

**R30B30**  
**University of Maryland University College**  
**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	\$24,687	\$28,646	\$31,782	\$3,136	10.9%
Contingent & Back of Bill Reductions	0	0	-397	-397	
<b>Adjusted General Fund</b>	<b>\$24,687</b>	<b>\$28,646</b>	<b>\$31,385</b>	<b>\$2,739</b>	<b>9.6%</b>
Special Funds	3,604	1,159	0	-1,159	-100.0%
<b>Adjusted Special Fund</b>	<b>\$3,604</b>	<b>\$1,159</b>	<b>\$0</b>	<b>-\$1,159</b>	<b>-100.0%</b>
Other Unrestricted Funds	248,504	257,622	260,862	3,240	1.3%
Contingent & Back of Bill Reductions	0	0	-286	-286	
<b>Adjusted Other Unrestricted Fund</b>	<b>\$248,504</b>	<b>\$257,622</b>	<b>\$260,576</b>	<b>\$2,954</b>	<b>1.1%</b>
Total Unrestricted Funds	276,795	287,427	292,644	5,217	1.8%
Contingent & Back of Bill Reductions	0	0	-683	-683	
<b>Adjusted Total Unrestricted Funds</b>	<b>\$276,795</b>	<b>\$287,427</b>	<b>\$291,961</b>	<b>\$4,534</b>	<b>1.6%</b>
Restricted Funds	11,461	12,996	12,996	0	
<b>Adjusted Restricted Fund</b>	<b>\$11,461</b>	<b>\$12,996</b>	<b>\$12,996</b>	<b>\$0</b>	<b>0.0%</b>
<b>Adjusted Grand Total</b>	<b>\$288,256</b>	<b>\$300,423</b>	<b>\$304,957</b>	<b>\$4,534</b>	<b>1.5%</b>

Note: For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected across-the-board reductions. The actual allocations are to be developed by the Administration.

- General funds increase \$3.1 million, or 10.9%, in the fiscal 2011 allowance. However, when adjusting for \$1.2 million from the Higher Education Investment Funds in fiscal 2010 that are budgeted as general funds in fiscal 2011 and across-the-board reductions related to employee furloughs and health insurance, State funds increase \$1.6 million, or 5.3%.
- Total unrestricted funds increase \$4.5 million, or 1.6%.
- Overall, the University of Maryland University College (UMUC) adjusted budget increases \$4.5 million, or 1.5%.

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

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***Personnel Data***

	<b><u>FY 09</u></b> <b><u>Actual</u></b>	<b><u>FY 10</u></b> <b><u>Working</u></b>	<b><u>FY 11</u></b> <b><u>Allowance</u></b>	<b><u>FY 10-11</u></b> <b><u>Change</u></b>
Regular Positions	839.71	894.71	894.71	0.00
Contractual FTEs	<u>1,110.77</u>	<u>1,110.77</u>	<u>1,110.77</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>1,950.48</b>	<b>2,005.48</b>	<b>2,005.48</b>	<b>0.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	24.52	2.74%
Positions and Percentage Vacant as of 12/31/09	31.00	3.50%

- The allowance does not include any position changes for UMUC.

## *Analysis in Brief*

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### Major Trends

***Graduates Employed in Maryland:*** The number of graduates employed in Maryland is one of UMUC’s main goals. For fiscal 2009, the university’s goal was 1,500, with at least 374 employed in the field of information technology. UMUC missed the fiscal 2009 goal. **The President should comment on job opportunities for UMUC graduates.**

***Conservative Enrollment Projection:*** After experiencing rapid growth in recent years, UMUC has reevaluated online and distance education enrollment projections to reflect more conservative estimates. In fact, no growth is expected between fiscal 2010 and 2011. **The President should comment on UMUC’s new method for estimating enrollments and on what slower growth means for the university.**

### Issues

***Making College Affordable:*** 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 institutional aid awards at UMUC and meeting the financial need of students.**

***Student Success Rates:*** Comparing success rates at UMUC to the State’s other universities is difficult because only 10% of UMUC’s students can be considered traditional, full-time students. Many students take only one or two courses a semester, meaning graduation could take up to 15 years, thus making comparisons of 6-year graduation rates difficult. With that in mind, UMUC’s two-year retention rate is 66% for undergraduates and 80% for graduate students. The 10-year graduation rate is 38% for undergraduates and 47% for graduate students. **The President should comment on the status of the retention initiative and on efforts to increase graduation rates.**

***Faculty Training:*** The majority of UMUC’s instructors are part-time adjunct professors. Recent surveys have shown that the training online instructors receive may be inadequate. **The President should explain how UMUC prepares faculty for online instruction.**

### Recommended Actions

1. See University System of Maryland Overview for systemwide recommendations.

*R30B30 – USM – University of Maryland University College*

**R30B30**  
**University of Maryland University College**  
**University System of Maryland**

***Operating Budget Analysis***

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**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 services its students through traditional and innovated 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 of 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 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 (larger programs)

<b>Fall 2009 Undergraduate Enrollment Headcount</b>		<b>Fall 2009 Graduate Enrollment Headcount</b>	
Male	10,712	Male	5,729
Female	13,572	Female	7,334
<b>Total</b>	<b>24,284</b>	<b>Total</b>	<b>13,063</b>

<b>Fall 2009 New Students Headcount</b>	
First-time	6,904
Transfers/Others	3,807
Graduate	2,557
<b>Total</b>	<b>13,288</b>

<b>Programs</b>		<b>Degrees Awarded (2008-2009)</b>	
Bachelor's	32	Bachelor's	2,698
Master's	16	Master's	2,293
Doctoral	2	Doctoral	30
		<b>Total Degrees</b>	<b>5,021</b>

## Performance Analysis: Managing for Results

UMUC offers a different kind of educational experience than its University System of Maryland (USM) peers, being a primarily online and distance education based institution. The student body is also atypical, where the great majority of students are working at least part time and also have family obligations. The university's goal as an institution of higher learning is 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 is to have 1,500 graduates of each class employed in Maryland and more than 374 of those employed in the information technology field in fiscal 2009. According to UMUC's estimates, the college missed the goal for both measures. **The President should comment on job opportunities for UMUC graduates.**

