

R30B31
University of Maryland Baltimore County
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	\$84,357	\$84,808	\$90,885	\$6,077	7.2%
Contingent & Back of Bill Reductions	0	0	-1,573	-1,573	
Adjusted General Fund	\$84,357	\$84,808	\$89,312	\$4,504	5.3%
Special Funds	5,054	3,948	0	-3,948	-100.0%
Adjusted Special Fund	\$5,054	\$3,948	\$0	-\$3,948	-100.0%
Other Unrestricted Funds	164,275	164,763	171,130	6,367	3.9%
Contingent & Back of Bill Reductions	0	0	-1,188	-1,188	
Adjusted Other Unrestricted Fund	\$164,275	\$164,763	\$169,943	\$5,179	3.1%
Total Unrestricted Funds	253,687	253,519	262,015	8,496	3.4%
Contingent & Back of Bill Reductions	0	0	-2,761	-2,761	
Adjusted Total Unrestricted Funds	\$253,687	\$253,519	\$259,254	\$5,735	2.3%
Restricted Funds	82,884	88,322	88,582	260	0.3%
Adjusted Restricted Fund	\$82,884	\$88,322	\$88,582	\$260	0.3%
Adjusted Grand Total	\$336,571	\$341,841	\$347,836	\$5,995	1.8%

Note: For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected across-the-board 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 Baltimore County (UMBC) increase \$6.1 million, or 7.2%, in the fiscal 2011 allowance. However, after adjusting for \$3.9 million from the Higher Education Investment Fund and Regional Greenhouse Gas Initiative in fiscal 2010 and \$1.6 million in furlough and health insurance savings, the underlying general fund growth is \$0.6 million, or 0.6%.
- Other unrestricted funds increase \$5.2 million, or 3.1%, after adjusting the fiscal 2011 allowance \$1.2 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	1,848.11	1,850.11	1,850.11	0.00
Contractual FTEs	<u>456.23</u>	<u>593.34</u>	<u>572.16</u>	<u>-21.18</u>
Total Personnel	2,304.34	2,443.45	2,422.27	-21.18

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	66.97	3.62%
Positions and Percentage Vacant as of 12/31/09	166.50	9.00%

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

Analysis in Brief

Major Trends

After Double Digit Growth, Research and Development Expenditures Per Full-time Faculty Dip: Between 2003 and 2006, expenditures per full-time faculty grew 50.15%, or \$55,642. However, expenditures declined 2.1%, or \$3,460, per full-time faculty in 2007.

Gap in Retention Rate at Narrowest Margin While Gap in Graduation Rate Widens: The gap in the retention rates between all students and African American students narrowed to 3.4 percentage points, the lowest margin since fiscal 2005 due to the rate for all students increasing 2.4 percentage points to 86.8%. Meanwhile, the gap in the graduation rates increased 4.1 percentage points, the widest margin since fiscal 2005.

Number of Bachelor's Degrees Awarded Declines While Graduate Degrees Grow: Since 2007, the number of degrees conferred declined 1.9% from 2,406 to 2,360 degrees, due to a 6.1% drop in the number of undergraduate degrees awarded, which was offset by a 14.2% increase in the number of graduate level degrees conferred.

Issues

Making College Affordable: While the amount spent on institutional aid is expected to increase 1.2%, or \$0.2 million, in fiscal 2011, it does not keep pace with the 3.0% increase in tuition. While a majority of institutional aid went to students with an expected family contribution (EFC) between \$0 and \$3,850, these awards, on average, met 10.0% of the need for students with \$0 EFC and 13.0% for those with EFC between \$1 and \$3,850.

Chemistry Discovery Learning Center: The Chemistry Discovery Learning Center was initiated in fall 2005 in Chemistry 101 (Principles of Chemistry I) in response to declining test and exam scores and classroom attendance. The discovery learning method has proven to be successful with increases in the pass rate (a grade of C or better) and retention and has resulted in unexpected growth in the number of majors and minors in chemistry and biochemistry.

Erickson School for Aging Services: In fiscal 2009, the school received \$1.4 million from the Erickson Foundation and expected to receive an additional \$3.3 million. However, due to the downturn in the economy, the school could not meet the fiscal 2009 target for external philanthropic support and took steps to ensure the long-term financial viability of the school.

Recommended Actions

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

Updates

Intercollegiate Athletic Program Negative Fund Balance: UMBC's intercollegiate athletic program deficit began in fiscal 2004 with a change in the athletic conference affiliation. By fiscal 2009, the accumulated negative fund balance for athletics totaled \$1.2 million. In fiscal 2009, the athletic department exceeded its projected surplus of \$100,000 by \$15,000 and projects a surplus of \$150,000 for fiscal 2010.

R30B31 – USM – University of Maryland Baltimore County

R30B31
University of Maryland Baltimore County
University System of Maryland

Operating Budget Analysis

Program Description

The University of Maryland Baltimore County (UMBC) is a mid-size public research and doctoral university offering undergraduate, master's, and doctoral programs in the arts and sciences and engineering. It is an Honors University, providing academically talented undergraduate students a strong foundation, preparing them for graduate and professional study, entry into the workforce, and community service and leadership. At the graduate level, emphasis is placed on science, engineering, information technology, human services, and public policy.

While a majority of students are from the Baltimore region, an increasing number are coming from other areas of Maryland, other states, and foreign countries. UMBC pays special attention to the needs of nontraditional, evening, and part-time students. Well-qualified students are recruited through special scholarship initiatives such as the Humanities Scholarship Program and the Meyerhoff Scholarship Program for talented high school graduates interested in science and engineering.

UMBC contributes to the economic development of the State and region through the transference of faculty research to the public and industry through the research park, business incubator, and technology transfer program. UMBC also provides workforce training, K-12 partnerships, and technology commercialization with public agencies and the corporate community.

