 allowance. However, after adjusting for \$15.6 million from the Higher Education Investment Fund in fiscal 2010 and \$7.3 million in furlough and health insurance savings, the general fund declines \$1.3 million, or 0.3%, from fiscal 2010.
- Other unrestricted funds increase \$26.4 million, or 3.4%, after adjusting the fiscal 2011 allowance \$4.8 million to reflect furlough and health insurance savings.

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

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Personnel Data

	<u>FY 09 Actual</u>	<u>FY 10 Working</u>	<u>FY 11 Allowance</u>	<u>FY 10-11 Change</u>
Regular Positions	8,160.30	8,121.07	8,121.07	0.00
Contractual FTEs	<u>1,411.42</u>	<u>1,218.50</u>	<u>1,232.18</u>	<u>13.68</u>
Total Personnel	9,571.72	9,339.57	9,353.25	13.68

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	235.51	2.90%
Positions and Percentage Vacant as of 12/31/09	295.57	3.60%

- The fiscal 2011 allowance does not provide any new regular positions.

Analysis in Brief

Major Trends

Research and Development Expenditures Per Full-time Faculty Continue to Rise: From 2005 to 2007 research and development expenditures per full-time faculty increased 15.9% with most of the growth occurring in 2007 during which expenditures grew 9.7% to \$292,837 per full-time faculty.

Retention Rate for African American Students Surpasses All Students While the Graduation Gap Widens: For the first time, the retention rate of African American students exceeds that of all students by 1.5 percentage points, increasing to 95.2% in fiscal 2009. However, the gap in the graduation rates widens to the highest margin since fiscal 2005 at 13.8 percentage points.

Upward Trend in Number of Degrees Awarded Continues; Doctoral Degrees Decline: Overall, between 2005 and 2009, the number of degrees conferred grew 8.5%, or 745 degrees. The number of graduate degrees conferred experienced double digit growth with doctoral degrees increasing 14.0% and master's degrees growing 11.8% and bachelor's degrees increasing 7.0% in 2009. While overall, the number of doctoral degrees increased from 2005, in 2009 this number fell 9.7%, or 66 degrees.

Issues

Making College Affordable: While expenditures on institutional aid are projected to increase \$0.9 million, or 2.4%, in fiscal 2011, need-based aid declines \$0.5 million, or 4.3%, although tuition increases 3.0%. Institutional aid awards to students with \$0 EFC met 22% of need and 18% for those with EFC between \$1 and \$3,850, higher than the average for Maryland four-year institutions.

Transforming Maryland: Higher Expectations: In fall 2008, UMCP implemented a 10-year strategic plan, *Transforming Maryland: Higher Expectations*, laying out the goals and strategies to elevate UMCP's rank among world public research universities. Two major components of the plan are the reallocation of resources and an overhaul of the undergraduate general education program.

Program Consolidation: Several discussions are underway regarding the possible consolidation and/or reorganizations of departments and colleges that will allow UMCP flexibility in meeting the demands of students and the marketplace.

Recommended Actions

1. See the University System of Maryland overview for systemwide recommendations.

Updates

Marine, Estuarine, Environmental Sciences Graduate Program: An onsite review of the program was conducted in May 2008. After evaluating the review team's report, a series of recommendations for enhancing the Marine, Estuarine, Environmental Sciences Graduate program were presented to the Board of Regents, which subsequently endorsed the proposed recommendations.

R30B22 – USM – University of Maryland, College Park

R30B22
University of Maryland, College Park
University System of Maryland

Operating Budget Analysis

Program Description

Designated as the flagship campus of the University System of Maryland (USM), the University of Maryland, College Park (UMCP) aspires to be one of the nation's preeminent public research universities, recognized nationally and internationally for the quality of the faculty and programs. UMCP attracts highly qualified students to undergraduate and graduate programs from the State, country, and world. It serves the citizens of Maryland through a mission of teaching, research, and outreach; advancing knowledge; stimulating innovation and creativity; and educating tomorrow's leaders.

UMCP offers baccalaureate, master's, and doctoral programs in liberal arts and sciences, social sciences, the arts, applied areas, and selected professional fields. The university also offers certificates in certain upper-level and graduate courses of study and provides honors, scholars, and departmental honors programs.

One of UMCP's missions as the State's land grant university is to deliver educational programs to the citizens of the State through the Maryland Cooperative Extension (MCE) program and the Maryland Agricultural Experiment Station (MAES) program. The programs are located within the College of Agriculture and Natural Resources. The MCE applies practical research-based knowledge to issues facing individuals, families, communities, and the State with offices in every county and Baltimore City. The MAES was established to ensure agricultural research geared to specific geographic locations would be conducted. The MAES is comprised of four research centers: Beltsville, Clarksville, Paint Branch Turfgrass, and Upper Marlboro facilities. These programs are funded by federal, State, and local governments.

Carnegie Classification: RU/VH Research University (very high research activity)

Fall 2009 Undergraduate Enrollment Headcount

Male	13,959
Female	12,583
Total	26,542

(543 at Shady Grove)

Fall 2009 Graduate Enrollment Headcount

Male	5,552
Female	5,101
Total	10,653

(597 at Shady Grove)

Fall 2009 New Students Headcount

First-time	4,202
Transfers/Others	2,344
Graduate	3,101
Total	9,647

Campus (Main Campus)

Acres	1,250
Buildings	263
Average Age	37 years
Oldest	Rosborough Inn – 1798

Programs

Bachelor's	96
Master's	103
Doctoral	81

Degrees Awarded (2008-2009)

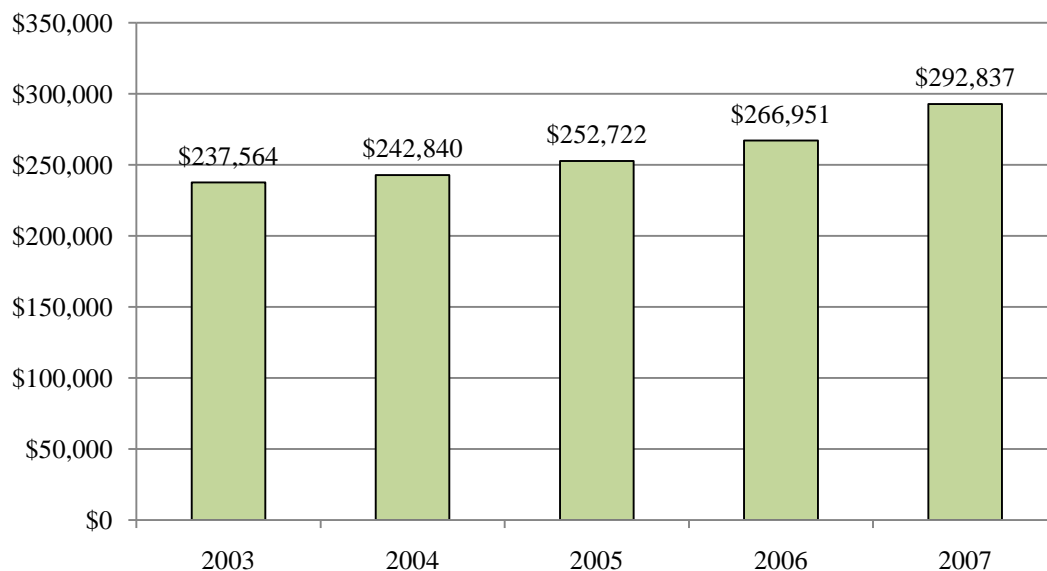
Bachelor's	6,704
Master's	2,157
Doctoral	617
Total Degrees	9,478

Performance Analysis

Research and Development Expenditures Per Full-time Faculty Continue to Rise

A goal of UMCP is to serve Maryland as a premier public research institution. Research and development expenditures per full-time faculty not only measure productivity but the capacity to pursue research and attract and retain faculty. As shown in **Exhibit 1**, expenditures per full-time faculty grew 6.4%, or \$15,158, from 2003 to 2005. However, from 2005 to 2007, expenditures increased 15.9%, or \$40,115, per full-time faculty with most of the growth occurring in 2007 during which expenditures increased 9.7%, or \$25,886, to \$292,837 per full-time faculty.

