

R30B22
University of Maryland, College Park
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	<u>FY 05</u> <u>Actual</u>	<u>FY 06</u> <u>Working</u>	<u>FY 07</u> <u>Allowance</u>	<u>FY 06-07</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$310,282	\$327,533	\$363,975	\$36,442	11.1%
Other Unrestricted Funds	600,657	643,033	677,862	34,828	5.4%
Total Unrestricted Funds	910,939	970,566	1,041,836	71,270	7.3%
Restricted Funds	<u>276,200</u>	<u>284,327</u>	<u>302,082</u>	<u>17,756</u>	<u>6.2%</u>
Total Funds	\$1,187,139	\$1,254,893	\$1,343,919	\$89,026	7.1%

- General funds increase \$36.4 million in the fiscal 2007 allowance, an 11.1% increase over 2006.
- Other unrestricted funds in the allowance grow mostly from a tuition and fee revenue increase of \$17.4 million, or 5.2% over fiscal 2006. Overall, the University of Maryland, College Park's (UMCP) total funds increase \$89 million in the fiscal 2007 allowance, a 7.1% increase over 2006.

Personnel Data

	<u>FY 05</u> <u>Actual</u>	<u>FY 06</u> <u>Working</u>	<u>FY 07</u> <u>Allowance</u>	<u>FY 06-07</u> <u>Change</u>
Regular Positions	7,422.19	7,483.55	7,660.13	176.58
Contractual FTEs	<u>1,489.68</u>	<u>1,310.01</u>	<u>1,312.54</u>	<u>2.53</u>
Total Personnel	8,911.87	8,793.56	8,972.67	179.11

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	344.71	4.50%
Positions Vacant as of 12/31/05	237.00	3.17%

- The fiscal 2007 allowance includes 177 additional regular positions and 3 additional contractual positions, an increase of 2%.

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

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Analysis in Brief

Major Trends

Research and Development Expenditures Fall Short of Objective: A modest increase from fiscal 2004 to 2005 in research and development expenditures fell short of the objective. However, UMCP expects increased funding in fiscal 2007.

Teaching Measures Improve: The number of students completing teacher education training and employed in Maryland public schools has increased from fiscal 2004, yet fell short of the objective for fiscal 2005. This increase occurred after two years of decreases.

Retention Rate Steady; Graduation Rates on the Rise: Retention rates for all students remained steady for the past several years. The retention rate for African American students decreased but is expected to recover by fiscal 2006. Graduation rates improve, closing the gap between all students and African American students from 16.1 percentage points in fiscal 2004 to 8.8 percentage points in 2005.

Issues

Faculty Workload Below Average: The University System of Maryland (USM) Board of Regents adopted a policy that requires the faculty workload of each institution to reach the midpoint of the workload range by fiscal 2006. UMCP's faculty workload remained steady in fiscal 2005 but is below the midpoint.

Affordability Remains in Spotlight: Tuition and fee increases at UMCP exceed the USM average increase in fiscal 2007. UMCP's need-based institutional aid increases in fiscal 2007.

Personnel Studies Continue: The USM workforce as a whole is slightly less than the level it was before recent cost containment. At UMCP the workforce is also smaller. Instructional personnel – who fulfill the institution's core mission – account for a smaller share of total personnel than they did in fiscal 2002.

Teacher Accreditation Conditional Status: UMCP's teacher education program was placed on conditional status by the National Council of Accreditation of Teacher Education (NCATE). UMCP has developed two task forces to address this. NCATE will return no later than fall 2007 to reassess the program.

Joint School of Public Health Proposed: A joint School of Public Health between UMCP and University of Maryland, Baltimore (UMB) has been proposed. The school would be a combination of existing programs at UMCP and UMB. There is a three phase plan starting in 2006 and continuing through 2010.

Recommended Actions

1. Adopt narrative requesting report on the status of the teacher education program accreditation.

Updates

Efficiency Initiative in First Year: As part of the efficiency initiative, USM is expecting to save \$18.7 million in fiscal 2007. UMCP's share of the savings is \$7 million for fiscal 2007. UMCP is expecting to serve 137 additional students at no additional cost to the State in fiscal 2007.

R30B22 – USM – University of Maryland, College Park

R30B22
University of Maryland, College Park
University System of Maryland

Operating Budget Analysis

Program Description

The University of Maryland, College Park (UMCP) is the flagship institution of the University System of Maryland (USM). UMCP aspires to be one of the nation's preeminent public research universities with nationally and internationally recognized programs and faculty. As the largest public research university and the original land grant institution in Maryland, UMCP has responsibility for serving as the State's primary center for graduate study and research and extending service to all regions of the State.

The university admits to its undergraduate programs highly qualified students from all parts of Maryland, other states, and the world. It recruits graduate students both nationally and internationally. It aspires to provide students with an enriched educational experience that takes full advantage of the special strengths of a diverse research university that promotes retention and graduation.

The federal government is a primary source of support for sponsored research, namely through the National Science Foundation; the National Aeronautics and Space Administration; and the U.S. Departments of Defense, Energy, and Health and Human Services. In addition to federal support, the institution hopes to achieve a network of support among alumni and constituents.

Academic programs include baccalaureate, master's, and doctoral degrees in the liberal arts and sciences, social sciences, the arts, applied areas, and selected professional fields. The university offers certificates in certain upper-level and graduate courses of study and provides university honors, scholars, and departmental honors programs. Priority academic programs include the core arts and sciences, biosciences, engineering, business, journalism, environmental sciences, public policy, and international affairs.

UMCP also aims to promote economic development in Maryland and to prepare graduates to be productive members of the labor force, especially in areas of critical need.

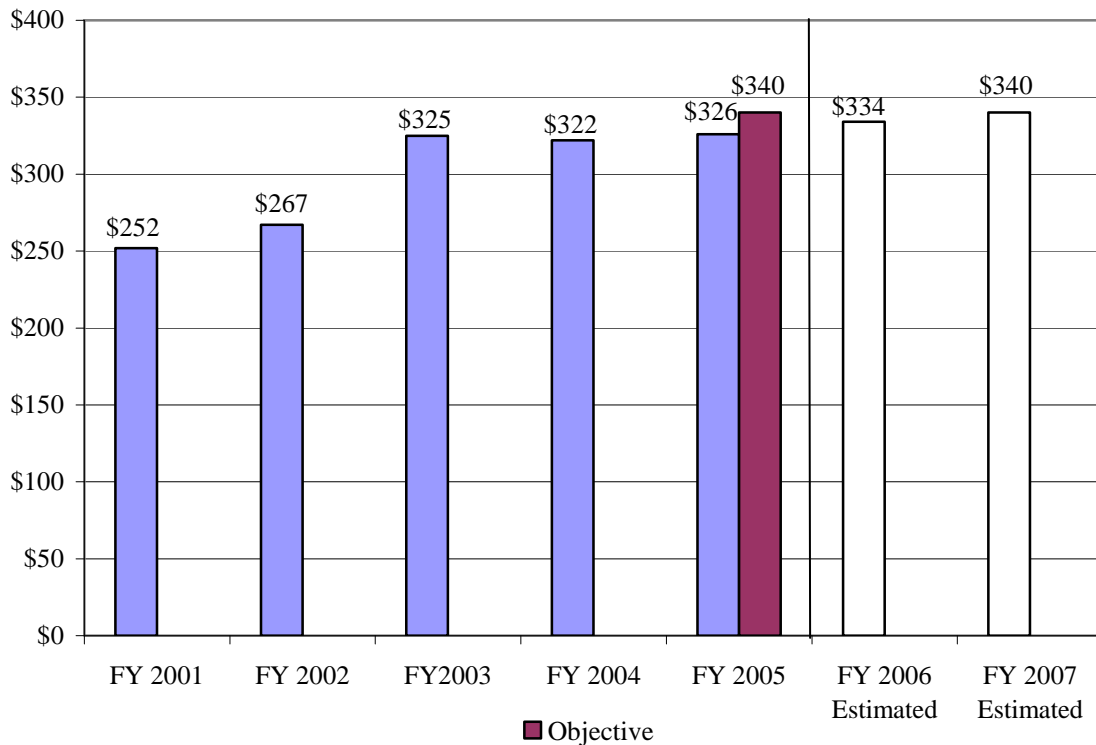
Performance Analysis: Managing for Results

UMCP's first goal is to provide Maryland with a public research university whose programs and faculty are nationally and internationally recognized for excellence. National ranking is one way the university measures this goal. Specifically, UMCP surpassed its fiscal 2005 objective to have 45 graduate colleges, programs, or specialty areas ranked nationally in the top 15 – the actual number was 49. However, the university fell short of its objective to have 53 faculty receive prestigious awards and recognition. The number was 51 in fiscal 2004 but fell to 41 in 2005. UMCP reports this primarily reflects a nationwide decrease in the number of National Science Foundation awards that affected many institutions in other states as well.

