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# **University System of Maryland Fiscal 2014 Budget Overview**

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**Department of Legislative Services  
Office of Policy Analysis  
Annapolis, Maryland**

**February 2013**

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

For further information contact: Sara J. Baker

Phone: (410) 946-5530

*Analysis of the FY 2014 Maryland Executive Budget, 2013*

***Operating Budget Data***

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**University of Maryland Overview**  
 (\$ in Thousands)

	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Working</u>	<u>FY 14</u> <u>Allowance</u>	<u>FY 13-14</u> <u>Change</u>	<u>% Change</u> <u>Prior</u> <u>Year</u>
General Funds	\$1,008,636	\$980,447	\$1,080,476	\$100,029	10.2%
Contingent & Back of the Bill Reductions	0	0	-\$1,233	-\$1,233	
<b>Adjusted General Funds</b>	<b>\$1,008,636</b>	<b>\$980,447</b>	<b>\$1,079,243</b>	<b>\$98,797</b>	<b>10.1%</b>
Special Funds	\$54,735	\$94,021	\$76,304	-\$17,717	-18.8%
<b>Adjusted Special Funds</b>	<b>\$54,735</b>	<b>\$94,021</b>	<b>\$76,304</b>	<b>-\$17,717</b>	<b>-18.8%</b>
Other Unrestricted Funds	\$2,374,230	\$2,474,508	\$2,534,215	\$59,907	2.5%
<b>Adjusted Other Unrestricted Funds</b>	<b>\$2,374,230</b>	<b>\$2,474,508</b>	<b>\$2,534,215</b>	<b>\$59,907</b>	<b>2.5%</b>
Total Unrestricted Funds	\$3,437,601	\$3,548,975	\$3,690,994	\$142,019	4.0%
<b>Adjusted Total Unrestricted Funds</b>	<b>\$3,437,601</b>	<b>\$3,548,975</b>	<b>\$3,689,762</b>	<b>\$140,787</b>	<b>4.0%</b>
Restricted Funds	\$1,170,320	\$1,264,432	\$1,263,643	-\$789	-0.1%
<b>Adjusted Restricted Funds</b>	<b>\$1,170,320</b>	<b>\$1,264,432</b>	<b>\$1,263,643</b>	<b>-\$789</b>	<b>-0.1%</b>
<b>Adjusted Grand Total</b>	<b>\$4,607,921</b>	<b>\$4,813,407</b>	<b>\$4,953,405</b>	<b>\$139,998</b>	<b>2.9%</b>

- General funds increase \$98.8 million, or 10.1%, in fiscal 2014 after adjusting for the \$1.2 million back of the bill reduction. However, when accounting for \$47.7 million in Budget Restoration Funds created during the 2012 first special session, general funds increase 5.0%, or \$51.1 million.
- The Higher Education Investment Fund increases 64.6%, or \$29.9 million, a portion of which is related to the use of fund balance from overattainment in fiscal 2012 and 2013. The overall growth in State funds is 7.5%, or \$81.1 million, above fiscal 2013.

## ***Personnel Data***

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	<b><u>FY 12 Actual</u></b>	<b><u>FY 13 Working</u></b>	<b><u>FY 14 Allowance</u></b>	<b><u>FY 13-14 Change</u></b>
Regular Positions	22,731.80	22,974.76	22,974.76	0.00
Contractual FTEs	<u>5,809.03</u>	<u>5,616.77</u>	<u>5,786.33</u>	<u>169.56</u>
<b>Total Personnel</b>	<b>28,540.83</b>	<b>28,591.53</b>	<b>28,761.09</b>	<b>169.56</b>

### ***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	486.94	2.12%
Positions and Percentage Vacant as of 12/31/12	922.85	4.00%

- The fiscal 2014 allowance provides for an additional 169.56 contractual positions but no new regular positions; however, the University System of Maryland (USM) has personnel autonomy and may create new positions during the fiscal year.

## ***Analysis in Brief***

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### **Major Trends**

***Enrollment:*** Undergraduate enrollment at USM institutions increased 0.5% to 111,674 in fall 2012.

***Second- and Third-year Retention Rates:*** Overall, when comparing the retention rates of the 2005 and 2009 cohorts, the second-year rate remained fairly constant, only increasing, on average, 0.8 percentage points. However, institutions appeared to have made strides to improve the retention of students beyond the second year, with the third-year rate increasing, on average, 3.8 percentage points.

***Graduation Rates:*** When comparing the graduation rates of the 2001 and 2005 cohorts, a majority of institutions showed improvements in their four-year graduation rates. The same cannot be said of the six-year rate, which declined at five institutions.

***Maryland Community College Transfer Students:*** In fiscal 2012, 20,611 students transferred to a USM institution, of which 11,033 came from Maryland community colleges. Four community colleges accounted for 58.2% of all transfers, while four USM institutions enrolled approximately 77.0% of all community college transfers.

***Science, Technology, Engineering, and Mathematics (STEM) Degree Production:*** Since fiscal 2010, STEM enrollment has grown, on average, 7.5%, resulting in an increase of 6,785 students. In

terms of the number of graduates, since falling to a low point of 4,996 in fiscal 2010, the number has steadily climbed, reaching a high point of 6,086 degrees in fiscal 2012.

***Undergraduate Degrees Awarded:*** Overall, degree production at USM institutions increased 20.7% between 2008 and 2012. The highest growth rates of 57.0%, or 167 degrees, and 40.0%, or 179 degrees, occurred at Coppin State University and the University of Maryland Eastern Shore, respectively.

## **Issues**

***University of Maryland Center for Environmental Science Seeks to Grant Degrees:*** In June 2012, the Board of Regents (BOR) approved a request from the University of Maryland Center for Environmental Science (UMCES) to seek accreditation from the Middle States Commission on Higher Education to jointly award a graduate degree in Marine-Estuarine-Environmental Sciences with other USM institutions. However, as a research institute in current law, UMCES does not have the degree-granting authority.

***Strengthening Oversight and Accountability of Athletic Programs:*** There has been increasing concern among BOR that institutions have not recognized their responsibility to provide a full and complete statement of all revenues and expenditures of their Intercollegiate Athletics (ICA) programs. In response, BOR revised the ICA policy that provides for increased financial transparency and updates and improves the information reported on the academic performance of student athletes. Additionally, information is provided regarding the deficit situation at the Division I programs.

***Status of MPowering:*** MPowering, an alliance between University of Maryland, Baltimore (UMB) and University of Maryland, College Park was approved by BOR in March 2012. Under this framework, the resources of each institution will be leveraged to improve and enhance academic programs, research, technology transfer, and commercialization.

***Effectiveness and Efficiency Hits 10-year Mark – What Is Next?:*** In the 10 years since USM implemented its Effectiveness and Efficiency initiative, which sought to change USM's business model to effectively deal with increasing fiscal and enrollment demands, a total of \$731.6 million in savings and revenues has been achieved between fiscal 2004 and 2012.

## **Recommended Actions**

1. Add language to reduce the University System of Maryland general fund appropriation made for the purpose of current services costs.
2. Add language to reduce the University of Maryland, Baltimore and the University of Maryland, College Park appropriation made for the purpose of the Collaborative School of Public Health.

3. Add language to reduce the University System of Maryland appropriation made for the purpose of program enhancements.
4. Add language to reduce the University of Maryland, College Park appropriation made for the purpose of the College Park Academy Public Charter School.
5. Add language to restrict the University System of Maryland general fund appropriation.
6. Adopt committee narrative requesting the submission of an annual report on faculty workload.
7. Adopt committee narrative requesting the submission of a report on institutional aid by Expected Family Contribution.
8. Adopt committee narrative requesting the submission of an annual report on loan data by Expected Family Contribution.

## **Updates**

***Program Incentive Funding:*** The 2013 budget bill included language restricting \$1 million of USM's appropriation to be used only to provide incentive funding to USM institutions that choose to offer new programs at any of the non-USM regional higher education centers.

***New Initiative for Funds Restricted to Maryland Farms:*** Language in the fiscal 2013 budget bill restricted \$250,000 of UMB's appropriation and made these funds available to other USM institutions to assist farmers in the State with estates and trusts issues, compliance with environmental laws, and other matters necessary to preserve family farms.

***Faculty Workload Report:*** Annual language in the *Joint Chairmen's Report* requires USM to submit a report on the faculty workload. The faculty instruction workload target at comprehensive and research institutions are 7.5 and 5.5 course units, respectively. Six of the nine USM institutions met or exceeded the workload target in fiscal 2012.



**R30B00**  
**University System of Maryland Overview**

***Operating Budget Analysis***

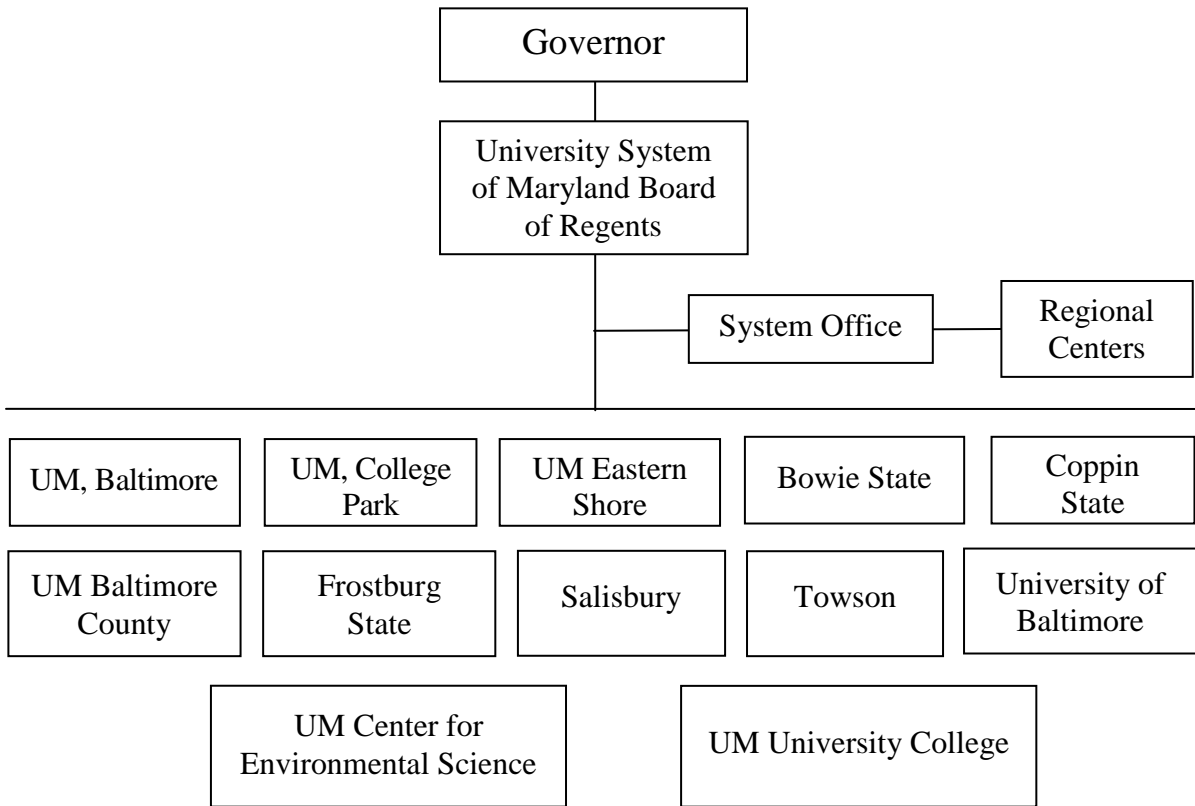
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**Program Description**

Title 12 of the Education Article establishes the University System of Maryland (USM) to “foster the development of a consolidated system of public higher education, to improve the quality of education, to extend its benefits, and to encourage the economical use of the State’s resources.” USM consists of 11 degree-granting institutions, a research center, and the system office, which operates two regional higher education centers. **Exhibit 1** illustrates the structure of the system.

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**Exhibit 1**  
**University System of Maryland**



UM: University of Maryland

Source: Department of Legislative Services

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The Board of Regents (BOR) is the governing body of USM. The board consists of 17 members, including a full-time student and the State Secretary of Agriculture (ex officio). Except for the Agriculture Secretary, each member is appointed by the Governor with the advice and consent of the Senate. The board appoints the Chancellor, who serves as the chief executive officer of the system and the chief of staff to the board. The Chancellor and staff coordinate system planning; advise the board of systemwide policy; coordinate and arbitrate among system institutions; and provide technical, legal, and financial assistance.

The board reviews, modifies, and approves a system strategic plan developed by the Chancellor in consultation with institution presidents. The board is charged with assuring that programs offered by the institutions are not unproductive or unreasonably duplicative. Other board activities include reviewing and approving new programs, reviewing existing programs, setting minimum admission standards, and determining guidelines for tuition and fees. The board monitors the progress of each system institution toward its approved goals and holds each president accountable for the progress toward the goals. Furthermore, the board may delegate any of its responsibilities to the Chancellor.

USM goals, consistent with the State Plan for Higher Education, are to:

- create and maintain a well-educated workforce;
- promote economic development;
- increase access for economically disadvantaged and minority students; and
- achieve and sustain national eminence in providing quality education, research, and public service.

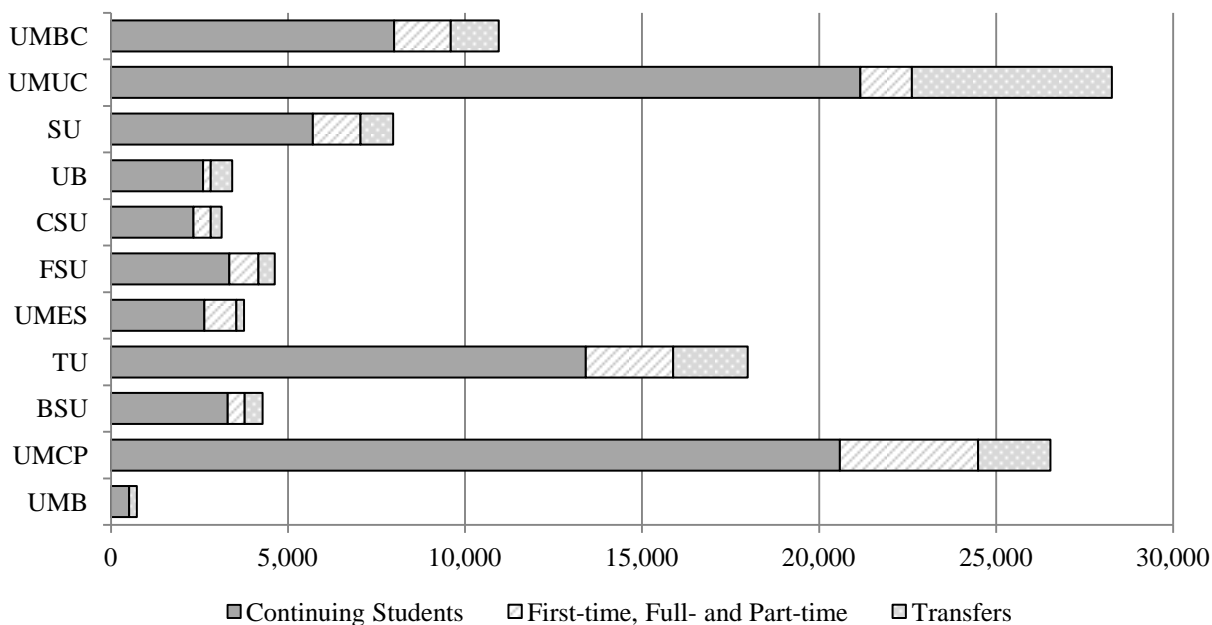
## **Performance Analysis**

### **1. Enrollment**

Creating a well-educated workforce is a goal of USM and a State priority. To that end, undergraduate enrollment at USM institutions increased 0.5% to 111,674 in fall 2012. **Exhibit 2** shows the composition of enrollment by institution. Overall, continuing students comprise 74.9% of undergraduate enrollment, transfer students account for 12.9%, and the remaining portion consists of first-time, full-time (FT/FT), and part-time students. In contrast to the growth in undergraduate enrollment, graduate enrollment decreased 1.3% in fall 2012. This resulted in an overall decline in enrollment of 0.1%.



