
University System of Maryland Fiscal 2015 Budget Overview

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

February 2014

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

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Analysis of the FY 2015 Maryland Executive Budget, 2014

Operating Budget Data

University of Maryland Overview
 (\$ in Thousands)

	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Working</u>	<u>FY 15</u> <u>Allowance</u>	<u>FY 14-15</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$981,814	\$1,102,212	\$1,203,450	\$101,238	9.2%
Contingent & Back of Bill Reductions	0	-23,780	-8,345	15,435	
Adjusted General Funds	\$981,814	\$1,078,433	\$1,195,106	\$116,673	10.8%
Special Funds	\$94,021	\$75,275	\$50,813	-\$24,462	-32.5%
Adjusted Special Funds	\$94,021	\$75,275	\$50,813	-\$24,462	-32.5%
Other Unrestricted Funds	\$2,434,622	\$2,571,374	\$2,628,276	\$56,902	2.2%
Adjusted Other Unrestricted Funds	\$2,434,622	\$2,571,374	\$2,628,276	\$56,902	2.2%
Total Unrestricted Funds	\$3,510,456	\$3,748,861	\$3,882,539	\$133,678	3.6%
Contingent & Back of Bill Reductions		-23,780	-8,345	15,435	
Adjusted Total Unrestricted Funds	\$3,510,456	\$3,725,082	\$3,874,195	\$149,113	4.0%
Restricted Funds	\$1,203,121	\$1,242,815	\$1,258,026	\$15,211	1.2%
Adjusted Restricted Funds	\$1,203,121	\$1,242,815	\$1,258,026	\$15,211	1.2%
Adjusted Grand Total	\$4,713,578	\$4,967,897	\$5,132,221	\$164,324	3.3%

- General funds increase \$116.7 million, or 10.8%, in fiscal 2015 after adjusting for \$23.8 million in withdrawn appropriations and cost containment in fiscal 2014 and \$8.3 million in back of the bill reductions in fiscal 2015.
- The Higher Education Investment Fund (HEIF) decreases 32.5%, or \$24.5 million, due to using the entire HEIF fund balance in fiscal 2014 and lower HEIF revenues. The overall growth in State funds is 8.0%, or \$92.2 million, above fiscal 2014.

Personnel Data

	<u>FY 13 Actual</u>	<u>FY 14 Working</u>	<u>FY 15 Allowance</u>	<u>FY 14-15 Change</u>
Regular Positions	22,973.76	23,326.80	23,315.80	-11.00
Contractual FTEs	<u>5,660.07</u>	<u>5,404.99</u>	<u>5,443.85</u>	<u>38.86</u>
Total Personnel	28,633.83	28,731.79	28,759.65	27.86

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	594.55	2.55%
Positions and Percentage Vacant as of 12/31/13	883.68	3.80%

- The number of regular positions decline 11.0 in the fiscal 2015 allowance with the elimination of 17.0 positions at Coppin State University and the addition of 6.0 positions at the University System of Maryland (USM) Office. It should be noted that USM institutions have personnel autonomy and may create new positions during the fiscal year.
- The allowance also provides for an additional 38.86 contractual positions.

Analysis in Brief

Major Trends

Enrollment: Undergraduate enrollment at USM institutions decreased 0.5% to 111,141 in fall 2013. While the number of continuing students increased 1.3%, indicating that institutions are doing better at retaining students, the number of transfer students declined 9.4%, primarily due to a 28.7% drop at the University of Maryland University College.

Student Performance: When comparing the retention rates of the 2005 and 2010 cohorts, on average, the second- and third-year rates increased 1.5 and 2.8 percentage points, respectively. While institutions are doing better at retaining students, in general, they are not improving the rate at which they graduate. The four- and six-year graduation rates declined at four and five institutions, respectively, when comparing the rates of the 2001 and 2006 cohorts.