Exhibit 1
Total Research and Development Expenditure Per Full-time Faculty
Fiscal 2003-2007

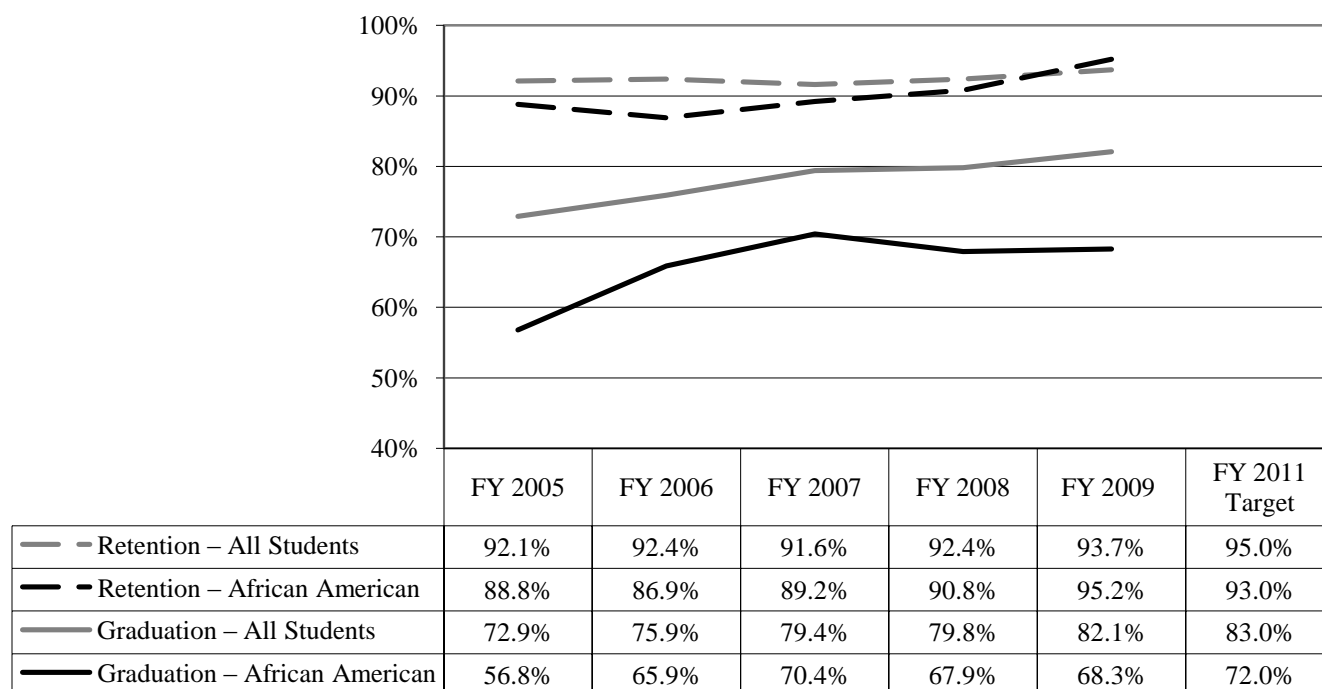


Source: University System of Maryland Dashboard Indicators, 2009

Retention Rate for African American Students Surpasses All Students While the Graduation Gap Widens

Providing an enriched education experience to students which takes advantage of the strengths of a diverse campus and promotes retention and graduation is another UMCP goal. **Exhibit 2** shows the two-year retention and six-year graduation rates for all students and African American students. While the retention rate for all students increased 1.3 percentage points in fiscal 2009 to 93.7%, the rate for African American students grew 4.4 percentage points to 95.2%. This meant that for the first time the retention rate of African American students exceeded that of all students.

**Exhibit 2
Retention and Graduation Rates
All Students and African American Students
Fiscal 2005-2011**



Note: Fiscal 2009 two-year retention data reflects 2007 cohort group, and six-year graduation rate reflects 2002 cohort group.

Source: Fiscal 2005 to 2009 data from the Maryland Higher Education Commission, *Retention and Graduation Rates at Maryland Public Four-Year Institutions*, June 2009; Fiscal 2011 data from the Governor's Budget Books, Fiscal 2011

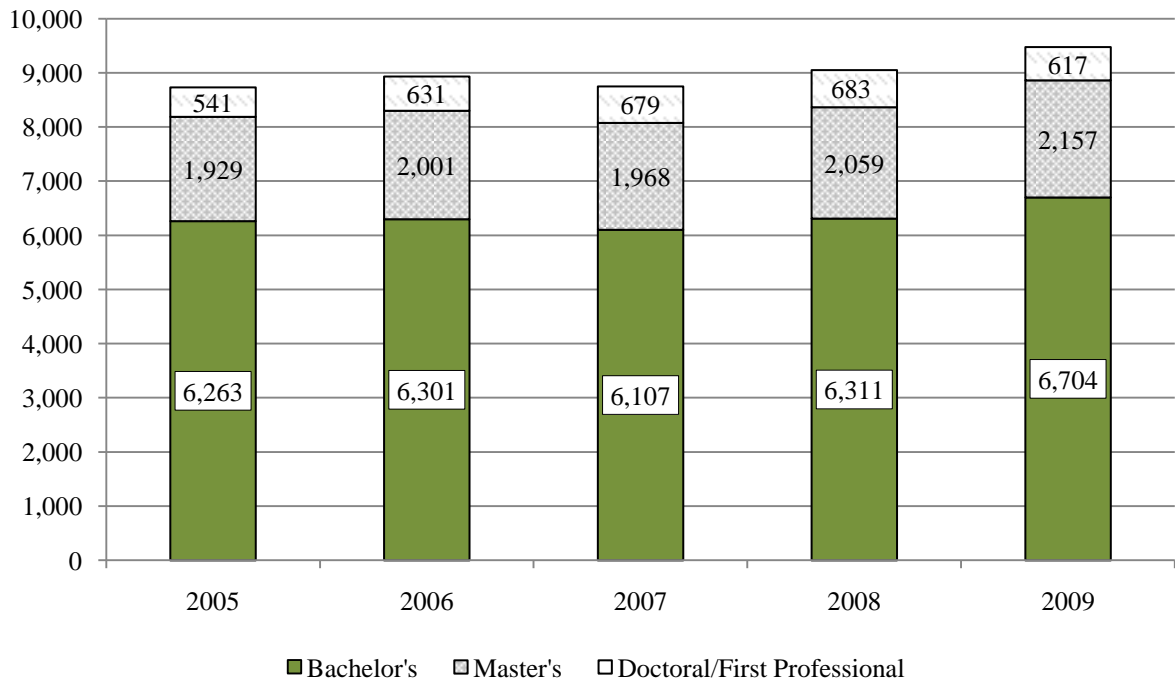
The graduation rate for all students continued an upward climb, growing 2.3 percentage points to 82.1% in fiscal 2009. The rate for African American students increased 0.4 percentage points to 68.3% after dropping 2.5 percentage points in fiscal 2008. However, the gap in the graduation rate widens to its highest margin since 2005 at 13.8 percentage points.