**Exhibit 2**  
**Composition of Fall 2012 Undergraduate Headcount Enrollment**



BSU: Bowie State University  
 CSU: Coppin State University  
 FSU: Frostburg State University  
 SU: Salisbury University  
 TU: Towson University  
 UB: University of Baltimore

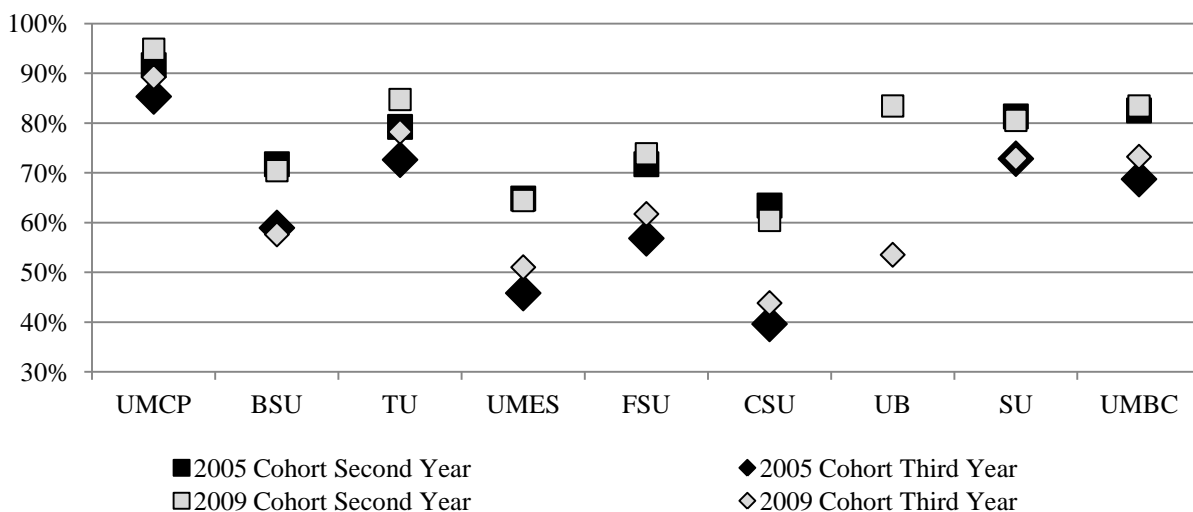
UMB: University of Maryland, Baltimore  
 UMBC: University of Maryland Baltimore County  
 UMCP: University of Maryland, College Park  
 UMES: University of Maryland Eastern Shore  
 UMUC: University of Maryland University College

Source: Maryland Higher Education Commission

**2. Second- and Third-year Retention Rates**

Student persistence, or retention, provides insight into student progression, showing if students are on track to graduate in a timely manner. Higher rates indicate that students are moving faster through the pipeline, freeing up space for more students and leading to increased degree production. Improving the retention of students is a key component of USM’s efforts to double the number of undergraduate degrees awarded by 2020, one of the four key goals of USM’s strategic plan. **Exhibit 3** shows the second- and third-year retention rates for the 2005 and 2009 cohorts by institution, excluding the University of Maryland, Baltimore (UMB). The second-year rate increased at four institutions – the University of Maryland, College Park (UMCP), Towson

**Exhibit 3  
Undergraduate Second- and Third-year Retention Rates  
2005 and 2009 Cohort**



BSU: Bowie State University  
 CSU: Coppin State University  
 FSU: Frostburg State University  
 SU: Salisbury University  
 TU: Towson University

UB: University of Baltimore  
 UMBC: University of Maryland Baltimore County  
 UMCP: University of Maryland, College Park  
 UMES: University of Maryland Eastern Shore

Note: UB did not enroll undergraduate freshmen until 2007.

Source: Maryland Higher Education Commission

University (TU), Frostburg State University (FSU), and University of Maryland Baltimore County (UMBC) – while declining at the other four institutions – Bowie State University (BSU), the University of Maryland Eastern Shore (UMES), Coppin State University (CSU), and Salisbury University (SU). Institutions appear to have made strides in improving the retention of students beyond the second year with the third-year rate increasing, on average, 3.8 percentage points. Only BSU experienced a decline of 1.3 percentage points. TU showed the most improvement with the second- and third-year rates, increasing 5.5 and 5.6 percentage points, respectively.

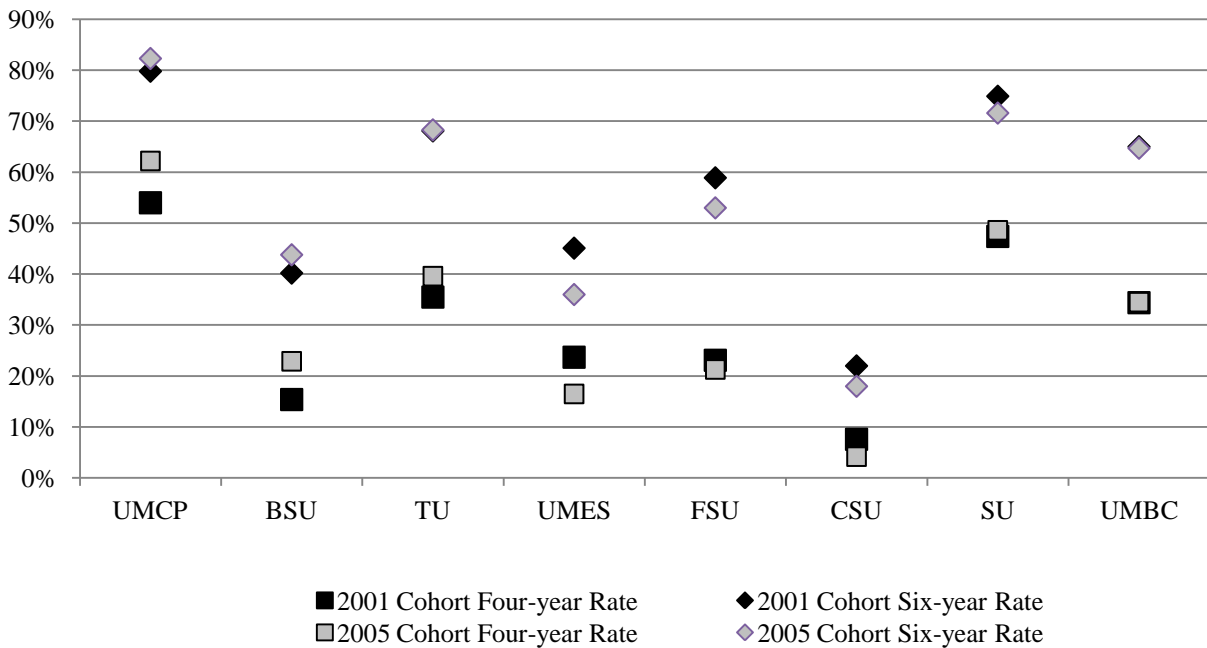
### 3. Graduation Rates

Completion rates are greatly influenced by time – the longer it takes a student to graduate, the more likely (s)he will dropout as other priorities compete with classes. Longer completion times translate into increased costs not only for the student but the institution and State as well. A major academic initiative of the BOR Effectiveness and Efficiency (E&E) initiative is to improve the time

to degree. According to USM’s *Annual Faculty Workload Report*, the latest data available for the 2002 FT/FT cohort showed an increase in the time to degree from 8.6 to 8.7 semesters.

In terms of how well institutions are graduating students, **Exhibit 4** compares the four- and six-year rates of the 2001 and 2005 cohorts and shows there are opportunities for institutions to improve their performance. The four-year rate declined at three institutions – UMES, FSU, and CSU – with the largest decline of 7.2 percentage points occurring at UMES. While the majority of institutions showed improvements in their four-year rates, the same cannot be said of the six-year rate, which declined at five institutions – UMES, FSU, CSU, SU, and UMBC. Once again, UMES had the largest decline of 9.1 percentage points. Overall, on average, the six-year rate declined 2.0 percentage points indicating more FT/FT students are not persisting to a degree. However, this measure does not reflect the changing nature of the student population who are not taking a traditional pathway to obtain a degree, such as those who change their enrollment status from full- to part-time student and back again.

**Exhibit 4**  
**Four- and Six-year Graduation Rates**  
**2001 and 2005 Cohort**



BSU: Bowie State University  
 CSU: Coppin State University  
 FSU: Frostburg State University  
 SU: Salisbury University

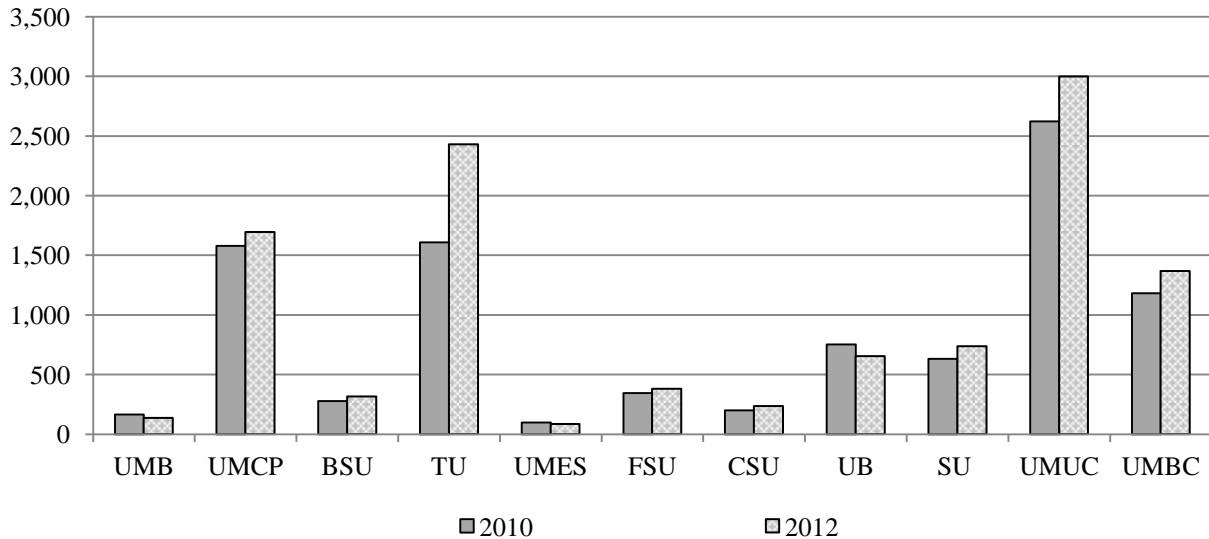
TU: Towson University  
 UMBC: University of Maryland Baltimore County  
 UMCP: University of Maryland, College Park  
 UMES: University of Maryland Eastern Shore

Source: Maryland Higher Education Commission

#### 4. Maryland Community College Transfer Students

USM tracks the number of community college students transferring to USM institutions as a measure of meeting the goal of promoting access to its institutions, and increasing the number of transfers is a key component to meeting the State’s degree completion goal. In fiscal 2012, 20,611 students transferred to a USM institution, representing approximately 18.5% of all undergraduate students attending USM institutions. Of these students, 11,033 came from Maryland community colleges with four community colleges accounting for 58.2% of all transfers: Montgomery College; Community College of Baltimore County; Anne Arundel Community College; and Prince George’s Community College, approximately 77.0% of the transfers enrolled at four institutions, which is expected given these institutions account for 74.6% of USM’s total undergraduate enrollment in fiscal 2011, as depicted in **Exhibit 5**. In fiscal 2012, UMUC and TU accounted for almost half the total transfer enrollments with 5,427 students. UMCP and UMBC enrolled 27.8% of all transfers. TU experienced a 40.8% increase in transfers with the addition of 823 students from fiscal 2010 to 2012.

**Exhibit 5**  
**Institutions Receiving Maryland Community College Transfer Students**  
**Fiscal 2010-2012**



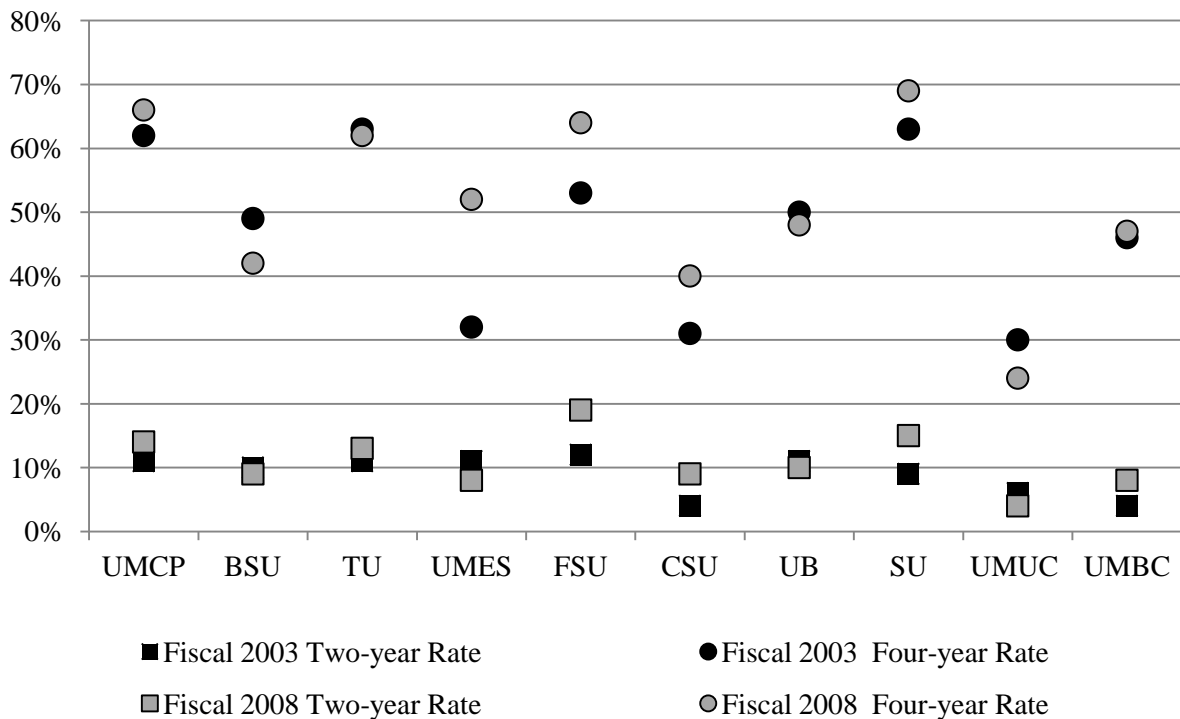
BSU: Bowie State University  
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 UMCP: University of Maryland, College Park  
 UMES: University of Maryland Eastern Shore  
 UMUC: University of Maryland University College

Source: Maryland Higher Education Commission

**Exhibit 6** compares the two- and four-year graduation rates in fiscal 2003 and 2008 of Maryland community college transfer students, which are equivalent to the four- and six-year rates of FT/FT students. In general, while the two- and four-year rates are lower than the rates of the FT/FT students, the two-year rate is significantly lower, which is expected, given a majority of the transfers are part-time students and, therefore, will take longer to graduate.