Research and Development Expenditures Fall Short of Objective

Research and development efforts also are used by UMCP to reflect their eminence. In fiscal 2005, total research and development expenditures, as reported by the National Science Foundation, were \$326 million, as shown in **Exhibit 1**. This amount is above the fiscal 2004 level of \$322 million but fell short of the \$340 million objective. Overall, UMCP has the objective of reaching \$361 million in research and development expenditures by fiscal 2009. Despite the modest increase over the past couple of years, UMCP expects expenditures to increase in the future due to new initiatives that are underway to increase National Institutes of Health and industry funding. Also, the university reports that significantly increased federal funding is expected during fiscal 2007 for the Center for Advanced Study of Language. **The President should comment on UMCP’s efforts to increase research funding.**

Exhibit 1
University of Maryland, College Park Research and Development Expenditures
Fiscal 2001 – 2007
(\$ in Millions)

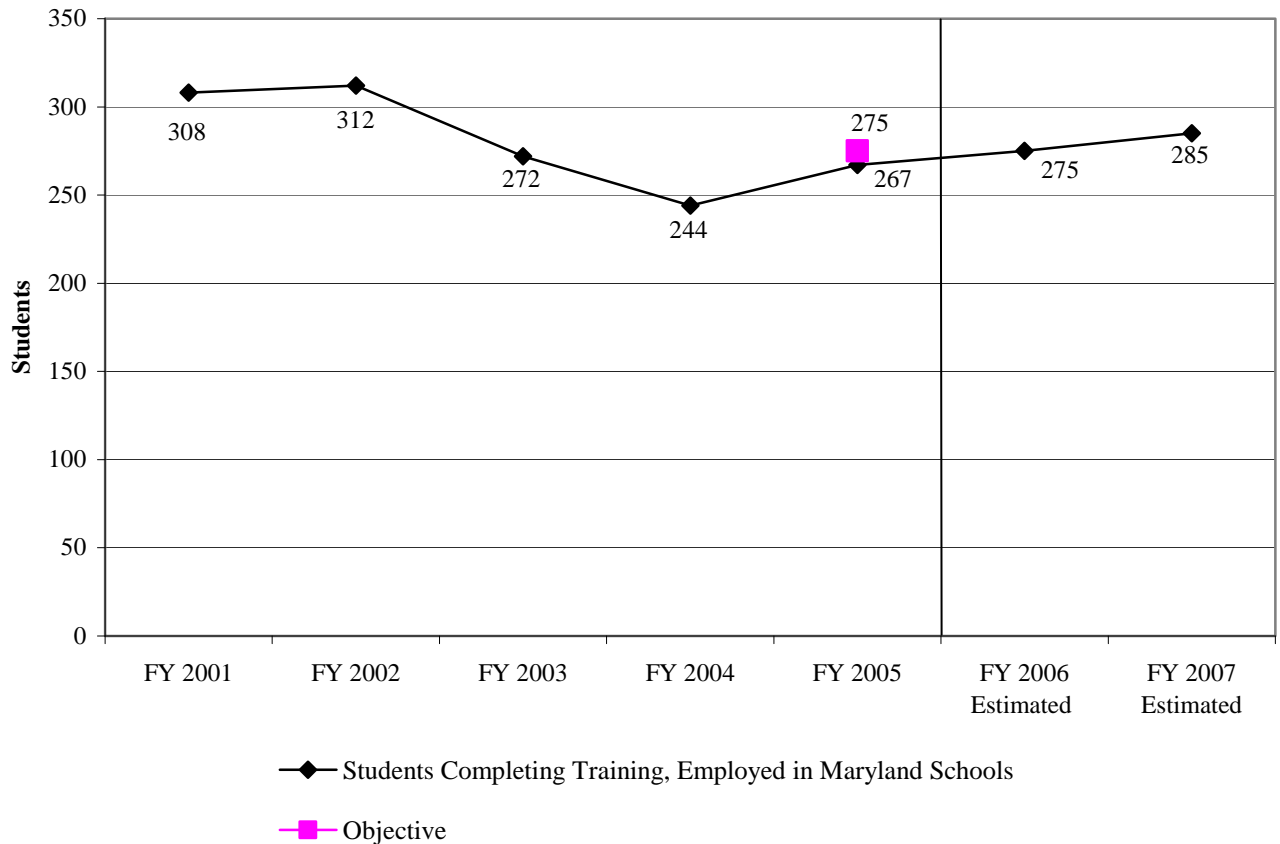


Source: Maryland State Budget Books

Teacher Employment in Maryland Increases

UMCP also has a goal to prepare graduates to contribute to the economic development of Maryland, particularly in the field of teaching. UMCP has modified its measurement of this goal. They now only provide data on the number of students completing training and employed in Maryland. As shown in **Exhibit 2**, the number of UMCP students who completed teacher education requirements and are employed in Maryland public schools decreased from 312 in fiscal 2002 to 244 in 2004. In fiscal 2005, 267 graduates are employed in Maryland public schools, falling short of the objective of 275. The trend is predicted to moderately increase through at least fiscal 2007.

Exhibit 2
Students Completing Teacher Training and Employed in
Maryland Public Schools
Fiscal 2001 – 2007



Source: Maryland State Budget Books

UMCP reports that it recently redesigned teacher programs to increase the number of students enrolled. Changes include offering multiple options for achieving certification and accommodating students interested in inter-disciplinary programs. Another example is recruiting scientists who have decided to enter the teaching profession. UMCP reports that it expects that as more students take advantage of these multiple pathways to certification that the number of students graduating from and becoming employed in Maryland schools will increase. The teacher education program at UMCP has recently been placed on conditional status by the National Council of Accreditation of Teacher Education (NCATE). This will be discussed in Issue 4 of this analysis.