Carnegie Classification: RU/H Research Universities (high research activity)

Fall 2009 Undergraduate Enrollment Headcount

Male	5,387
Female	4,560
Total	9,947 (218 at Shady Grove)

Fall 2009 Graduate Enrollment Headcount

Male	1,351
Female	1,572
Total	2,923 (85 at Shady Grove)

Fall 2009 New Students Headcount

First-time	1,532
Transfers/Others	1,125
Graduate	850
Total	3,507

Campus (Main Campus)

Acres	513
Buildings	47
Average Age	30 years
Oldest	Surge Facility #3 - 1920

Programs

Bachelor's	51
Master's	37
Doctoral	24

Degrees Awarded (2008-2009)

Bachelor's	1,798
Master's	476
Doctoral	86
Post Baccalaureate Certificate	99
Total Degrees	2,459

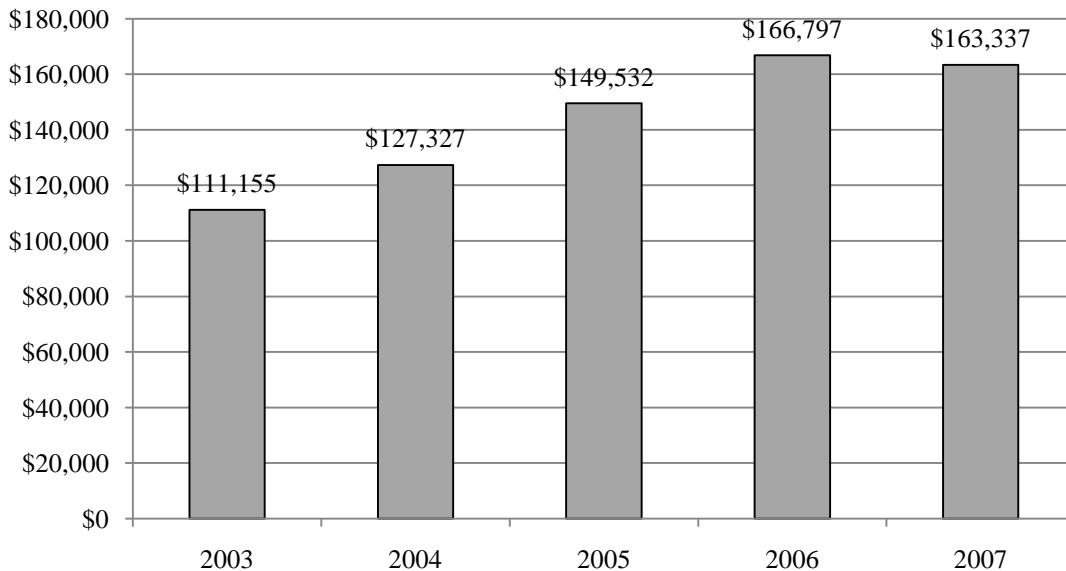
Performance Analysis

After Double Digit Growth, Research and Development Expenditures Per Full-time Faculty Dip

UMBC strives to be one of the nation’s best public research universities. Tracking research and development (R&D) expenditures per full-time faculty is an indicator of the progress made toward achieving this goal and also measures productivity and the capacity to pursue research which impacts the ability to attract and retain quality faculty. From 2003 to 2006, expenditures per full-time faculty grew 50.1%, as shown in **Exhibit 1**. Most of this growth occurred between 2003 and 2005 when expenditures per full-time faculty grew 34.5%. After three years of double digit growth, expenditures in 2007 declined 2.1%.

The President should comment on factors leading to the decline in research and development expenditures per full-time faculty and the outlook for increasing the number of research grants and contracts.

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



Source: University System of Maryland Dashboard Indicators, 2009

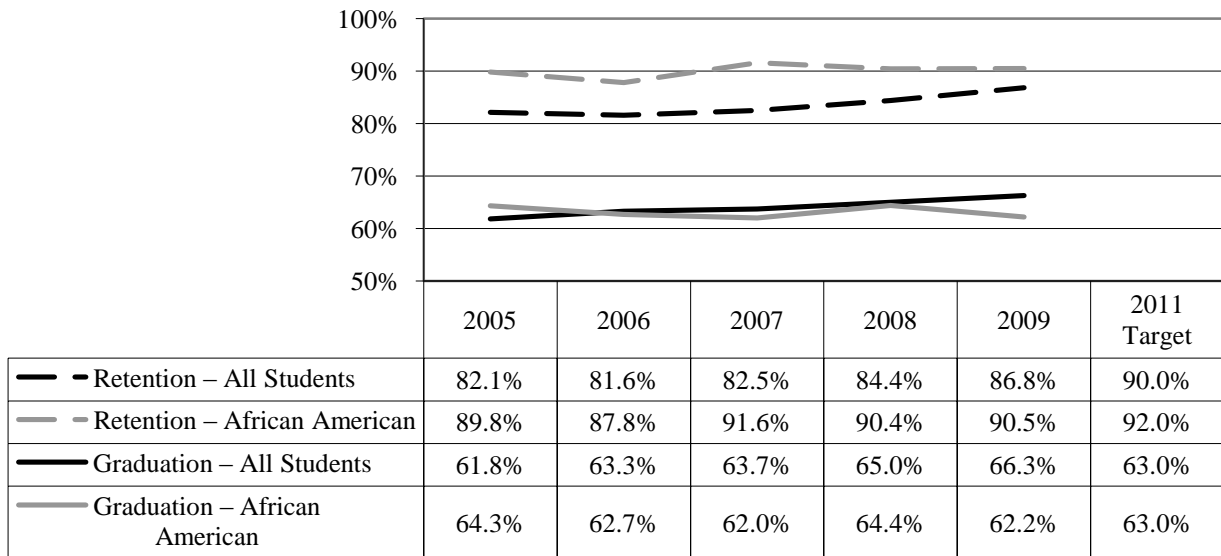
Gap in Retention Rate at Narrowest Margin While Gap in Graduation Widens

Enhancing the access and success of minority students is another UMBC goal. This is reflected in the two-year retention and six-year graduation rates of African American students and all students, as shown in **Exhibit 2**. Historically, the retention rate for African American students consistently exceeds that of all students, while the graduation rate has fallen below that of all students since fiscal 2006.

The gap in the retention rate narrowed to 3.7 percentage points, the lowest margin since fiscal 2005. This is due to stabilization in the African American retention rate at 90.5% and a 2.4 percentage point increase to 86.8% for all students. Meanwhile, the gap in the graduation rate increased to its widest margin of 4.1 percentage points since fiscal 2005. While the rate for all students steadily increased to 66.3% in fiscal 2009, the rate for African American students declined 2.2 percentage points to 62.2%.

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

Exhibit 2
Two-year Retention and Six-year Graduation Rates
Fiscal 2005-2011



Notes: Fiscal 2009 two-year retention data reflects 2006 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 Governor’s Budget Books, Fiscal 2011.