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### 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	≥ 1,300	1,500
Employed in IT	426	460	317	300	≥ 374

IT: information technology

UMUC: University of Maryland University College

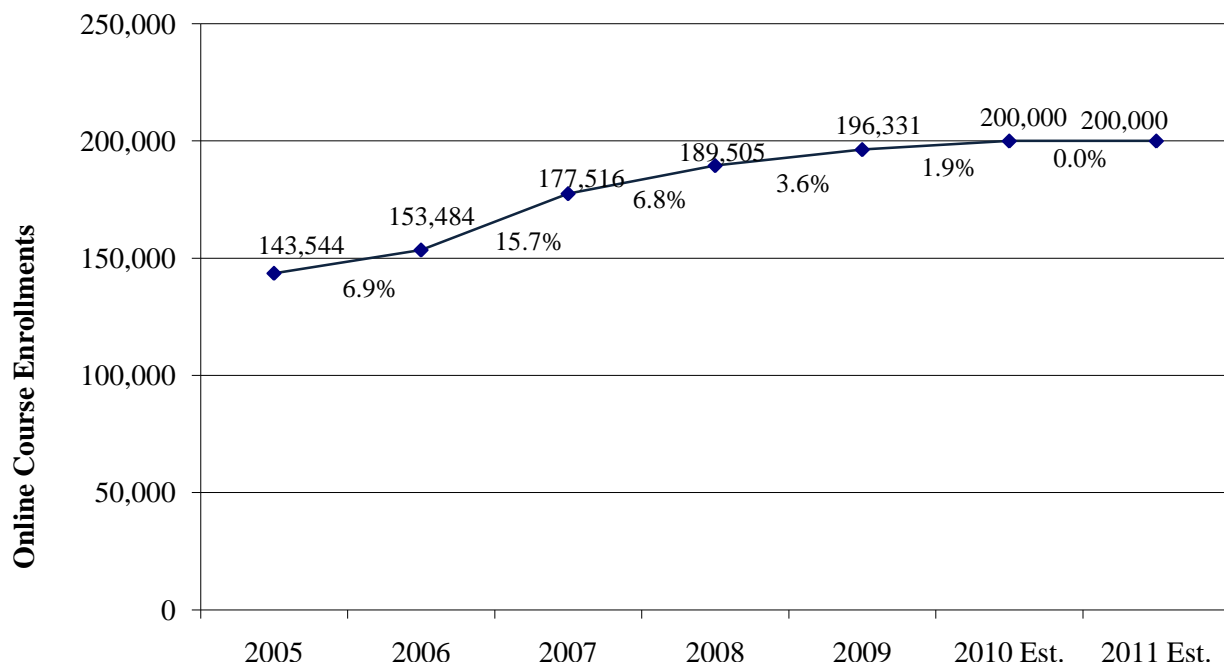
Source: Governor's Budget Books, Fiscal 2011

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### Online Enrollment Growth Projected to Slow

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 called WebTycho. With over 750 courses offered online, growth over the past decade has been rapid. However, it fell by nearly half in fiscal 2009 and is projected to flatten completely in 2011, as shown in **Exhibit 2**. After growing by as fast as 15.7% in fiscal 2007 and 6.8% in fiscal 2008, growth slowed to 3.6% in fiscal 2009. A modest 1.9% increase is projected for fiscal 2010, to 200,000 enrollments, with the same number expected in fiscal 2011. UMUC explains this is due to a more conservative calculation of enrollments that accounts for changing markets and trends in online education as well as factors outside of the university's control affecting overseas enrollments. **The President should comment on UMUC's new method for estimating enrollments and on what slower growth means for the university.**

**Exhibit 2  
Online Course Enrollments  
Fiscal 2005-2011**



IT: information technology

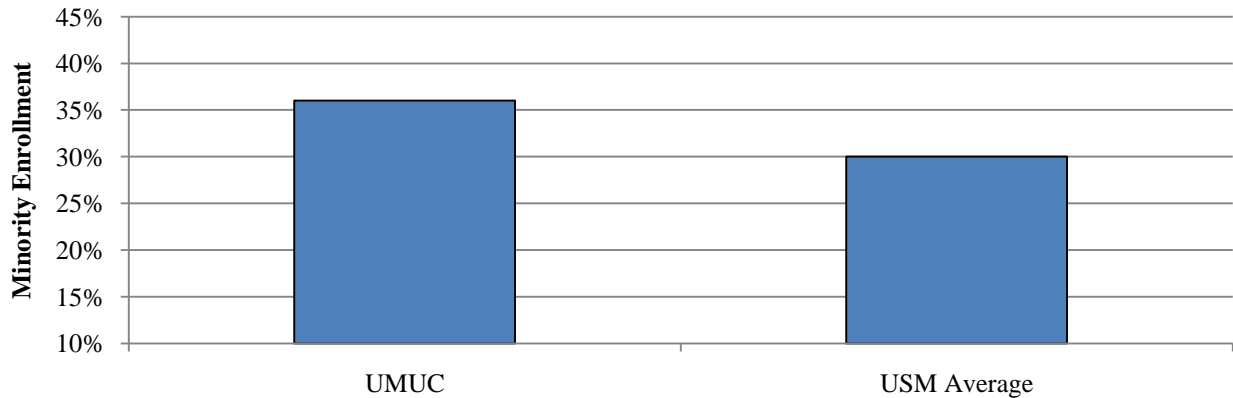
Note: Figures represent the total number of online course enrollments, meaning if one student enrolls in three online courses, that counts as three enrollments.

Source: Governor’s Budget Books, Fiscal 2008-2011

**Minority Enrollments Higher Than USM Average**

A UMUC student is 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. In fact, UMUC enrolls more minorities as a percentage of all students than any non-historically black institution. **Exhibit 3** compares the percentage of minorities enrolled in fall 2008 at UMUC to the USM average, as reported in USM’s dashboard indicators. UMUC’s minority enrollment rates are six percentage points higher than system’s average.