**Exhibit 6**  
**Two- and Four-year Graduation Rates of**  
**Maryland Community College Transfers**  
**Fiscal 2003 and 2008**



BSU: Bowie State University  
 CSU: Coppin State University  
 FSU: Frostburg State University  
 SU: Salisbury University  
 TU: Towson University

UB: University of Baltimore  
 UMBC: University of Maryland Baltimore County  
 UMCP: University of Maryland, College Park  
 UMES: University of Maryland Eastern Shore  
 UMUC: University of Maryland University College

Source: University System of Maryland, *Patterns of Enrollment and Success* updated through fiscal 2011

While the four-year graduation rate for transfer students tends to be lower than that of the FT/FT students, three institutions – CSU, FSU, UMES – do better at graduating transfer students than their “native” students. CSU’s two- and four-rates for fiscal 2008 were 9.0 and 40.0%, respectively,

while the four- and six-year rates for the 2005 FT/FT cohort, as shown in Exhibit 4, were 4.2 and 18.0%, respectively. There was significant improvement at UMES, with the four-year rate increasing 20 percentage points to 52.0% in fiscal 2008. This is a higher rate than UMES' FT/FT students in which the average six-year rates over the past three cohorts (2003 to 2005) was 37.3%. This trend is also seen at FSU in which the four-year rate increased 11 percentage points to 64.0% while the six-year rate for the past three cohorts of FT/FT averaged 56.6%. USM partly attributes this increase to these institutions having a relatively small number of transfer students.

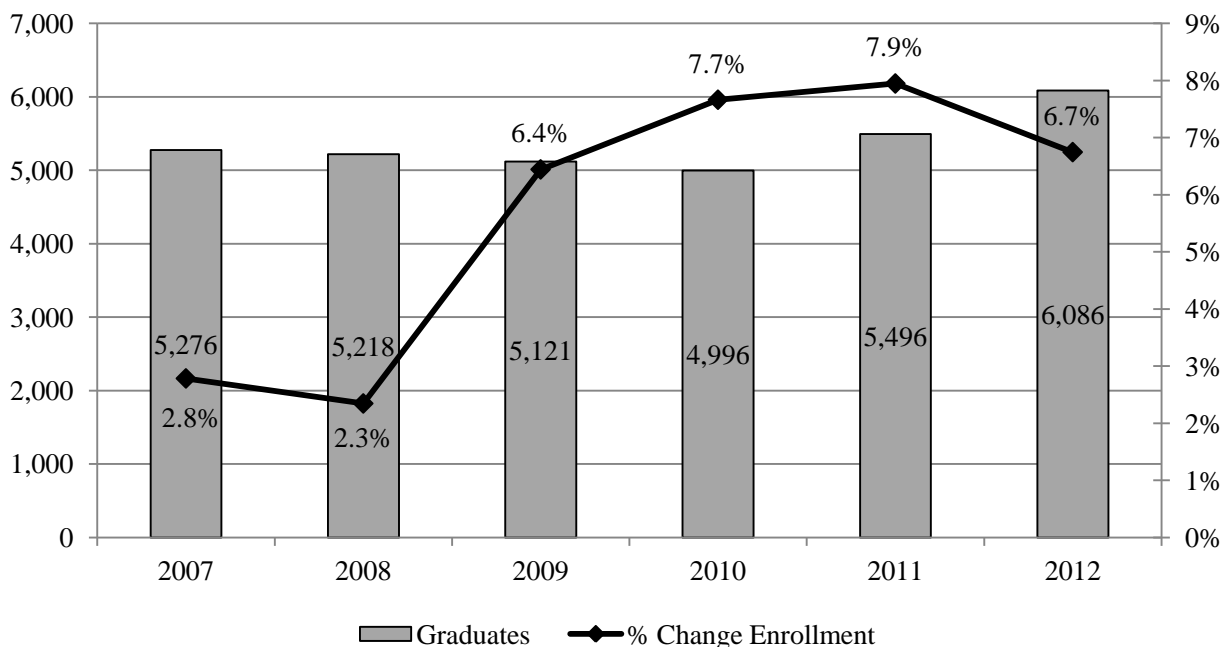
## **5. Science, Technology, Engineering, and Mathematics Degree Production**

USM's strategic plan calls for increasing degree production in high need areas of science, technology, engineering, and mathematics (STEM) by 40% by 2020. In order to meet this goal, institutions will need to increase production of STEM degrees by approximately 2,200; there is a related goal that 320 will be STEM teacher graduates.

Prior to fiscal 2009, STEM enrollment grew at a moderate rate and then jumped up, increasing 6.4%, or 1,707 students, in fiscal 2009, as shown in **Exhibit 7**. Since fiscal 2010 enrollment has grown, on average, 7.5%, resulting in an increase of 6,785 students. In terms of the number of graduates, since falling to a low point of 4,996 in fiscal 2010, the number has steadily climbed reaching a high point of 6,086 degrees in fiscal 2012. USM attributes the overall trend in enrollments and degrees to the computer and information science (CIS) programs, which tend to have more students than other programs and, therefore, are a primary driver behind the numbers. USM notes that recent improvements in the computer science job market led to a 45.0% increase in CIS, which overshadows growth in other STEM areas. As shown in **Exhibit 8**, CIS programs account for 38.0% of the STEM degrees, followed by biological sciences and engineering at 26.0 and 24.0%, respectively.

USM also plans to triple the number of STEM teacher graduates to at least 321 per year. According to the Maryland State Department of Education's (MSDE) teacher staffing report, there were 116 STEM teacher certifications in fiscal 2011 and 99 in fiscal 2012. This decrease is mostly attributed to an expected decline of 13 graduates at UMCP. USM notes that MSDE data does not include individuals participating in alternative certification programs or those who are certified in one area such as elementary education and seek additional certification in STEM.

**Exhibit 7**  
**Students Enrolled and Graduates in STEM Programs**  
**Fiscal 2007-2012**

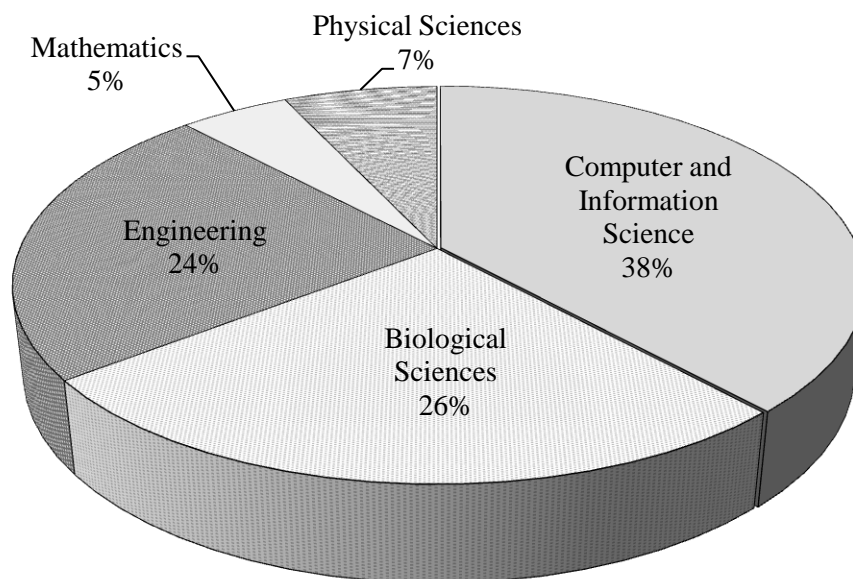


STEM: science, engineering, mathematics, and technology

Note: STEM includes bachelor, master, and doctoral programs in biological sciences, computer and information sciences, engineering, mathematics, physical sciences, and natural sciences programs.

Source: Governor's Budget Books, Fiscal 2014

**Exhibit 8**  
**Portion of STEM Degrees by Program**  
**Fiscal 2012**



STEM: science, technology, engineering, and mathematics

Source: University System of Maryland

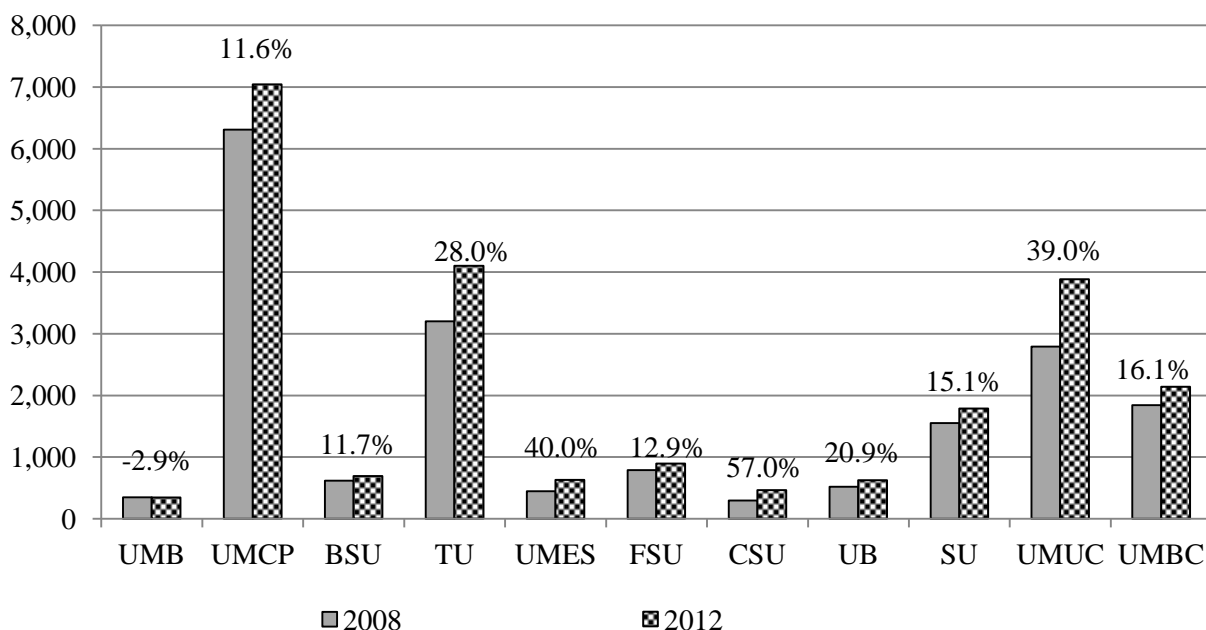
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## 6. Undergraduate Degrees Awarded

In order to produce a well-educated workforce and meet completion goals, USM will need to increase the number of undergraduate degrees awarded. **Exhibit 9** compares the number of undergraduate degrees conferred by institution between fiscal 2008 and 2012. Overall, degree production at institutions increased 20.7% from 18,719 in fiscal 2008 to 22,585 in fiscal 2012. The highest growth rates of 57.0%, or 167 degrees, and 40.0%, or 179 degrees, occurred at CSU and UMES, respectively. USM states this may be the result of a growth in the number of graduating transfer students coupled with an increase in the number of students completing their degrees within 7 to 10 years. According to USM, this seems to have coincided with a period of enrollment growth at both institutions; therefore, this appears to be an anomaly. After CSU and UMES, UMUC and TU experienced the highest growth rates, which is more in line with expectations.



**Exhibit 9  
Total Undergraduate Degrees Awarded  
Fiscal 2008 and 2012**



BSU: Bowie State University  
 CSU: Coppin State University  
 FSU: Frostburg State University  
 SU: Salisbury University  
 TU: Towson University  
 UB: University of Baltimore

UMB: University of Maryland, Baltimore  
 UMBC: University of Maryland Baltimore County  
 UMCP: University of Maryland, College Park  
 UMES: University of Maryland Eastern Shore  
 UMUC: University of Maryland University College

Source: University System of Maryland

At UMB, the number of degrees declined 2.9% due to a transition from an accelerated undergraduate nursing program to a master’s level program for entry-level students with a prior bachelor’s degree in a non-nursing field. UMB notes that the reduction in the number of bachelor’s degrees is offset by an increase in master’s degrees.

## Fiscal 2013 Actions

The Budget Reconciliation and Financing Act of 2012 allowed USM to increase salaries in order to retain faculty and “operationally critical staff.” USM developed policies and procedures similar to those implemented in prior years to increase salaries to retain faculty. A total of 240 personnel were classified as operationally critical: 44 staff and 196 faculty received salary raises totaling \$3.7 million. Of the 44 staff deemed critical, most are administrators and managers in the financial, information technology, and health care fields. Once again, a significant portion of faculty, 41.3%, is in health-related fields at UMB. All institutions used this option to help retain personnel, as shown in **Exhibit 10**. USM notes 53.0% of the increased funding came from non-State sources with the remaining 47.0% from State sources.

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**Exhibit 10**  
**Positions and Salary Increased to Retain Personnel**  
**July 1 to October 31, 2012**

<u>Institution</u>	<u>Faculty</u>	<u>Staff</u>	<u>Total</u>	<u>Total Increase</u>
University of Maryland, Baltimore	81	9	90	\$2,007,855
University of Maryland, College Park	49	3	52	931,682
Bowie State University	0	3	3	28,275
Towson University	2	1	3	19,525
University of Maryland Eastern Shore	14	0	14	61,148
Frostburg State University	1	1	2	22,500
Coppin State University	0	5	5	40,094
University of Baltimore	7	1	8	95,496
Salisbury University	18	0	18	90,051
University of Maryland University College	0	1	1	14,850
University of Maryland Baltimore County	23	18	41	341,409
University of Maryland Center for Environmental Science	1	0	1	5,000
University System of Maryland Office	0	2	2	22,547
<b>Total</b>	<b>196</b>	<b>44</b>	<b>240</b>	<b>\$3,680,432</b>

Source: University System of Maryland

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## Proposed Budget

The general fund allowance for fiscal 2014 is 10.1%, or \$98.8 million, higher than in fiscal 2013, after adjusting for the across-the-board reduction of \$1.2 million, as shown in **Exhibit 11**. However, when accounting for \$47.7 million in Budget Restoration Funds created during the 2012 first special session, general funds increase \$51.1 million, or 5.0%, over fiscal 2013. The Higher Education Investment Fund (HEIF) increases 64.6%, or \$29.9 million, a portion of which is related to the use of fund balance from overattainment in fiscal 2012 and 2013. The overall growth in State funds is 7.5%, or \$81.1 million, over fiscal 2013, to \$1.16 billion.

**Exhibit 11**  
**Proposed Budget**  
**University System of Maryland**  
**(\$ in Thousands)**

	<b>FY 12</b> <b><u>Actual</u></b>	<b>FY 13</b> <b><u>Working</u></b>	<b>FY 14</b> <b><u>Adjusted</u></b>	<b>FY 13-14</b> <b><u>Change</u></b>	<b>% Change</b> <b><u>Prior Year</u></b>
General Funds	\$1,008,636	\$980,447	\$1,079,243	\$98,797	10.1%
HEIF	\$54,735	46,363	76,304	29,940	64.6%
Budget Restoration Funds		47,657	0	-47,657	
Total State Funds	1,063,371	1,074,467	1,155,547	81,080	7.5%
Other Unrestricted Funds	2,374,230	2,474,508	2,534,215	59,707	2.4%
Total Unrestricted Funds	3,437,601	3,548,975	3,689,762	140,787	4.0%
Restricted Funds	1,170,320	1,264,432	1,263,643	-789	-0.1%
<b>Total Funds</b>	<b>\$4,607,921</b>	<b>\$4,813,407</b>	<b>\$4,953,405</b>	<b>\$139,998</b>	<b>2.9%</b>

HEIF: Higher Education Investment Fund

Note: Fiscal 2014 general funds are adjusted by \$1.2 million to reflect across the board reductions. Numbers may not sum to total due to rounding.

Source: Governor's Budget Book, Fiscal 2014; Department of Legislative Services

For a fourth consecutive year, the Governor's allowance assumes a resident undergraduate tuition rate increase of 3% at most USM institutions. The allowance provides \$4.6 million to hold tuition increases to this level. In regards to personnel expenses, the allowance provides \$9.3 million for three months of merit increases (beginning in April 2014), consistent with the merit pay provided in the budget for all State employees. In addition, funds for a 3% cost-of-living adjustment (COLA) effective January 1, 2014, are included in the Department of Budget and Management's budget. The COLA totals \$33.1 million of which the general fund portion is \$20.3 million. The remaining \$12.8 million is to be funded from other current unrestricted revenues.