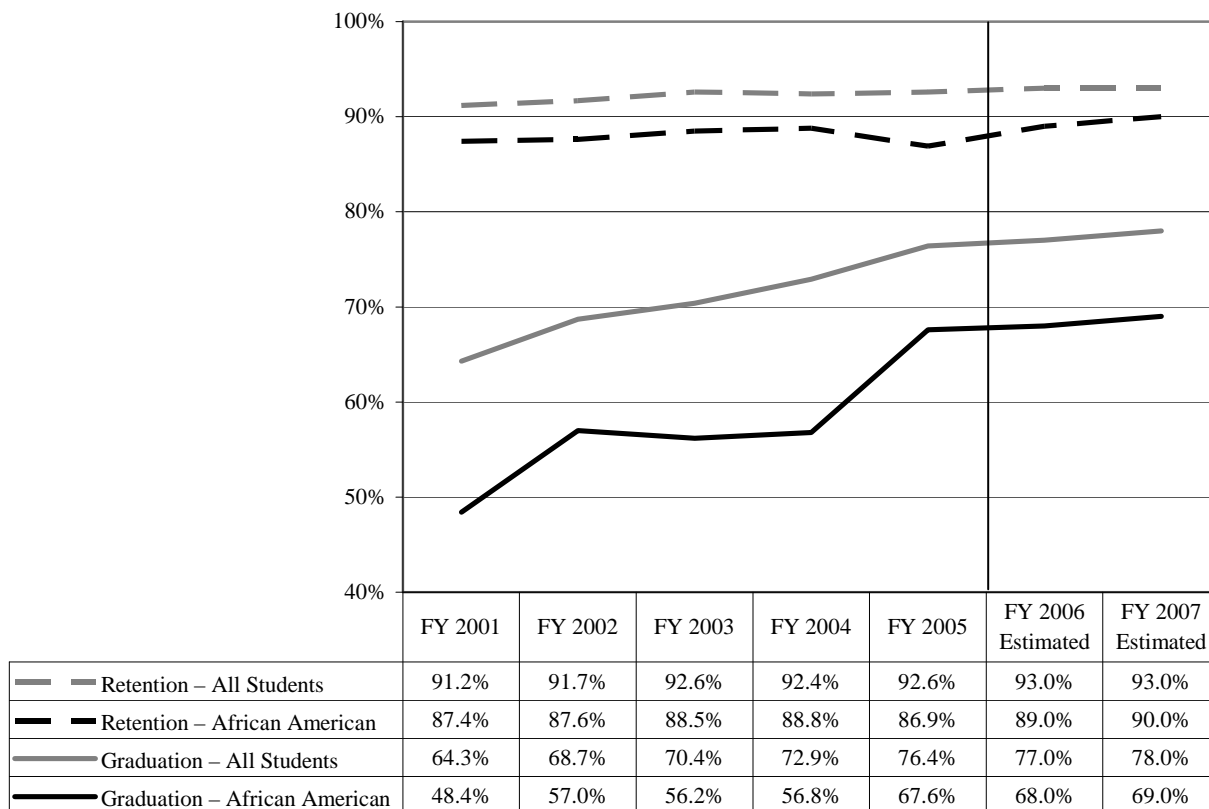
Retention Rate Steady and Graduation Rates on the Rise

Another goal of UMCP is to provide an enriched educational experience that takes full advantage of the strengths of a diverse research university. Minority achievement measures are one way that UMCP measures progress towards this goal.

In terms of enrollment, the percentage of minority undergraduate students enrolled at UMCP is holding steady at 32%. African American students make up 12.5% of the undergraduate student body at UMCP as compared to 25% systemwide. However, African American students make up 6% of the undergraduate student body at the peer institutions of UMCP.

The retention rates of all students and African American students at UMCP in fiscal 2005 were 92.6% and 86.9%, respectively as shown in **Exhibit 3**. The retention rate for all undergraduate students at UMCP increased slightly from 92.4% in fiscal 2004 to 92.6% in 2005, reaching the objective. The retention rate of African American students fell from 88.8% in fiscal 2004 to 86.9% in 2005. Since the African American student retention rate is generally stable at 88%, UMCP expects this measurement to increase next year. The gap between all students and African American students in retention rate increased from 3.6 percentage points in 2004 to 5.7 percentage points in 2005.

**Exhibit 3
Graduation and Retention Rates, All Students and African American Students
Fiscal 2001 – 2007**



Source: Maryland State Budget Books

The six-year graduation rates at UMCP in fiscal 2005 were 76.4% for all students and 67.6% for African American students. The graduation rate for all undergraduate students continues to rise. It increased from 72.9% in fiscal 2004 to 76.4% in 2005, which exceeded the objective of 75.9%. The graduation rate for African American students rose sharply from 56.8% in fiscal 2004 to 67.6% in 2005, which exceeded the objective of 61%. The gap between graduation rates of all students and African American students decreased from 16.1 percentage points in fiscal 2004 to 8.8 percentage points in 2005.

UMCP attributes the improvement in the graduation rate of all students to several initiatives that have evolved from two task forces that were started in 2000. Specifically, there are four-year plans established for all students, discipline specific benchmarks set for students, computer software that is used to measure progress, mandatory advising, and multiple options for students who are not making progress. Programs that are specifically designed to meet minority student needs include the Office of Multi-Ethnic Student Education, the Academic Achievement Program, and the Center for Minorities in Science and Engineering. UMCP also has programs to support faculty awareness of classroom climate and equity.

Fundraising Continues to Receive Attention

UMCP also tracks fundraising measures. Annual giving for fiscal 2005 from all sources totaled \$122 million, reflecting a sharp increase from 2004 when \$86 million was received and exceeding the 2005 objective of \$95 million. UMCP began a fundraising campaign in fiscal 2005 to raise \$800 million over seven years. To accomplish this, they have recruited volunteers and professionalized staff. In fiscal 2005 the number of gift commitments of \$50,000 or more increased from 195 in fiscal 2004 to 230. There was also an increase in gift commitments of \$1 million or more during that same time period. The increased annual giving was used primarily for scholarships, the business and engineering schools, and the performing arts center.

Fiscal 2006 Actions

Proposed Deficiency

A deficiency has been proposed for fiscal 2006 for the Small Business Development Centers in the amount of \$250,000. This amount is proposed for the Maryland Higher Education Commission (MHEC) budget. However, these funds would be passed through to UMCP, which operates the program. Legislation passed during the 2005 legislative session encouraged the Governor to appropriate an additional \$250,000 for fiscal 2006 to the Small Business Development Center. The fiscal 2007 allowance provides \$750,026 for the center.

Governor's Proposed Budget

The general fund allowance for fiscal 2007 is \$36.4 million above the fiscal 2006 level, an increase of 11.1%, as shown in **Exhibit 4**. UMCP reports that it intends to use the additional general funds for mandatory cost increases (\$27 million) and programmatic enhancements (\$9.4 million). Some of the enhancements include need-based financial aid, facility renewal, and the Schools of Public Health and Public Policy and the Department of Bioengineering. UMCP has allocated \$2 million of these enhancement funds to the proposed joint School of Public Health.

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

	FY 05 <u>Actual</u>	FY 06 <u>Working</u>	FY 07 <u>Allowance</u>	FY 06-07 <u>Change</u>	% Change <u>Prior Year</u>
General Funds	\$310,282	\$327,533	\$363,975	\$36,442	11.1%
Other Unrestricted Funds	600,657	643,033	677,862	34,828	5.4%
Total Unrestricted Funds	910,939	970,566	1,041,836	71,270	7.3%
Restricted Funds	276,200	284,327	302,082	17,756	6.2%
Total Funds	\$1,187,139	\$1,254,893	\$1,343,919	\$89,026	7.1%

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

UMCP will also receive a \$0.5 million grant through MHEC's budget for the Academy of Leadership Program. This would be the second year of funding for the program and would bring the total funds to \$1 million. **The President should discuss why funds for the program are needed in addition to the UMCP's budget.**

Other unrestricted funds in the allowance grow mostly from a tuition and fee revenue increase of \$17.4 million, or 5.2% over fiscal 2006. Altogether, total unrestricted funds increase \$71.3 million. Considering all funds, the UMCP budget increases 7.1%.

Budget changes in the allowance by program are shown in **Exhibit 5**. This exhibit considers only unrestricted funds, of which general funds and tuition and fees are the majority. In the fiscal 2007 allowance, operation and maintenance of plant have the highest growth rate (16.5%). Scholarships and fellowships have the next highest rate of growth (9.9%). Instruction has the fifth highest growth rate (5.9%) but the second largest dollar increase (\$17.6 million) after operation and maintenance of plant (\$20 million).