**Exhibit 3**  
**Minority Enrollment at UMUC Compared to the USM Average**  
**Fall 2008**



UMUC: University of Maryland University College  
USM: University System of Maryland

Source: University System of Maryland

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## **Fiscal 2010 Actions**

### **Impact of Cost Containment**

Throughout fiscal 2010, the Board of Public Works (BPW) has twice reduced UMUC's budget, by a total of \$1,368,720. The first reduction was by \$549,918 in unrestricted funds and was accommodated by reducing operating budget expenses.

The second reduction implemented the fiscal 2010 State employee furlough and also further reduced UMUC's budget by \$818,802, with \$533,007 representing the fiscal 2010 State employee furlough. However, this round of BPW reductions removed all of UMUC's federal stimulus funds from the budget, a reduction of \$2,788,614. To make up the difference between this federal fund reduction and the college's actual reduction of \$818,802, USM transferred general funds between institutions and increased UMUC's general fund appropriation by \$1,969,812. The difference between this figure and UMUC's federal fund reduction is \$818,802.

BPW actions also included planned end-of-year fund balance transfers. Three separate actions added up to a total of \$1,924,164 for UMUC. It should be noted that separate legislation must be adopted to implement the planned fund balance transfers. This language is included in the Senate Bill 141 – The Budget Reconciliation and Financing Act (BRFA) of 2010.

## Proposed Budget

The general fund allowance for fiscal 2011 is \$2.7 million, or 9.6% higher than the fiscal 2010 working appropriation, as shown in **Exhibit 4**. This increase is primarily due to \$1.3 million dedicated to prevent tuition increases greater than the 3.0% proposed in the allowance and \$1.2 million of Higher Education Investment Fund (HEIF) revenue in fiscal 2010 budgeted as general funds in fiscal 2011.

In the allowance, restricted funds are unchanged from the working appropriation, \$13 million. This is consistent with the growth estimated in the allowance over the past several years. Between fiscal 2009 and 2010, restricted funds grew \$1.5 million.

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

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Working</u>	<u>2011</u> <u>Adjusted</u>	<u>2010-11</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$24,687	\$28,646	\$31,385	\$2,739	9.6%
HEIF*	3,604	1,159		-1,159	-100.0%
<b>Total State Funds</b>	<b>\$28,291</b>	<b>\$29,805</b>	<b>\$31,385</b>	<b>\$1,580</b>	<b>5.3%</b>
Other Unrestricted Funds	248,504	257,622	260,576	2,954	1.1%
Total Unrestricted Funds	276,795	287,427	291,961	4,534	1.6%
Restricted Funds	11,461	12,996	12,996	0	0.0%
<b>Total Funds</b>	<b>\$288,256</b>	<b>\$300,423</b>	<b>\$304,957</b>	<b>\$4,534</b>	<b>1.5%</b>

HEIF: Higher Education Investment Fund

\*The fiscal 2010 working appropriation has been reduced by \$114,874 due to HEIF underattainment.

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

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## Impact of Cost Containment

The Governor’s proposed budget plan assumes a number of contingent and across-the-board reductions to UMUC. A fiscal 2011 employee furlough totals \$533,007 for UMUC. To meet this commitment, the university’s operating budget will be reduced by \$293,327 with the remaining amount coming from the university’s fund balance, \$239,680, via the BRFA of 2010. An across-the-board reduction in health insurance spending further reduces the UMUC budget by an estimated \$150,276. Finally, the BRFA of 2010 includes a USM fund balance transfer of \$40.0 million. UMUC’s share of this total is \$1.2 million.

## Changes by Program

While the overall increase in unrestricted funds is 1.6%, there are some notable changes within budget programs, as shown in **Exhibit 5**. Academic support increases the most, growing \$3.6 million, or 6.4%. This is due to upgrades of UMUC’s PeopleSoft application and WebTycho, the online course delivery system and the restoration of salaries temporarily decreased by the furlough. The other large increase is in Student Services, \$2.1 million, or 3.5%, mainly from increased student recruitment efforts and salary restoration. The only decrease is in Operations and Maintenance of Plant, declining \$2.3 million, or 10.9%, to align with the fiscal 2009 actual in electricity spending.

**Exhibit 5**  
**UMUC 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>
<b>Expenditures</b>						
Instruction	\$79,044	\$85,008	7.5%	\$85,821	\$813	1.0%
Research	460	616	33.8%	637	21	3.4%
Public Service	13,774	14,694	6.7%	14,700	6	0.0%
Academic Support	39,547	55,958	41.5%	59,561	3,603	6.4%
Student Services	56,194	60,779	8.2%	62,911	2,132	3.5%
Institutional Support	35,495	36,589	3.1%	37,289	700	1.9%
Operation and Maintenance of Plant	40,413	21,138	-47.7%	18,836	-2,302	-10.9%
Scholarships and Fellowships	6,149	6,268	1.9%	6,515	247	3.9%
<b>Education and General Total</b>	<b>\$271,078</b>	<b>\$281,051</b>	<b>3.7%</b>	<b>\$286,270</b>	<b>\$5,219</b>	<b>1.9%</b>
Auxiliary Enterprises	5,717	6,376	11.5%	6,375	-2	0.0%
Pending Reductions				-683	-683	
<b>Grand Total</b>	<b>\$276,795</b>	<b>\$287,427</b>	<b>3.8%</b>	<b>\$291,961</b>	<b>\$4,534</b>	<b>1.6%</b>
<b>Revenues</b>						
Tuition and Fees	230,668	233,012	1.0%	236,252	3,240	1.4%
Higher Education Investment Fund	3,604	1,159	-67.8%			
General Funds	24,687	28,646	16.0%	31,385	2,739	9.6%
Other Unrestricted Funds	20,188	21,052	4.3%	20,766	-286	-1.4%
<b>Subtotal</b>	<b>\$279,147</b>	<b>\$283,868</b>	<b>1.7%</b>	<b>\$288,402</b>	<b>\$4,534</b>	<b>1.6%</b>
Auxiliary Enterprises	5,805	6,234	7.4%	6,234	0	0.0%
Transfer (to)/from Fund Balance	-8,157	-2,675	-67.2%	-2,675	0	0.0%
<b>Grand Total</b>	<b>\$276,795</b>	<b>\$287,427</b>	<b>3.8%</b>	<b>\$291,961</b>	<b>\$4,534</b>	<b>1.6%</b>

UMUC: University of Maryland University College

Note: Unrestricted funds only. All programs. Fiscal 2011 revenues are reduced by \$379,059 in general funds and \$286,224 in other unrestricted funds to reflect across-the-board reductions.