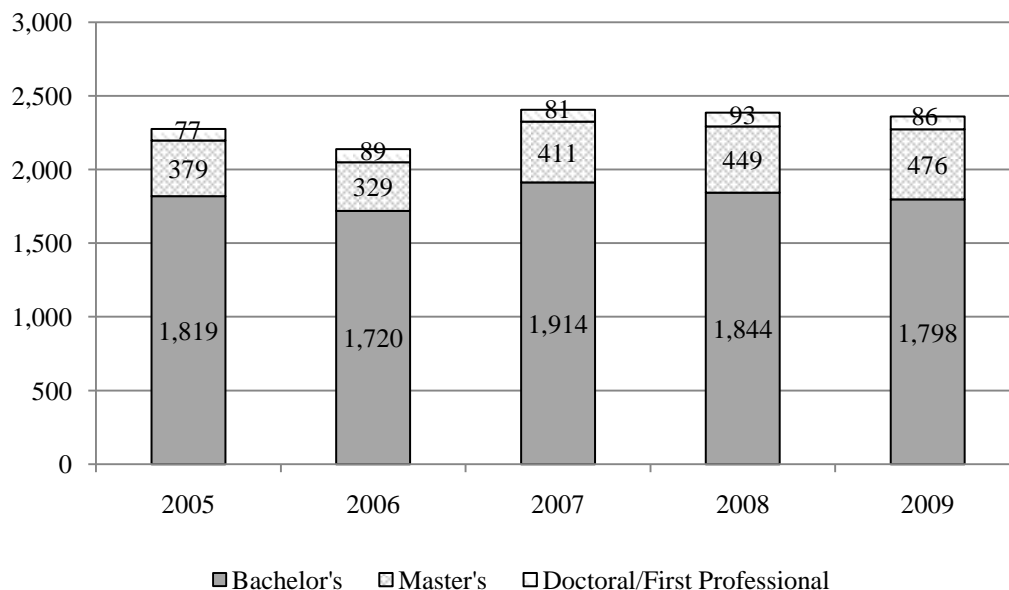
Bachelor’s Degrees Awarded Declines While Graduate Degrees Grow

An overall goal of the University System of Maryland (USM) is to produce a well-educated workforce and, as such, the system tracks the number of degrees awarded by institution. The number of degrees awarded by UMBC declined 6.0%, or 137, in 2006 but increased 12.7%, or 268 degrees, in 2007, as shown in **Exhibit 3**. However, since 2007, the number of degrees conferred declined 1.9% from 2,406 to 2,360 degrees in 2009. This decrease was due to a 6.1%, or 116, drop in the number of undergraduate degrees awarded which was partially offset by an increase in the number of graduate level degrees conferred: master’s degrees increased 15.8%, or 65; and doctoral degrees grew 6.2%, or 5 degrees.

While the six-year graduation rate for all students increased to 66.3% in fiscal 2009, as shown in Exhibit 2, this does not correlate to the number of degrees awarded by UMBC. In determining the graduation rate, if a student started at UMBC but transferred and subsequently graduated from another Maryland four-year institution, that student counts toward UMBC’s rate, regardless of how much time the student spent at either institution.

The President should comment on the overall decline in degrees awarded, particularly the decline in undergraduate degrees.

Exhibit 3
Degrees Awarded by the University of Maryland Baltimore County
Fiscal 2005-2009



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

Fiscal 2010 Actions

Impact of Cost Containment

The Board of Public Works (BPW) approved two cost containment measures resulting in a \$2.5 million reduction of UMBC's State appropriations. In July 2009, BPW approved the first cost containment measure which resulted in a \$1.6 million, or 1.8%, decrease in UMBC's State appropriations. BPW approved a second cost containment measure in August 2009 resulting in a \$0.8 million reduction of federal funds, representing 0.9% of UMBC's State appropriations. In order to meet these reductions UMBC:

- eliminated 19 positions, which included 4 layoffs (\$1.5 million);
- reduced scholarships (\$0.2 million);
- decreased utilities expenditures (\$0.5 million); and
- reduced facilities renewal expenditures (\$0.3 million).

Additionally, UMBC reduced its current salary and wage budget by \$2.4 million, \$0.8 million in federal funds and \$1.6 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 furlough days, ranging from 2 to 10, based on an employee's salary, with the President taking 15 days. Employees whose positions are 100% contractual and/or grant funded, student employees, graduate assistants, hourly contingent I staff, H-1B visa employees, and adjunct (part-time) faculty are exempt from the furlough. The university closed on December 24, 2009, and will be closed between March 17 and 19, 2010, and on May 28, 2010.

UMBC will move \$1.6 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 \$65.0 million reduction of USM's fund balance, of which UMBC's portion is \$5.5 million. After the transfer, UMBC's State-supported portion of the fund balance will total \$0.6 million. It should be noted, UMBC expects to transfer an additional \$2.6 million to the fund balance in fiscal 2010. After the reductions and transfer, the total ending balance in fiscal 2010 is estimated to be \$23.1 million.

Federal Stimulus Funds

UMBC was awarded 17 American Recovery and Reinvestment Act of 2009 grants totaling \$3.7 million. These include 13 research grants totaling \$3.1 million in the areas of life sciences; computer science and engineering; environmental science; and science, technology, engineering, and mathematics education. Additionally, four non-research grants were awarded for the federal work study program and service learning.

Proposed Budget

The general fund allowance for fiscal 2011 is \$4.5 million above fiscal 2010, an increase of 5.3% after adjusting for furlough and health insurance savings of \$1.3 million and \$0.3 million, respectively, as shown in **Exhibit 4**. When adjusting for the \$3.4 million of the Higher Education Investment Fund (HEIF) revenues and \$0.5 million of Regional Greenhouse Gas Initiative funds that replaced general funds in fiscal 2010, the underlying growth is \$0.6 million, or 0.6%. It should be noted that UMBC’s furlough total of \$2.4 million is comprised of \$1.3 million in general funds and \$1.1 million cash transfer from fund balance.

After adjusting for \$1.2 million for furlough and health insurance savings, other unrestricted funds increase \$5.2 million, or 3.1%, over fiscal 2010 due to tuition and fee revenues growing \$3.3 million, or 3.7%, and auxiliary revenues increasing 3.7%, or \$1.7 million.

The fiscal 2011 allowance provides \$0.5 million in other unrestricted funds for expenses related to increases in contractual services in library, equipment, and housekeeping contract costs. Furthermore, UMBC budgets \$1.9 million of additional expenditures related to enrollment growth in fiscal 2010.