Degree Production: Since fiscal 2011, the number of science, technology, engineering, and mathematics (STEM) degrees increased 21.2% by fiscal 2013, with computer and information science accounting for 42.0% of the degrees, followed by biological sciences and engineering at 24.5 and 22.6%, respectively. In terms of overall undergraduate degree production, USM institutions conferred an additional 3,341 degrees over their fiscal 2010 level, totaling 23,238 in fiscal 2013.

Issues

Performance Funding for Initiatives: The fiscal 2014 budget provided \$13.0 million in State funds to support various program initiatives at USM institutions and required USM to provide information on how these funds would be expended and metrics that would be used to determine the effectiveness of these programs. Activities supported by these funds can be categorized as (1) transforming the academic model; (2) increasing graduates in STEM and health professions; and (3) helping the State achieve its 55% completion goal, which includes closing the achievement gap.

Long-term Stability of Athletic Programs: Over the past few years, there has been a heightened awareness at the national and State level of the financial situation of the Intercollegiate Athletic (ICA) programs. The ICA programs at the University of Maryland, College Park (UMCP) and Towson University (TU) garnered attention, as the deficit situation led to the elimination of several teams. TU also attributed this as a means to maintain Title IX compliance.

Status of MPowering: MPowering, a formal alliance between UMCP and University of Maryland, Baltimore, established in 2012, leverages the resources of each institution to improve and enhance academic programs, research, technology transfer, and commercialization.

Minority Student Pipeline Math Science Partnership: In September 2008 the Math Science Partnership program of the National Science Foundation awarded a five-year, \$12.4 million grant to fund the Minority Student Pipeline Math Science Partnership, bringing together players in Prince George’s County to expand the minority student pipeline into science and science teaching.

Recommended Actions

1. Add language reducing general funds related to reversion of fees in 2013.
2. Add language to reduce general funds by the amount of the tuition portion of the cost-of-living adjustment annualization.
3. Adopt committee narrative requesting the submission of a status report on enhancement funded programs.

Updates

Instructional Workload Report: Annual language in the *Joint Chairmen’s Report* (JCR) requires USM to submit a report on the faculty workload. The faculty instruction workload target at comprehensive and research institutions is 7.5 and 5.5 course units, respectively. Five of the nine USM institutions met or exceeded the workload target in fiscal 2013.

Status of University of Maryland Eastern Shore Repeat Audit Findings: The fiscal 2014 budget restricted funds until the Office of Legislative Audits determines that the repeat findings identified in the most recent audit have been corrected.

Associate Degree Scholarship Award: Frostburg State University established the Associate Degree Scholarship Awards in fiscal 2011, targeting transfer students who demonstrated academic excellence. The scholarship brings down tuition costs for the last two years of a bachelor’s degree to that of a community college. Since its inception, new and continuing undergraduate transfer enrollment increased from 470 in fall 2011 to 507 in fall 2013.

Feasibility of Creating a Pilot Internship Program: Language in the 2013 JCR required the University of Maryland Baltimore County (UMBC) to submit a report on the feasibility of creating a pilot internship program for information technology (IT) majors at State agencies. UMBC met with the Maryland Information Technology Advisory Committee who identified a variety of IT projects that would be a good fit for qualified interns.

New Program Incentive Funding: The fiscal 2013 budget 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. Three institutions are offering four programs at two centers.

New Historically Black Colleges and Universities Enhancement Funding: Language in the 2013 JCR required USM’s three historically black colleges and universities to report on appropriations made for the purpose of converting part-time faculty to full-time positions and increasing the amount of need-based aid at those institutions.