Exhibit 5
UMCP Budget Changes for Unrestricted Funds by Program
Fiscal 2002, 2006, and 2007
(\$ in Thousands)

	FY 2002 <u>Actual</u>	FY 2006 <u>Working</u>	02 – 06 <u>% Change</u>	FY 2007 <u>Allowance</u>	06 – 07 <u>\$ Change</u>	06 – 07 <u>% Change</u>
Expenditures						
Instruction	\$255,368	\$299,197	17.2%	\$316,751	\$17,554	5.9%
Research	68,882	74,978	8.9%	80,002	5,024	6.7%
Public Service	25,032	25,367	1.3%	26,374	1,007	4.0%
Academic Support	90,801	99,854	10.0%	102,116	2,262	2.3%
Student Services	26,505	28,976	9.3%	29,869	893	3.1%
Institutional Support	85,573	83,208	-2.8%	87,316	4,108	4.9%
Operation and Maintenance of Plant	92,520	121,191	31.0%	141,145	19,954	16.5%
Scholarships and Fellowships	38,742	59,790	54.3%	65,706	5,916	9.9%
Education and General Total	\$683,423	\$792,561	16.0%	\$849,279	\$56,718	7.2%
Auxiliary Enterprises	\$150,200	\$178,005	18.5%	\$192,558	\$14,553	8.2%
Grand Total	\$833,622	\$970,566	16.4%	\$1,041,837	\$71,271	7.3%
Revenues						
Tuition and Fees	\$224,464	\$332,729	48.2%	\$350,110	\$17,381	5.2%
General Funds	359,339	327,533	-8.9%	363,975	36,442	11.1%
Other Unrestricted Funds	100,190	136,299	36.0%	139,435	3,135	2.3%
Subtotal	\$683,993	\$796,561	16.5%	\$853,520	\$56,958	7.2%
Auxiliary Enterprises	\$145,127	\$178,005	22.7%	\$192,317	\$14,312	8.0%
Transfer (to)/from Fund Balance	4,503	-4,000	-188.8%	-4,000	0	0.0%
Grand Total	\$833,622	\$970,566	16.4%	\$1,041,836	\$71,270	7.3%

Note: Unrestricted funds only. All programs.

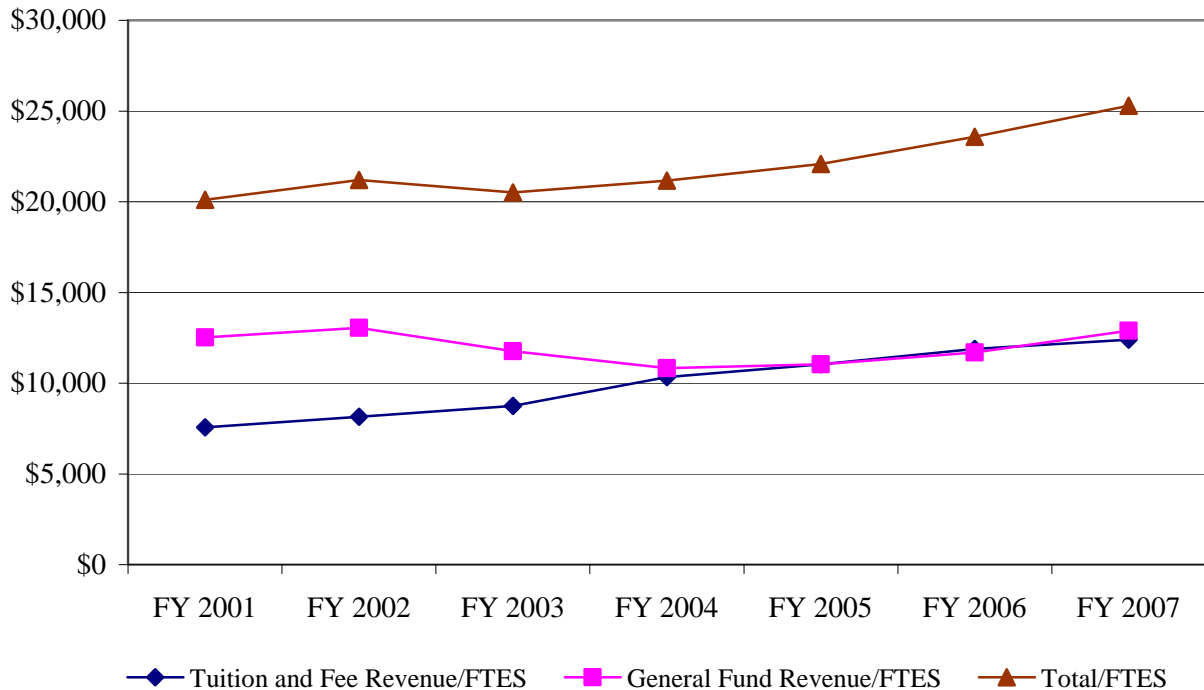
Source: Maryland State Budget Books

Expenditures by program in the allowance differ from the pattern since fiscal 2002. From fiscal 2002 to 2006, scholarships and fellowships increased at the highest rate, followed by operation and maintenance of plant. Instruction had the third highest growth rate. **The President should comment on how UMCP intends to spend the additional general funds and on the increases in unrestricted funds by program.**

Tuition and Fees and General Fund Revenues

Exhibit 6 shows tuition and fees and general fund revenues per full-time equivalent student (FTES) between fiscal 2001 and 2007. At UMCP general fund revenue per FTES provided the majority of the total revenue per FTES from fiscal 2001 through 2004. In fiscal 2005, tuition and fee revenue and general fund revenue per FTES was nearly equal due to tuition and fee revenue increases. In fiscal 2007, general fund revenue per FTES will be slightly higher than tuition and fee revenue per FTES. Overall, tuition and fee revenue per FTES increases 64% from fiscal 2001 to 2007. General fund revenue per FTES increases 3% during the same time period. The fiscal 2007 allowance provides a total of \$25,285 per FTES.

Exhibit 6
Tuition and Fee and General Fund Revenues Per Full-time Equivalent Student
Fiscal 2001 – 2007



Source: Maryland State Budget Books

Enrollment Growth Planned for UMCP

USM is estimating that enrollment at UMCP will grow by 250 students in fiscal 2007. This estimate does not include the additional 137 students that can be accommodated due to the efficiency initiative discussed in Update 1. USM has allocated \$2.4 million in general funds to UMCP for fiscal 2007 based on the additional 250 students. Accommodating additional students may require additional classroom and research lab space. The Department of Legislative Services (DLS) has analyzed the existing classroom space and research lab space and whether this will meet the needs of the campus given current enrollment levels. In fiscal 2005, UMCP's classroom space was 77.6% of the needed classroom space for enrollment levels in fiscal 2005. This equates to a shortage in classroom space of 3 square feet per FTES. In fiscal 2005, UMCP's research lab space was 48.3% of the needed space for enrollment levels in fiscal 2005. This equates to a shortage of 27 square feet of research lab space per FTES. **The President should comment on how UMCP will accommodate the enrollment growth from the perspective of classroom and research lab space and other necessary building space including dormitories, dining services, and parking facilities.**

Issues

1. Faculty Workload Below Average

USM began an effectiveness and efficiency initiative in fiscal 2006 that will continue through 2008. Most of the academic fiscal effects of USM's efficiency initiative will be realized through increases in faculty workload. The Board of Regents requires research institution's faculty workload to reach the midrange of the target of 5 – 6 course units per full-time tenured/tenure track faculty, or 5.5 course units, by fiscal 2006. College Park has generally performed equal to the USM average faculty workload for research institutions. However, in fiscal 2005, College Park faculty averaged 5.1 course units while the USM average for research institutions was 5.3 course units, as shown in **Exhibit 7**.