Source: Governor’s Budget Books, Fiscal 2011

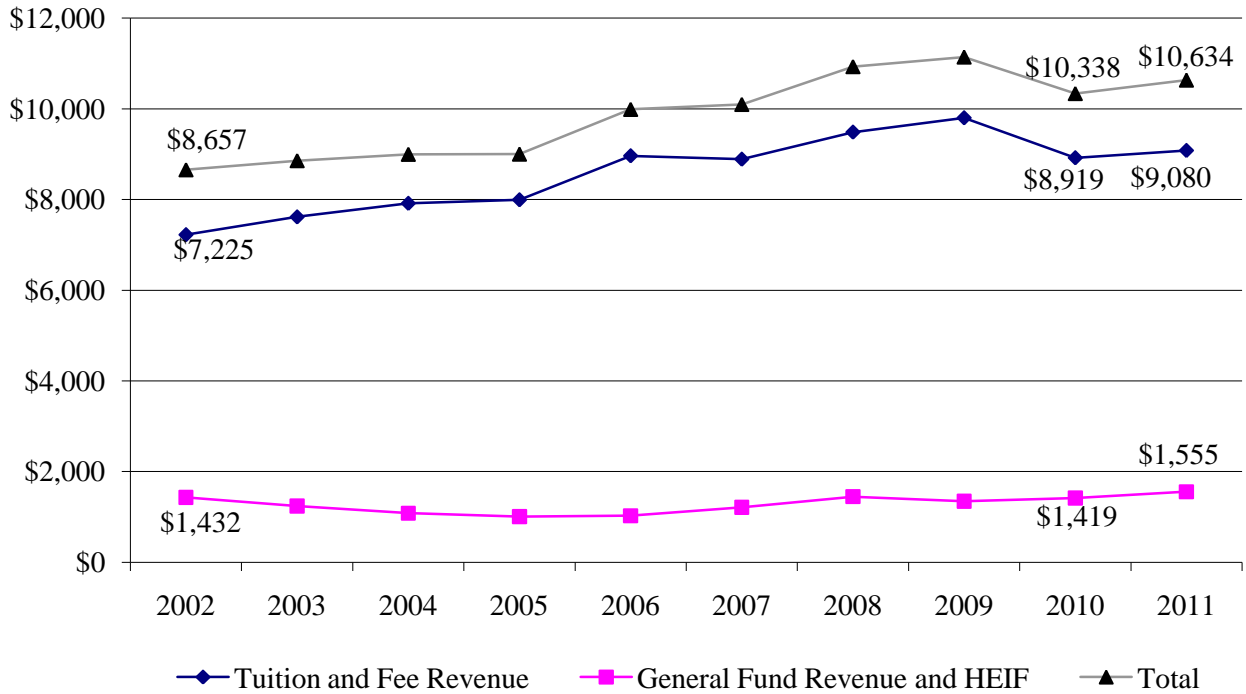
The figures by budget program do not include the reductions proposed in the Governor's allowance – the fiscal 2011 employee furlough and health insurance savings. It is unknown how UMUC will allocate these changes across the budget, and these reductions are shown at the bottom of the expenditures section.

On the revenues side, the budget increases by 1.6%, or \$4.5 million, after accounting for the contingent and across-the-board reductions. Tuition and fees increase \$3.2 million, or 1.4%, which accounts for the proposed 3.0% tuition rate increase for Maryland residents. The overall increase is less, however, due to out-of-state and graduate tuition increasing at slower rates. General funds increase 9.6%, or \$2.7 million, and other unrestricted funds decline by \$0.3 million. There is no change from the fiscal 2010 working appropriation and the fiscal 2011 allowance for auxiliary revenue and fund balance transfers.

### **Funding Per Student**

**Exhibit 6** shows State funds and tuition and fee revenue per full-time equivalent student (FTES) from fiscal 2002 to the fiscal 2011 allowance. Between fiscal 2009 and 2010, tuition and fee revenues per student declined significantly. This is due to a 10% increase in stateside FTES in fiscal 2010, driving down average revenues per student. Overall, the Governor's allowance grows at 2.9%, or \$296 per FTES. General funds increase by 9.6%, or \$136 per FTES over the fiscal 2010 working appropriation, and tuition and fee revenues increase 1.8%, or \$160.