The President should comment on efforts that appear to be successful in increasing the retention rate of African American students and steps being taken to improve the graduation rate of minority students.

Bachelor’s and Master’s Degrees Awarded Continue Upward Trend; Doctoral Degrees Decline

An overall goal of USM is to produce a well-educated workforce, and as such, the system tracks the number of degrees awarded by institution. As shown in **Exhibit 3**, from 2005 to 2009, the number of degrees UMCP awarded increased 8.5%, or 745 degrees. During this period, the number of graduate degrees conferred experienced double digit growth, with the number of doctoral degrees increasing 14.0%, or 76 degrees, and master’s degrees growing 11.8%, or 228 degrees. The number of bachelor’s degrees increased 7.0%, or 441 degrees. Even though the overall number of doctoral degrees awarded grew from 2005, after reaching a high point of 683 degrees in 2008, the number fell 9.7% to 617 degrees in 2009. **The President should comment on the growth in the number of graduate degrees awarded.**

Exhibit 3
Degrees Awarded by the University of Maryland, College Park
Fiscal 2005-2009



Source: University System of Maryland, 2009-2010 Data Journal; University of Maryland, College Park

Fiscal 2010 Actions

Impact of Cost Containment

The Board of Public Works (BPW) approved two cost containment measures resulting in an \$11.2 million reduction of UMCP's State appropriations. In July 2009, BPW approved the first cost containment measure which resulted in a \$7.4 million, or 1.8%, decrease in UMCP's State appropriations. BPW approved a second cost containment measure in August 2009 resulting in a \$3.8 million reduction of federal funds, representing 0.9% of UMCP's State appropriations. UMCP allocated these reductions across the institution's State-supported unrestricted funds but excluded certain programs from reductions such as financial aid, library collections, and fuel and utilities. Actions taken included:

- laid off 34 non-faculty positions;
- closed and consolidated programs within colleges such as ending State support for the Engaged University Program in the College of Agricultural and Natural Resources and eliminated the Pre-Freshman Enhancement Program in the College of Chemical and Life Sciences;
- reduced institutional research funds for hiring faculty and staff and external grant matching funds; and
- reduced expenditures on facilities renewal.

Additionally, UMCP reduced its current salary and wage budget by \$10.1 million, \$2.0 million in federal funds and \$8.1 million in current unrestricted funds, as part of the statewide furlough plan. The President, in consultation with the Chancellor, developed a furlough plan with the number of days, ranging from 2 to 10, based on an employee's salary. Employees whose positions are 100% contract and/or grant funded; student hourly employees, graduate assistants, nonexempt and exempt contingent category I staff, H-1B visa employees, and non-regular, non-tenured faculty are exempt from the furlough. The university closed on December 23 and 24, 2009, and will shut down on March 17 and 18, 2010.

UMCP will move \$8.1 million of unrestricted funds related to the furlough to its fund balance which will then be transferred via the Administration's Budget Reconciliation and Financing Act (BRFA) of 2010, to the general fund. In addition, the BRFA of 2010 includes a \$65.0 million reduction of USM's fund balance of which UMCP's portion is \$25.4 million. After the transfer, the balance of UMCP's State-supported portion of the fund balance will total \$67.7 million. It should be noted UMCP expects to transfer an additional \$1.0 million to the fund balance in fiscal 2010. After the reductions and transfer, the total ending balance in fiscal 2010 is estimated to be \$215.9 million.

Federal Stimulus Funding

UMCP was awarded 91 American Recovery and Reinvestment Act grants totaling \$36.4 million. Basic research grants, totaling \$25.7 million, account for 83 of the grants which include the College of Computer, Mathematical, and Physical Sciences (28 grants totaling \$9.0 million); the College of Engineering (19 grants totaling \$6.7 million); and the College of Chemical and Life Science (14 grants totaling \$3.9 million). The College of Behavioral and Social Science was awarded an applied research grant of \$23,259, and UMCP received 2 fellowship grants. Non-research grants include 3 for service learning, a federal work study grant, and a \$10.3 million capital grant to construct the Laboratory for Advanced Quantum Science, part of the physical science complex.

Proposed Budget

The general fund allowance for fiscal 2011 is \$14.3 million above the fiscal 2010 level, an increase of 3.7% after adjusting for furlough and health insurance savings of \$6.0 million and \$1.3 million, respectively, as shown in **Exhibit 4**. When adjusting for \$15.6 million of Higher Education Investment Funds (HEIF), revenues that replaced general funds in fiscal 2010, State funds decline \$1.3 million, or 0.3%. It should be noted that UMCP's furlough total of \$10.2 million is comprised of \$6.0 million in general funds and a \$4.2 million cash transfer from fund balance.

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

	FY 09	FY 10	FY 11	FY 10-11	% Change
	<u>Actual</u>	<u>Working</u>	<u>Adjusted</u>	<u>\$ Change</u>	<u>Prior Year</u>
General Funds	\$394,417	\$389,661	\$403,948	\$14,288	3.7%
Higher Education Investment Fund ¹	\$15,619	15,576	0	-15,576	-100.0%
Total State Funds	410,036	405,236	403,948	-1,288	-0.3%
Other Unrestricted Funds	763,294	772,338	798,764	26,426	3.4%
Total Unrestricted Funds	1,173,329	1,177,574	1,202,712	25,138	2.1%
Restricted Funds	332,387	374,927	409,255	34,328	9.2%
Total Funds	\$1,505,716	\$1,552,501	\$1,611,967	\$59,466	3.8%

¹ Fiscal 2010 reflects a reduction of \$1.5 million due to underattainment of the Higher Education Investment Fund revenues.

Source: Governor's Budget Books, Fiscal 2011

Other unrestricted funds increased \$26.4 million, or 3.4%, over fiscal 2010 after adjusting for \$4.8 million for furlough and health insurance savings, due to 2.7%, or \$10.6 million, growth in tuition and fee revenues and 5.2%, or \$12.5 million, increase in auxiliary revenues.

The fiscal 2011 allowance provides \$0.7 million in other unrestricted funds for expenses related to the opening of new and renovated facilities including the journalism buildings (\$0.5 million); health and human performance (\$0.1 million); and Maryland Fire and Rescue Institute (\$0.1 million). Furthermore, UMCP budgets \$1.8 million of additional expenditures related to enrollment growth in fiscal 2010.