Exhibit 7
Course Units Taught by FTE Tenured and Tenure-track Faculty
Fiscal 2001 – 2005

	<u>2000 – 2001</u> <u>Courses/FTEF</u>	<u>2001 – 2002</u> <u>Courses/FTEF</u>	<u>2002 – 2003</u> <u>Courses/FTEF</u>	<u>2003 – 2004</u> <u>Courses/FTEF</u>	<u>2004 – 2005</u> <u>Courses/FTEF</u>
UMCP	4.9	5.0	5.0	5.1	5.1
All USM Research Institutions	5.0	5.0	5.0	5.1	5.3

Notes: UMCP data are for State-supported FTEs only. Tenured and tenure-track faculty include sabbaticals and exclude department chairs. The Board of Regents standard for instructional workload at research institutions is 5-6 course units annually.

FTEF = Full-time equivalent faculty

Source: University System of Maryland

The President should comment on the steps UMCP will take to reach the required workload.

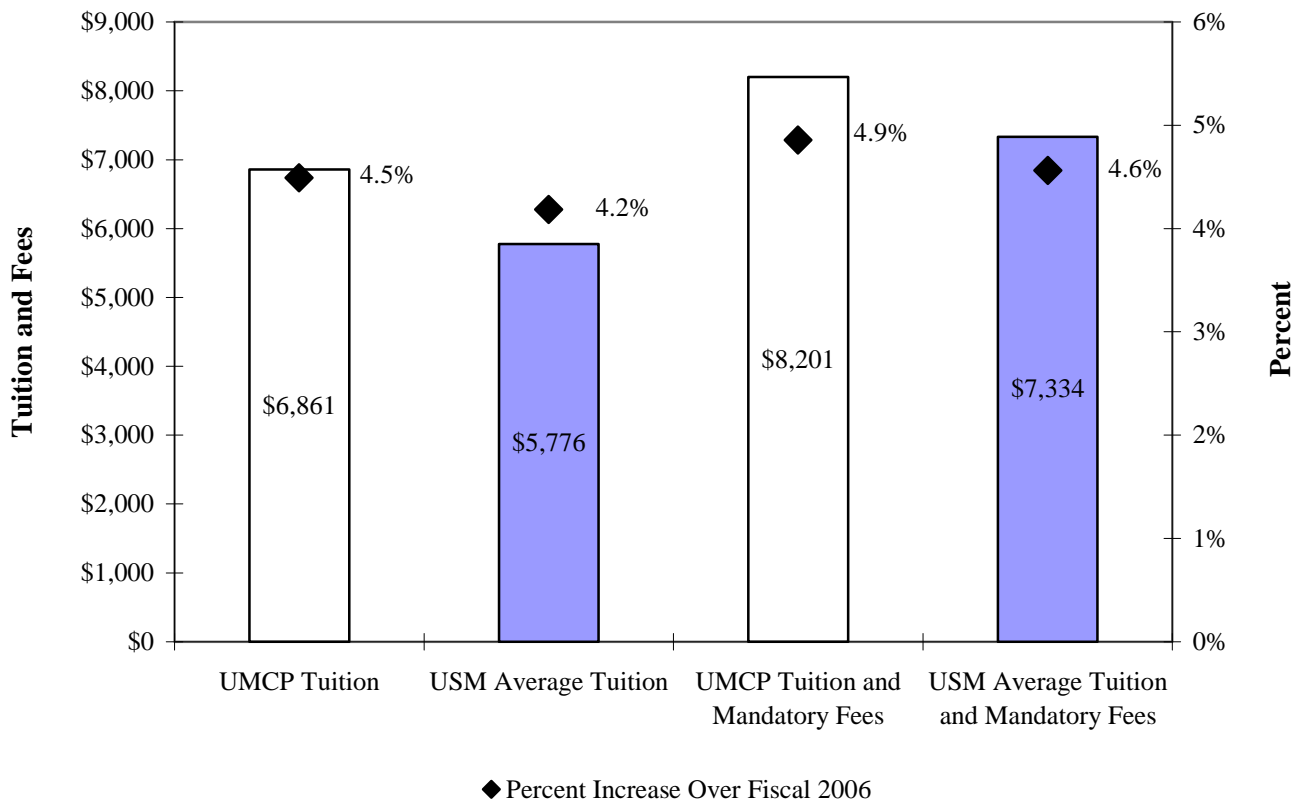
2. Affordability Remains in Spotlight

Affordability continues to be a concern for Maryland public higher education. *Measuring Up 2004*, produced by the National Center for Public Policy and Higher Education, rated Maryland an F in affordability. The report measures whether students and families can afford to pay for a postsecondary education given income levels, financial aid, and the types of colleges and universities in the State. An updated report is expected to be issued in 2006.

Tuition and Fee Increases

A factor that directly affects affordability is tuition and fee rates. For fiscal 2007, the USM weighted average resident undergraduate tuition rate increases 4.2%, as shown in **Exhibit 8**. By comparison, UMCP’s tuition rate increases 4.5%. Considering tuition together with mandatory fees, the USM weighted average increases 4.6%. UMCP’s tuition and mandatory fees increase 4.9%.

Exhibit 8
Tuition and Mandatory Fees for Resident Undergraduates
Fiscal 2007



Note: USM averages are weighted.

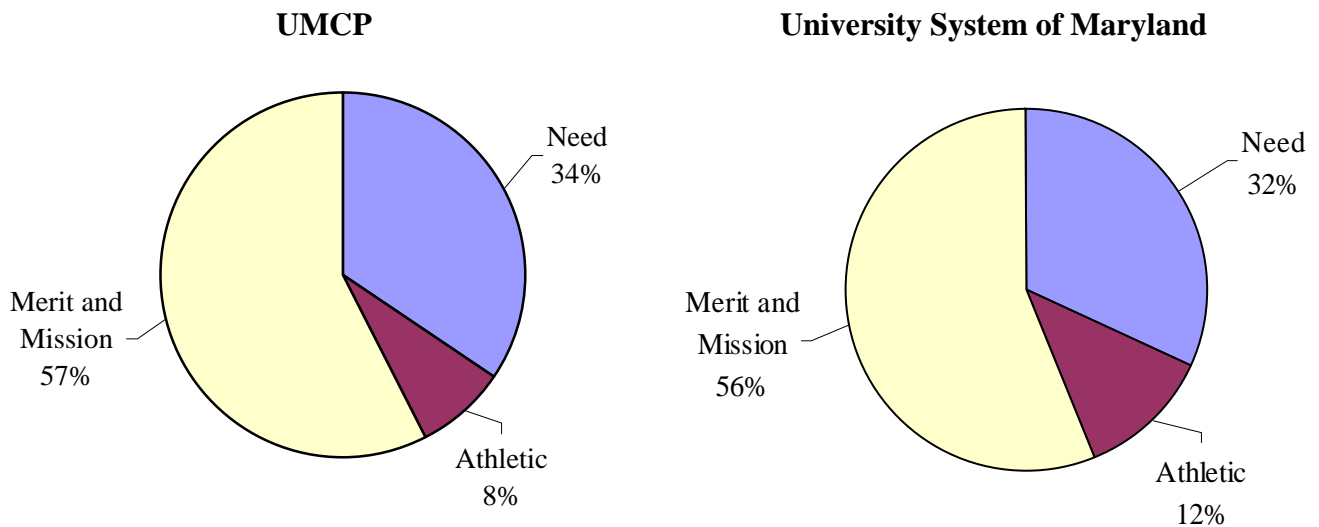
Source: University System of Maryland; Department of Legislative Services

Institutional Aid Focuses on Need

Another factor that affects affordability is financial aid. Categories of financial aid include need, athletic, merit, and mission. Data on funding amounts is available only in categories of need, athletic, and combined merit and mission. In summer 2004, the USM Chancellor convened a task force on financial aid, which found that much more aid should be directed to the need-based category.

In fiscal 2006 most institutional aid at UMCP falls into the merit and mission category (57%), and 34% goes to need-based aid, as shown in **Exhibit 9**. UMCP’s merit and mission category is more than the systemwide level of aid (56%). The proportion of need-based aid at UMCP is higher than USM as a whole, which is 32%. Athletic aid at UMCP is 8%, which is lower than USM as a whole (12%). Institutional aid is one kind of aid students receive and may be accompanied by State and federal aid.