Exhibit 4
Proposed Budget
University of Maryland Baltimore County
 (\$ in Thousands)

	FY 09	FY 10	FY 11	FY 09-10	% Change
	<u>Actual</u>	<u>Working</u>	<u>Adjusted</u>	<u>Change</u>	<u>Prior Year</u>
General Funds	\$84,357	\$84,808	\$89,312	\$4,504	5.3%
HEIF*	\$5,054	\$3,948	0	-\$3,948	-100.0%
Total State Funds	89,412	88,756	89,312	556	0.6%
Other Unrestricted Funds	169,330	164,763	169,943	5,179	3.1%
Total Unrestricted Funds	253,687	253,519	259,254	5,735	2.3%
Restricted Funds	82,884	88,322	88,582	260	0.3%
Total Funds	\$336,571	\$341,841	\$347,836	\$5,995	1.8%

HEIF: Higher Education Investment Fund

*Fiscal 2010 reflects a reduction of \$0.3 million due to underattainment of HEIF revenues.

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

Source: Governor’s Budget Book, Fiscal 2011

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 UMBC's portion is \$3.5 million. After the transfer, UMBC's State-supported portion of its fund balance will have a negative balance of \$2.9 million. It should be noted that UMBC expects to transfer an additional \$2.6 million to the fund balance in fiscal 2011. After the reductions and transfers, the total ending balance for fiscal 2011 is estimated to be \$22.2 million.

For fiscal 2011, language in the BRFA does not allow for bonuses related to individual performance, merit increases, or cost-of-living adjustments (COLAs) but allows for salary increases necessary for the retention of faculty members.

Budgets for Academic Support and Student Services 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 institutional support increase at the highest rate of 12.2%, or \$3.1 million, which is mainly attributed to fiscal 2010 reductions of \$2.4 million being budgeted centrally in institutional support until a determination is made on how to distribute them equitably across campus. The remaining \$0.7 million is related to restoring cost containment reductions to salaries in fiscal 2010. Instruction grows at the next highest rate at 4.0%, or \$3.5 million, due to the restoration of salaries and higher fringe benefit costs. Expenditures on operation and maintenance of plant decline a net \$1.1 million, or 3.7%, mainly due to decreases in facility renewal expenditures and personnel and corrections to reflect actual fringe benefit expenses.

Funding Per Full-time Equivalent Student

In fiscal 2009, general funds per full-time equivalent student (FTES) exceeded tuition and fee revenues by \$162, as shown in **Exhibit 6**. However, this trend reverses in fiscal 2010 with general fund per FTES falling 5.2%, or \$485, reflecting cost containment measures. In fiscal 2011, it is expected general funds per FTES will grow 3.0%, or \$264, to \$8,950 per FTES, while tuition and fee revenues per FTES increase 3.7%, or \$325, reflecting a 3.0% increase in tuition. Overall, total revenues per FTES are projected to increase 3.4%, or \$588, in fiscal 2011.

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

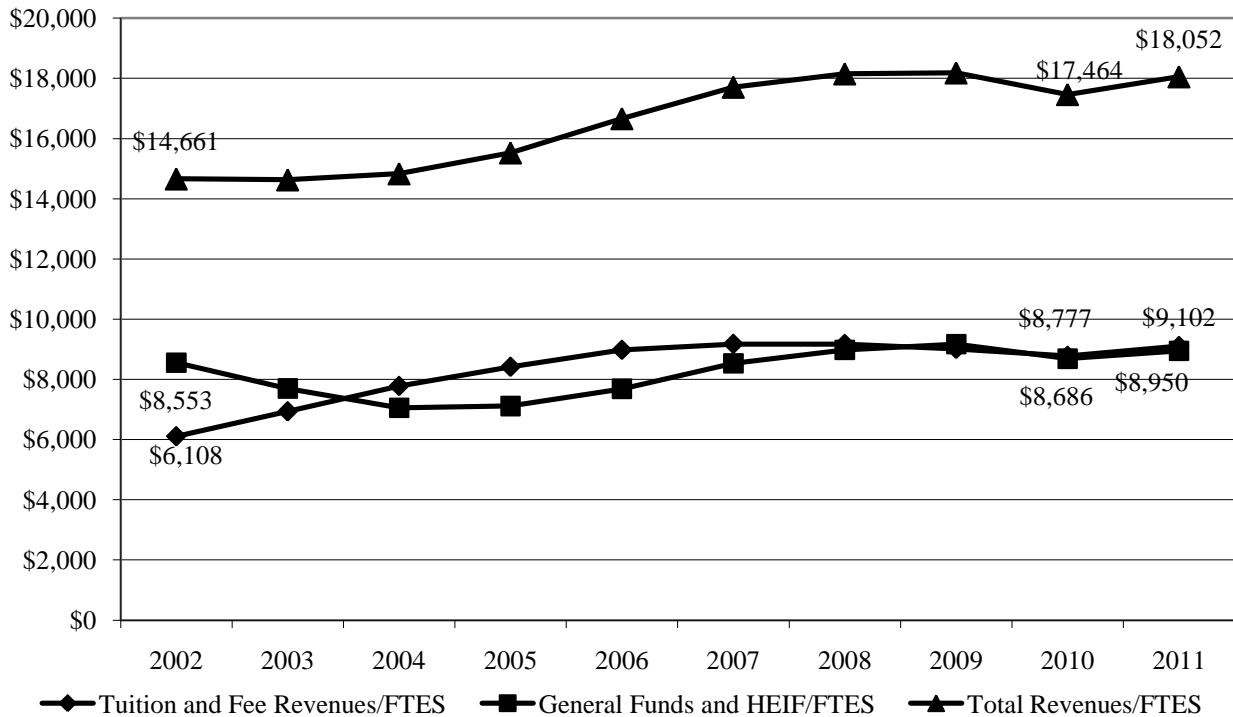
	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Working</u>	<u>2009-10</u> <u>% Change</u>	<u>2011</u> <u>Adjusted</u>	<u>2010-11</u> <u>\$ Change</u>	<u>2010-11</u> <u>% Change</u>
Expenditures						
Instruction	\$89,976	\$89,402	-0.6%	\$92,943	\$3,541	4.0%
Research	9,821	9,089	-7.5%	9,246	157	1.7%
Public Service	3,546	3,332	-6.0%	3,375	43	1.3%
Academic Support	19,542	17,886	-8.5%	17,921	35	0.2%
Student Services	14,211	11,958	-15.9%	12,136	178	1.5%
Institutional Support	26,815	25,079	-6.5%	28,147	3,068	12.2%
Operation and Maintenance of Plant	23,309	30,444	30.6%	29,321	-1,124	-3.7%
Scholarships and Fellowships	19,637	18,138	-7.6%	18,352	214	1.2%
Education and General Total	\$206,856	\$205,327	-0.7%	\$211,440	\$6,114	3.0%
Auxiliary Enterprises	\$46,831	\$48,193	2.9%	\$50,575	\$2,382	4.9%
Across-the-board Reductions				-\$2,761		
Grand Total	\$253,687	\$253,519	-0.1%	\$259,254	\$5,735	2.3%
Revenues						
Tuition and Fees	\$87,831	\$89,133	1.5%	\$92,433	\$3,300	3.7%
General Funds	84,357	84,808	0.5%	89,312	4,504	5.3%
HEIF	5,054	3,403	-32.7%	0	-3,403	-100.0%
Other Unrestricted Funds	40,451	33,455	-17.3%	31,462	-1,993	-6.0%
Subtotal	\$212,640	\$210,799	-0.9%	\$213,207	\$2,408	1.1%
Auxiliary Enterprises	\$46,278	\$46,881	1.3%	\$48,630	\$1,749	3.7%
Transfer (to)/from Fund Balance	-5,231	-4,160		-2,583		
Grand Total	\$253,687	\$253,519	-0.1%	\$259,254	\$5,735	2.3%