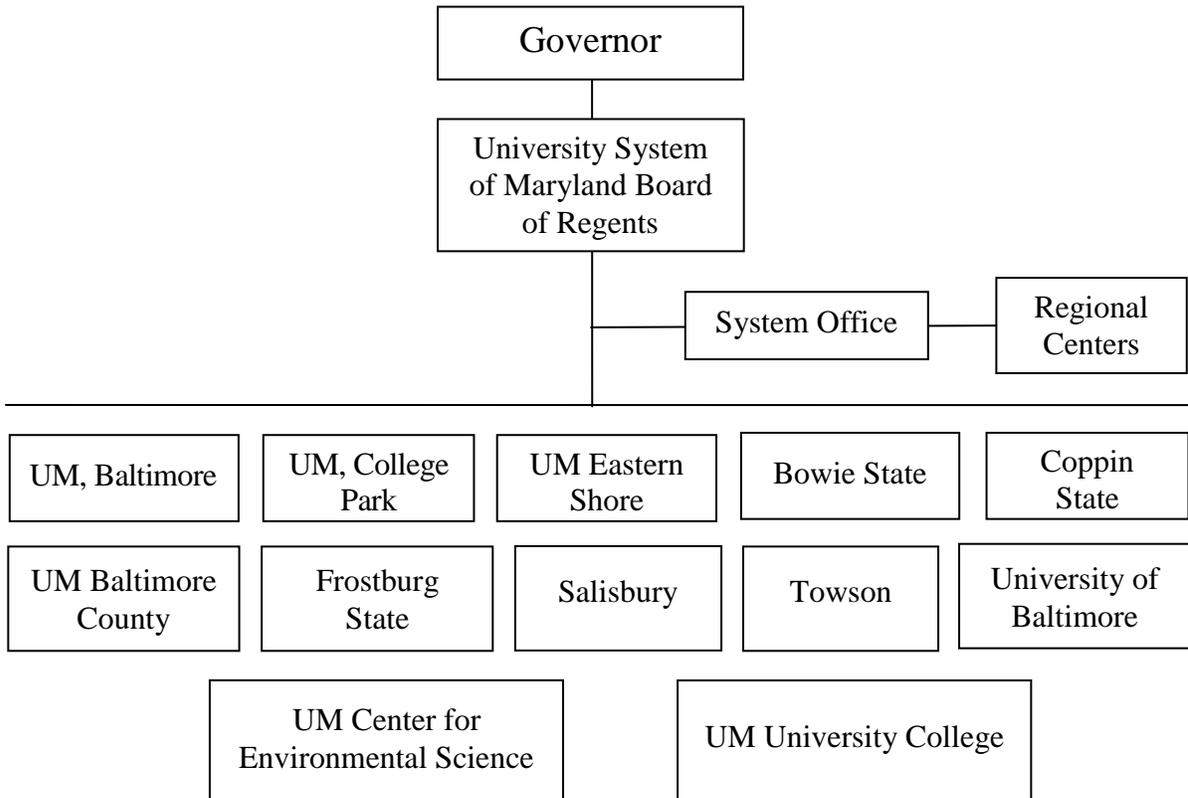
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University System of Maryland Overview

Operating Budget Analysis

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.

Exhibit 1
University System of Maryland



UM: University of Maryland

Source: Department of Legislative Services

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:

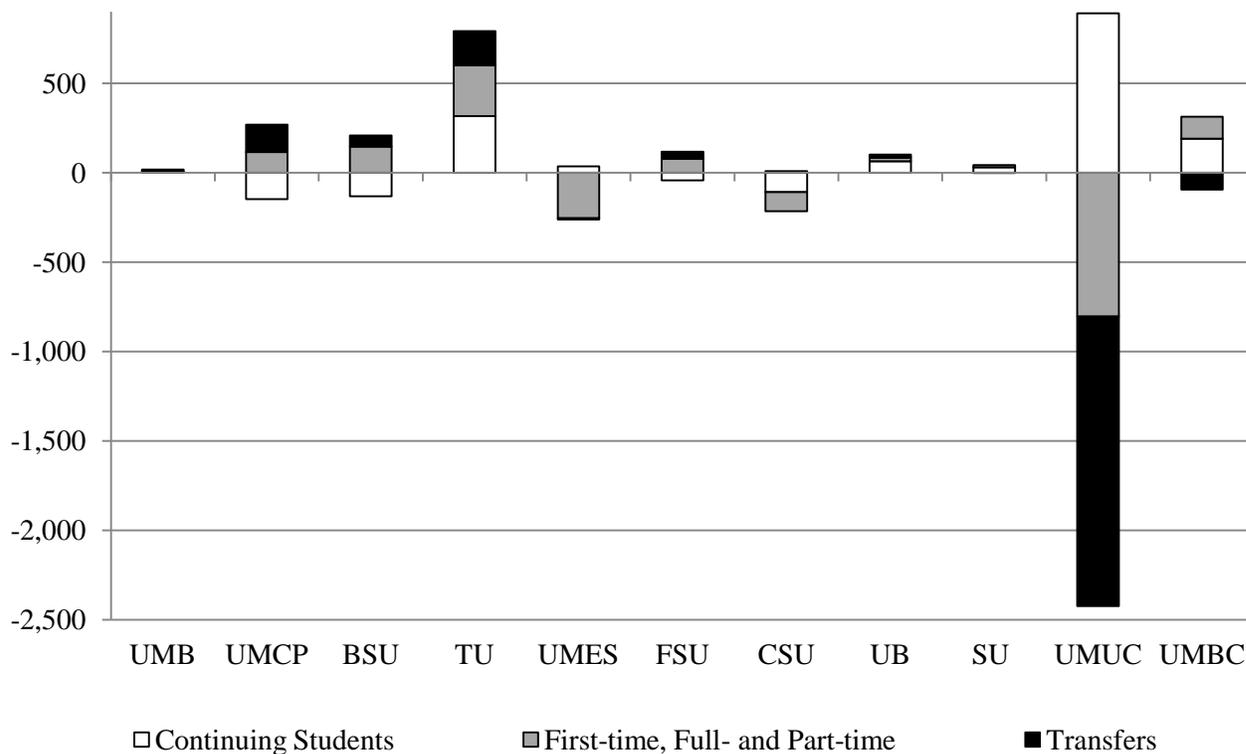
- create and maintain a well-educated workforce;
- promote economic development;
- increase access for economically disadvantaged and minority students; and
- achieve and sustain national eminence in providing quality education, research, and public service.

Performance Analysis

1. Enrollment

Undergraduate enrollment at USM institutions decreased 0.5% to 111,141 in fall 2013. **Exhibit 2** shows the change in undergraduate enrollment by institution. Overall, continuing students comprise 76.2% of undergraduate enrollment, transfer students account for 11.8%, and the remaining portion consists of first-time, full-time (FT/FT) and part-time students. The number of continuing students increased 1.3%, indicating that institutions are doing better at retaining students, which should translate into an increase in the number of degrees awarded. However, the number of transfer students fell 9.4%, which is attributable to a 28.7% drop in the number of transfers at the University of Maryland, University College (UMUC). Graduate enrollment decreased for a second year, falling 3.9% in fall 2013. This resulted in an overall decline in enrollment of 1.4%.