**Exhibit 6**  
**Tuition and Fees and State Funds Per Statewide Full-time Equivalent Student**  
**Fiscal 2002-2011**



HEIF: Higher Education Investment Fund

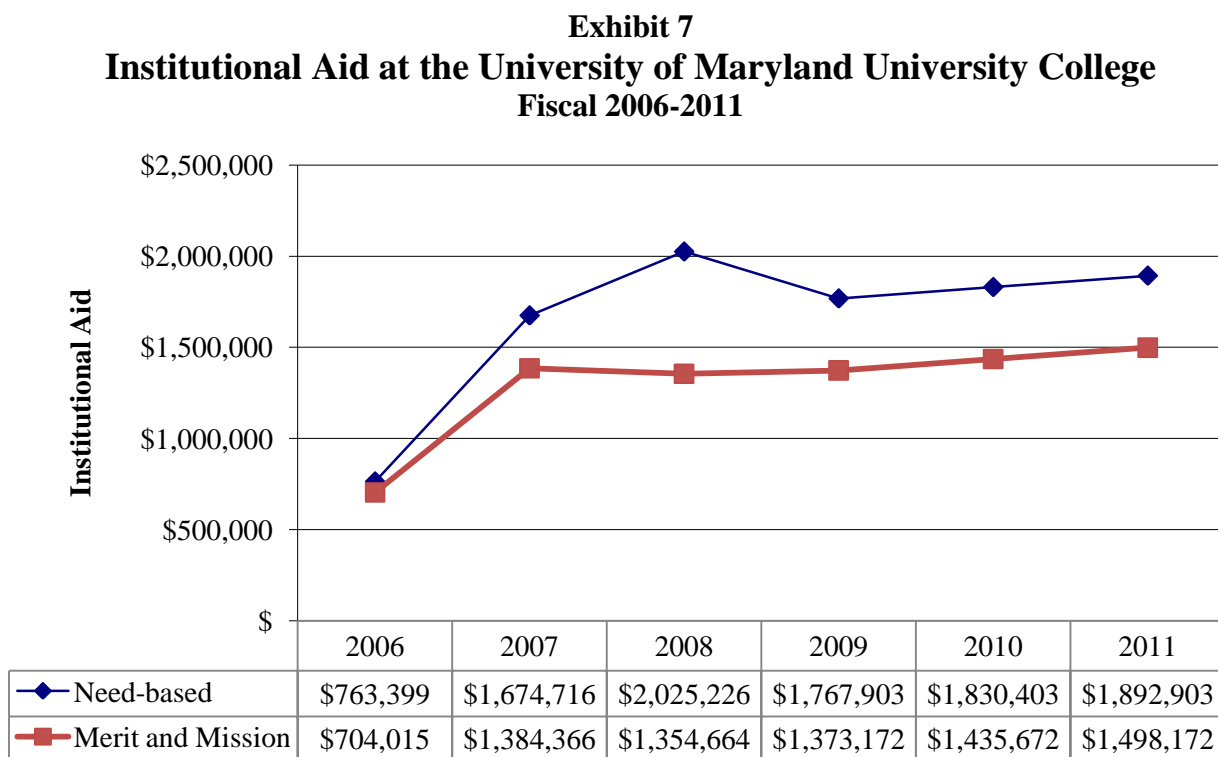
Source: Governor's Budget Books, Fiscal 2004-2011; University of Maryland University College

## Issues

### 1. Making College Affordable

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 7** shows growth in UMUC’s institutional aid from fiscal 2006 to 2011. UMUC varies from other USM institutions in that it does not have an athletic department. More aid is offered on a need basis than on merit and mission, although the difference narrowed from fiscal 2008 to 2009. Both increase \$62,500 a year from fiscal 2009 to 2011. In order to increase accessibility for students, presumably UMUC would be increasing the amount of need-based aid offered to students at a greater rate than merit aid.

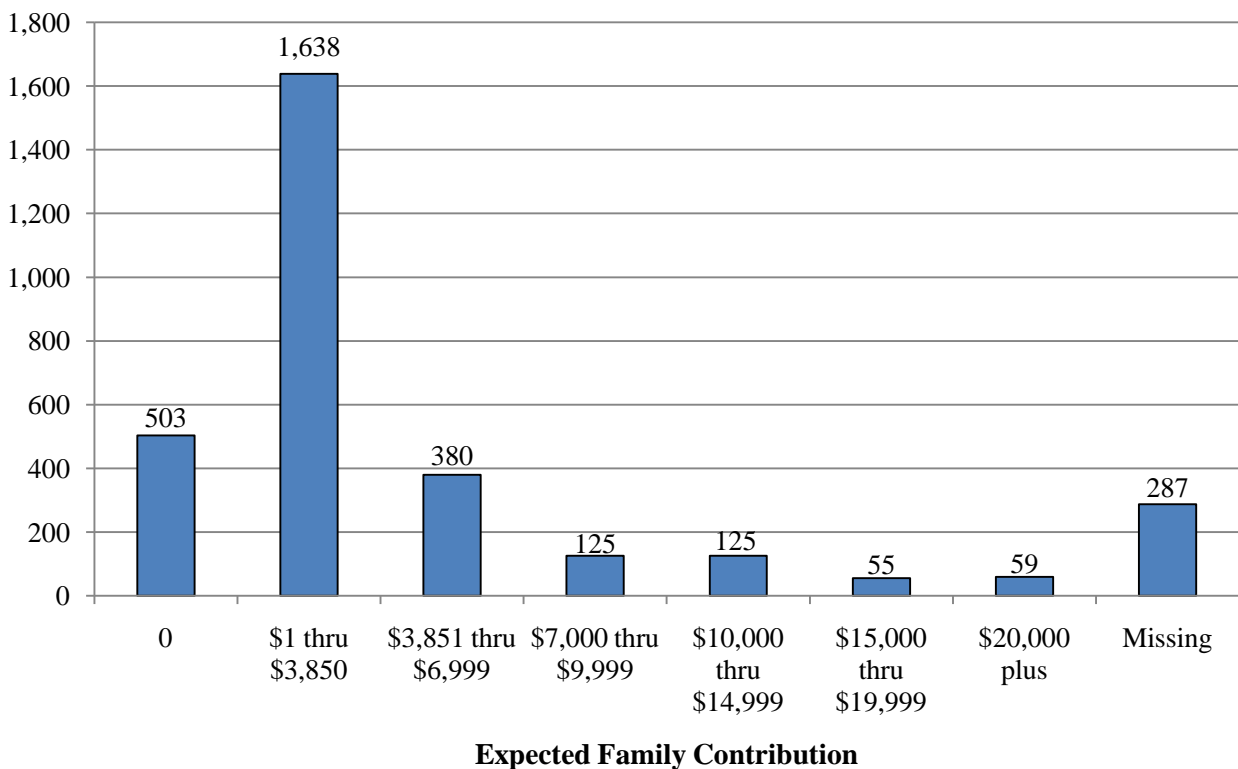


Source: University System of Maryland

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 8** shows the number of institutional aid awards accepted by UMUC students in fiscal 2008 by EFC category. **Exhibit 9** shows the amount of need met by EFC category, and the average for Maryland overall. The majority of awards are made to students with an EFC of under \$7,000, but the amount of need met by those awards is small – between 4 and 5%. When accounting for all aid available to students, the percent of need met increases to between 9 and 13% for those categories. Although fewer awards are made to students with higher EFCs, a greater percentage of their need is met, presumably because there is less need overall. The amount of need met by UMUC is significantly less than the Maryland average overall across all EFC categories. This is largely due to the limited amount of financial aid available to part time students, which are the majority at UMUC. **The President should comment on institutional aid awards at UMUC and meeting the financial need of students.**