HEIF: Higher Education Investment Fund

Note: Fiscal 2011 revenues are reduced by \$1.6 million in general funds and \$1.2 million in other unrestricted funds to reflect across-the-board reductions; \$1.1 million of this amount is to be transferred from fund balance. Unrestricted funds only. All programs.

Source: Maryland State Budget Books

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



FTES: full-time equivalent students
 HEIF: Higher Education Investment Fund

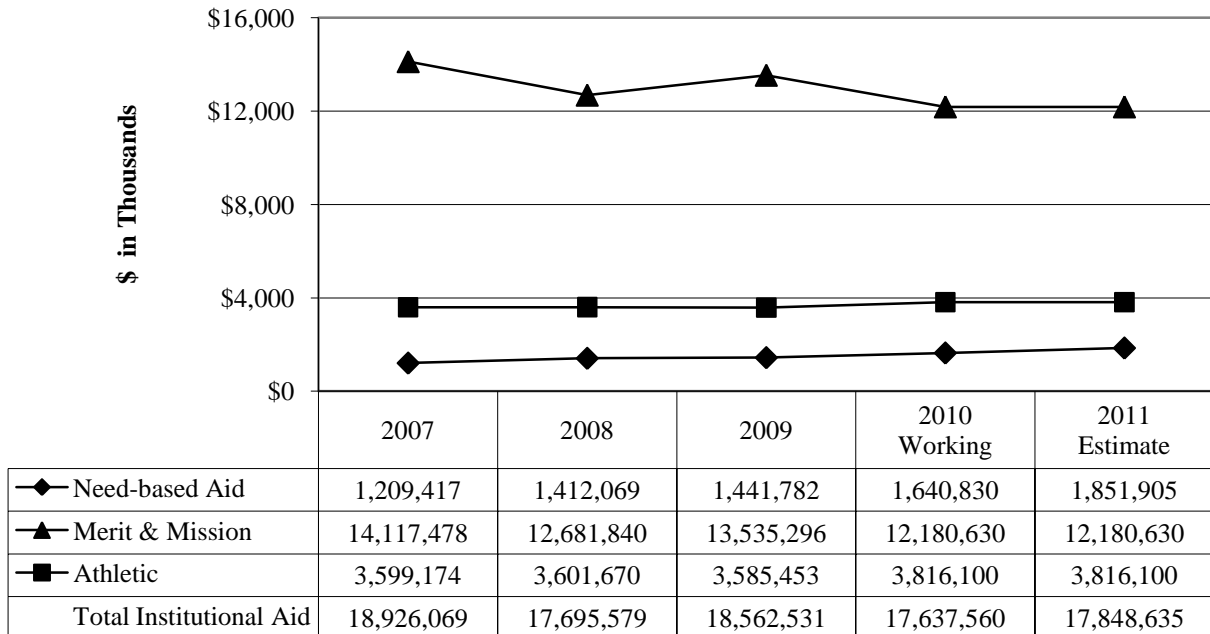
Source: Maryland State Budget Books

Issues

1. Making College Affordable

Institutional financial aid affects affordability and access to higher education. Students may receive institutional aid which includes merit, mission, athletic scholarships, and need-based aid in addition to State and federal financial aid. Expenditures on athletic scholarships consistently exceeds need-based aid by an average of \$2.1 million from fiscal 2007 to 2009, as shown in **Exhibit 7**, yet 70% of institutional aid dollars are for merit and mission scholarships. In fiscal 2009, expenditures on merit and mission grew 6.7%, or \$0.9 million, need-based aid increased 2.1%, or \$29,713. While total expenditures are expected to decline \$0.9 million, or 5.0%, in fiscal 2010, both need-based aid and athletic scholarships increase \$0.2 million due to a reallocation of funds from merit and mission which declines \$1.4 million. In fiscal 2011 institutional aid is expected to increase 1.2%, or \$0.2 million, which is allocated toward need-based aid, but this growth does not keep pace with the 3% increase in tuition.

Exhibit 7
Institutional Aid Distribution
Fiscal 2007-2011



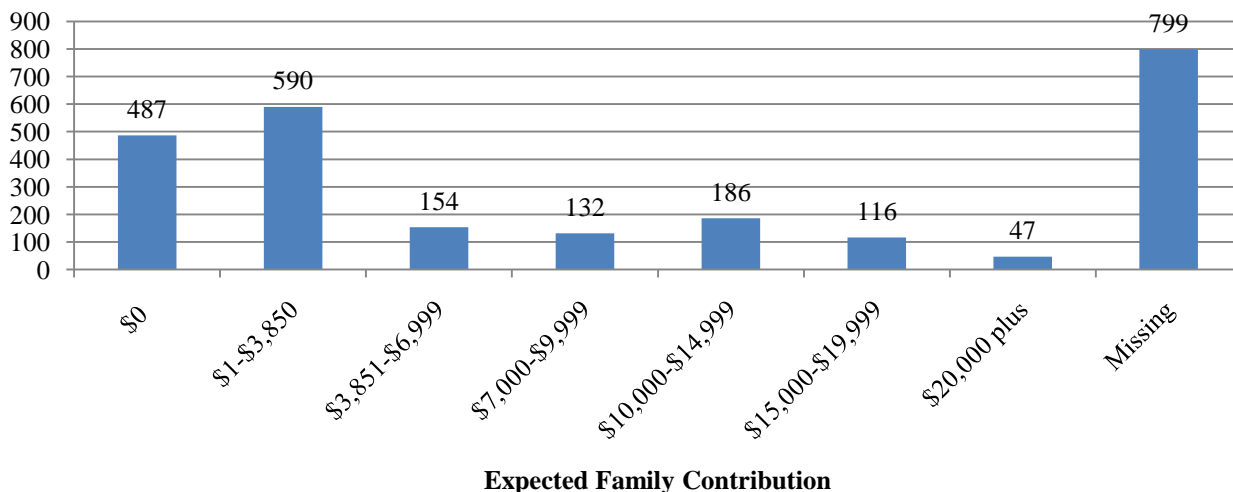
Source: University System of Maryland

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 UMBC 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 UMBC students who filed a FAFSA by EFC category. Of these students, 62.9% have an EFC between \$0 and \$3,850. The number of students receiving aid who did not file a FAFSA, 799, is also shown in the exhibit.