Other current unrestricted funds increase 2.5%, or \$60.9 million, over fiscal 2013. This is mainly due to tuition and fee revenues growing 2.5%, or \$36.1 million, and 2.2%, or \$12.6 million, growth in auxiliary revenues.

### **Current Services Costs**

Overall, USM's current services costs (CSC) are estimated to increase \$83.6 million, as shown in **Exhibit 12**. These costs are typically funded with unrestricted revenues *e.g.*, general funds, the HEIF, and tuition and fee revenues. Personnel costs comprise 58.9% of the increase with health insurance and benefits accounting for 30.9% of the CSC. The annualization of the fiscal 2013 COLA and the fiscal 2014 merit increase account for \$23.4 million of the CSC.

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**Exhibit 12**  
**University System of Maryland**  
**Increase in Current Services Costs**  
**Fiscal 2014**

	<u>Amount</u>
Health, Retirement, and Other Fringes	\$25,834,397
Annualization of the Fiscal 2013 Cost-of-living Adjustment	14,068,644
Facilities Renewal	12,028,221
New Facilities	11,981,400
Fiscal 2014 Merit Increase	9,320,119
Institutional Aid	4,906,321
Fuel and Utilities	2,834,343
Academic Revenue Bond Debt Service	2,660,000
<b>Total Current Services Costs</b>	<b>\$83,633,445</b>

Note: The University System of Maryland (USM) estimated the current services cost to increase \$90.2 million. However, USM includes a systemwide increase in undergraduate and graduate financial aid of \$11.5 million, of which \$4.9 million is attributed to a 3% growth in undergraduate and graduate aid. The remaining \$6.6 million is better categorized as enhancement funding and, therefore, deducted from USM's cost of current services.

Source: University System of Maryland

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When accounting for the fiscal 2014 COLA and adjusting for the \$1.2 million in savings in health insurance, expenditures total \$115.4 million, as shown in **Exhibit 13**. On the revenue side, new State funds total \$101.4 million, which includes \$20.3 million budgeted elsewhere to fund the State portion of the COLA. Other new revenues include \$36.1 million in new tuition and fee revenues. Additionally, in fiscal 2014, USM will transfer \$10.0 million from the fund balance to supplement the State funds for initiatives and program enhancements. This will provide USM with \$34.8 million to fund program enhancements. However, this is an understatement of the available revenues.

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**Exhibit 13**  
**USM State-supported Revenues Available for Program Enhancements**  
**Fiscal 2014**

	<u><b>\$ Amount</b></u>
<b>Expenditures</b>	
Current Services Cost Increase <sup>1</sup>	\$82,400,784
Employee COLA	33,051,719
<b>Total Expenditures</b>	<b>\$115,452,503</b>
 <b>Revenues</b>	
General Funds and HEIF	
New General Funds and HEIF <sup>1</sup>	\$81,079,557
COLA Funds Received through DBM Budget	20,277,945
<b>Total New State Funds</b>	<b>\$101,357,502</b>
New Tuition and Fee Revenues	36,118,028
Other New Unrestricted Revenues <sup>2</sup>	2,776,875
<b>New General Fund, Tuition, and Other Revenues</b>	<b>\$140,252,405</b>
 <b>Other Funds</b>	
Transfer from Fund Balance	<b>\$10,000,000</b>
 <b>Funds Available for Enhancements/Enrollment Growth</b> (Revenues Less Expenditures)	 <b>\$34,799,902</b>

COLA: cost-of-living adjustment  
DBM: Department of Budget and Management  
HEIF: Higher Education Investment Fund

<sup>1</sup>Current services costs and general funds are adjusted by \$1.2 million to reflect the across-the-board reduction due to savings in health insurance.

<sup>2</sup>Does not include auxiliary or restricted revenues.

Note: The University System of Maryland (USM) estimated the current services cost to increase \$90.2 million. However, USM estimates a systemwide increase in undergraduate and graduate financial aid of \$11.5 million, of which \$4.9 million is attributed to a 3% growth in undergraduate and graduate aid. The remaining \$6.6 million is better categorized as enhancement funding and, therefore, deducted from USM's cost of current services.

Source: Governor's Budget Books, Fiscal 2014; University System of Maryland; Department of Legislative Services

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As shown in **Exhibit 14**, over the past three years, tuition and fee revenues have been consistently underestimated, particularly in fiscal 2010 and 2011, when revenues exceeded the appropriation by \$172.7 million. During this time period, USM projected only a slight growth in enrollment but actually experienced a growth of over 3.0%. While revenues were modestly underestimated in fiscal 2012 and 2013 to date, they still notably exceeded the allowance by \$82.9 million. The increases in tuition and fee rates in fiscal 2014, coupled with modest enrollment growth of 1.1%, will very likely result in new tuition and fee revenues exceeding the \$36.1 million in the allowance.

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**Exhibit 14**  
**Comparison of Appropriated and Actual**  
**Tuition and Fee Revenues**  
**Fiscal 2010-2014**  
**(\$ in Millions)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Appropriated	\$1,168.0	\$1,230.8	\$1,376.0	\$1,416.3	\$1,498.5 <sup>2</sup>
Actual	1,244.2	1,327.2	1,412.8	1,462.4 <sup>1</sup>	
\$ Difference	\$76.2	\$96.4	\$36.8	\$46.1	
% Difference	6.5%	7.8%	2.7%	3.3%	

<sup>1</sup>Reflects the fiscal 2013 working appropriation to date. USM typically brings in additional revenues in the spring each year.

<sup>2</sup>Reflects the fiscal 2014 allowance.

Source: Governor’s Budget Books

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Given that revenues are very likely underestimated, USM will have additional funds to put toward CSC and/or program enhancements. As will be further discussed in this analysis, over the past three years, general funds/HEIF comprised about 30% of USM’s unrestricted revenues. USM estimated that CSC in fiscal 2014 totals \$90.2 million, with State funds comprising 64.2%, or \$57.9 million, and the remaining 35.8% coming from other unrestricted revenue. **Therefore, given these factors, the Department of Legislative Services (DLS) recommends reducing USM’s fiscal 2014 general fund appropriation made for the purpose to fund CSC by \$10.0 million. State funds for CSC will still be covering more than its share of current unrestricted revenues.**

The fiscal 2014 allowance provides \$24.4 million in general funds and HEIF to fund program enhancements and initiatives, with \$10.0 million from fund balance and \$1.7 million of tuition and fee revenues totaling \$36.1 million for program enhancements. The allocation by initiative and institution is shown in **Exhibit 15**. The largest single component is \$12.0 million to fund STEM/health and workforce initiatives, which include:

**Exhibit 15  
Program Initiative Funding  
Fiscal 2014**

	<u>MPowering and Technology Transfer</u>	<u>STEM/Health and Workforce</u>	<u>Academic Transformation</u>	<u>Achievement Gap/ Completion</u>	<u>UMCP Charter School/ Hughes Center</u>	<u>UMES Extension</u>	<u>Total</u>
Univ. of Maryland, Baltimore	\$4,514,607	\$799,288	\$1,000,000				\$6,313,895
Univ. of Maryland, College Park	4,700,000	7,170,000	1,626,540	\$950,000	\$700,000		15,146,540
Bowie State University			22,902	1,012,467			1,035,369
Towson University		560,518	1,210,171	1,358,805			3,129,494
Univ. of Maryland Eastern Shore		534,151	125,000	577,169		\$300,000	1,536,320
Frostburg State University		218,442	134,000	167,000			519,442
Coppin State University		690,000		710,000			1,400,000
Univ. of Baltimore	97,553		107,500	301,500			506,553
Salisbury University		443,500		774,670			1,218,170
Univ. Maryland University College			778,169				778,169
Univ. Maryland Baltimore County	250,000	825,000	600,000	1,660,553			3,335,553
Univ. of Maryland Center for Environmental Science		798,964					798,964
University System of Maryland Office			300,000	36,635			336,635
<b>Total</b>	<b>\$9,562,160</b>	<b>\$12,039,863</b>	<b>\$5,904,282</b>	<b>\$7,548,799</b>	<b>\$700,000</b>	<b>\$300,000</b>	<b>\$36,055,104</b>

STEM: science, technology, engineering, and mathematics

UMCP: University of Maryland, College Park

UMES: University of Maryland Eastern Shore

Source: University System of Maryland

*R30B00 – University System of Maryland – Fiscal 2014 Budget Overview*

- hiring faculty and instructors (UMCP, UMES, FSU, UMBC);
- renovating and expanding labs and classrooms (UMCP);
- redesigning STEM courses (UMBC, CSU);
- expanding programs (UMB, TU, SU);
- purchasing equipment (UMES, FSU, CSU); and
- enhancing fundraising for STEM students and facilities (UMCP).

UMCES receives \$0.8 million to expand sponsored research, provide research and education on sustainability, and commercialize technologies developed at the Institute of Marine and Environment Technologies.

MPOWERing, which will be further discussed in Issue 3, and technology transfer activities receive \$9.6 million, which includes:

- hiring an assistant director focusing on technology transfer and legal implications (UB);
- expanding technology transfer and business creation (UMBC);
- UM Ventures (UMB, UMCP);
- Collaborative School of Public Health (UMB, UMCP); and
- developing new academic model at Universities of Shady Grove.

**DLS recommends reducing the general fund appropriation for UMB and UMCP, which is to be used to fund the Collaborative School of Public Health, by \$950,000.** This is not the first time these two universities sought to establish a joint School of Public Health. In 2007, BOR approved the creation of a joint school. In support of this effort, the State provided \$10.5 million to UMCP: \$3.0 million in general funds (\$2.0 million in fiscal 2007 and \$1.0 million in fiscal 2008) to establish a School of Public Health and \$7.5 million in HEIF funds in fiscal 2009 to renovate a building to provide new space for the school. However, despite this investment, a Joint School of Public Health was never realized.

Programs receiving a total of \$7.5 million for closing the achievement gap and completion include:

- hiring faculty and advisors (UMES, UB);



*R30B00 – University System of Maryland – Fiscal 2014 Budget Overview*

- purchasing various software to assess student outcomes, serve as an early warning system, and accommodate students with disabilities (FSU, CSU, TU);
- expanding existing programs (BSU, TU, CSU, UB, SU, UMBC);
- increasing financial aid (FSU, SU, UMBC); and
- purchasing classroom equipment (UMES).

While most institutions are using enhancement funding to hire faculty, the allowance does not provide any new regular positions but does include contractual positions. **The Chancellor should comment on the misalignment between use of funds and positions provided in the allowance.**

Academic transformation (*e.g.*, course redesign and other innovations and the assessment of student outcomes and efficiencies gained if these projects are scaled up) receives \$5.9 million, which includes:

- redesigning courses (all institutions except UB);
- creating centers for academic transformation (TU, USM Office) and Mathematics Learning (UB); and
- renovations and facilities renewal to support changing instructional methods (UMBC).

Additionally, \$1.0 million is designated to specific programs at UMCP and UMES. UMES receives \$0.3 million to meet federal matching fund requirements for the agriculture experiment station program. At UMCP, \$0.5 million is to fund the College Park Academy Public Charter School, at which a student can graduate from high school with up to 60 college credits, and the remaining \$0.2 million funds the Harry R. Hughes Agro-Ecology Center that was previously funded through the Maryland Higher Education Commission. **DLS recommends reducing UMCP's fiscal 2014 general fund appropriation by \$500,000, which is to be used to fund the College Park Academy Public Charter School.** Public charter schools have not received direct funding from the State. Charter schools receive funding from the local school system out of the existing State and local educational aid; therefore, the same methodology should be applied to funding the College Park Academy.

**DLS also recommends reducing USM's fiscal 2014 general fund appropriation by \$8.0 million.** This represents approximately one-third of the State dollars designated to fund various initiatives. As previously discussed, USM has other sources of revenue it can draw upon or can reallocate resources to fund these initiatives. **Furthermore, DLS recommends restricting the remaining \$14.9 million of USM's fiscal 2014 appropriation for program enhancements until USM submits a report detailing specifically how these funds will be used and metrics that will be used to measure the progress or results of the activities funded with State funds.**

USM is also funding other activities totaling \$7.2 million with other funds which include:

- \$2.9 million to hire and implement systems to ensure compliance with federal regulations for research and financial aid (UMCP, UMB);
- \$1.4 million for technology initiatives to improve business processes (UMUC);
- \$1.0 million for police and public safety enhancements (UMB);
- \$0.7 million to be used as seed money to fund institutions offering programs at non-USM regional higher education centers (USM Office);
- \$0.6 million for program expansion at the Universities at Shady Grove;
- \$0.3 million to increase the capacity of data warehouse security cameras (SU); and
- \$0.3 million for information disaster recovery (BSU).

### **Current Unrestricted Fund Expenditures**

Budget changes by program area in the allowance are shown in **Exhibit 16**. This data considers unrestricted funds only, the majority of which consist of general funds and tuition and fee revenues. Expenditures on scholarships and fellowships increase at the highest rate of 7.7%, or \$12.5 million. Spending in other program areas is increasing due to a rise in personnel expenditures relating to the annualization of the fiscal 2013 COLA, merit, and fringe benefits. The increase in instruction of \$36.6 million includes costs related to the academic transformation and STEM initiatives. Operations and maintenance of plant grows by 6.8%, or \$31.0 million, and includes the opening of new facilities and increased spending on facilities renewal. Spending on institutional support increases 5.2%, or \$20.0 million, and is partly attributed to MPowering initiatives and increasing campus security and grant compliance. Academic support increases \$13.5 million, or 3.6%, partly due to technology enhancements at UMUC.