Fiscal 2011 Cost Containment

In addition to the \$11.7 million cash transfer from USM's fund balance related to the furlough, the BRFA of 2010 includes a \$40.0 million reduction of the fund balance of which UMCP's portion is \$16.0 million. After the transfer, UMCP's balance in the State-supported portion of the fund balance will total \$52.7 million. It should be noted that UMCP expects to transfer an additional \$1.0 million to the fund balance in fiscal 2011. After the reductions and transfers, the total ending balance for fiscal 2011 is estimated to be \$200.9 million.

For fiscal 2011, 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 Scholarships and Fellowships and Institutional Support Show Highest Rates of Increase

Budget changes by program in the allowance, are shown in **Exhibit 5**. The data considers unrestricted funds only, the majority of which consist of general funds and tuition and fee revenues. Expenditures on scholarships and fellowships increase at the highest rate of 5.0%, or \$3.3 million. Institutional support increases at the next highest rate of 3.3%, or \$2.9 million, followed by instruction and operation and maintenance of plant at 2.7%, or \$9.4 million, and 2.5%, or \$3.7 million, respectively. Increases are primarily related to restoring cost containment reductions made to salaries in fiscal 2010 and higher fringe benefit costs.

Exhibit 5
University of Maryland, College Park
Budget Changes for Unrestricted Funds by Program
Fiscal 2009-2011
(\$ in Thousands)

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Working</u>	<u>2009-10</u> <u>% Change</u>	<u>2011</u> <u>Allowance</u>	<u>2010-11</u> <u>\$ Change</u>	<u>2010-11</u> <u>% Change</u>
Expenditures						
Instruction	\$368,070	\$352,152	-4.3%	\$361,514	\$9,362	2.7%
Research	89,602	89,324	-0.3%	90,912	1,588	1.8%
Public Service	29,314	33,013	12.6%	33,866	853	2.6%
Academic Support	121,168	118,294	-2.4%	120,567	2,273	1.9%
Student Services	40,107	45,412	13.2%	46,223	811	1.8%
Institutional Support	99,788	87,686	-12.1%	90,563	2,876	3.3%
Operation and Maintenance of Plant	145,934	147,737	1.2%	151,456	3,719	2.5%
Scholarships and Fellowships	59,891	65,542	9.4%	68,801	3,258	5.0%
Education and General Total	\$953,874	\$939,160	-1.5%	\$963,901	\$24,741	2.6%
Auxiliary Enterprises	219,456	238,414	8.6%	250,915	12,502	5.2%
Across-the-board Reductions				-12,105		
Grand Total	\$1,173,329	\$1,177,574	0.4%	\$1,202,712	\$25,138	2.1%
Revenues						
Tuition and Fees	\$399,434	\$392,890	-1.6%	\$403,459	\$10,569	2.7%
General Funds	394,417	389,661	-1.2%	403,948	14,288	3.7%
Higher Education Investment Fund	15,619	15,576	-0.3%	0	-15,576	-100.0%
Other Unrestricted Funds	173,886	150,148	-13.7%	145,390	-4,758	-3.2%
Subtotal	\$983,356	\$948,274	-3.6%	\$952,797	\$4,523	0.5%
Auxiliary Enterprises	215,685	238,414	10.5%	250,915	12,502	5.2%
Transfer (to)/from Fund Balance	-25,711	-9,114		-1,000		
Grand Total	\$1,173,329	\$1,177,574	0.4%	\$1,202,712	\$25,138	2.1%

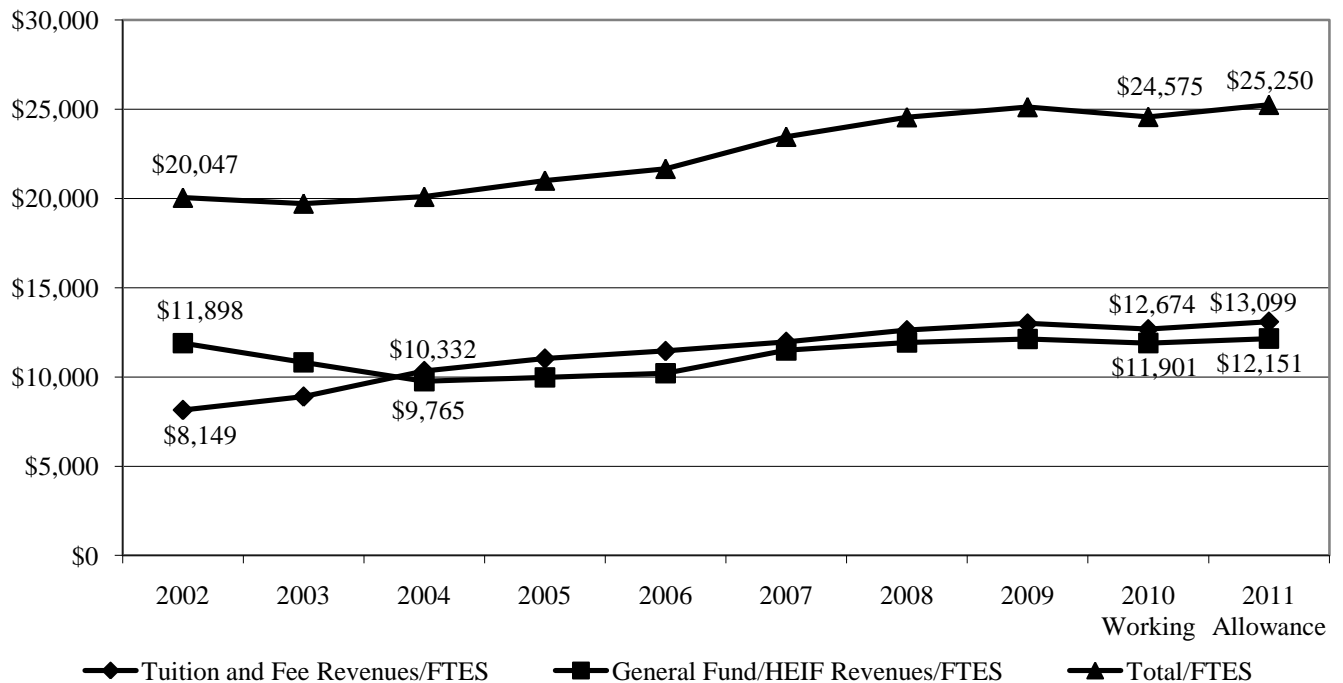
Note: Fiscal 2011 revenues are reduced by \$7.3 million in general funds and \$4.8 million in other unrestricted funds to reflect across-the-board reductions; \$4.2 million of this amount will be transferred by budget amendment. Unrestricted funds only. All programs.

Source: Governor's Budget Books

Total Revenues Per Full-time Equivalent Student Increase

Total revenues per full-time equivalent student (FTES) are expected to grow 2.7%, or \$675, in fiscal 2011, after declining in fiscal 2010, as shown in **Exhibit 6**. The decrease in fiscal 2010 reflects declines in the general fund per FTES due to cost containment; tuition and revenues per FTES declines due to lower enrollment estimates at the time the fiscal 2010 working budget was developed. Tuition and fee revenues per FTES are projected to increase \$425, or 3.4%, in fiscal 2011 partly due to increases in tuition (\$197) and fees (\$166) which includes a new health center fee. The new fee will be \$35 in the first year and will gradually increase each year until it reaches the point where general funds are no longer necessary.