**Exhibit 8**  
**Undergraduate Institutional Financial Aid Awards by EFC**  
**Fiscal 2008**

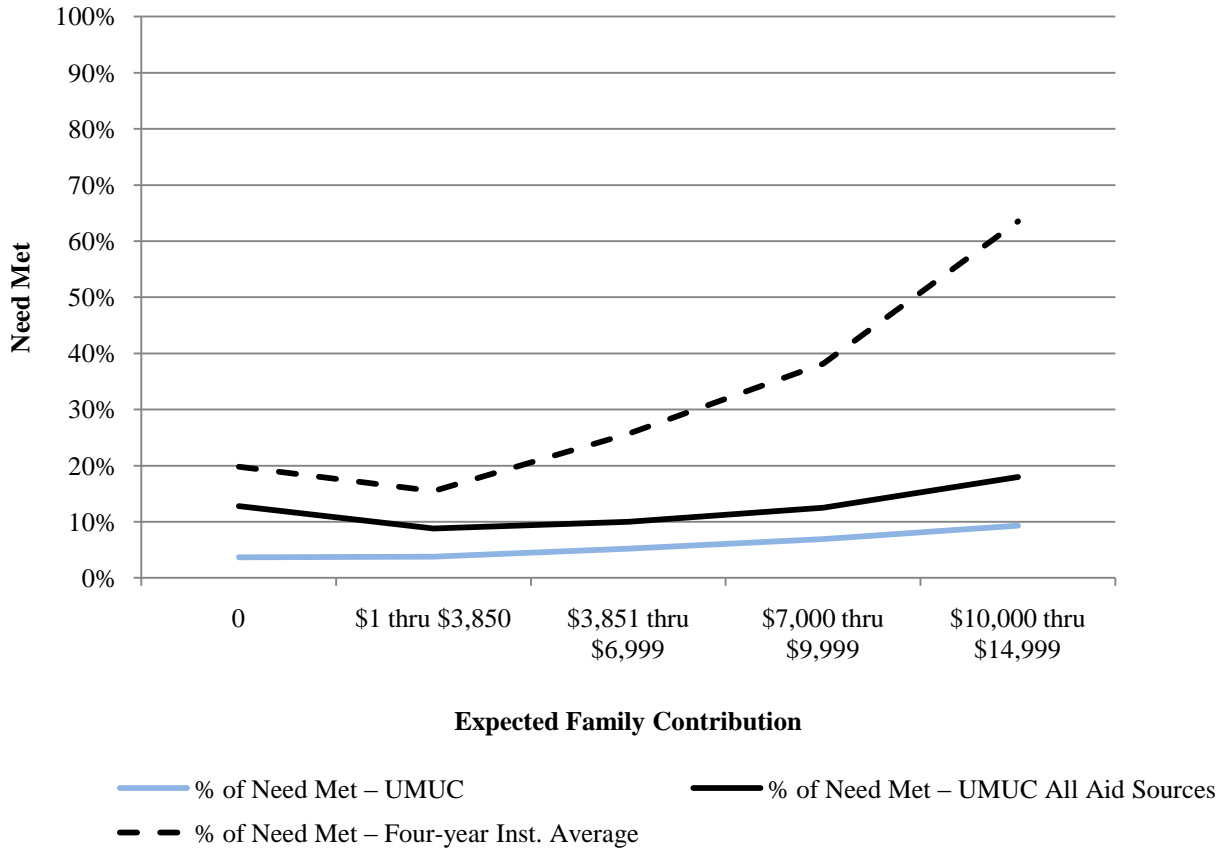


EFC: expected family contribution

Note: “Missing” category includes students who did not file a Free Application for Federal Student Aid.

Source: University System of Maryland, Maryland Higher Education Commission

**Exhibit 9  
Undergraduate Institutional Financial Aid – Need Met by EFC  
Fiscal 2008**



EFC: expected family contribution  
UMUC: University of Maryland University College

Source: University System of Maryland, Maryland Higher Education Commission

**2. Student Success Rates**

When reviewing UMUC’s retention and graduation rates, it is important to keep the composition of the UMUC student body in mind. In fiscal 2009, 38% of all students came from economically disadvantaged backgrounds. Compared to Maryland’s traditional four-year institutions, more UMUC students work at least part time, have family commitments, and are not enrolling straight out of high school. Although the standard rate of comparison in higher education is the six-year graduation rate, that rate cannot be applied to the majority of UMUC students – only 10%

are enrolled full time. Additionally, nearly all UMUC students transfer in with college credits already earned.

## The Rates

With a high number of students transferring into UMUC with college credits already completed, the university has a first-year graduation rate, as shown in **Exhibit 10**. For undergraduate students, 1% graduate after only one year. UMUC’s six-year graduation rate is 26% for undergraduates in the 2002 cohort.

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### Exhibit 10 UMUC Graduation and Retention Rates 2007, 2006, 2002, and 1999 Cohorts

	<u>2-year Retention (2007 Cohort)</u>	<u>1-year Graduation (2006 Cohort)</u>	<u>6-year Graduation (2002 Cohort)</u>	<u>10-year Graduation (1999 Cohort)</u>
Undergraduates	66%	1%	26%	38%
Graduate Students	80%	0%	40%	47%

UMUC: University of Maryland University College

Source: University of Maryland University College

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With the average UMUC student taking two courses a semester, it will take much longer to graduate than a traditional full-time student – 10 years to complete an undergraduate degree at that rate. As such, UMUC reports a 10-year graduation rate of 38% for undergraduates.