Exhibit 9
Institutional Financial Aid
Fiscal 2006

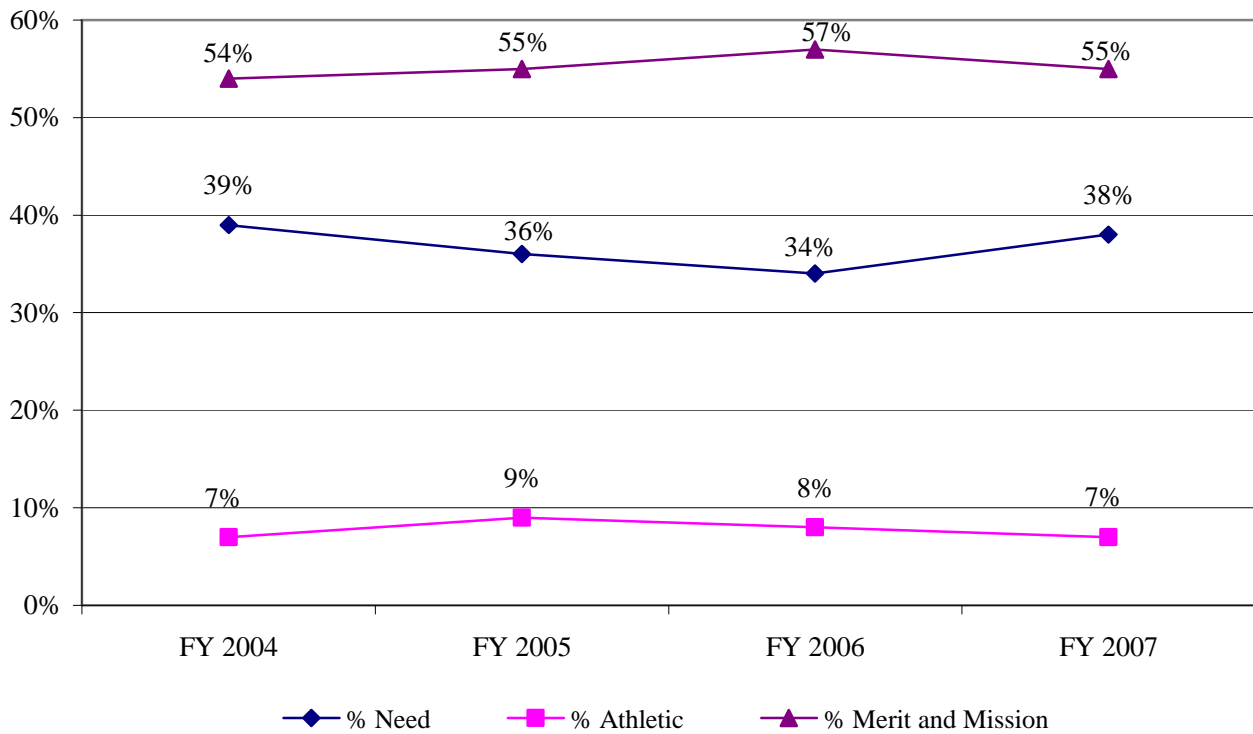


	<u>Need</u>	<u>Athletic</u>	<u>Merit and Mission</u>
UMCP	\$9,010,000	\$2,160,000	\$15,000,000
USM Total	\$24,228,689	\$9,317,807	\$42,873,813

Source: University System of Maryland

The proportion of need-based aid to all institutional aid at UMCP declined from 39% in fiscal 2004 to 34% in fiscal 2006, as shown in **Exhibit 10**. Fiscal 2007 need-based aid is budgeted to increase to 38%, almost back to fiscal 2004 levels. This reflects an anticipated increase in need-based aid from \$8.9 million in fiscal 2004 to \$11.3 million in fiscal 2007. Athletic aid increased from fiscal 2004 to 2005 but is expected to decrease to 7% in fiscal 2007. Athletic aid was \$1.6 million in fiscal 2004 and is anticipated to be \$2.2 million in fiscal 2007. The proportion of merit and mission aid has remained fairly stable. However, in terms of actual spending, this type of aid increased from \$12.3 million in fiscal 2004 to an anticipated \$16.2 million in fiscal 2007. The percent share of need-based aid awarded to UMCP students increases 12% from fiscal 2006 to 2007. Comparatively, UMCP’s tuition increases 4.5% during the same time period. The increase in need-based aid is consistent with the Chancellor’s recommendation to direct more aid to the need-based category.

**Exhibit 10
UMCP Institutional Aid Types
Fiscal 2004 – 2007**



Source: University System of Maryland

3. Personnel Studies Continue

In fiscal 2006, the USM workforce as a whole is slightly less than the level it was before recent cost containment measures. At UMCP the workforce is also less than it was before cost containment measures. In fiscal 2002, UMCP’s regular and contractual positions totaled 9,551, and in 2006 the total is 8,794. This includes filled and unfilled positions. The fiscal 2007 allowance, however, would bring the number of total positions at UMCP to 8,973 positions by adding 176.58 new regular positions and 2.53 contractual positions. There are 85 new State-supported positions in instruction. The non-state-supported positions include 23 in research and 68 in auxiliary. As shown in **Exhibit 11**, 106 of these new positions are classified as faculty, 22 are exempt personnel, and 48 are non-exempt. Exempt personnel generally are higher paid administrators and managers and are exempt from overtime pay.

Exhibit 11
New Positions by Classification
Fiscal 2007

	<u>FY 2007</u>
Faculty	106.31
Exempt Staff	22.00
Non-Exempt Staff	48.27
Total New Positions	176.58

Source: University System of Maryland

UMCP is carrying more vacancies than called for in the fiscal 2006 budget. The fiscal 2006 budget calls for a vacancy rate of 2.34%, or 175 positions, but UMCP had 237 vacancies as of December 2005. The fiscal 2007 budget calls for a vacancy rate, excluding new positions, of 4.5%, or 345 positions.

The composition of UMCP's personnel has changed somewhat since fiscal 2002, as shown in **Exhibit 12** (the data in this exhibit are for filled regular positions only). Instructional personnel – who fulfill the institution's core mission – account for less of a share of total personnel than in fiscal 2002. Instructional personnel include faculty as well as faculty support staff. For USM as a whole, instructional personnel's share of the total declined slightly from fiscal 2002 to 2006. Furthermore, UMCP's proportion of instructional personnel (30.3%) is smaller than the USM average (32.7%) in fiscal 2006. The total number of filled regular positions at UMCP has increased from 7,083 in fiscal 2002 to 7,155 in fiscal 2006.

Exhibit 12
UMCP Full-time Equivalent Personnel by Budget Program
Filled Positions Only
Fiscal 2002, 2005, and 2006

	<u>FY 2002</u>		<u>FY 2005</u>		<u>FY 2006</u>		Change in Share of Total 02 – 06
	<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	2,226	31.4%	2,113	30.9%	2,168	30.3%	-1.1
Research	1,265	17.9%	1,384	20.2%	1,446	20.2%	2.4
Public Service	482	6.8%	417	6.1%	429	6.0%	-0.8
Academic Support	741	10.5%	645	9.4%	727	10.2%	-0.3
Student Services	304	4.3%	269	3.9%	281	3.9%	-0.4
Institutional Support	672	9.5%	616	9.0%	645	9.0%	-0.5
Operations, Maintenance of Plant	707	10.0%	686	10.0%	693	9.7%	-0.3
Auxiliary Enterprises	686	9.7%	711	10.4%	766	10.7%	1.0
Total	7,083	100.0%	6,841	100.0%	7,155	100.0%	

Notes: 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

DLS also reviewed personnel by faculty, exempt, and non-exempt categories. Although UMCP's overall instructional personnel proportion is below the USM average, it is above the USM average when considering faculty alone. At UMCP, filled regular faculty positions account for 41.6% of the fiscal 2006 total as compared to the USM average of 38.7%. Exempt personnel make up 30.9% of staff at UMCP, which is lower than the USM average of 33.3%. Non-exempt personnel make up 27.4% of the total at UMCP, which is also lower than the USM average of 28.1%.