Exhibit 6
General Fund and Tuition and Fee Revenues Per Full-time Equivalent Student
Fiscal 2002-2011



FTES: full-time equivalent student
 HEIF: Higher Education Investment Funds

Notes: General funds exclude Maryland Agriculture Experiment Station and Maryland Cooperative Extension.

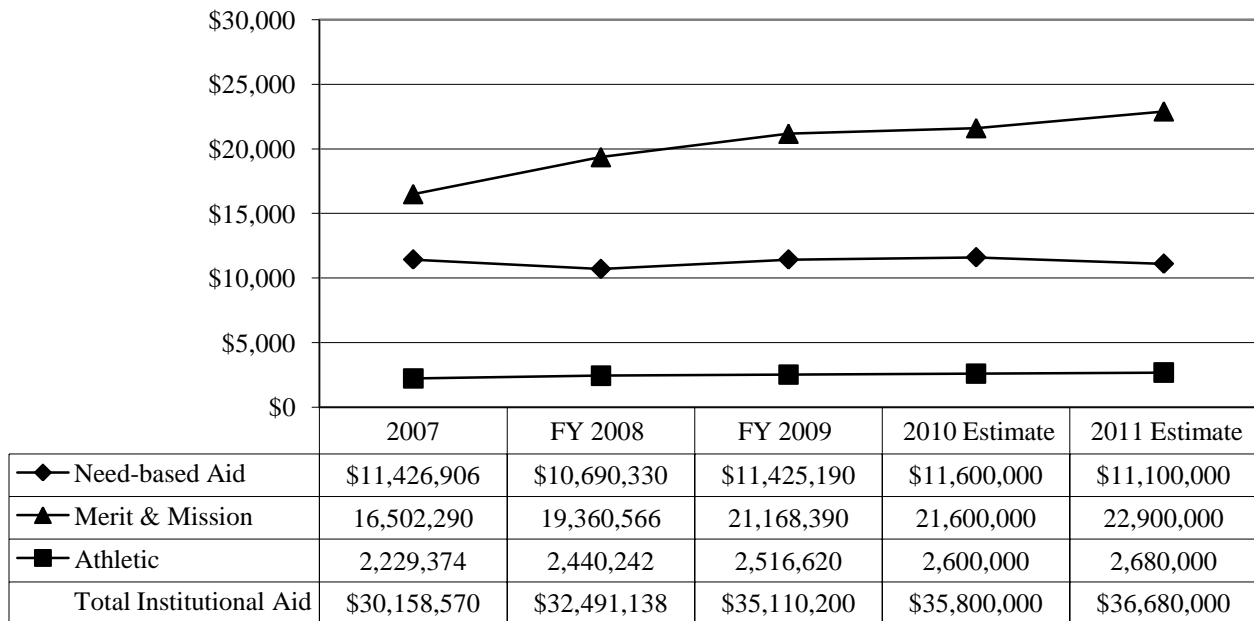
Source: Governor's Budget Books

Issues

1. Making College Affordable

Institutional financial aid affects affordability and access to higher education. Students may receive institutional aid which include merit, mission, need-based aid, and athletic scholarships, in addition to State and federal financial aid. Expenditures on merit and mission aid increased 28.3%, or \$4.7 million, from fiscal 2007 to 2009, as shown in **Exhibit 7**, while the amount spent on need-based aid was flat and athletic scholarships grew 12.9%, or \$0.3 million. In fiscal 2007, expenditures on need-based aid accounted for 37.9% of total aid but by fiscal 2009 account for 32.5%, while the portion spent on merit and mission aid increased from 54.6 to 60.3%. While expenditures in fiscal 2011 are projected to increase \$0.9 million, or 2.4%, need-based aid declines \$0.5 million, or 4.3%, while tuition increases 3.0%.

Exhibit 7
Distribution of Institutional Aid
Fiscal 2007-2011
(\$ in Thousands)



Source: University System of Maryland

The Maryland Higher Education Commission collects annual data for the Financial Aid Information System (FAIS) database, which provides a profile of students receiving financial aid. The 2008 FAIS data has information for institutional aid awarded at UMCP to undergraduate students that completed the Free Application for Federal Student Aid (FAFSA) that includes the student's expected family contribution (EFC). In general, the lower a student's EFC, the greater a student's financial need. Students with an EFC of \$0 to \$3,850 are eligible for the Federal Pell Grant program and have the most need. **Exhibit 8** shows the number of UMCP students who filed a FAFSA by EFC category. Of these students 48.1% have an EFC between \$0 and \$3,850. The number of students receiving aid who did not fill out a FAFSA, 2,267 or 34.6% of all students receiving UMCP aid, is also shown in the exhibit.

Exhibit 9 shows the percentage of need met from institutional aid and all other sources of financial aid, excluding loans, for fiscal 2008. Institutional aid awards to those students with \$0 EFC meet 22% of need and 18% for those between \$1 and \$3,850, higher than the average for Maryland public four-year institutions of 20% and 15%, respectively. When factoring all aid received, students with \$0 EFC had 51% of their need met and those with an EFC between \$1 and \$3,850 had 41% of their need met. For all other EFC categories, on average, UMCP meets a smaller percentage of student need than other Maryland public four-year institutions. It should be noted that at higher EFC levels, students have less financial need. As a result, small awards can satisfy a very large proportion of student need.

The President should comment on the declining portion of institutional aid going toward need-based aid, particularly the decline in fiscal 2011 when tuition increases 3%.

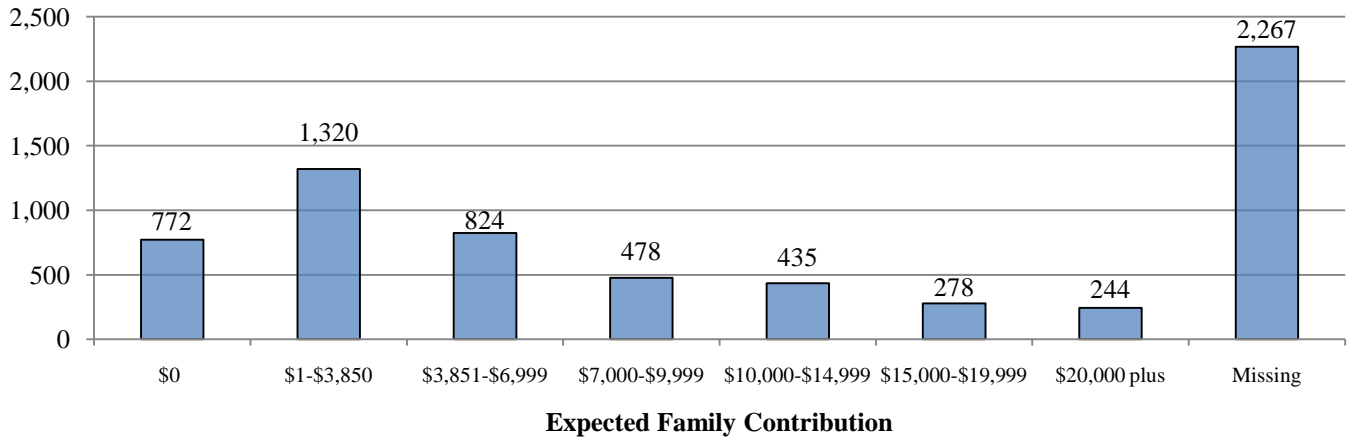
2. Transforming Maryland: Higher Expectations

In fall 2008, UMCP implemented a 10-year strategic plan, *Transforming Maryland: Higher Expectations*, laying out the goals and strategies to elevate UMCP's rank among world public research universities. The plan centers around four institutional priorities: (1) undergraduate education; (2) graduate education; (3) research, scholarship, and the creative and performing arts; and (4) partnerships, outreach, and engagement.