Graduation rates for graduate students are higher than undergraduates. The cost of a graduate degree is greater, making the investment greater for students. The 6-year graduation rate for graduate students is 40%, 14 percentage points greater than the same rate for undergraduates. The gap narrows at the 10-year graduation mark, but it is still 9 percentage points greater at 47%.

Retention rates are also significantly higher for graduate students than undergraduates. The two-year retention rate is 80% for graduate students and 66% for undergraduates.

In response to a USM initiative to close an achievement gap in success rates between minority students and all students, UMUC focused on improving retention rates among students. Internal studies revealed mid-semester indicators of those students who are likely to perform poorly or not enroll in the subsequent year. Using the university’s proprietary WebTycho system, students who do not log on regularly, especially at the beginning of 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. Creating a mentoring program and expanding the Student Success Center were two actions UMUC believed

would raise retention rates. All of the items listed in its action plan submitted to USM were due to be implemented by the end of December 2009. **The President should update the committees on the status of the university’s retention initiative and on efforts to improve graduation rates.**

### **3. Faculty Training**

Since fiscal 2000, enrollment at UMUC has grown 160%. With enrollment growth comes the need to have qualified faculty to provide instruction to these students. UMUC has reported that a major part of the business of online education is attracting and retaining qualified people to teach the courses offered. To meet this challenge, over 80% of UMUC instructors are part-time, adjunct faculty. Equally important is preparing new professors for the online classroom.

A recent survey by the Sloan Consortium and BABSON Survey Research Group revealed that faculty training may be an area of concern. Nearly 20% of institutions with online courses offer no formal training to faculty. Of those that do offer training, it usually takes one or more forms:

- formal or informal faculty mentoring;
- internal training courses; and
- externally run faculty training courses.

With the majority of UMUC instructors working part time, ensuring they are prepared for the online classroom is very important. **The President should explain how UMUC prepares faculty for online instruction.**

## ***Recommended Actions***

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1. See University System of Maryland Overview for systemwide recommendations.

## *Current and Prior Year Budgets*

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

<u>Fiscal 2009</u>	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Other Unrestricted Fund</u>	<u>Total Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Total</u>
Legislative Appropriation	\$25,147	\$3,281	\$0	\$251,331	\$279,759	\$9,939	\$289,698
Deficiency Appropriation	0	0	0	0	0	0	0
Budget Amendments	369	322	0	0	691	3,000	3,691
Cost Containment	-828	0	0	0	-828	0	-828
Reversions and Cancellations	0	0	0	-2,827	-2,827	-1,478	-4,305
<b>Actual Expenditures</b>	<b>\$24,687</b>	<b>\$3,604</b>	<b>\$0</b>	<b>\$248,504</b>	<b>\$276,795</b>	<b>\$11,461</b>	<b>\$288,256</b>
<b>Fiscal 2010</b>							
Legislative Appropriation	\$27,220	\$0	\$2,789	\$257,622	\$287,631	\$9,996	\$297,626
Cost Containment	-550	0	-2,789	0	-3,339	0	-3,339
Budget Amendments	1,976	1,159	0	0	3,135	3,000	6,135
<b>Working Appropriation</b>	<b>\$28,646</b>	<b>\$1,159</b>	<b>\$0</b>	<b>\$257,622</b>	<b>\$287,427</b>	<b>\$12,996</b>	<b>\$300,423</b>

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

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## **Fiscal 2009**

The legislative appropriation was a total of \$279,758,804 in unrestricted funds, including \$25,146,522 in general funds and \$3,281,359 in HEIF revenue. A general cost-of-living adjustment increased this amount by \$368,539 and an additional \$772,366 in HEIF money was authorized for appropriation by budget amendment by the General Assembly during the 2008 session.

The restricted fund appropriation totaled \$9,939,096. This was increased by \$3,000,000 in financial aid spending, primarily from PELL grants.

Three BPW cost containment actions reduced UMUC's unrestricted fund appropriation. The first was \$189,017 and represented the university's Other Post Employment Benefits contribution. The second reduction was \$392,943 and was met by hiring fewer instructors. Finally, \$245,776 was UMUC's furlough reduction. One additional reduction of \$450,176 was due to lower than budgeted HEIF revenue.

At the end of the fiscal year, a total of \$2,826,842 in unrestricted funds and \$1,478,330 in restricted funds were unencumbered. UMUC explains that \$2,605,000 of the unrestricted funds was due to lower than anticipated renovation costs to the university's new building in Largo. The remaining amount was from university-wide miscellaneous savings. The entire restricted fund cancellation was due to overestimating the amount of federal financial aid students would receive in fiscal 2009.

## **Fiscal 2010**

The legislative appropriation totaled \$287,630,742 in unrestricted funds, including \$27,219,978 in general funds and \$2,788,614 in federal funds. An additional \$1,158,732 in HEIF revenue was appropriated by budget amendment as authorized in the fiscal 2010 budget bill. To partially offset lower than projected HEIF revenue in fiscal 2010, the University System of Maryland realigned general funds and appropriated an additional \$6,244 to UMUC.

The restricted fund appropriation totaled \$9,995,511. This was increased by \$3,000,000 in financial aid spending, primarily from PELL grants.

Two BPW reductions have affected UMUC's fiscal 2010 budget. The first was a reduction of \$549,918 in general funds, resulting in reduced facility renewal and operating budget spending. The second took the entire federal fund appropriation for the fiscal 2010 furlough, \$2,788,614. Because the university's federal funds were higher than its furlough obligation, USM realigned general funds and added \$1,969,812 to UMUC's budget.

## ***Audit Findings***

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Audit Period for Last Audit:	July 1, 2005 – July 31, 2008
Issue Date:	June 12, 2009
Number of Findings:	8
Number of Repeat Findings:	1
% of Repeat Findings:	12.5%
Rating: (if applicable)	n/a

The following are from a fiscal compliance audit report on the University of Maryland, University College.

**Finding 1:** UMUC employees had access to the student administration, human resources, and financial information systems inconsistent with job duties. The university should determine if those employees performed any inappropriate operations outside of position duties, as well as perform documented periodic reviews of user access capabilities.