Exhibit 9 show the percentage of need met from institutional aid and all other sources of financial aid, excluding loans for fiscal 2008. On average, institutional aid only met 10% of need for students with \$0 EFC and 13% for those between \$1 and \$3,850, lower than the averages for Maryland public four-year institutions of 20 and 15%, respectively. For EFC categories of \$3,851 to \$14,000, UMBC met a higher percentage of student need than other public four-year institutions. When factoring all financial aid received, students with a \$0 EFC had 40% of their need met, and those with an EFC between \$1 and \$3,850 had 35% of need met. 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 efforts to increase expenditures going toward need-based aid and why expenditures are not growing at the same rate as the tuition. The President should also address whether a student's EFC is a factor in what type of aid is awarded.

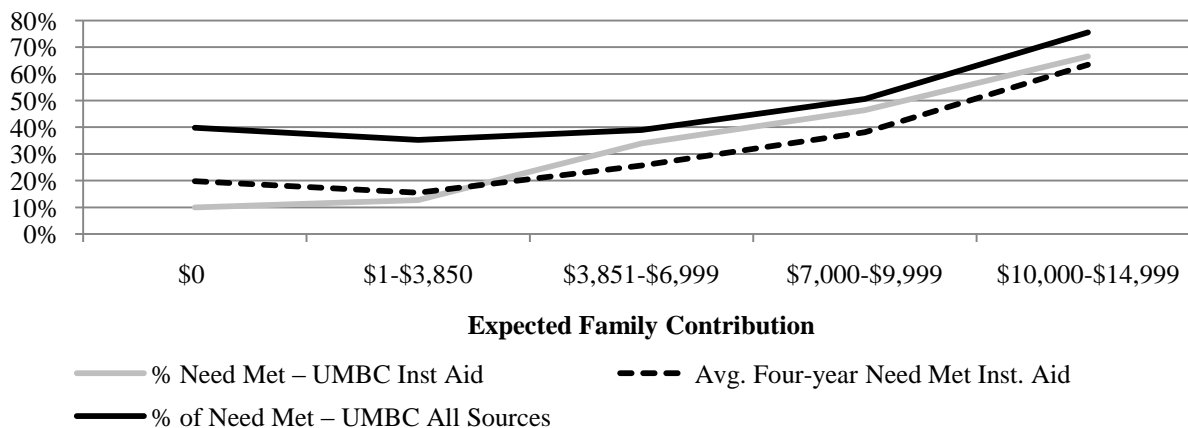
**Exhibit 8
Students Receiving Institutional Aid by Expected Family Contribution
Fiscal 2008**



Note: Missing category includes students that did not submit a Free Application for Federal Student Aid.

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

**Exhibit 9
Need Met by Institutional and Financial Aid
Fiscal 2008**



UMBC: University of Maryland Baltimore County

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

2. Chemistry Discovery Learning Center

The Chemistry Discovery Learning Center was initiated in fall 2005 in CHEM 101 (Principles of Chemistry I) in response to declining test and exam scores and classroom attendance. The course was modified to incorporate a weekly two-hour “discovery learning” session. This student-centered approach emphasizes interactivity, cooperation, and personal responsibility in applying knowledge to solve problems.

Students are divided into groups of four and assigned a role: making calculations, writing solutions on a whiteboard, taking notes, and managing. Roles rotate every four weeks. Students rely on each other to solve a problem; no one is permitted to take over another student’s responsibility. For example, if a student is having difficulty making a calculation, then the other students in the group must explain the process to their group mate. The manager of each group is required to sign a contract agreeing to make sure everyone follows the rules or incur penalties. Instructors use classroom technologies to monitor and help students.

The discovery learning method has proven to be successful, with increases in the pass rate (a grade of C or better) and retention. The pass rate jumped from 69.8% in fall 2004 (pre-Discovery) to 86.8% in fall 2005 when Discovery was implemented, as shown in **Exhibit 10**. Overall, the average pass rate for pre- and post-Discovery increased from 71.2 to 85.6%. **Exhibit 11** shows the retention rate which increased from 87.7% in fall 2004 to a high point of 96.1% in fall 2008.

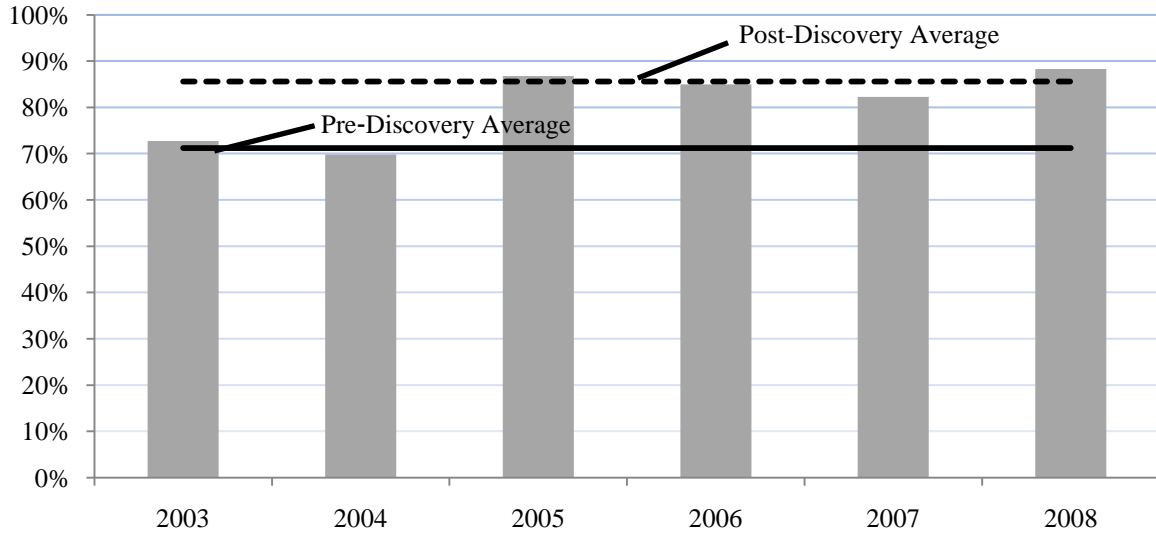
Furthermore, an unexpected outcome has been the upsurge in the number of chemistry and biochemistry majors and minors. Since the initiation of Discovery, the number of chemistry majors and minors rose 60.0% from 110 to 176 students between 2005 and 2009. During the same time period, the number of biochemistry majors grew 54.7% from 274 to 424 students. From 1998 to 2004 (pre-Discovery), chemistry majors grew a modest 8.5%, from 94 to 102 students, while the number of biochemistry majors declined 3.5%, from 310 to 299 students.