Reallocation of Unrestricted Funds

In order to implement the plan and ensure resources are used efficiently, effectively, and in line with the plan, a resource allocation process was implemented in fiscal 2009 which affected the fiscal 2010 budget. Two percent of current unrestricted funds are reallocated within the institution, the Provost retaining half of the funds, and the rest reallocated within the college or division from where the funds originated. Resources are allocated to programs that align with the priorities in the plan to reduce programs, improve overall quality and effectiveness, and maximize operational efficiencies.

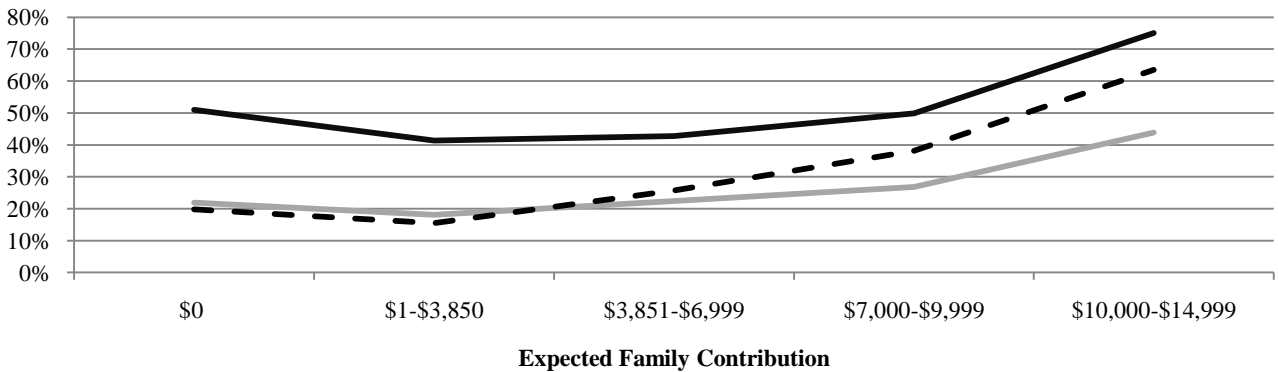
Exhibit 8
Institutional Aid Recipients by Expected Family Contribution
Fiscal 2008



Note: Missing includes students who did not fill out a Free Application for Federal Student Aid.

Source: Maryland Higher Education Commission Financial Aid Information System 2007-2008

Exhibit 9
Percent Need Met by Expected Family Contribution
Fiscal 2008



— % Need Met – UMCP Inst. Aid - - % Need Met – Four-year Inst. Aid Avg. — % of Need Met – UMCP All Aid

Source: Maryland Higher Education Commission Financial Aid Information System 2007-2008

Academic Affairs

The majority of funds were reallocated within Academic Affairs which includes all academic colleges and schools, the University Libraries, the Graduate School, Undergraduate Studies, and the Office of Academic Affairs. Two percent of each unit’s fiscal 2009 State-supported unrestricted budget (after mid-year reductions) were reallocated but not necessarily uniformly redistributed across the departments. Deans had complete discretion on how reductions were made within their colleges.

For fiscal 2010, 2.0% of current unrestricted funds for Academic Affairs totaled \$8.8 million. Contributions to the reallocation pool, the 1.0% of funds retained by the Provost, totaled \$4.4 million; \$3.5 million from the departments and \$884,000 from cost-saving measures. An additional \$467,000 of one-time funds was also made available for reallocation. **Exhibit 10** shows the 1.0% contribution to the pool and the reallocation for each department.

Exhibit 10
Academic Affairs
Contribution to Reallocation Pool and Reallocation of Funds
Fiscal 2010

<u>College/School/Unit</u>	<u>1.0% Contribution</u>	<u>Reallocation</u>
Agriculture and Natural Resources	\$367,238	\$190,000
Architecture	50,732	30,000
Arts and Humanities	494,391	700,000
Behavioral and Social Sciences	354,306	842,000
Business and Management	504,059	270,000
Chemical and Life Sciences	231,480	383,000
Information Studies	26,233	75,000
Computer, Mathematical, and Physical	465,688	295,000
Education	170,454	135,000
Engineering	414,395	390,000
Journalism	36,200	150,000
Public Policy	48,309	250,000
Public Health	85,052	447,000
Graduate	13,300	0
Undergraduate	64,370	200,000
Libraries	147,332	467,000
Cost-savings	884,000	n/a
One-time Funds	467,000	n/a
Total	\$4,824,539	\$4,824,000

Source: University of Maryland, College Park

Departments were invited to submit proposals requesting funds from the pool to support new initiatives directly linked to the strategic plan. Colleges were to focus on hiring “truly outstanding faculty,” senior faculty who have a national and/or international recognition and are leaders in their departments. Of the \$4.8 million available in the pool, 61%, or \$3.0 million, was used to hire 37 faculty members and 5 support staff. The remaining funds were used to support new initiatives and enhance existing programs. Each department will submit a report to the Provost detailing how funds were used at the beginning of the process for fiscal 2011.

Other Divisions

The reallocation target for Administrative Affairs was \$1.3 million. Reallocation actions include establishing a new department of Campus Projects; new surveillance cameras; and new administrative software. The Office of Information Technology will use funds to support high performance computing on campus. The Division of Research will support research development activities including increasing the number and value of externally supported research and expanding multi-disciplinary research efforts. Student Affairs plans to use the funds to enhance student services, develop a campuswide wellness initiative, sustainability efforts, and community activities. Finally, University Relations will use the reallocated funds to support the Young Alumni Initiative and hire personnel to strengthen philanthropic gifts and commitments.

Undergraduate Education

A major component of the strategic plan is to overhaul the undergraduate general education program. New courses will challenge students to explore how various disciplines contribute to knowledge and understanding of the human condition. A Joint General Education Task Force was established to develop a detailed plan for restructuring the program. The task force is expected to submit its report to the University Senate in mid-February for formal campus review. Upon Senate action, the report will be presented to the President for approval.

In fall 2009, the task force initiated the development of a pilot set of signature courses or “I”-Series for Issues, Imagination, Intellect, Investigation, Inspiration, and Implementation. Each college was expected to sponsor at least one new course. For each selected course, faculty received overload payment of \$5,000, recognizing the extra work of designing and implementing a new course. Over 50 proposals were received of which 24 were selected to be offered in spring 2010.