**Finding 2:** Default passwords to major applications were not changed after initial purchase and numerous user accounts were assigned unnecessary access to maintenance tools. UMUC should change the default passwords and limit access to application maintenance tools except for personnel whose job duties require such access.

**Finding 3:** Password and account controls were inadequate. UMUC should comply with the University System of Maryland’s March 2008 Guidelines in Response to the State’s information technology (IT) Security Policy.

**Finding 4:** UMUC did not adequately monitor security related reports and exercise proper controls over program changes.

**Finding 5:** UMUC does not have a current disaster recovery plan. The university should develop such a plan in accordance with the Department of Budget and Management’s IT Disaster Recovery Guidelines.

**Finding 6:** Access to the internal computer network was not properly secured. Intrusion detection was not properly placed to detect network threats. UMUC should establish controls to adequately secure the internal network.

**Finding 7:** User passwords and student and faculty accounts were not adequately protected. Application users, including the general public via a guest account, could access

**student assignment folders and faculty grade books. UMUC should enable security features for the online education features.**

**Finding 8:** A former employee used a UMUC corporate purchasing card for personal gain, spending several thousand dollars on consumer electronics sent to the employee's home address. Other purchases made by the employee could not be located in a physical inventory. This matter has been referred to the Office of the Attorney General – Educational Affairs Division. In addition, all cardholder credit card statements should be subject to supervisory review and approval.

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

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

<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>
<b>Positions</b>					
01 Regular	839.71	894.71	894.71	0	0%
02 Contractual	1110.77	1110.77	1110.77	0	0%
<b>Total Positions</b>	<b>1950.48</b>	<b>2005.48</b>	<b>2005.48</b>	<b>0</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 157,736,072	\$ 169,024,933	\$ 171,266,302	\$ 2,241,369	1.3%
02 Technical and Spec. Fees	2,344,003	5,118,049	5,118,049	0	0%
03 Communication	2,173,932	3,023,084	3,023,084	0	0%
04 Travel	2,861,873	3,581,291	3,581,291	0	0%
06 Fuel and Utilities	2,048,627	4,611,362	2,292,525	-2,318,837	-50.3%
07 Motor Vehicles	210,820	191,614	148,104	-43,510	-22.7%
08 Contractual Services	52,383,179	72,744,662	77,390,773	4,646,111	6.4%
09 Supplies and Materials	8,121,309	9,935,356	9,935,356	0	0%
11 Equipment – Additional	2,061,130	1,290,619	1,290,619	0	0%
12 Grants, Subsidies, and Contributions	17,013,224	17,941,237	18,188,609	247,372	1.4%
13 Fixed Charges	11,290,902	10,950,302	11,395,096	444,794	4.1%
14 Land and Structures	30,010,660	2,010,000	2,010,000	0	0%
<b>Total Objects</b>	<b>\$ 288,255,731</b>	<b>\$ 300,422,509</b>	<b>\$ 305,639,808</b>	<b>\$ 5,217,299</b>	<b>1.7%</b>
<b>Funds</b>					
40 Unrestricted Fund	\$ 276,794,965	\$ 287,426,998	\$ 292,644,297	\$ 5,217,299	1.8%
43 Restricted Fund	11,460,766	12,995,511	12,995,511	0	0%
<b>Total Funds</b>	<b>\$ 288,255,731</b>	<b>\$ 300,422,509</b>	<b>\$ 305,639,808</b>	<b>\$ 5,217,299</b>	<b>1.7%</b>

Note: The fiscal 2010 appropriation does not include deficiencies.

**Fiscal Summary**  
**University of Maryland University College**

<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	\$ 79,121,250	\$ 85,807,797	\$ 86,620,843	\$ 813,046	0.9%
02 Research	460,326	615,725	636,851	21,126	3.4%
03 Public Service	13,774,049	14,694,328	14,699,936	5,608	0%
04 Academic Support	39,547,284	55,958,391	59,560,929	3,602,538	6.4%
05 Student Services	57,159,496	61,974,758	64,106,381	2,131,623	3.4%
06 Institutional Support	35,494,841	36,589,257	37,289,195	699,938	1.9%
07 Operation And Maintenance Of Plant	40,413,076	21,138,048	18,835,781	-2,302,267	-10.9%
08 Auxiliary Enterprises	5,717,314	6,376,347	6,374,662	-1,685	0%
17 Scholarships And Fellowships	16,568,095	17,267,858	17,515,230	247,372	1.4%
<b>Total Expenditures</b>	<b>\$ 288,255,731</b>	<b>\$ 300,422,509</b>	<b>\$ 305,639,808</b>	<b>\$ 5,217,299</b>	<b>1.7%</b>
Unrestricted Fund	\$ 276,794,965	\$ 287,426,998	\$ 292,644,297	\$ 5,217,299	1.8%
Restricted Fund	11,460,766	12,995,511	12,995,511	0	0%
<b>Total Appropriations</b>	<b>\$ 288,255,731</b>	<b>\$ 300,422,509</b>	<b>\$ 305,639,808</b>	<b>\$ 5,217,299</b>	<b>1.7%</b>

Note: The fiscal 2010 appropriation does not include deficiencies.

**FTE Personnel by Budget Program  
Filled Positions  
Fiscal 2008, 2009, and 2010**

	Fiscal 2008		Fiscal 2009		Fiscal 2010		Change in Share of Total <u>FY08-10</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	165	20.3%	165	20.2%	161	19.0%	-1.2
Research	9	1.1%	6	0.7%	3	0.4%	-0.7
Public Service	3	0.4%	2	0.2%	2	0.2%	-0.1
Academic Support	237	29.1%	238	29.2%	263	31.2%	2.1
Student Services	210	25.7%	221	27.1%	203	24.0%	-1.7
Institutional Support	184	22.6%	177	21.7%	201	23.8%	1.2
Operations, Maintenance of Plant	7	0.9%	6	0.7%	12	1.4%	0.6
<b>Total</b>	<b>815</b>	<b>100%</b>	<b>815</b>	<b>100%</b>	<b>845</b>	<b>100%</b>	

FTE: full-time equivalent