4. Teacher Accreditation Conditional Status

The teacher education program at UMCP is evaluated by NCATE, an accreditation body. In December 2005, the Maryland State Department of Education issued a letter indicating that NCATE had placed a conditional status on UMCP's accreditation. The conditional status resulted from weaknesses in UMCP's assessment system and the aggregation of data that is then used to improve UMCP's 19 accredited teacher education programs. The conditional status does not relate to the curriculum, teacher preparation, or the program itself.

UMCP has formed two groups of administrators and faculty to address and correct the conditional status. One group, the Logistical Assessment Team, will review the progress of the NCATE assessment operations. Another group, the College of Education Assessment Committee, will review plans and data providing feedback about the progress.

NCATE is scheduled for a site visit to reassess the situation no later than fall 2007, but the possibility exists that UMCP will request NCATE to visit in fall 2006. This will depend on the outcome of a mock site visit that is scheduled for summer 2006. If UMCP is confident that they have met the standards during the mock site visit, they will request an earlier visit from NCATE.

UMCP does not yet know if the conditional status will affect enrollment in teacher education programs, but it does not expect a significant impact. **The President should comment on the progress of the two task forces that were formed to address the conditional status and what UMCP is doing to ensure a return to full accreditation status.**

5. Joint School of Public Health Proposed

A joint School of Public Health between UMCP and University of Maryland, Baltimore (UMB) has been proposed by USM. The goal of the new school would be to combine the clinical strengths of UMB and UMCP's strengths in the behavioral and social sciences aspect of public health. UMCP currently has a graduate public health program in the College of Health and Human Performance, which has been accredited for more than five years. It has been proposed that the College would be restructured to form the School of Public Health and will be supported by existing infrastructure. The public health program at UMB is currently in the Department of Epidemiology and Preventive Medicine in UMB's School of Medicine and offers a master's and doctoral degree.

USM reports that a School of Public Health will be eligible for additional research grants and funding. Additionally, recruiting highly qualified faculty would become easier if a School of Public Health is established.

Creation of the proposed joint School of Public Health has been divided into three phases that last through 2010. The first phase, scheduled to occur from 2006 to 2007, is to create individual schools of public health at each campus. The accreditation body has recommended that each institution should achieve accreditation individually and then move toward a combined structure. Also in the first phase, administrative agreements between UMCP and UMB will be completed to allow students to easily transfer credits and tuition dollars between the two institutions starting fall 2006. A joint campus work group will be established to plan an Intercampus Academic Council in Public Health (IACPC). The council will provide joint oversight of the two institutions. The work group for IACPC will provide recommendations by spring 2007.

The second phase is scheduled to begin in 2007 and last through 2009. Once the institution's individual accreditation is established, the accreditation body has indicated that there would be no objection to establishing a higher level of collaboration between the two campuses provided that the IACPC provides joint oversight to the courses, specializations, degree programs, student affairs, and

admissions. USM expects that the IACPC will begin its governance during academic year 2008-2009. Students will be admitted to the University of Maryland School of Public Health, which will have a single admissions office. Students will be able to take courses at either campus.

Phase three is scheduled to occur from 2009 through 2010. During phase three the practicality, benefit, and economics of eliminating the individual campus affiliations of the two schools will be evaluated. They will also evaluate whether a single school, a single dean, a single budget and common policies and procedures should be created. This will be done in the context of the accreditation regulations in place at that time.

The President should comment on the necessity of creating a combined School of Public Health and what fiscal impact this will have on the State.

Recommended Actions

1. Adopt the following narrative:

Accreditation Status Report: The committees request that the University of Maryland, College Park (UMCP) report on the status of the accreditation of the teacher education program. The program was placed on conditional status by the National Council of Accreditation of Teacher Education (NCATE) in fall 2005. The report shall address the progress of UMCP in preparing for NCATE’s reevaluation of the program. The report shall also address whether the mock visit was conducted, what the results were, and whether an early reevaluation by NCATE will be requested. If NCATE reevaluates UMCP in fall 2006, then the committees request a report on the findings of NCATE.

Information Request	Author	Due Date
Report on the accreditation status	UMCP	September 1, 2006
Report on NCATE findings	UMCP	December 1, 2006

Updates

1. Efficiency Initiative in First Year

In October 2004, USM unveiled its efficiency and effectiveness plan. The system will pursue more than a dozen initiatives beginning in fiscal 2006 and continuing through fiscal 2008. USM estimates that the fiscal 2007 savings will be \$18.7 million. These savings are built into the 2007 allowance, meaning estimates of current services cost increases would be \$18.7 million higher without the efficiency savings.

As shown in **Exhibit 13**, UMCP's share of the savings is estimated at \$7.0 million in fiscal 2007. To achieve these savings, UMCP will continue advance purchasing of utilities or production of electricity, participating in aggregate energy purchasing with USM, and installing energy efficient lighting fixtures.

Exhibit 13
UMCP's Expected Efficiency Savings
Fiscal 2006 – 2007

	<u>FY 2006</u>	<u>FY 2007</u>
UMCP	\$6,451,048	\$6,994,483

Note: The expected savings represent 1% of the State-supported funds.

Source: University System of Maryland

Initiatives Estimated to Support 410 Added Students through 2008 at No Additional Cost to State

One measure of the fiscal effects of the efficiency initiatives is the number of additional full-time equivalent students (FTES) that each institution can serve with existing resources. This is in addition to increased enrollment supported with funds in the fiscal 2007 allowance. There are many ways to achieve these savings. One is by increasing summer and winter term enrollment, which are auxiliary programs and require no State funding. Another is by increasing the number of students graduating in four years, allowing for an increased student turn-over and added capacity.

As shown in **Exhibit 14**, UMCP is expected to support 410 students through fiscal 2008 as a result of the efficiency initiative, or 137 students each year. In fiscal 2005 UMCP accommodated 508 additional students by increasing the four-year graduation rate from a five-year historical average of 48.9 to 60.5% and by increasing the number of students in auxiliary semesters.

Exhibit 14
Additional Students Served at No Additional Cost to the State
Fiscal 2005 – 2008

	<u>Actual</u> <u>FY 2005</u>	<u>Estimated</u> <u>FY 2006</u>	<u>Estimated</u> <u>FY 2007</u>	<u>Estimated</u> <u>FY 2008</u>	<u>Total</u> <u>FY 06 – 08</u>
UMCP	508	137	137	137	410

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

Source: University System of Maryland

Current and Prior Year Budgets

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

	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Unrestricted</u> <u>Fund</u>	<u>Total</u> <u>Unrestricted</u> <u>Fund</u>	<u>Restricted</u> <u>Fund</u>	<u>Total</u>
Fiscal 2005					
Legislative Appropriation	\$305,998	\$576,232	\$882,230	\$292,641	\$1,174,871
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	4,284	28,311	32,595	-11,972	20,623
Reversions and Cancellations	0	-3,886	-3,886	-4,469	-8,355
Actual Expenditures	\$310,282	\$600,657	\$910,939	\$276,200	\$1,187,139
Fiscal 2006					
Legislative Appropriation	\$323,155	\$606,701	\$929,856	\$263,669	\$1,193,525
Budget Amendments	4,377	36,332	40,709	20,658	61,367
Working Appropriation	\$327,532	\$643,033	\$970,565	\$284,327	\$1,254,892

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

Fiscal 2005

For fiscal 2005, general funds increased \$4.3 million through budget amendment for a State employee cost-of-living increase. Other unrestricted funds increased \$28.3 million also through budget amendments. Increases included \$14.7 million in auxiliary enterprises related to conferences, athletics, residential facilities, and dining and recreation services; \$10.5 million in other sources such as summer school tuition, interest income and rents from sororities and fraternities; \$7.6 million in tuition revenue related to master's programs and continuing education sessions; \$5.4 million in indirect cost recovery from federal, State, and private grants and contracts; \$2.7 million in contract and grant activity; and \$2.6 million in sales and services in educational activity primarily due to the academic Electronic Data Processing support program. Decreases included \$11.4 million in other sources to align with actual activity and \$3.7 million in sales and services in education activity to align with actual activity.