In December 2009, a second request for new programs was issued for the next group of courses. Forty “I”-Series courses will be offered in fall 2010 and spring 2011, some of which will be those already part of the “I”-Series. As with the first round of proposals, each college is expected to sponsor at least one new course. If the new general education program is approved, faculty will be asked to teach their new “I”-Series course at least twice during the next two academic years.

Undergraduate Enrollment

To improve the quality of undergraduate education, enrollment will be adjusted to allow a better distribution of students among majors and programs, thus avoiding overcrowding and increasing student satisfaction. The plan called for decreasing undergraduate enrollment from 26,475 in fall 2008 to 25,000 in fall 2013. However, fall 2009 enrollment increased by 195 students, or 0.5%, which UMCP attributes to attracting a large and talented pool of applicants; freshmen and transfer applications increased 17.5 and 23.6%, respectively, from 2007. UMCP increased its admittance rate for freshmen, expecting the yield rate (the percentage of admitted students who enroll) would be lower since these students are generally accepted at multiple institutions. In the end, the yield rates for fall 2009 were only slightly below the prior year, leading to a larger than expected class. UMCP plans to marginally reduce its admittance rates in order to meet the goal set out in the strategic plan of a modest, gradual reduction in total enrollment.

Post Tenure Review

The strategic plan also focuses on the recruitment and retention of quality faculty, the foundation for attracting students and building the reputation of UMCP. One strategy to facilitate the retention of quality faculty is a revision of the post-tenure review process to include a mechanism for reducing compensation for unsatisfactory performance of tenured faculty. A Post-Tenure Review Taskforce was appointed and recommended changes to the review process which was subsequently not approved by the University Senate. Currently, all academic colleges will review its post-tenure procedures and submit proposed changes to simplify the process to the Provost.

The President should comment on the status of the plan, the impact budget reductions have on implementation of the plan, and how enrollment will be managed to meet the plan's goal.

3. Program Consolidation

In actions related to UMCP's strategic plan, several discussions are underway regarding the possible consolidation and/or reorganizations of departments and colleges. These actions will provide departments and colleges flexibility to meet the demands of students and the marketplace. It will also allow for a more efficient allocation of resources and the elimination or merging of low enrollment programs with other programs.

The College of Education submitted a proposal for reorganization to the Provost's Academic Planning Advisory Committee (APAC). The proposal, supported by the faculty, would merge the seven existing departments into three. The largest department, with approximately 50 faculty members, will include programs related to teaching and teacher education. The other two departments will each have about 25 faculty members with one focusing on research and the other on counseling, higher education, leadership, and personnel services. Arrangements will be made for students in low enrollment programs that may be eliminated to complete their degrees.

APAC will submit its recommendations to the Provost in mid-January. If the Provost accepts the proposal, it will be submitted to the University Senate. Any Senate action would likely occur in spring 2010 with a proposed implementation date in summer 2010. If approved, the College of Education would review its programs for consolidation and/or reorganization during the 2010-2011 academic year.

In addition, the Departments of Dance and Theatre located within the College of Arts and Humanities are discussing a reorganization of the faculty. The draft proposal, which faculty of both departments voted in favor of, is being reviewed at the college level. Other discussions underway include the possible merger of the Departments of American Studies, Women's Studies, and African American Studies, and the College of Chemical and Life Sciences with the College of Computer, Mathematical, and Physical Sciences.

The President should comment on the status and impact of the reorganization of the College of Education and the status of other consolidation efforts.

Recommended Actions

1. See the University System of Maryland overview for systemwide recommendations.

Updates

1. Marine, Estuarine, Environmental Sciences Graduate Program

The Marine, Estuarine, Environmental Sciences (MEES) Graduate program is an interdisciplinary program offering master's and doctoral degrees. Courses offered through MEES are available to any USM student. Nearly 200 faculty from four institutions (University of Maryland, Baltimore; UMCP; University of Maryland Eastern Shore; and University of Maryland Baltimore County) and University of Maryland Center for Environmental Science (UMCES) participate in the program. It is administratively housed at UMCP with the director having a half-time teaching appointment supported by UMCP and a half-time research appointment funded by UMCES.

An onsite review of the program was conducted in May 2008. Overall, the program was rated as excellent but being an interdisciplinary program, lacked support and advocacy of senior level management at some institutions. After evaluating the review team's report, a series of recommendations for enhancing the MEES program were presented to the Board of Regents, which subsequently endorsed the proposed recommendations. The two major recommendations included the creation of a high-level administrative oversight body to oversee program operations and finances and the creation of a core faculty committee charged with the review and revision of curriculum. Additionally, the search for a new director with a national and/or international reputation will commence once resources have been identified to fund the position.

Current and Prior Year Budgets

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

Fiscal 2009	General Fund	Special Fund	Federal Fund	Other Unrestricted Fund	Total Unrestricted Fund	Restricted Fund	Total
Legislative Appropriation	\$399,161	\$7,436	\$0	\$759,631	\$1,166,228	\$315,747	\$1,481,975
Deficiency Appropriation	0	0	0	0	0	0	0
Budget Amendments	10,018	8,182	0	12,649	30,849	24,927	55,776
Cost Containment	-14,763	0	0	0	-14,763	0	-14,763
Reversions and Cancellations	0	0	0	-8,986	-8,986	-8,287	-17,273
Actual Expenditures	\$394,416	\$15,618	\$0	\$763,294	\$1,173,328	\$332,387	\$1,505,715
Fiscal 2010							
Legislative Appropriation	\$397,959	\$0	\$4,880	\$784,092	\$1,186,931	\$361,105	\$1,548,036
Cost Containment	-7,383	0	-4,880	-8,114	-20,377	0	-20,377
Budget Amendments	-915	15,576	0	-3,640	11,021	13,821	24,842
Working Appropriation	\$389,661	\$15,576	\$0	\$772,338	\$1,177,575	\$374,926	\$1,552,501

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

Fiscal 2009

For fiscal 2009, general funds for the University of Maryland, College Park declined \$4.8 million through budget amendments. This included a \$10.0 million increase for the State employee cost-of-living adjustment (COLA) and a decrease of \$14.8 million for cost containment resulting in reductions made on a pro-rata basis across the institution's State-supported unrestricted funds. Special funds, comprised of the HEIF used in lieu of general funds, increased \$8.2 million by budget amendment authorized by the General Assembly to offset a general fund reduction. Other unrestricted funds increased by a total of \$12.6 million through budget amendments. Increases included:

- \$22.3 million from tuition revenue due to enrollment growth and the reclassification of activity from sales and services of education to tuition;
- \$4.0 million from indirect cost recovery from federal, private, State and local grants contracts; and
- \$3.5 million transfer from the fund balance.

Decreases included:

- \$7.5 million in indirect cost recovery and foundation gift revenue;
- \$4.3 million in miscellaneous income;
- \$3.0 million in the sales and services of educational activities; and
- \$2.4 million in the sales and services of auxiliary revenue due to lower than anticipated revenues from student union and Conference and Visitor services.

Restricted funds increased \$24.9 million through a budget amendment which included:

- \$23.9 million from realignment of the budget to reflect actual federal, State, local, and private grants and contract activity;
- \$1.0 million in miscellaneous income; and
- \$55,683 COLA for the Maryland Fire and Rescue Institute.