**Exhibit 16**  
**USM Budget Changes for Unrestricted Funds by Program**  
**Fiscal 2012-2014**  
**(\$ in Thousands)**

	<u>2012</u> <u>Actual</u>	<u>2013</u> <u>Working</u>	<u>2012-13</u> <u>% Change</u>	<u>2014</u> <u>Adjusted</u>	<u>2013-14</u> <u>% Change</u>	<u>2013-14</u> <u>Change</u>
<b>Expenditures</b>						
Instruction	1,050,057	\$1,094,739	4.3%	\$1,131,034	3.3%	\$36,295
Research	215,070	219,830	2.2%	228,724	4.0%	8,893
Public Service	56,611	59,627	5.3%	61,432	3.0%	1,805
Academic Support	374,030	379,487	1.5%	393,021	3.6%	13,534
Student Services	177,785	188,092	5.8%	194,172	3.2%	6,080
Institutional Support	382,534	387,536	1.3%	407,590	5.2%	20,054
Operation and Maintenance of Plant	431,651	453,843	5.1%	484,880	6.8%	31,036
Scholarships and Fellowships	152,891	163,544	7.0%	176,075	7.7%	12,531
<b>Education and General Total</b>	<b>\$2,840,628</b>	<b>\$2,946,699</b>	<b>3.7%</b>	<b>\$3,076,928</b>	<b>4.4%</b>	<b>\$130,229</b>
Hospitals (UMB)	\$40,179	\$40,724	1.4%	\$40,922	0.5%	198
Auxiliary Enterprises	556,793	561,552	0.9%	573,144	2.1%	11,592
Across-the-board Reduction				-1,233		
<b>Grand Total</b>	<b>\$3,437,601</b>	<b>\$3,548,975</b>	<b>3.2%</b>	<b>\$3,689,762</b>	<b>4.0%</b>	<b>\$140,787</b>
<b>Revenues</b>						
Tuition and Fees	\$1,412,825	\$1,462,393	3.5%	\$1,498,511	2.5%	\$36,118
General Funds	1,008,636	980,447	-2.8%	1,079,243	10.1%	98,797
HEIF	54,735	46,363	-15.3%	76,304	64.6%	29,940
Budget Restoration Funds		47,657				-47,657
Other Unrestricted Funds	469,550	455,169	-3.1%	457,946	0.6%	2,777
<b>Subtotal</b>	<b>\$2,945,747</b>	<b>\$2,992,029</b>	<b>1.6%</b>	<b>\$3,112,003</b>	<b>4.0%</b>	<b>\$119,974</b>
Auxiliary Enterprises	\$573,179	\$579,506	1.1%	\$592,107	2.2%	\$12,601
Transfer (to)/from Fund Balance	-81,325	-22,560		-14,348		
<b>Grand Total</b>	<b>\$3,437,601</b>	<b>\$3,548,975</b>	<b>3.2%</b>	<b>\$3,689,762</b>	<b>4.0%</b>	<b>\$140,787</b>

HEIF: Higher Education Investment Fund

UMB: University of Maryland, Baltimore

USM: University System of Maryland

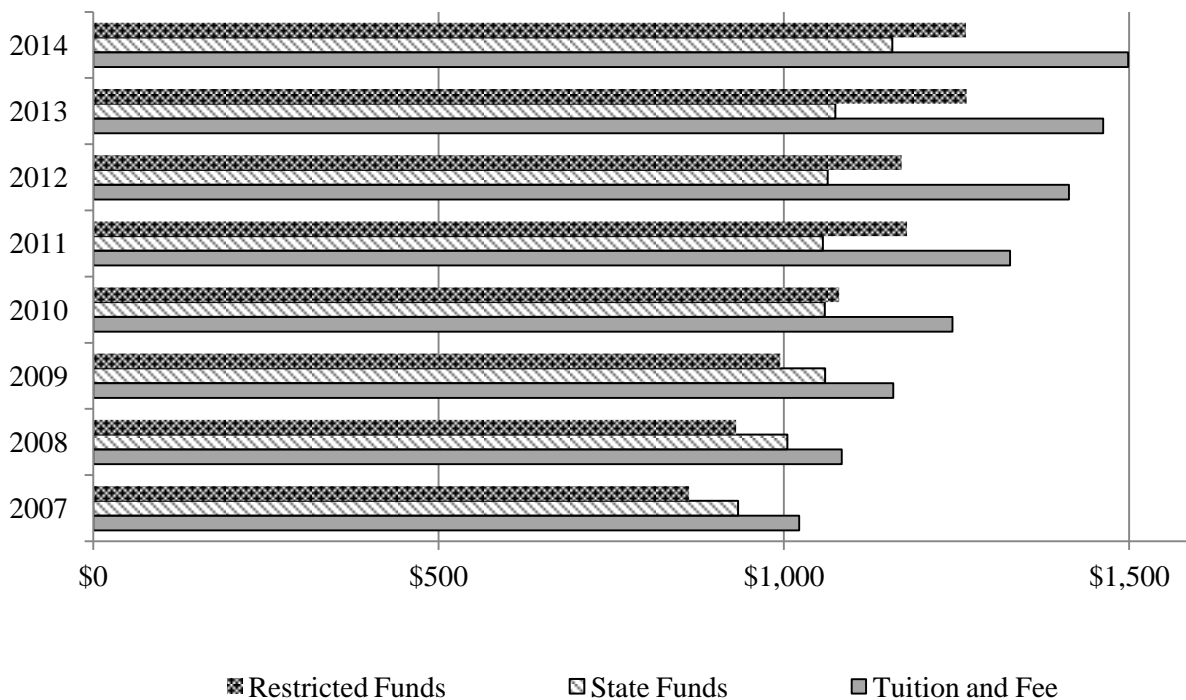
Note: Fiscal 2014 general funds are adjusted by \$1.2 million to reflect an across-the-board reduction. Unrestricted funds only. All programs. USM institutions only.

Source: Governor's Budget Books, Fiscal 2014

## Sources of Revenue

Over the past seven years, total revenues increased \$1.3 billion, or 34.3%, with three revenue sources (tuition and fees, State funds (general and HEIF), and restricted funds) accounting for, on average, 77.3% of the total revenues. As shown in **Exhibit 17**, despite a tuition freeze from fiscal 2007 to 2010, tuition and fee revenues grew 46.6%, or \$476.4 million. In fiscal 2014, these revenues totaled \$1.5 billion, accounting for 30.2% of USM’s total revenues. Prior to fiscal 2012, tuition and fee revenues comprised roughly one-quarter of total revenues, but this started to change in fiscal 2010. Overall, restricted revenues, which are comprised of primarily of research and grant funding, have steadily increased and now account for about one quarter of total revenues.

**Exhibit 17**  
**University System of Maryland Primary Revenue Sources**  
**Fiscal 2007-2014**  
**(\$ in Millions)**



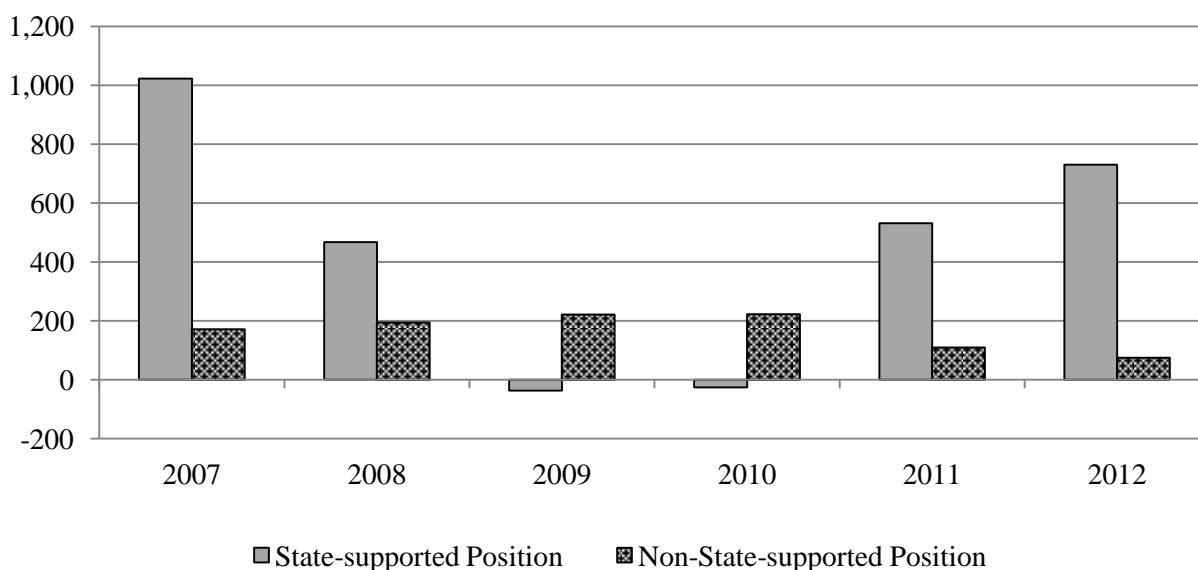
Source: Governor’s Budget Books

## Positions

While the fiscal 2013 allowance did not provide USM with any new regular positions, the number of filled positions, as of October 2012, increased 3.8%, or 805 full-time equivalent (FTE)

positions, as shown in **Exhibit 18**. Of these positions, 730 are State-supported (funded with unrestricted revenues excluding auxiliary), of which 41.2% are in instruction, which may be an indication of an improving economy. Conversely, between 2009 and 2010 during the downturn in the economy, the number of State-funded positions declined by 63.48. Since USM has statutory authority to establish staffing levels within existing funds, it can create positions as needed. The increase in the number of non-State-supported positions in 2009 and 2010 was driven by an average growth of 10.4% in auxiliary. Since auxiliary includes self-supported activities, such as food services, residences halls and intercollegiate athletics, it is expected that positions would increase with enrollment growth of 9.7%. Prior to 2011, the rate of growth in non-State-funded positions averaged 3.8%, which has since slowed to an average of 1.5%. This can be attributed to a moderate growth in research positions, which account for approximately 17.0% of all positions compared to 9.0% for auxiliary, which, on average, grew 1.5% compared to 5.3% prior to 2011.

**Exhibit 18**  
**Change in USM Personnel State- and Non-State-supported Positions**  
**2007-2012**



USM: University System of Maryland

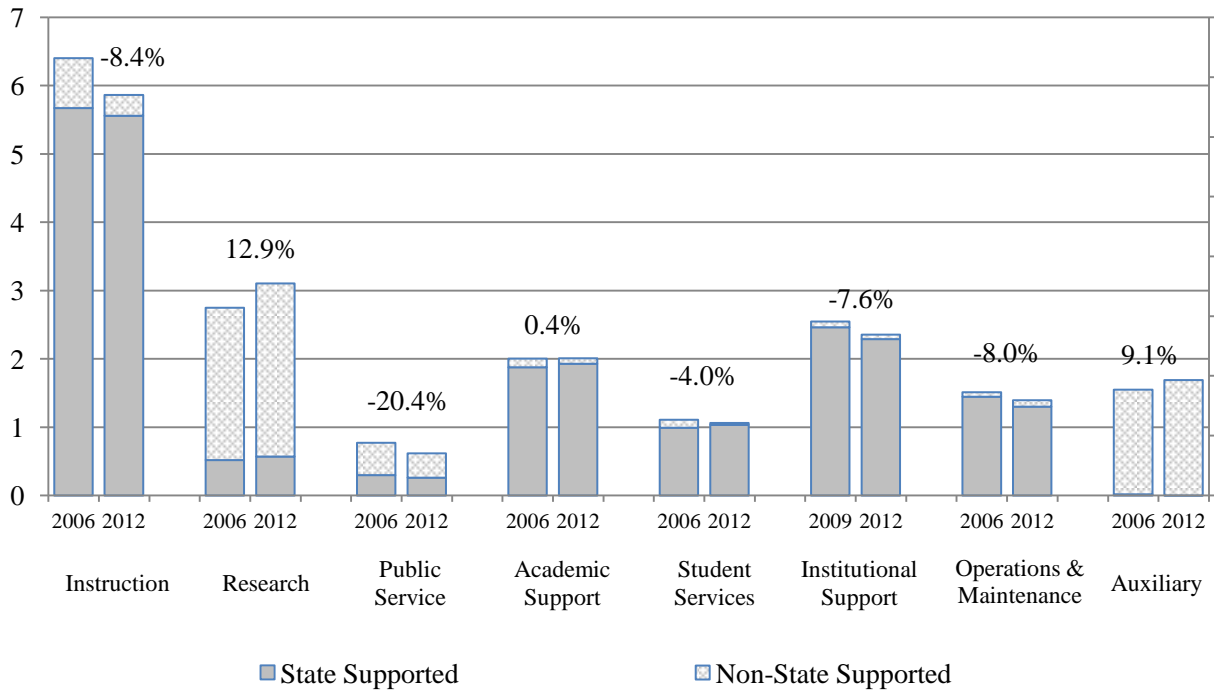
Note: Number of filled positions as of October of each year. Excludes the University of Maryland Center for Environmental Science, the University of Maryland Biotechnology Institute, and USM Office.

Source: University System of Maryland Institutions; Department of Legislative Services

**Exhibit 19** shows changes in filled FTE positions per 100 full-time equivalent students (FTES) by program area. The total number of positions grew 20.3% relative to the 24.0% enrollment growth between fiscal 2006 and 2012. The number of filled positions per 100 FTES declined in all

areas except academic support, research, and auxiliary, which is mainly comprised of non-State-supported positions. Instruction declined at the highest rate of 8.4%, which suggests that in order to meet the growing demand, institutions are relying on adjunct faculty to teach courses. Operations and maintenance of plant declined 8.0%, which raises concerns about facility maintenance, particularly as it relates to facility renewal. Auxiliary grew at the highest rate of 9.1%.

**Exhibit 19**  
**Total State and Non-State FTE Positions Per 100 FTES**  
**Fiscal 2006 and 2012**



FTE: full-time equivalent  
 FTES: full-time equivalent student

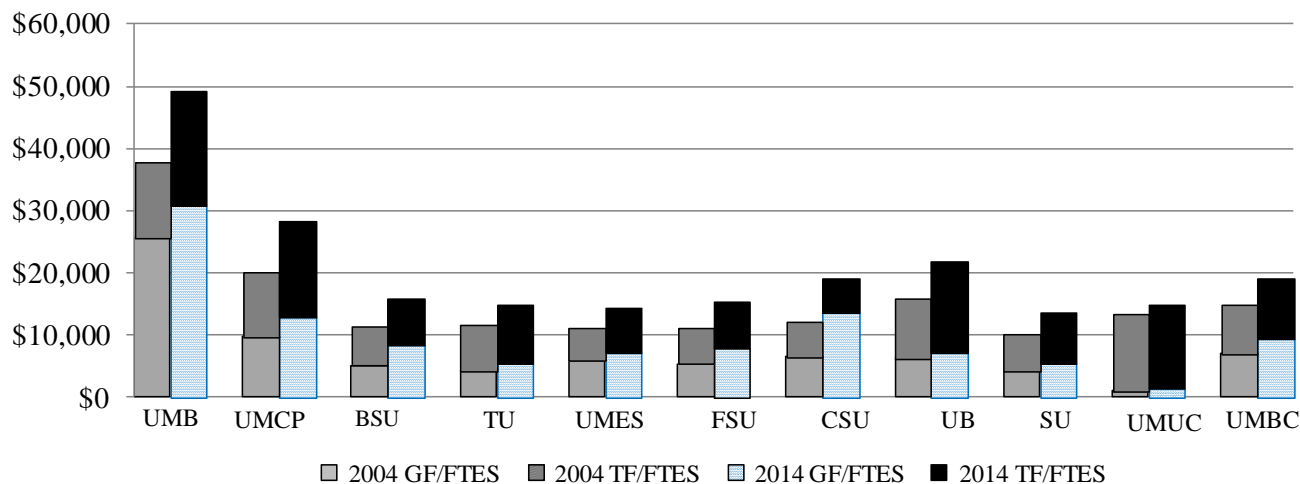
Note: Number of filled positions as of October of each year. Excludes the University of Maryland Center for Environmental Science, the University of Maryland Biotechnology Institute, and USM Office.

Source: University System of Maryland Institutions; Department of Legislative Services

## Funding Per Full-time Equivalent Student

**Exhibit 20** compares by institution State funds (general fund/HEIF) and tuition and fee revenues per FTES for the 10-year period of fiscal 2004 to 2014. On average, State funds per FTES increased 34.5%, while tuition and fee revenues per FTES grew 33.2%. In terms of State funding, CSU’s funding grew at the highest rate of 108.2%, increasing from \$6,582 in fiscal 2004 to \$13,706 per FTES in fiscal 2014. BSU grew at the next highest rate of 63.6% with State funds per FTES increasing \$3,319. Being tuition driven, UMUC has the lowest State funds per FTES, at \$1,392 in fiscal 2014.

**Exhibit 20**  
**Comparison of USM State Funds and Tuition and Fee Revenues Per FTES**  
**Fiscal 2004 and 2014**



BSU: Bowie State University  
 CSU: Coppin State University  
 FSU: Frostburg State University  
 FTES: full-time equivalent student  
 SU: Salisbury University  
 TU: Towson University  
 UB: University of Baltimore

UMB: University of Maryland, Baltimore  
 UMBC: University of Maryland Baltimore County  
 UMCP: University of Maryland, College Park  
 UMES: University of Maryland Eastern Shore  
 UMUC: University of Maryland University College  
 USM: University System of Maryland

Note: UMCP and UMES exclude funding for the Agriculture Cooperative Extension and Experimental Station.

Source: Governor’s Budget Books, Fiscal 2014

The highest growth rates of tuition and fee revenues per FTES of 53.9 and 51.0% occurred at UMB and UB, respectively. CSU experienced a 0.9% decline, which can be attributed to a 35.8%, or \$4,600, reduction in the out-of-state tuition in fiscal 2012 so as to better align tuition rates to that charged by peer institutions.