Exhibit 2
Change in Undergraduate Enrollment
Fall 2012 to Fall 2013



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

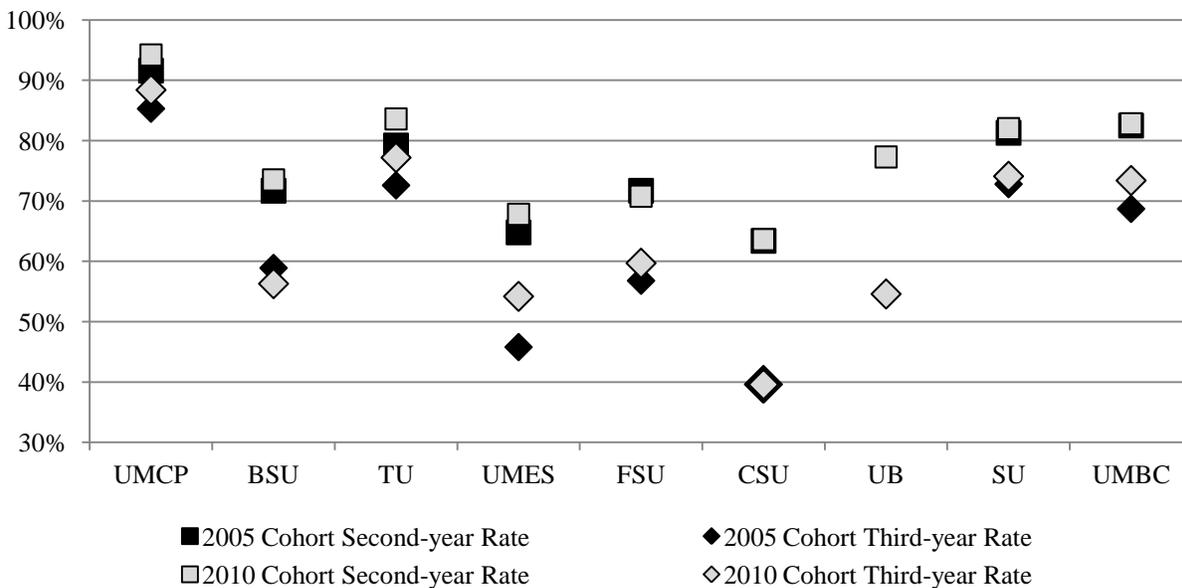
2. Student Performance

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 2010 FT/FTcohorts by institution, excluding the University of Maryland, Baltimore (UMB). The second-year rate is higher for the 2010 cohort at all institutions except Frostburg State University (FSU), which experienced a slight decline of less than 1.0 percentage point. Towson University (TU) experienced the highest rate of increase of 4.4 percentage points increasing from 79.2 to 83.6%. Institutions appear to have made strides in improving the retention of students beyond the second year, with the third-year rate increasing, on average, 2.8 percentage points. Only Bowie State University (BSU) experienced a decline of 2.6 percentage points. The University of Maryland Eastern Shore (UMES) showed the most improvement with its third-year rate, increasing 8.4 percentage points, from 45.8 to 54.2%. Coppin State University (CSU) made no progress in either rate, with both the second-year and third-year rates remaining flat.

Exhibit 3
Undergraduate Second- and Third-year Retention Rates
First-time, Full-time 2005 and 2010 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: The University of Baltimore enrolled freshmen for the first time in 2007.