Cancellations of unrestricted funds amounted to \$9.0 million due to lower than anticipated expenditures in the sales and services of auxiliary enterprises and educational services, particularly conferences, seminars, and non-recurring events. Cancellations of restricted funds totaled \$8.3 million due to lower than anticipated expenditures for federal contracts and grants.

Fiscal 2010

For fiscal 2010, general funds declined by a total of \$8.3 million through budget amendments and cost containment. Decreases included \$7.3 million for cost containment measures and \$1.0 million from a USM reallocation of general funds among USM institutions. Special funds, or the HEIF, increased \$15.6 million through a budget amendment as authorized in the fiscal 2010 budget bill. Federal funds decreased \$4.8 million through cost containment, thereby cancelling the appropriation. Other unrestricted funds decreased a net \$11.7 million by way of budget amendment. Increases included \$13.0 million from indirect cost recovery and \$8.2 million in the sales and services of auxiliary enterprises. Decreases included:

- \$13.1 million in miscellaneous income;
- \$8.1 million in furlough savings;
- \$4.8 million in the sales and services of educational activities;
- \$4.4 million in investment income;
- \$1.5 million in tuition and fee revenue due to lower enrollment estimates at the time the fiscal 2010 budget was developed; and
- \$1.0 million in endowment income.

Restricted funds increased \$13.8 million by a budget amendment. This includes increases of \$15.3 million in federal, State, and local grants and contracts and \$0.2 million from miscellaneous income and a decrease of \$1.7 million to realign budget activity with actual private grants and contracts activity.

Audit Findings – Office of Information Technology

Last Audit:	January 19, 2006
Issue Date:	October 2009
Number of Findings:	4
Number of Repeat Findings:	2
% of Repeat Findings:	50%
Rating: (if applicable)	n/a

Finding 1: The internal computer network was not adequately protected.

Finding 2: Monitoring of critical network devices was not adequate.

Finding 3: **Wireless network access to critical applications was not adequately secured through encryption.**

Finding 4: **Logging and reporting over certain critical system and production data file modifications were not adequate to ensure the propriety of the modifications.**

*Bold denotes item repeated in full or part from preceding audit report.

University of Maryland, College Park
Full-time Equivalent Personnel by Budget Program
Fiscal 2002, 2009, and 2010

	<u>2002</u>		<u>2009</u>		<u>2010</u>		<u>2002-2010</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>	<u>Change of Share</u>
Instruction	2,226	31.4%	2,399	30.4%	2,368	29.8%	-1.7%
Research	1,265	17.9%	1,489	18.9%	1,573	19.8%	1.9%
Public Service	482	6.8%	469	5.9%	498	6.3%	-0.5%
Academic Support	741	10.5%	839	10.6%	814	10.2%	-0.2%
Student Services	304	4.3%	322	4.1%	322	4.1%	-0.2%
Institutional Support	672	9.5%	717	9.1%	704	8.9%	-0.6%
Operations, Maintenance of Plant	707	10.0%	756	9.6%	740	9.3%	-0.7%
Auxiliary Enterprises	686	9.7%	907	11.5%	938	11.8%	2.1%
Total	7,083		7,898		7,957		

Note: Data are for filled regular positions only. All data are self-reported and unaudited. Numbers may not sum to total due to rounding.

Source: University of Maryland, College Park

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

<u>Object/Fund</u>	<u>FY09 Actual</u>	<u>FY10 Working Appropriation</u>	<u>FY11 Allowance</u>	<u>FY10 - FY11 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	8,160.30	8,121.07	8,121.07	0	0%
02 Contractual	1411.42	1218.50	1232.18	13.68	1.1%
Total Positions	9571.72	9339.57	9353.25	13.68	0.1%
Objects					
01 Salaries and Wages	\$ 928,385,759	\$ 957,884,561	\$ 980,691,456	\$ 22,806,895	2.4%
02 Technical and Spec. Fees	8,915,077	8,982,713	8,982,713	0	0%
03 Communication	19,012,280	17,636,613	17,635,973	-640	0%
04 Travel	31,923,089	28,385,948	28,385,948	0	0%
06 Fuel and Utilities	64,058,373	69,680,988	69,963,159	282,171	0.4%
07 Motor Vehicles	4,242,050	3,588,451	3,736,095	147,644	4.1%
08 Contractual Services	110,225,450	156,249,692	192,729,918	36,480,226	23.3%
09 Supplies and Materials	69,287,733	64,971,295	70,160,164	5,188,869	8.0%
10 Equipment – Replacement	-250	0	0	0	0.0%
11 Equipment – Additional	33,092,202	34,621,721	34,872,239	250,518	0.7%
12 Grants, Subsidies, and Contributions	118,227,245	123,608,545	128,845,814	5,237,269	4.2%
13 Fixed Charges	54,206,228	45,873,132	47,050,742	1,177,610	2.6%
14 Land and Structures	64,141,058	41,017,402	41,017,402	0	0%
Total Objects	\$ 1,505,716,294	\$ 1,552,501,061	\$ 1,624,071,623	\$ 71,570,562	4.6%
Funds					
40 Unrestricted Fund	\$ 1,173,329,347	\$ 1,177,574,258	\$ 1,214,816,896	\$ 37,242,638	3.2%
43 Restricted Fund	332,386,947	374,926,803	409,254,727	34,327,924	9.2%
Total Funds	\$ 1,505,716,294	\$ 1,552,501,061	\$ 1,624,071,623	\$ 71,570,562	4.6%

Note: The fiscal 2010 appropriation does not include deficiencies.

Fiscal Summary
USM – University of Maryland, College Park

<u>Program/Unit</u>	<u>FY09 Actual</u>	<u>FY10 Wrk Approp</u>	<u>FY11 Allowance</u>	<u>Change</u>	<u>FY10 - FY11 % Change</u>
01 Instruction	\$ 385,898,240	\$ 372,625,091	\$ 382,050,814	\$ 9,425,723	2.5%
02 Research	328,333,569	360,430,281	394,355,829	33,925,548	9.4%
03 Public Service	74,190,754	85,463,533	86,495,612	1,032,079	1.2%
04 Academic Support	121,827,759	118,945,913	121,218,966	2,273,053	1.9%
05 Student Services	40,605,983	45,887,733	46,698,548	810,815	1.8%
06 Institutional Support	99,793,804	87,686,241	90,562,684	2,876,443	3.3%
07 Operation and Maintenance of Plant	145,947,854	147,736,740	151,456,211	3,719,471	2.5%
08 Auxiliary Enterprises	219,459,558	238,413,906	250,915,442	12,501,536	5.2%
17 Scholarships and Fellowships	89,658,773	95,311,623	100,317,517	5,005,894	5.3%
Total Expenditures	\$ 1,505,716,294	\$ 1,552,501,061	\$ 1,624,071,623	\$ 71,570,562	4.6%
Unrestricted Fund	\$ 1,173,329,347	\$ 1,177,574,258	\$ 1,214,816,896	\$ 37,242,638	3.2%
Restricted Fund	332,386,947	374,926,803	409,254,727	34,327,924	9.2%
Total Appropriations	\$ 1,505,716,294	\$ 1,552,501,061	\$ 1,624,071,623	\$ 71,570,562	4.6%

Note: The fiscal 2010 appropriation does not include deficiencies.