Building upon the success of Chemistry Discovery, the College of Natural and Mathematical Sciences (CNMS) is creating CNMS Active Science Teaching and Learning Environment (CASTLE). CASTLE is designed to provide flexible, small group learning environments for multiple disciplines. Introductory calculus-based physics and first and second level calculus courses will be the inaugural courses at CASTLE.

Renovation of the space CASTLE will occupy was completed in November 2009, and installation of furniture and equipment is scheduled to be completed by February 2010. Funding for the renovation came from facilities renewal and a reallocation of funds, from cost saving measures, from the Provost’s office.

The President should comment on how the institution is accommodating the increase in students majoring and minoring in chemistry and biochemistry, the status of CASTLE, and plans to incorporate this methodology in other courses.

**Exhibit 10
Students Passing with a C or Better
Fall 2003-2008**



Source: University of Maryland Baltimore County

**Exhibit 11
Chemistry 101 Retention Rate
Fall 2003-2008**

	<u>Beginning Enrollment</u>	<u>Final Enrollment</u>	<u>Retention Rate</u>
2003	642	583	90.8%
2004	652	572	87.7%
2005	596	562	94.3%
2006	657	619	94.2%
2007	692	650	93.9%
2008	712	684	96.1%

Source: University of Maryland Baltimore County

3. Erickson School for Aging Services

The Erickson School started offering a Bachelor’s in Management of Aging Services in fall 2006, and a Master’s and an Executive Education Program in fall 2007. The school received start-up funding consisting of \$5 million of general funds and a \$5 million match from the Erickson Foundation. The school is intended to be self-supporting, meaning it must operate within the revenues generated from tuition and fees, special program revenues, private donations, and contract and grant revenues.

In fiscal 2009, the school received \$1.4 million from the Erickson Foundation and expected to receive an additional \$3.3 million. The school developed targets for external philanthropic support from fiscal 2009 to 2013, as shown in **Exhibit 12**. However, due to the downturn in the economy, it became clear the school would not meet the target for fiscal 2009, bringing future year targets into question. In response, steps were taken to ensure the long-term financial viability of the School which included reducing full-time support staff from 19 to 3; regular part-time staff from 7 to 0; and faculty from 7 to 5. This resulted in decreasing annual salary expenses by approximately \$2.3 million.

Exhibit 12
Planned Philanthropic Funding
Fiscal 2009-2013

Fiscal 2009	\$3.3 million (in addition to \$1.4 million from Erickson Foundation)
Fiscal 2010	\$4.75 million
Fiscal 2011	\$4.0 million
Fiscal 2012	\$2.9 million
Fiscal 2013	\$1.0 million

Source: University of Maryland Baltimore County

The school is working to increase revenues from other sources, in particular, tuition and fees. By increasing enrollment in the Master’s program from 25 to 30 students and limiting tuition waivers for incoming students, it is estimated revenue will grow approximately \$700,000 for each cohort. Additionally, it is projected undergraduate enrollment will increase 32%, due to recruiting efforts, resulting in an additional \$85,000 in revenue.

The President should comment on the current and long-term financial viability of the school and efforts to increase revenues from other sources than tuition and fees.

Recommended Actions

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

Updates

1. Intercollegiate Athletic Program Negative Fund Balance

UMBC's intercollegiate athletic program deficit began in fiscal 2004 with a change in the athletic conference affiliation. By fiscal 2009, the accumulated negative fund balance for athletics totaled \$1.2 million. To reduce this deficit, UMBC has undertaken several cost cutting and revenue enhancing measures. Through these actions, intercollegiate athletics ended fiscal 2008 with a surplus of \$15,923 and began the first year of a multi-year plan to pay back the deficit. For fiscal 2009, the athletic department exceeded its projected surplus of \$100,000 by \$15,000 and projects a surplus of \$150,000 for fiscal 2010.

Current and Prior Year Budgets

Current and Prior Year Budgets							
University of Maryland Baltimore County							
(\$ in Thousands)							
Fiscal 2009	General Fund	Special Fund	Federal Fund	Other Unrestricted Fund	Total Unrestricted Fund	Restricted Fund	Total
Legislative Appropriation	\$85,503	\$3,280	\$0	\$164,581	\$253,364	\$85,761	\$339,125
Deficiency Appropriation	0	0	0	0	0	0	0
Budget Amendments	2,094	1,774	0	4,727	8,595	427	9,022
Cost Containment	-3,240	0	0	0	-3,240	0	-3,240
Reversions and Cancellations	0	0	0	-5,032	-5,032	-3,304	-8,336
Actual Expenditures	\$84,357	\$5,054	\$0	\$164,276	\$253,687	\$82,884	\$336,571
Fiscal 2010							
Legislative Appropriation	\$86,042	\$0	\$1,998	\$169,361	\$257,401	\$87,140	\$344,541
Cost Containment	-1,613	0	-1,998	-1,578	-5,189	0	-5,189
Budget Amendments	380	3,403	0	-2,475	1,308	1,182	2,490
Working Appropriation	\$84,809	\$3,403	\$0	\$165,308	\$253,520	\$88,322	\$341,842

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

Fiscal 2009

For fiscal 2009, general funds for UMBC declined \$1.1 million through budget amendments. This included a \$2.1 million increase for State employee COLAs and a decrease of \$3.2 million for cost containment resulting in a decrease in expenditures for facility management, equipment purchases, and student services. Special funds, comprised of HEIF used in lieu of general funds, increased \$1.8 million by budget amendment authorized by the General Assembly to offset a general fund reduction. Other unrestricted funds increased by \$4.8 million through budget amendments. Increases included:

- \$3.6 million from auxiliary enterprises from transportation, university commons, athletics, and recreation fees;
- \$0.5 million from miscellaneous revenue;
- \$0.4 million from federal, State and local, and private grants and contracts; and
- \$0.3 million from the sales and services of educational activities related to summer and winter session and noncredit courses.