Restricted funds were reduced a net \$12.0 million through budget amendments. Within this net amount, increases included \$25 million in federal, State, and local contracts and grants and \$4.2 million in private grants and contracts to align with actual activity. Decreases included \$20.8 million in State and local grants and contracts to align with actual activity and \$20.4 million in federal grants and contracts to align with actual activity.

At the end of fiscal 2005, cancellations for unrestricted funds amounted to \$3.9 million primarily because of salary savings that were higher than anticipated. Cancellations for restricted funds amounted to \$4.5 million primarily due to less than anticipated expenditures for federal contracts and grants. These totals are significantly lower than the cancellations for fiscal 2004, which totaled \$35.6 million.

Fiscal 2006

For fiscal 2006, general funds were increased \$4.4 million through budget amendment for State employee cost-of-living increases. Other unrestricted funds have increased a net \$36.3 million. Of this amount, increases include \$18.4 million from auxiliary enterprises, \$10.4 million from sales and services of educational activities, \$8.7 million in other sources, \$5.2 million from indirect cost recovery from grant and contract activity, and \$0.4 million from use of fund balance. A decrease of \$6.7 million was made in tuition revenue due to a decrease in enrollment.

Restricted funds increased a net \$20.7 million. Increases include \$24.8 million to align with actual costs for federal and private grant and contract activity and decreases include \$4.1 million to align with actual costs for State and local grant and contract activity.

Audit Findings

Audit Period for Last Audit:	March 16, 2002 – January 4, 2005
Issue Date:	January 2006
Number of Findings:	6
Number of Repeat Findings:	2
% of Repeat Findings:	33%
Rating: (if applicable)	n/a

Finding 1: **Purchases: Adequate internal controls were not established over the processing of purchasing transactions.**

Finding 2: **Payroll: Controls were not adequate over payroll processing.**

Finding 3: Potential Conflicts of Interest: Two faculty members violated UMCP policy by not reporting outside professional activities to enable the evaluation of potential conflicts of interest.

Finding 4: Grants: Federal fund reimbursement requests were not always submitted timely, resulting in an approximate \$48,000 in lost interest income.

Finding 5: Student Accounts Receivable: Some students with debts from prior semesters were permitted to register and attend classes, contrary to existing payment policies.

Finding 6: Revenue Contracts: UMCP did not adequately monitor vendor contracts to ensure that the appropriate amount of rental payments were received.

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

Audit Findings

Audit Period for Last Audit:	October 2004 – August 2005
Issue Date:	January 2006
Number of Findings:	7
Number of Repeat Findings:	4
% of Repeat Findings:	57%
Rating: (if applicable)	n/a

Office of Information Technology Audit

Finding 1: UMCP’s computer network was not adequately secured.

Finding 2: Wireless network access to critical applications was not adequately secured and traffic to and from a critical segment of the network was not adequately monitored.

Finding 3: An important security software feature was deactivated and security software modifications and commands were not properly recorded and reviewed.

Finding 4: Controls over mainframe user accounts and passwords were inadequate.

Finding 5: Access controls and security logging and reporting over certain critical files and programs were not adequate.

Finding 6: Operating system files were not adequately controlled.

Finding 7: Physical access to the computer room was not properly restricted.

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

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

<u>Object/Fund</u>	<u>FY05 Actual</u>	<u>FY06 Working Appropriation</u>	<u>FY07 Allowance</u>	<u>FY06 - FY07 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	7422.19	7483.55	7660.13	176.58	2.4%
02 Contractual	1489.68	1310.01	1312.54	2.53	0.2%
Total Positions	8911.87	8793.56	8972.67	179.11	2.0%
Objects					
01 Salaries and Wages	\$ 730,809,228	\$ 771,413,152	\$ 806,756,557	\$ 35,343,405	4.6%
02 Technical & Spec Fees	7,333,030	6,802,346	8,302,346	1,500,000	22.1%
03 Communication	17,833,506	16,299,253	17,799,253	1,500,000	9.2%
04 Travel	21,805,632	18,914,206	21,914,206	3,000,000	15.9%
06 Fuel & Utilities	48,370,574	52,697,151	68,262,062	15,564,911	29.5%
07 Motor Vehicles	3,449,979	2,677,517	2,677,517	0	0%
08 Contractual Services	93,579,945	110,096,876	122,253,562	12,156,686	11.0%
09 Supplies & Materials	58,473,154	59,530,968	65,030,968	5,500,000	9.2%
10 Equip - Replacement	3,783	0	0	0	0.0%
11 Equip - Additional	18,361,403	23,861,098	29,851,056	5,989,958	25.1%
12 Grants, Subsidies, and Contributions	87,014,992	106,192,545	113,239,383	7,046,838	6.6%
13 Fixed Charges	41,231,616	58,054,802	54,755,873	-3,298,929	-5.7%
14 Land & Structures	58,872,431	28,352,915	33,075,872	4,722,957	16.7%
Total Objects	\$ 1,187,139,273	\$ 1,254,892,829	\$ 1,343,918,655	\$ 89,025,826	7.1%
Funds					
40 Unrestricted Fund	\$ 910,939,184	\$ 970,566,147	\$ 1,041,836,418	\$ 71,270,271	7.3%
43 Restricted Fund	276,200,089	284,326,682	302,082,237	17,755,555	6.2%
Total Funds	\$ 1,187,139,273	\$ 1,254,892,829	\$ 1,343,918,655	\$ 89,025,826	7.1%

**Fiscal Summary
University of Maryland, College Park**

<u>Program/Unit</u>	<u>FY05 Actual</u>	<u>FY06 Wrk Approp</u>	<u>FY07 Allowance</u>	<u>Change</u>	<u>FY06 - FY07 % Change</u>
01 Instruction	\$ 298,421,242	\$ 321,438,205	\$ 339,560,062	\$ 18,121,857	5.6%
02 Research	269,151,373	279,756,529	300,852,288	21,095,759	7.5%
03 Public Service	58,755,508	60,585,826	62,266,724	1,680,898	2.8%
04 Academic Support	96,956,733	100,350,429	102,621,155	2,270,726	2.3%
05 Student Services	29,169,650	28,976,446	29,869,052	892,606	3.1%
06 Institutional Support	77,424,770	83,207,604	87,316,396	4,108,792	4.9%
07 Operation and Maintenance of Plant	118,777,095	121,191,333	141,144,980	19,953,647	16.5%
08 Auxiliary Enterprises	168,535,280	178,004,746	192,558,480	14,553,734	8.2%
17 Scholarships And Fellowships	69,947,622	81,381,711	87,729,518	6,347,807	7.8%
Total Expenditures	\$ 1,187,139,273	\$ 1,254,892,829	\$ 1,343,918,655	\$ 89,025,826	7.1%
Unrestricted Fund	\$ 910,939,184	\$ 970,566,147	\$ 1,041,836,418	\$ 71,270,271	7.3%
Restricted Fund	276,200,089	284,326,682	302,082,237	17,755,555	6.2%
Total Appropriations	\$ 1,187,139,273	\$ 1,254,892,829	\$ 1,343,918,655	\$ 89,025,826	7.1%