Source: Maryland Higher Education Commission

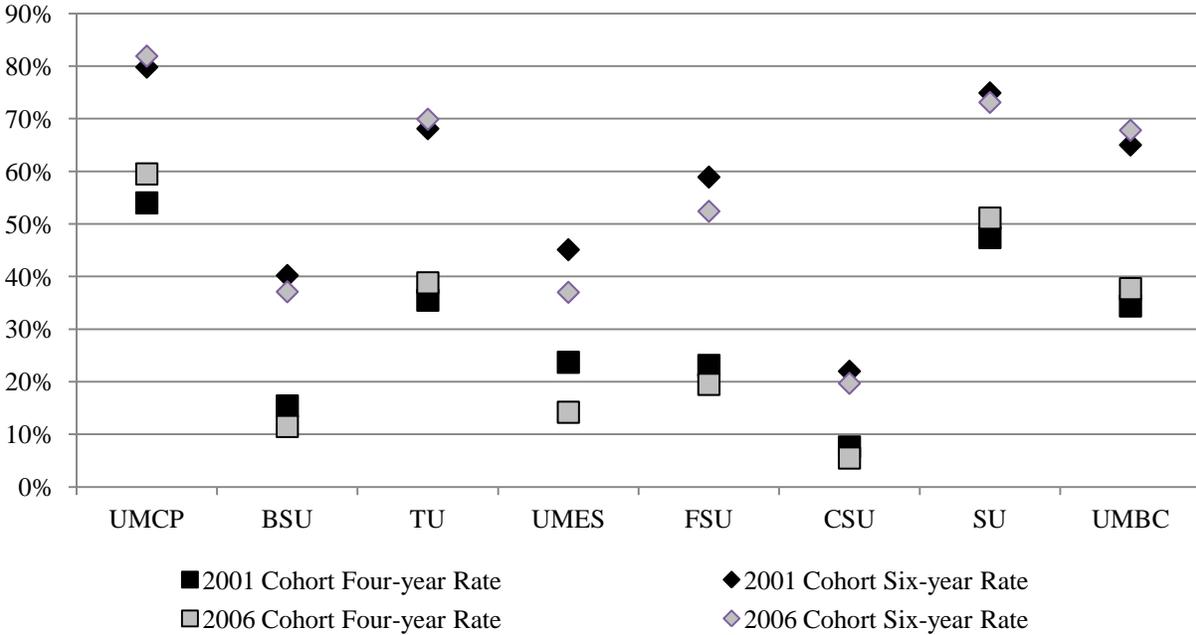
Graduation Rates

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 initiative is to improve the time to degree. According to USM's *Annual Faculty Workload Report*, the latest data available for the 2005 FT/FT cohort showed that the time to degree remained at 8.7 semesters when compared to the 2004 cohort.

In terms of how well institutions are graduating students, **Exhibit 4** compares the four- and six-year rates of the 2001 and 2006 FT/FT cohorts and shows there are opportunities for institutions to improve their performance. The four-year rate declined at four institutions – BSU, UMES, FSU, and CSU – with the largest decline of 9.5 percentage points occurring at UMES. In terms of the six-year rate, five institutions experienced declines – BSU, UMES, FSU, CSU, and Salisbury University (SU). Once again, UMES had the largest decline of 8.1 percentage points. Overall, on average, the six-year rate declined 1.9 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 and back again.

The two- and four-year graduation rates for Maryland community college transfer students, which are equivalent to the four- and six-year rates of FT/FT students, are shown in **Exhibit 5**. While the two- and four-year rates are typically lower than the rates of the FT/FT students, with the two-year rate being significantly lower, this is expected given a majority of the transfers tend to be part-time students and, therefore, will take longer to graduate.

Exhibit 4
Four- and Six-year Graduation Rates
First-time, Full-time 2001 and 2006 Cohort



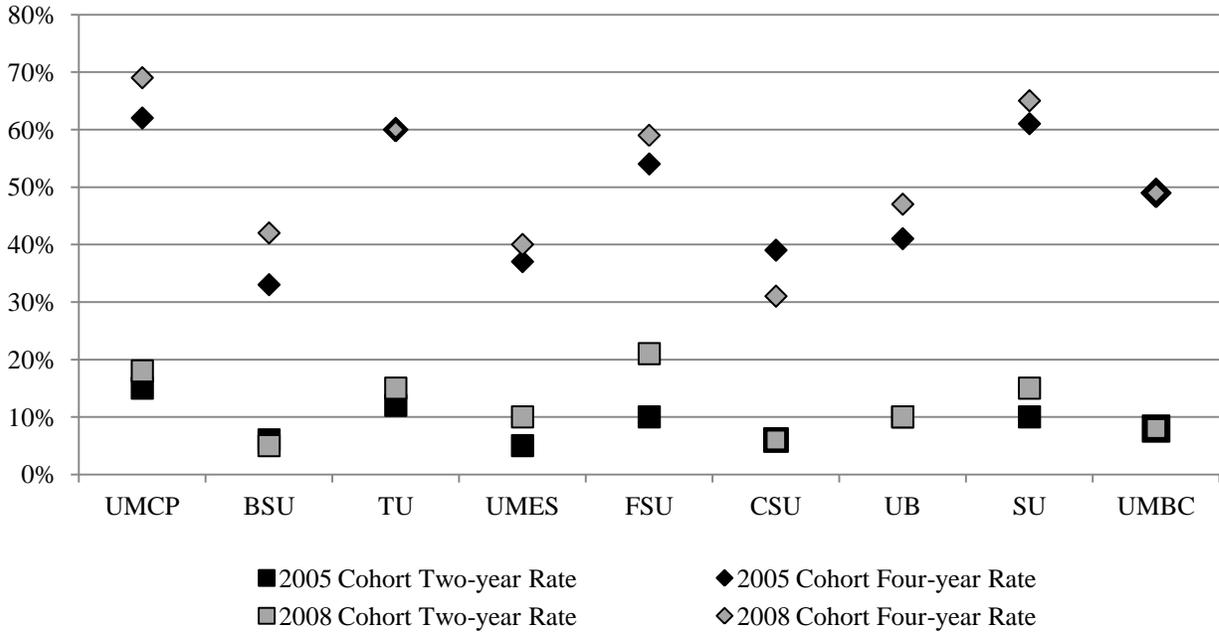
BSU: Bowie State University
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 TU: Towson University