## ***Issues***

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### **1. University of Maryland Center for Environmental Science Seeks to Grant Degrees**

In June 2012, BOR approved a request from UMCES to seek accreditation from the Middle States Commission on Higher Education to jointly award a graduate degree in Marine-Estuarine-Environmental Sciences (MEES) program with other USM institutions, specifically with UMCP. The MEES program was established in 1978 as an interdisciplinary and inter-institutional graduate program. The program offers master's and doctoral degrees in six areas: oceanography, fisheries science, ecology, environmental molecular biology, environmental chemistry, and environmental science. Courses offered through the MEES program are available to any USM graduate student. There are approximately 180 students enrolled in the program with about 200 faculty from five institutions (UMCP, UMB, UMBC, UMES, and UMCES) participating in the program. The program is administratively housed at UMCP which provides administrative services, including those related to admissions, registration, and billing. Additionally, students have access to services provided by the Graduate School, including assistantships and academic mentoring. The director is considered a UMCP employee who has a half-time teaching appointment supported by UMCP and half-time research appointment funded by UMCES.

BOR approval allows UMCES to begin the first phase of the accreditation process. However, UMCES is currently statutorily authorized to operate as a research institute within USM that does not grant degrees. The initial phase of the process involves an information session with the Middle States Commission to determine if UMCES is ready to pursue accreditation or if institutional changes are necessary in order to pursue accreditation. According to the commission's website, a candidate must demonstrate it meets certain requirements including that the institution awards postsecondary degrees and provides "...written documentation that it is authorized to operate as an educational institution and award postsecondary degrees..." Under State law, the Governor and General Assembly must approve new institutions and grant them the authority to award degrees. However, as a research institute in current law, UMCES does not have the degree-granting authority that the "constituent institutions" of USM have. Therefore, based on advice from the Attorney General's Office, UMCES would not be able to grant degrees without legislative approval. HB 268 of 2013 was introduced to include UMCES in the definition of "public senior higher education institution" that are authorized to award degrees.

This change in UMCES' mission raises several issues and concerns, including the benefits to the State of having another degree granting institution, especially one specializing in a graduate degree that does not help the State to achieve its completion goal. Additionally, the issue of whether UMCES should continue as an independent research institute or be consolidated with another institution has been the topic of discussion over the past few years. This action would be a move in the opposite direction than the State has taken over the past years and would increase ongoing costs to the students and State. There are concerns that the resources needed to become accredited will impact the ability of UMCES to carry out its core mission, particularly when those resources could be



used to enhance and strengthen the existing MEES program. Furthermore, there are questions of how such a move would benefit current and future MEES students.

**The Chancellor should discuss the benefits to the State of having another degree granting institution, especially one offering a graduate degree in one specialized area. The Chancellor should also comment on the cost not only of accreditation but of providing the administrative functions currently provided by UMCP, if State funds will be used to cover these costs, and if the MEES program would not be better served by using those funds to further strengthen and enhance the current program.**

## **2. Strengthening Oversight and Accountability of Athletic Programs**

Over the past few years, there has been increasing concern among BOR that institutions have not recognized their responsibility to provide a full and complete statement of all revenues and expenditures of their Intercollegiate Athletics (ICA) programs. Concerns were further heightened with media reports regarding the financial condition of programs at UMCP and TU and the direct impact this has on the student athletes. Additionally, recent scandals at other national ICA programs highlighted the need for increased BOR oversight. To that end, the Chancellor appointed a USM Office task force to review current board policy, process, and practice and make recommendations to improve transparency of financial disclosures and institutional accountability, as well as strengthen board oversight over the management and finances of ICA programs.

### **Policy Changes**

In September 2012, BOR revised the 10-year-old ICA policy that not only provides for increased financial transparency of ICA programs but also updates and improves the information reported on the academic performance of student athletes. Specifically, institutions are required to disclose finances held by affiliated foundations on behalf of ICA, provide information on debt and commitments of ICA programs, and report the nature and composition of bonus incentives afforded to coaches and athletic directors. Additionally, programs are to report all developing or anticipated fiscal shortfalls as these become known to the Chancellor and the Director of Internal Audits.

The policy expressly states programs are to be self-supporting in that all spending and expenses are to be paid for by revenues and resources generated by the ICA program. Additionally, if an institution seeks to support its ICA program through the use of other self-support activities, *e.g.*, residence halls or dining services, approval must be sought from BOR prior to the beginning of the fiscal year.

BOR also established an Intercollegiate Athletics Workgroup that will review the information submitted by the institutions. The workgroup will also refer financial and academic matters to the appropriate standing committee, recommend adjustments to the policy to improve oversight, and consider other issues that may arise in ICA.

## **Current Deficit Situation**

Eight USM institutions participate in ICA. Five have Division I programs – UMCP, TU, CSU, UMES, and UMBC; BSU has a Division II program; and FSU and SU have Division III programs, which cannot offer athletic scholarships. Currently, all of USM's Division I programs are operating in a deficit situation; however, this is not unique among Division I programs. According to the National Collegiate Athletics Association (NCAA) *2004-2011 Revenues and Expenses Division I Report*, only 23 of the 120 programs in the Football Bowl Subdivision, which includes UMCP, reported a net surplus in 2011 with a median surplus of \$38.8 million, while the median net deficit at the remaining institutions was \$10.2 million. As in previous years, no institutions in the Football Championship Subdivision, including TU, reported a surplus (the report only includes those revenues generated directly by ICA and does not include other sources such as student fees). CSU, UMES, and UMBC are in Division I without a football subdivision; according to the NCAA, no program in this category has reported net generated revenues since 2004.

In 2011, UMCP disclosed its ICA program had been operating in a deficit situation since fiscal 2004 and was only able to balance its budget through transfers from the reserves in an account held by the Terrapin Club foundation. UMCP developed a plan to eliminate the deficit, which included loans from other self-supporting programs in fiscal 2013 and 2014 and the elimination of nine teams. However, the teams would not be cut if they could raise an amount equivalent to eight years of expenditures or reach benchmarks toward achieving the goal. Due to successful fundraising activities, men's track and field will continue for at least another two years. Currently, UMCP's accumulated deficit totals \$4.0 million.

In November 2012, the financial picture looked a lot brighter when UMCP accepted an invitation to join the Big Ten on July 1, 2014. This will significantly enhance future revenues by \$100 million in the first six years according to *Sports Illustrated*. However, the Atlantic Coast Conference (ACC) recently instituted a \$52 million exit fee. In response to comments that the fee was excessive and UMCP would negotiate a lower fee, the ACC filed a lawsuit to enforce the fee. Maryland has since filed a complaint against the ACC alleging it violated antitrust laws, breached contractual obligations, and interfered with the economic growth of the school. In the meantime, UMCP has established a commission to study how to maximize the academic and athletic advantages of joining the Big Ten.

TU ended fiscal 2012 with a \$1.3 million deficit, higher than the anticipated debt of \$850,000. This situation came to light in September 2012 when TU garnered media attention when the athletic director recommended the elimination of two men's teams – baseball and soccer – and the reinstatement of men's tennis, to address the long-term financial stability, increase competitiveness, and maintain Title IX compliance. Subsequently, the President established a commission to review the recommendations and examine alternatives for eliminating the deficit. This issue will be discussed further in TU's budget analysis.

An operating deficit of over \$1.5 million at UMES came to light as a result of the revised policy that requires an institution to seek BOR approval for use of other self-supporting funds to cover ICA expenses. UMES sought approval to transfer \$1.3 million of other auxiliary enterprise

funds to the ICA program. In order to become self-sufficient, UMES will continue to subsidize the program from other self-supported programs in fiscal 2014 and 2015 and will increase the student athletic fee \$150 over the next several years.

CSU reported that ICA has operated at a deficit since at least 2005, but the ICA fund balance cannot be determined prior to 2005 due to a change of accounting software. By fiscal 2010, the annual deficit was expected to be \$876,015, and the shortfall was being covered by transferring revenues from other auxiliary activities to ICA. In March 2010, CSU presented a plan to the Education Policy Committee of BOR to balance ICA finances by fiscal 2014. In fiscal 2012 and 2013, the annual shortfall in the ICA program was smaller than anticipated, but overall, the program is still running a significant deficit. Currently, CSU's accumulated deficit is \$7.0 million. This issue will be discussed further in CSU's budget analysis.

In fiscal 2009, UMBC's ICA program had a negative fund balance of \$1.2 million, which started in fiscal 2004 with a change in athletic conference affiliation that came with additional costs such as conference fees and increased travel costs. UMBC undertook several actions to decrease expenses and increase revenues, and in fiscal 2008, ICA ended the year with a \$15,923 surplus and began the first year of a multi-year plan to pay back the deficit. In fiscal 2012, UMBC reported an operating loss of \$150,000, which was eliminated by a transfer of funds from an affiliated foundation. Currently, UMBC's accumulated deficit is \$0.9 million.

**The Chancellor should comment on the ICA deficit situations and ways to keep athletic expenses in line with the revenue generated by the programs. The Chancellor should also discuss the impact of UMCP joining the Big Ten conference.**

### **3. Status of MPowering**

In 2011, in response to restrictive language in Chapter 395 of 2011 (the budget bill), USM examined the advantages and disadvantages of merging UMB and UMCP. In December 2011, USM submitted a report which concluded the cost of merging the two institutions outweighed the benefits; however, an alternative structure was proposed – a strategic alliance. Under this structure, each institution remains a distinct, independent institution in which the resources of each will be leveraged to improve and enhance academic programs, research, technology transfer, and commercialization.

The new alliance, MPowering, was approved by BOR in March 2012. It is governed by a steering committee headed by the provosts of UMCP and UMB and reports to both presidents on the progress in carrying out the nine initiatives laid out in the plan submitted to BOR. The steering committee will also, at the direction of the presidents, implement any new initiatives. The presidents will, in turn, report to the Chancellor and BOR. In addition, the Chancellor and presidents will provide annual progress reports to BOR starting in March 2013.

In order to fully implement the initial nine initiatives, it was estimated an additional \$42.7 million will be required over a 10-year period. The fiscal 2014 allowance includes \$9.2 million to fund these activities. To date, accomplishments include:

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- ***UM Ventures*** – UMB/UMCP investment: \$1.6 million; fiscal 2014 allowance: \$2.2 million
  - established an office combining the resources of the Offices of Technology Transfer and Commercialization at UMCP and UMB, creating a unified licensing and patenting process;
  - appointed a director who reports to the vice presidents for research at UMCP and UMB;
  - appointed five site miners at UMB, UMCP, and UMBC who are tech commercialization experts responsible for identifying and developing those technologies with commercial potential;
  - increased invention disclosures 22% and technology licenses 18%; and
  - created seven new companies.
- ***Health-Related Informatics Center*** – UMB/UMCP investment: \$1.6 million; fiscal 2014 allowance: \$2.6 million; Other: \$0.5 million; pending National Institute of Health award: \$37.5 million over five years
  - established a center in which UMCP’s computer science faculty collaborate with faculty at UMB with expertise in genomics and clinical medicine to understand diseases and translating research into prevention and treatment methods.
- ***Collaborative School of Public Health*** – UMB/UMCP investment: \$0.3 million; fiscal 2014 allowance: \$1.0 million
  - initiated the accreditation process and developing joint curricula to be offered in 2014.
- ***Universities at Shady Grove*** – UMB/UMCP investment: \$0.5 million; fiscal 2014 allowance: \$1.9 million
  - initiated planning for expansion of academic programs; and
  - recruitment underway for a jointly appointed director of the Institute for Bioscience and Biotechnology Research.
- ***Undergraduate and Graduate Programs*** – UMB/UMCP investment: \$0.1 million; fiscal 2014 allowance \$0.9 million
  - launched a UM Scholars program with two UMCP students conducting research at the School of Medicine.

- ***Identified Common Library Information and Knowledge Resources*** – UMB/UMCP investment: \$80,000; fiscal 2014 allowance: \$0.8 million.
- ***Center of Excellence in Regulatory Science and Innovation*** – UMB/UMCP investment: \$0.6 million; FDA award: \$1.0 million per year for three years.
  - established a center focusing on modernizing and improving the ways drugs and medical devices are reviewed and evaluated.
- ***UM Research and Innovation Seed Grant Program*** – UMB/UMCP investment: \$0.8 million
  - expanded program to target research that can be used to develop new technologies to improve health care, resulted in \$2 million grant.
- ***Joint Appointment Process*** – UMB/UMCP investment: in-kind
  - established “University of Maryland Professor” and made several appointments.
- ***Joint Grants and Submission*** – UMB/UMCP investment: \$0.1 million
  - established a process and developed a single application and management system.

**The Chancellor should comment on efforts to develop new educational offerings between UMCP and UMB including establishing a 2+2 program for nursing; joint programs between the Schools of Engineering, Pharmacy, and Medicine; and other academic collaborations. The Chancellor should also discuss the impact on collaborative research, particularly if such collaborations have led to grants or awards.**

#### **4. Effectiveness and Efficiency Hits 10-year Mark – What Is Next?**

It has been 10 years since USM implemented its E&E initiative which sought to change USM’s business model to effectively deal with increasing fiscal and enrollment demands. The initiative was implemented during a time of declining State support and a demand from BOR to improve quality while serving more students with only moderate increases in tuition. E&E started in June 2003 with BOR undertaking a year-long study to examine how USM could optimize the use of system resources. Activities included hiring a consultant, Accenture, to provide recommendations on reducing operating expenditures and identifying alternative revenue sources. Accenture gathered and analyzed data by institution in the areas of human resources, finance and accounting, procurement, energy management, and selected areas of student services.

E&E initiatives targeted administrative and academic efficiencies, which were tracked not only in terms of money saved or cost avoided but also the number of additional students that could be served at no additional cost to the State. Over the years, the E&E Workgroup, which in 2011 became a standing committee of BOR, continuously reviewed and elevated businesses processes and policies ensuring the efficient use of resources while maintaining quality and access.

### **Administrative Initiatives**

Data was collected over the years on individual administrative activities, which for reporting purposes were grouped into 18 categories, as shown in **Exhibit 21**. Savings and revenue enhancements of \$731.6 million were achieved between fiscal 2004 and 2012. By leveraging its purchasing power, USM was able to achieve savings in the procurement of a variety of goods and services and energy of \$83.0 million and \$62.0 million, respectively. USM further identified E&E activities by four types:

- **Cost Savings:** reduction in current operating expenses;
- **Strategic Reallocation:** reallocation of current resources to a campus priority or critical need;
- **Cost Avoidance:** applies to a demonstrable unmet need that is fulfilled, such as donation of technology equipment; and
- **Revenue Enhancements:** new funding streams excluding tuition and fee revenues.

Activities that resulted in a reduction of operating expenses yielded the most savings, totaling \$341.7 million between fiscal 2004 and 2012 with revenue enhancement netting \$165.2 million, as shown in **Exhibit 22**.