Restricted funds increased \$0.4 million from private gifts and contracts through a budget amendment.

Cancellations of unrestricted funds totaled \$5 million due to fund balance recaptures and cost cutting measures including a hiring freeze and hiring delays. Cancellations of restricted funds totaled \$3.3 million due to lower than anticipated expenditures for federal contracts and grants.

Fiscal 2010

For fiscal 2010, general funds declined by a total of \$1.2 million through budget amendments and cost containment. This included a decrease of \$1.6 million for cost containment measures and an increase of \$0.4 million from a USM reallocation of general funds among USM institutions. Special funds, or HEIF, increased \$3.4 million through a budget amendment as authorized in the fiscal 2010 budget bill. Federal funds decreased \$2.0 million through cost containment, thereby cancelling the appropriation. Other current unrestricted funds decreased \$4.1 million through a budget amendment and a cost containment measure related to furlough savings. Increases included:

- \$0.7 million from the sales and services of educational activities related to summer and winter sessions and noncredit courses;
- \$0.2 million from indirect cost recovery; and

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- \$0.2 million from tuition and fee revenues related to graduate enrollment.

Decreases included \$1.8 million in miscellaneous revenue due to reduced foundation income, \$1.8 million in the sales and services of auxiliary enterprises, and \$1.6 million in cost containment related to furlough savings.

Audit Findings

Audit Period for Last Audit:	October 1, 2005 – September 30, 2008
Issue Date:	August 2009
Number of Findings:	8
Number of Repeat Findings:	2
% of Repeat Findings:	25%
Rating: (if applicable)	n/a

- Finding 1:*** Cash receipts received at a number of locations were not adequately verified to deposit.
- Finding 2:*** Adequate controls were not established over corporate purchasing cards.
- Finding 3:*** Controls were not adequate over processing of salary adjustments.
- Finding 4:*** **Password and user account controls over certain critical systems were inadequate.**
- Finding 5:*** Security monitoring controls were inadequate.
- Finding 6:*** Access to firewalls and modifications of related access rules were not adequately restricted.
- Finding 7:*** **UMBC’s computer network was not adequately secured.**
- Finding 8:*** Frequent purchases were made from two vendors without obtaining competitive bids or written contract.

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

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

<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	1,848.11	1,850.11	1,850.11	0	0%
02 Contractual	456.23	593.34	572.16	-21.18	-3.6%
Total Positions	2,304.34	2,443.45	2,422.27	-21.18	-0.9%
Objects					
01 Salaries and Wages	\$ 202,099,477	\$ 201,979,322	\$ 207,470,914	\$ 5,491,592	2.7%
02 Technical and Spec. Fees	552,269	350,659	350,659	0	0%
03 Communication	995,339	1,007,567	1,007,501	-66	0%
04 Travel	5,273,574	4,592,616	4,592,616	0	0%
06 Fuel and Utilities	12,554,770	16,317,729	16,754,458	436,729	2.7%
07 Motor Vehicles	549,514	597,050	617,899	20,849	3.5%
08 Contractual Services	28,650,393	34,996,455	36,935,747	1,939,292	5.5%
09 Supplies and Materials	24,282,022	16,522,164	16,726,337	204,173	1.2%
11 Equipment – Additional	4,244,088	6,241,669	6,160,409	-81,260	-1.3%
12 Grants, Subsidies, and Contributions	38,488,531	37,975,830	38,157,805	181,975	0.5%
13 Fixed Charges	18,689,386	18,452,032	19,514,724	1,062,692	5.8%
14 Land and Structures	191,740	2,808,374	2,308,374	-500,000	-17.8%
Total Objects	\$ 336,571,103	\$ 341,841,467	\$ 350,597,443	\$ 8,755,976	2.6%
Funds					
40 Unrestricted Fund	\$ 253,686,978	\$ 253,519,322	\$ 262,015,445	\$ 8,496,123	3.4%
43 Restricted Fund	82,884,125	88,322,145	88,581,998	259,853	0.3%
Total Funds	\$ 336,571,103	\$ 341,841,467	\$ 350,597,443	\$ 8,755,976	2.6%

Note: The fiscal 2010 appropriation does not include deficiencies.

Fiscal Summary
University of Maryland Baltimore County

<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	\$ 92,295,311	\$ 90,587,207	\$ 94,100,368	\$ 3,513,161	3.9%
02 Research	59,338,793	58,721,488	59,136,762	415,274	0.7%
03 Public Service	18,316,146	26,511,471	26,588,978	77,507	0.3%
04 Academic Support	19,547,163	17,885,797	17,921,294	35,497	0.2%
05 Student Services	14,210,646	11,958,014	12,135,769	177,755	1.5%
06 Institutional Support	26,814,528	25,078,867	28,146,893	3,068,026	12.2%
07 Operation And Maintenance of Plant	23,308,879	30,444,475	29,320,738	-1,123,737	-3.7%
08 Auxiliary Enterprises	46,830,771	48,192,651	50,575,096	2,382,445	4.9%
17 Scholarships And Fellowships	35,908,866	32,461,497	32,671,545	210,048	0.6%
Total Expenditures	\$ 336,571,103	\$ 341,841,467	\$ 350,597,443	\$ 8,755,976	2.6%
Unrestricted Fund	\$ 253,686,978	\$ 253,519,322	\$ 262,015,445	\$ 8,496,123	3.4%
Restricted Fund	82,884,125	88,322,145	88,581,998	259,853	0.3%
Total Appropriations	\$ 336,571,103	\$ 341,841,467	\$ 350,597,443	\$ 8,755,976	2.6%

Note: The fiscal 2010 appropriation does not include deficiencies.

**UMBC Full-time Equivalent Personnel by Budget Program
Fiscal 2002, 2009, and 2010**

	<u>Fiscal 2002</u>		<u>Fiscal 2009</u>		<u>Fiscal 2010</u>		<u>Fiscal 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	579	45.4%	721	40.6%	662	38.9%	-6.5%
Research	18	1.4%	256	14.4%	237	13.9%	12.5%
Public Service	6	0.5%	64	3.6%	73	4.3%	3.8%
Academic Support	134	10.5%	129	7.3%	136	8.0%	-2.5%
Student Services	95	7.4%	122	6.9%	130	7.6%	0.2%
Institutional Support	249	19.6%	247	13.9%	241	14.2%	-5.4%
Operations, Maintenance of Plant	86	6.7%	88	5.0%	78	4.6%	-2.2%
Auxiliary Enterprises	108	8.4%	147	8.3%	143	8.4%	0.0%
Total	1,275		1,774		1,700		

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

Source: University of Maryland Baltimore County