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

Note: The graduation rates for the first-time, full-time cohort includes those who graduated from the institution or those that transferred and graduated from any Maryland public four-year institution.

Source: Maryland Higher Education Commission

**Exhibit 5
Two- and Four-year Graduation Rates
Maryland Community College Transfers
2005 and 2008 Cohorts**



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: Graduation rates include those students who transferred in and then transferred and earned a degree at another University System of Maryland institution.

Source: University System of Maryland, Transfer Students to the University System of Maryland: Patterns of Enrollment and Success

While the four-year graduation rate for transfer students tends to be lower than the six-year rate of FT/FT students, four institutions – BSU, FSU, CSU, and UMES – did better at graduating transfer students than their “native” students. CSU’s two- and four-year rates for the 2008 cohort were 6.0 and 31.0%, respectively, while the four- and six-year rates for the 2006 FT/FT cohort, as shown in Exhibit 4, were 5.5 and 19.7%, respectively. There was significant improvement at FSU, with the two-year rate increasing 11 percentage points to 21.0% with the 2008 cohort, while the four-year rate at BSU went up 9 percentage points to 42.0%

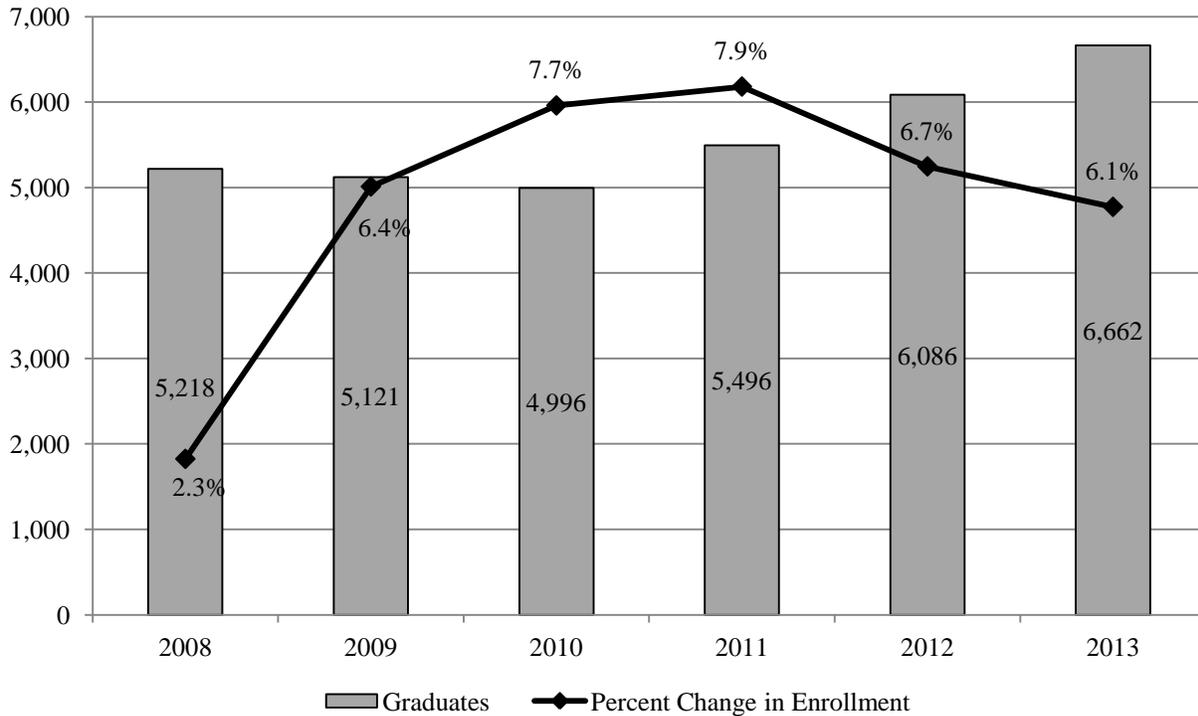
3. Degree Production