**Exhibit 21**  
**Cumulative Total Savings and Revenues by General Category**  
**As of June 30, 2012**  
**(\$ in Millions)**

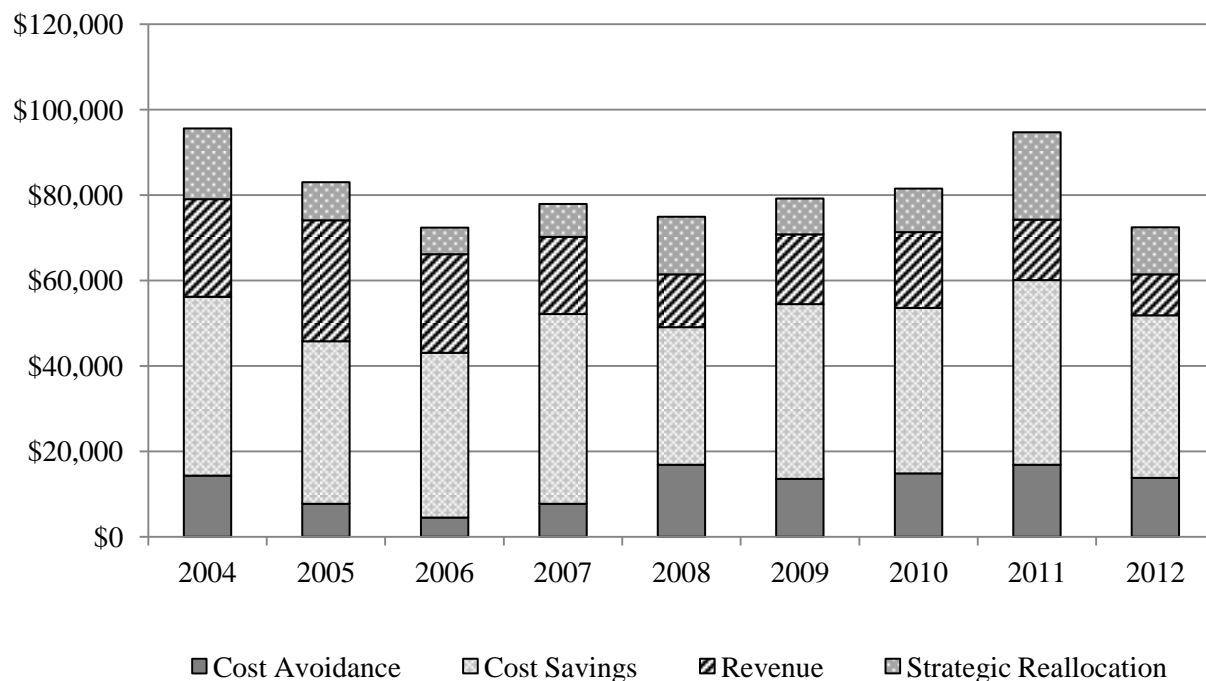
<u>General Category</u>	<u>Total</u>
Partnership with External Entities	\$139,470
Reallocation Process	89,287
Competitive Contracting	82,991
Energy Conservation Program	61,987
Technology Improvements	52,512
Indirect Cost	52,321
Redefinition of Work	45,656
Entrepreneurial Initiative	41,424
Budget Reductions	36,699
Business Process Reengineering	35,568
E & E Workgroup Initiatives	27,241
In-sourcing/outsourcing	25,916
Space and Building Efficiencies	13,393
Equipment and Land Acquisitions/Donation	11,818
Collaboration with Academic Institutions	8,582
Distance Education	5,189
Credit Card Availability	1,301
Meeting Federal Requirements	215
<b>Total</b>	<b>\$731,570</b>

E&E: effectiveness and efficiency

Source: University System of Maryland

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**Exhibit 22**  
**Efficiency Initiatives Savings and Revenue by Category**  
**Fiscal 2004-2012**  
**(\$ in Millions)**



Source: University System of Maryland

## Academic Initiatives

The goal of the academic initiatives is to serve a growing number of students while maintaining quality and decreasing the time to degree, leading to an increase in the number of degrees awarded. Some activities included TU’s trimester experiment, UMCP’s Freshman Connection Program, UB’s expansion to include freshmen and sophomore students, and the expansion of formal articulation agreements with community colleges.

### Academic Policies

BOR approved three changes to academic policy in 2005 which became effective in fall 2006 that were aimed at decreasing the time to degree:

- Encouraging first-time freshmen, whose admission may have been deferred to the spring semester, to take 12 credits of coursework during the fall semester prior to spring admittance,



helping students graduate in a timely manner and addressing capacity issues at some institutions.

- Encouraging students to take 12 credit hours through alternative means such as online, independent study, and other non-traditional methods outside the traditional classroom, thereby freeing up classroom space. In order to track implementation, a target was set for each institution based on the progression of the fall 2005 cohort. USM reported in *Update on Effectiveness and Efficiency Initiatives: Alternative Means of Earning Academic Credit* that five of the seven institutions for whom the policy is applicable have met the benchmarks.
- Establishing 120 credits as the standard number required for a bachelors degree except for programs requiring five years of course work or programs fulfilling external accreditation standards.

### **Faculty Workload**

Another key component to improving academic efficiency was increasing the faculty workload. BOR set standards for tenured/tenure-track faculty workload – faculty at comprehensive institutions should carry a workload of 7.0 to 8.0 courses and faculty at research institutions a workload of 5.0 to 6.0 courses. In the early years of E&E, analysis showed that while the teaching loads were within these ranges but clustered at the lower ends. Therefore, in fiscal 2006, a target was established that each institution will meet the mid-point of the workload standard – 7.5 course units at comprehensive institutions and 5.5 course units for research institutions. Overall, USM as a whole has continued to meet these targets.

### **Course Redesign**

In 2006, USM implemented the Course Redesign Initiative, a systemwide effort focusing on redesigning large, introductory courses or gateway courses by incorporating technology to improve student learning outcomes and achieving cost savings. During the first year, an introductory course at each USM institution was selected for redesign. The success of the initiative, which improved student outcomes and generated cost savings, led to the creation of the Carnegie Course Redesign 2 funded with \$500,000 from the Carnegie Foundation and \$1.8 million from fundraising efforts. To date, 37 courses have been redesigned.

### **What Is Next?**

USM launched the E&E initiative to change the way USM does business so it can effectively deal with fiscal challenges while increasing its capacity to enroll more students. E&E has proven successful and now is a standard part of doing business. This raises questions if the efficiencies achieved so far have been the easier activities or the “low hanging fruit.” Are there activities or efforts that could garner more efficiencies and cost savings but require more effort and collaboration among institutions? Instead, it appears current E&E efforts are focusing more on academic

initiatives, such as academic transformation while there is less emphasis on garnering even more administrative efficiencies.

**The Chancellor should comment on what is next for the effectiveness and efficiency initiative and, given that funding of higher education relies on State funds and tuition revenues, how or what changes need to be made so as to “bend the cost curve.”**

## ***Recommended Actions***

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1. Add the following language:

Provided that the appropriation herein for the University System of Maryland institutions made for the purpose of current services costs shall be reduced by \$10,000,000.

**Explanation:** The language reduces the University System of Maryland (USM) general fund appropriation made for the purpose of current services costs (CSC) by \$10.0 million. Over the past three years, State funds comprised approximately 23% of USM's total revenues and 30% of unrestricted revenues. USM estimated CSC for fiscal 2014 will total \$90.2 million of which the State-funded portion is \$57.9 million, or 64.2%. State funds for CSC will still cover more than its share of revenues after accounting for this reduction. Furthermore, given that revenues are consistently underestimated, particularly tuition and fee revenues, USM will have additional funds to put toward these costs.

2. Add the following language:

Further provided that the appropriation herein for the University of Maryland, Baltimore and University of Maryland, College Park made for the purpose of the Collaborative School of Public Health shall be reduced by \$950,000.

**Explanation:** The language reduces the general fund appropriation for the University of Maryland, Baltimore and the University of Maryland, College Park (UMCP), which is to be used to fund the Collaborative School of Public Health, by a total of \$950,000. In 2007, the two institutions received Board of Regents approval to establish a joint School of Public Health. In support of this effort, the State provided \$10.5 million to UMCP to establish a School of Public Health: \$3.0 million in general funds and \$7.5 million in Higher Education Investment Funds to renovate a building to provide new space for the school. Despite this investment, a joint school was never realized.

3. Add the following language:

Further provided that the appropriation herein for the University System of Maryland institutions shall be reduced by \$8,000,000.

**Explanation:** The language reduces the University System of Maryland (USM) general fund appropriation by \$8 million. These funds represent approximately one-third of the State dollars designated for various initiatives and program enhancements above the current services budget. USM has other revenue sources from which it can draw upon or reallocate resources to fund initiatives.

4. Add the following language:

, provided that the appropriation herein for the University of Maryland, College Park made for the purpose of the College Park Academy Public Charter School shall be reduced by \$500,000.

**Explanation:** The language reduces the general fund appropriation for the University of Maryland, College Park (UMCP) by \$0.5 million, which is to be used to fund the College Park Academy Public Charter School. Public charter schools have not received direct funding from the State but rather from the local school system out of the existing State and local education aid. Therefore, the same funding methodology should be applied to the College Park Academy.

5. Add the following language to the general fund appropriation:

Further provided that \$14,900,000 of this appropriation made for the purpose of funding program initiatives at the University System of Maryland (USM) institutions may not be expended until USM submits a report to the budget committees detailing how these funds will be used and metrics to measure the progress or results of the activities funded by this appropriation. The report shall be submitted to the budget committees by July 1, 2013, or 45 days prior to the release of funds. The budget committees shall have 45 days to review and comment on the report. Funds restricted pending receipt of the report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

**Explanation:** The budget includes \$24.3 million in general funds to fund program enhancements or initiatives directed toward specific initiatives at USM institutions including Mpowering and technology transfer; academic transformation; science, technology, engineering, and mathematics and health-related workforce; and achievement gap and completion. The language restricts \$14.9 million of this appropriation until USM submits a report detailing how these funds will be used and metrics to measure the progress and/or results of the activities funded with the enhancement or initiative funds. The report is to be submitted to the budget committees by July 1, 2013, or 45 days before the release of funds.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on use and metrics to measure progress and programs funded with initiative funds	USM	July 1, 2013 or 45 days prior to the release of funds
A follow-up report on the metric outcomes	USM	June 30, 2014

6. Adopt the following narrative:

**Faculty Workload Report:** The committees request that the University System of Maryland (USM) continue to provide annual instructional workload reports for tenured and tenure-track faculty. By focusing on these faculty, the committees gain a sense of the teaching activities for the regular core faculty at the institutions. Additional information may be included at USM’s discretion. Furthermore, the report should include the percent of faculty meeting or exceeding teaching standards for tenured and tenure-track faculty for the University of Maryland, Baltimore.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Annual report on instructional workload for tenured and tenure-track faculty	USM	December 1, 2013

7. Adopt the following narrative:

**Institutional Aid by Expected Family Contribution Category:** The committees request that data be submitted in an electronic format (Excel file) for each University System of Maryland (USM) institution on undergraduate institutional aid awards. Data should include the number of institutional aid awards and average award size by Expected Family Contribution (EFC) for institutional grants, institutional athletic scholarships, and other institutional scholarships as reported to the Maryland Higher Education Commission (MHEC) for fiscal 2013. Data should also include the number of institutional aid awards and average award size by EFC for tuition waivers/remissions of fees to employees and dependents for fiscal 2013. The report is to be submitted either by USM or MHEC.

<b>Information Request</b>	<b>Authors</b>	<b>Due Date</b>
Report on institutional aid by EFC category	MHEC or USM	December 15, 2013

8. Adopt the following narrative:

**Loan Data by Expected Family Contribution Category:** In order to more fully understand all of the types of aid available to students, the committees request that undergraduate loan data be submitted for each University System of Maryland (USM) institution. Data should include, by Expected Family Contribution (EFC), the number of loans and average loan size of federal subsidized and unsubsidized loans, and loans from private sources as reported to the Maryland Higher Education Commission (MHEC) for fiscal 2013. Additionally, data should be provided on Pell grants including the number and average award size by EFC for

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fiscal 2013. The report is to be submitted in an electronic format (Excel file) either by USM or MHEC.

<b>Information Request</b>	<b>Authors</b>	<b>Due Date</b>
Report on loan data by EFC category	MHEC or USM	December 15, 2013

## Updates

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### 1. Program Incentive Funding

Chapter 148 of 2012 (the budget bill) included language restricting \$1 million of USM’s appropriation to be used only to provide incentive funding to USM institutions that choose to offer new programs at any of the non-USM regional higher education centers and required that USM submit a report on the use of these funds. USM submitted a report on December 4, 2012, identifying the institutions and programs that will be offered at non-USM centers, as shown in **Exhibit 23**.

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#### Exhibit 23 Program Offerings

<u>Institution</u>	<u>Regional Center</u>	<u>Program</u>	<u>Award</u>
BSU	Southern Maryland Higher Education Center (SMHEC)	Master of Science in Nursing – Nurse Educator Track	\$126,319
SU	SMHEC	Masters in Social Work	241,503
SU	Eastern Shore Higher Education Center	Bachelor of Arts in Interdisciplinary Studies	180,374
UMCP	SMHEC	Bachelor of Science in Mechanical Engineering	451,804
<b>Total</b>			<b>\$1,000,000</b>

BSU: Bowie State University  
 SU: Salisbury University  
 UMCP: University of Maryland, College Park

Source: University System of Maryland

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In order to fund these programs USM will reallocate the general fund appropriation among the institutions as shown in **Exhibit 24**.

**Exhibit 24**  
**Reallocation of General Funds**

	<u>Allocation of Restriction</u>	<u>Incentive Grants</u>
University of Maryland, Baltimore	-\$178,821	
University of Maryland, College Park	-401,794	\$451,804
Bowie State University	-34,796	126,318
Towson University	-88,956	
University of Maryland Eastern Shore	-31,195	
Frostburg State University	-32,540	
Coppin State University	-36,920	
University of Baltimore	-29,462	
Salisbury University	-38,736	421,878
University Maryland University College	-33,172	
University Maryland Baltimore County	-93,608	
<b>Total</b>	<b>-\$1,000,000</b>	<b>\$1,000,000</b>

Source: University System of Maryland

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## 2. New Initiative for Funds Restricted to Maryland Farms

Language in the fiscal 2012 budget bill restricted \$250,000 of general operating expenses at UMB and authorized the funds to be transferred by budget amendment to the USM Office to leverage State resources to assist farmers in the State with estates and trusts issues, compliance with environmental laws, and other matters necessary to preserve family farms.

In December 2012, UMCP, UMES, and UMB proposed a joint program, the Agricultural Services Support Initiative (ASSI), for the entire funding amount. ASSI seeks to provide a broad look at legal issues facing all parts of the agricultural community. It consists of five parts:

- legal consultation and referral through workshops on the Eastern Shore conducted by the JustAdvice law clinic to explain legal issues to the public;
- legal needs assessments through both “town hall” style and virtual meetings with rural communities to identify areas of legal need;
- legal resource development by encouraging UMB Carey School of Law alumni to provide pro bono or reduced-fee services to rural communities;



- agriculture and natural resources management by assisting farmers in implementing new technologies and to control point pollution sources; and
- family and consumer science promotion through safe drinking water clinics and by providing information on family nutrition.

This initiative will begin as soon as possible in 2013. The Eastern Shore Delegation will be meeting with USMO and other stakeholders to discuss this project in February 2013.

### **3. Faculty Workload Report**

Annual language in the *Joint Chairmen's Report* requires USM to submit a report on the faculty workload. BOR set standards of expectations for workload for tenured/tenure-track faculty workload – faculty at comprehensive institutions should carry a workload of 7.0 to 8.0 courses and faculty at research institutions a workload of 5.0 to 6.0 courses, with each institution charged with meeting the mid-point of the workload standard. The faculty instruction workload targets at comprehensive and research institutions are 7.5 and 5.5 course units, respectively.

**Exhibit 25** shows the trends in the teaching workloads since fiscal 2005. Overall, TU and UB consistently fell below the target of a least 7.0 courses. USM reports that the lower than expected workload at TU reflects a number of factors, including increased research activity which rose 18% between 2009 and 2011. At UB, the business and law school faculty are exempt due to accreditation requirements limiting their course loads below these established targets, leaving a small number of faculty covered by this policy. Conversely, CSU continues to exceed the maximum number of courses, increasing from 8.1 to 8.3 course units.

**Exhibit 25**  
**Average Course Units Taught by Full-time Equivalent**  
**Tenured/Tenure-track Faculty**  
**Academic Year 2004-2012**

	<u>2004- 2005</u>	<u>2005- 2006</u>	<u>2006- 2007</u>	<u>2007- 2008</u>	<u>2008- 2009</u>	<u>2009- 2010</u>	<u>2010- 2011</u>	<u>2011- 2012</u>
<b>Comprehensive Institutions</b>								
Bowie State University	8.2	7.5	7.9	7.9	7.5	7.3	8.2	7.5
Coppin State University	9.0	9.2	8.5	8.5	7.9	7.9	8.1	8.3
Frostburg State University	7.8	7.8	7.7	7.8	7.5	7.5	7.5	7.4
Salisbury University <sup>1</sup>	7.9	7.9	7.9	7.9	7.9	7.6	7.6	7.6
Towson University <sup>1</sup>	7.3	7.1	7.0	6.9	7.0	7.0	7.1	7.0
University of Baltimore <sup>1</sup>	6.9	6.9	6.7	7.3	7.1	7.1	6.8	6.6
University of MD Eastern Shore	7.5	7.8	7.8	7.4	7.7	8.4	7.7	7.6
<b>All Comprehensive Institutions</b>	<b>7.7</b>	<b>7.7</b>	<b>7.5</b>	<b>7.5</b>	<b>7.4</b>	<b>7.4</b>	<b>7.5</b>	<b>7.4</b>
<b>Research Institutions</b>								
University of Maryland Baltimore County	5.7	5.8	5.8	6.0	6.1	6.6	6.6	6.8
University of Maryland, College Park	5.1	6.1	5.9	5.8	5.7	5.8	5.9	5.6
<b>All Research Institutions<sup>2</sup></b>	<b>5.3</b>	<b>6.0</b>	<b>5.9</b>	<b>5.8</b>	<b>5.8</b>	<b>6.0</b>	<b>6.0</b>	<b>5.9</b>

<sup>1</sup>Calculations for Salisbury University, Towson University, and the University of Baltimore omit the schools of business and law because accreditation standards requires law faculty to teach 4 course units and business faculty to teach 6 course units.

<sup>2</sup>State-supported full-time equivalent.

Source: University System of Maryland's *Faculty Workload Report*, November 19, 2012

At the research institutions, UMCP and UMBC continue to exceed the target of 5.5 course units. While the workload declined from 5.9 to 5.6 at UMCP, it increased from 6.6 to 6.8 course units at UMBC. UMB reports on actual course units taught and the percentage of faculty meeting or exceeding the institutions standard. This is a more appropriate measure due to UMB's many professional schools which may be subject to varying requirements from differing accrediting bodies. UMB reports that 94% of all core faculty met or exceeded the institution's standard.

The faculty workload report only provides information on tenured/tenure-track faculty. Some institutions, particularly comprehensives, rely on full- and part-time non-tenured/non-tenure-track faculty to carry some of the instruction workload, as shown in **Exhibit 26**.

**Exhibit 26**  
**Instructional Faculty**  
**Number and Percent of Total by Type**  
**Academic Year 2007-2011**

<u>Faculty Type</u>	Research					Comprehensive				
	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>
Tenured/ Tenure-track	1,848 (42%)	1,866 (38.8%)	1,854 (37.5%)	1,845 (38.7%)	1,877 (39.0%)	1,563 (44.4%)	1,637 (42.6%)	1,668 (42.8%)	1,688 (42.2%)	1,683 (42.0%)
Full-time Non-tenured/ Non- tenure-track Instructional	368 (8.4%)	386 (8.0%)	355 (7.2%)	385 (8.1%)	405 (8.4%)	485 (13.8%)	523 (13.6%)	545 (14.0%)	550 (13.7%)	458 (11.4%)
Full-time Non-tenured/ Non-tenure- track Research	1,378 (31.3%)	1,396 (29%)	1,542 (31.2%)	1,660 (34.8%)	1,615 (33.5%)	14 (0.4%)	8 (0.2%)	4 (0.1%)	5 (0.1%)	4 (.01%)
Part-time	807 (18.3%)	1,163 (24.2%)	1,192 (24.1%)	877 (18.4%)	918 (19.1%)	1,457 (41.4%)	1,678 (43.6%)	1,680 (43.1%)	1,761 (44.0%)	1,865 (46.2%)
<b>Total</b>	<b>4,401</b>	<b>4,811</b>	<b>4,943</b>	<b>4,767</b>	<b>4,815</b>	<b>3,519</b>	<b>3,846</b>	<b>3,897</b>	<b>4,004</b>	<b>4010</b>

Source: University System of Maryland's *Faculty Workload Report*, November 19, 2012

Focusing on tenured/tenure-track faculty does not accurately reflect the workload of instructional faculty. As shown in **Exhibit 27**, when taking into account the workload of full-time non-tenured/non-tenure-track faculty, the average course load increases from 7.4 to 7.6 course units for comprehensive institutions suggesting non-tenured-track faculty are taking on more of the teaching responsibilities, thereby decreasing the instructional workload of tenured/tenure-track faculty.

**Exhibit 27**  
**Average Course Units Taught by Full-Time Equivalent Tenured/Tenure-track**  
**and**  
**Full-time Non-tenured/Non-tenure-track Instructional Faculty**  
**Academic Year 2006-2012**

	<u>2006-</u> <u>2007</u>	<u>2007-</u> <u>2008</u>	<u>2008-</u> <u>2009</u>	<u>2009-</u> <u>2010</u>	<u>2010-</u> <u>2011</u>	<u>2011-</u> <u>2012</u>
<b>Comprehensive Institutions</b>						
Bowie State University	7.9	8.0	8.0	7.6	8.3	7.7
Coppin State University	8.8	9.0	8.2	10.5	9.0	9.0
Frostburg State University	8.0	8.1	7.6	7.5	7.5	7.4
Salisbury University	8.0	8.2	7.9	7.6	7.7	7.8
Towson University	7.3	7.3	7.4	7.3	7.7	7.4
University of Baltimore	7.0	7.5	7.5	7.6	7.8	6.5
University of Maryland Eastern Shore	7.9	7.6	7.9	9.3	8.1	7.6
<b>All Comprehensive Institutions</b>	<b>7.7</b>	<b>7.8</b>	<b>7.7</b>	<b>7.9</b>	<b>7.9</b>	<b>7.6</b>
<b>Research Institutions</b>						
University of Maryland Baltimore County	6.1	6.3	6.5	6.5	6.9	6.9
University of Maryland, College Park	5.9	5.8	5.7	5.8	5.8	5.6
<b>All Research Institutions</b>	<b>6.0</b>	<b>5.9</b>	<b>5.9</b>	<b>6.0</b>	<b>6.1</b>	<b>5.9</b>

Note: Calculations for Salisbury University, Towson University, and the University of Baltimore omit the schools of business and law; research universities include State-supported full-time equivalent in addition to full-time non-tenured faculty.

Source: University System of Maryland's *Faculty Workload Report*, November 19, 2012

**University System of Maryland  
State Funds Per Full-time Equivalent Student  
Fiscal 2004-2014**

<b>Institution</b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>Working 2013</u></b>	<b><u>Allowance 2014</u></b>
UMB	\$25,715	\$25,467	\$26,907	\$28,457	\$29,589	\$30,292	\$28,973	\$28,643	\$28,450	\$28,668	\$30,766
UMCP	9,765	9,973	10,210	11,491	11,938	12,124	12,031	11,886	11,984	11,979	12,955
BSU	5,217	5,175	5,213	7,486	7,698	7,817	7,800	7,704	7,990	8,189	8,536
TU	4,264	4,261	4,386	4,963	5,119	5,161	5,077	5,034	5,077	5,073	5,391
UMES	5,987	6,073	6,382	7,430	8,337	7,898	7,729	7,205	8,346	6,945	7,134
FSU	5,421	5,644	6,285	7,128	7,296	7,390	7,041	6,941	7,264	7,283	7,887
CSU	6,582	6,283	6,300	9,940	10,604	10,919	11,997	12,546	13,061	13,234	13,706
UB	6,231	6,359	6,875	7,716	7,475	7,651	7,127	7,050	6,852	6,851	7,102
SU	4,251	4,277	4,455	5,036	5,129	5,356	5,208	5,143	5,049	5,092	5,457
UMUC	1,082	1,008	1,026	1,210	1,448	1,540	1,447	1,423	1,290	1,316	1,392
UMBC	7,056	7,114	7,685	8,532	8,978	9,171	9,092	9,000	8,875	8,815	9,378

BSU: Bowie State University  
 CSU: Coppin State University  
 FSU: Frostburg State University  
 SU: Salisbury University  
 TU: Towson University  
 UB: University of Baltimore

UMB: University of Maryland, Baltimore  
 UMBC: University of Maryland Baltimore County  
 UMCP: University of Maryland, College Park  
 UMES: University of Maryland Eastern Shore  
 UMUC: University of Maryland University College

Source: Governor's Budget Books, Fiscal 2014

**University System of Maryland  
Full-time Equivalent Personnel by Budget Program  
Fiscal 2002, 2012, and 2013**

	Fiscal 2002		Fiscal 2012		Fiscal 2013		Change in Share of Total 2012-2013
	<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	5,858	33.5%	6,837.0	31.2%	7,070.5	31.6%	-1.9%
Research	2,455	14.0%	3,883.7	17.7%	3,743.5	16.7%	2.7%
Public Service	689	3.9%	749.7	3.4%	742.8	3.3%	-0.6%
Academic Support	1,937	11.1%	2,295.7	10.5%	2,424.6	10.8%	-0.2%
Student Services	945	5.4%	1,177.5	5.4%	1,283.2	5.7%	0.3%
Institutional Support	2,427	13.9%	2,810.1	12.8%	2,837.8	12.7%	-1.2%
Operations and Maintenance of Plant	1,558	8.9%	1,623.0	7.4%	1,679.4	7.5%	-1.4%
Auxiliary	1,368	7.8%	1,975.6	9.0%	2,035.8	9.1%	1.3%
Hospitals	248	1.4%	555.2	2.5%	570	2.5%	1.1%
<b>Total</b>	<b>17,485</b>		<b>21,907</b>		<b>22,387</b>		

FTE: full-time equivalent

Note: Data are for filled positions only.

Source: University System of Maryland Institutions

**Proposed Budget**  
**University System of Maryland (USM) Regional Higher Education Centers**  
**Fiscal 2012-2014**

**Universities at Shady Grove**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2013-14</b>	<b>% Change</b>
	<b><u>Actual</u></b>	<b><u>Budgeted</u></b>	<b><u>Estimate</u></b>	<b><u>Change</u></b>	<b><u>Prior Year</u></b>
<b>Expenditures</b>					
Salaries and Wages	\$5,041,740	\$5,654,000	\$6,036,864	\$382,864	6.8%
Operating Expenses	9,070,079	8,376,000	8,703,000	327,000	3.9%
<b>Total Operating Expenses</b>	<b>\$14,111,819</b>	<b>\$14,030,000</b>	<b>\$14,739,864</b>	<b>\$709,864</b>	<b>5.1%</b>
<b>State-supported Revenues</b>					
General Funds	\$7,260,990	\$7,260,990	\$7,797,854	\$536,864	7.4%
Enrollment Funding Initiative	3,262,847	3,262,000	3,262,000	0	0.0%
Institutional Partners Classroom and Office fees	732,865	700,000	700,000	0	0.0%
Student Technology Fee	277,844	236,000	250,000	14,000	5.9%
Other Usage Revenue (copier, postage, etc.)	381,863	381,000	385,000	4,000	1.0%
Transfer from USM Office fund balance	0	0	100,000	100,000	
<b>Total State-supported Revenues</b>	<b>\$11,916,409</b>	<b>\$11,839,990</b>	<b>\$12,494,854</b>	<b>654,864</b>	<b>5.5%</b>
<b>Non-State-supported Revenues</b>					
Student Fees	\$1,238,286	\$1,091,000	\$1,145,000	\$54,000	9.9%
Conference Center Revenues	1,022,374	1,099,010	1,100,010	1,000	0.1%
Transfer to Fund Balance	-65,250	0	0		
<b>Total Non-State-supported Revenues</b>	<b>\$2,195,410</b>	<b>\$2,190,010</b>	<b>\$2,245,010</b>	<b>\$55,000</b>	<b>2.5%</b>
<b>Total Revenues</b>	<b>\$14,111,819</b>	<b>\$14,030,000</b>	<b>\$14,739,864</b>	<b>\$709,864</b>	<b>5.1%</b>

**University System of Maryland at Hagerstown**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2013-14</b>	<b>% Change</b>
	<b><u>Actual</u></b>	<b><u>Budgeted</u></b>	<b><u>Estimate</u></b>	<b><u>Change</u></b>	<b><u>Prior Year</u></b>
<b>Expenditures</b>					
Salaries and Wages	\$598,623	\$597,843	\$613,445	\$15,602	2.6%
Operating Expenses	1,286,950	1,333,749	1,322,465	-11,284	-0.8%
<b>Total Operating Expenses</b>	<b>\$1,885,573</b>	<b>\$1,931,592</b>	<b>\$1,935,910</b>	<b>\$4,318</b>	<b>0.2%</b>
<b>State-supported Revenues</b>					
General Funds	\$1,891,592	\$1,891,592	\$1,895,910	\$4,318	0.2%
<b>Non-State-supported Revenues</b>					
Rental, Testing, and Other	51,861	40,000	40,000	0	0.0%
Transfer to Fund Balance	-59,880	0	0	0	
<b>Total Revenues</b>	<b>\$1,883,573</b>	<b>\$1,931,592</b>	<b>\$1,935,910</b>	<b>\$4,318</b>	<b>0.2%</b>

Source: Universities at Shady Grove, University System of Maryland at Hagerstown

**University System of Maryland Regional Higher Education Centers  
Full-time Equivalent Student Enrollment  
Fiscal 2005-2012**

**Universities at Shady Grove**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Bowie State University	13.0	13.8	12.5	10.3	14.4	15.3	13.0	15.6
Salisbury University.					9.3	22.8	23.1	19.5
Towson University	62.8	69.2	79.5	70.1	97.5	108.8	107.8	129
University of Baltimore			12.1	37.0	43.6	61.7	69.4	78.2
University of Maryland, Baltimore	146.1	142.7	152.9	188.3	264.4	371.9	418.2	428.2
University of Maryland Baltimore County	90.4	109.6	111.9	135.2	175.5	215.0	243.8	292.5
University of Maryland, College Park	473.7	529.4	628.9	646.0	818.5	995.8	994.4	999.5
University. of Maryland Eastern Shore	32.2	33.6	34.8	38.0	48.2	66.7	74.8	79.3
University of Maryland University College	372.9	293.3	301.5	288.2	312.4	372.2	391.1	383.0
<b>Total</b>	<b>1,191.1</b>	<b>1,191.6</b>	<b>1,334.1</b>	<b>1,413.1</b>	<b>1,783.8</b>	<b>2,230.2</b>	<b>2,335.6</b>	<b>2,424.8</b>

**The University System of Maryland at Hagerstown**

	<u>2005*</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Frostburg State University	74.4	174.3	167.0	194.9	187.0	193.6	180.9	160.1
Salisbury University	0.0	0.0	0.0	8.6	20.3	28.5	29.0	33.9
Towson University	0.0	0.0	14.2	30.1	32.6	47.7	52.7	51.8
University of Maryland, Baltimore	0.0	4.6	0.0	0.0	0.0	0.0	0.0	0.0
University. of Maryland, College Park	0.0	0.3	1.2	2.0	1.5	1.1	7.2	9.0
University of Maryland University College	0.0	4.5	3.1	0.4	5.6	8.0	10.8	12.2
<b>Total</b>	<b>74.4</b>	<b>183.7</b>	<b>185.5</b>	<b>236.0</b>	<b>247.0</b>	<b>278.9</b>	<b>280.6</b>	<b>267.0</b>

\*Fiscal 2005 is enrollment in spring semester only. The University System of Maryland Hagerstown opened in January 2005.

Source: Universities of Shady Grove, The University System of Maryland at Hagerstown.