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. USM is well on its way to meeting this goal. Since fiscal 2011 (the base year from which progress will be measured), the number of degrees increased 21.2%, or 1,116, by fiscal 2013, as shown in **Exhibit 6**. Overall, enrollment continues to grow at a steady rate, averaging 6.9% since fiscal 2011, reaching its highest level of 37,136 students in fiscal 2013. The trend in enrollments and degrees can be attributed 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, according to USM. In fiscal 2013, CIS programs accounted for 45.0% of all STEM enrollments. At the undergraduate level, CIS accounted for 43.4% of all STEM enrollments, followed by biological sciences, which comprised 26.5% of enrollments.

As shown in **Exhibit 7**, CIS programs account for 42.0% of all STEM degrees, followed by biological sciences and engineering at 24.5 and 22.6%, respectively, in fiscal 2013. At the bachelor's level, CIS accounted for 38.0% of the degrees, followed by biological sciences at 30.0%. In terms of graduate degrees, CIS accounted for 57.0% of the STEM master's degrees; however, at the doctoral level, engineering accounted for 34.0% of the degrees, surpassing all other STEM fields.

Exhibit 6
Students Enrolled and Graduates in STEM Programs
Fiscal 2008-2013

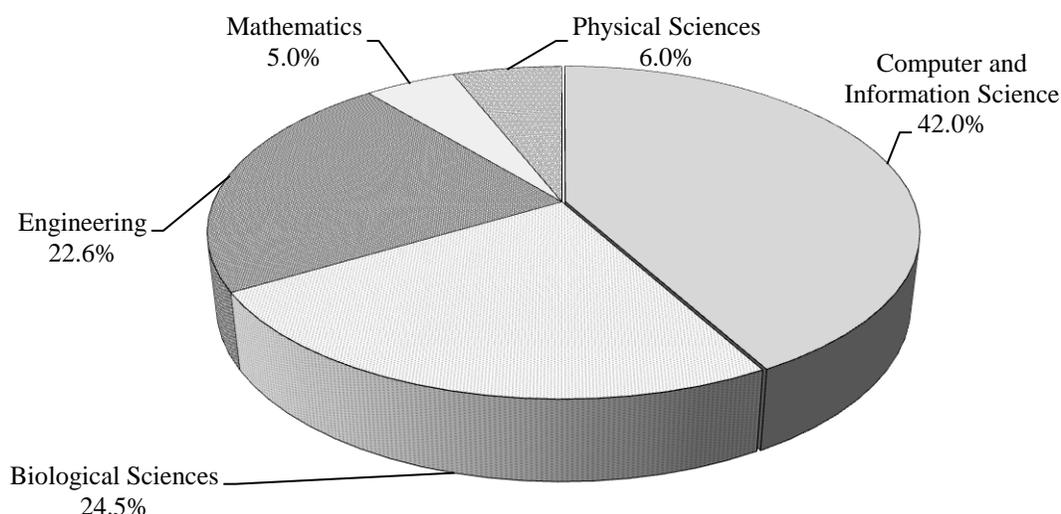


STEM: science, technology, engineering, and mathematics

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

Exhibit 7
Portion of Science, Technology, Engineering, and Mathematics Degrees
By Program
Fiscal 2013

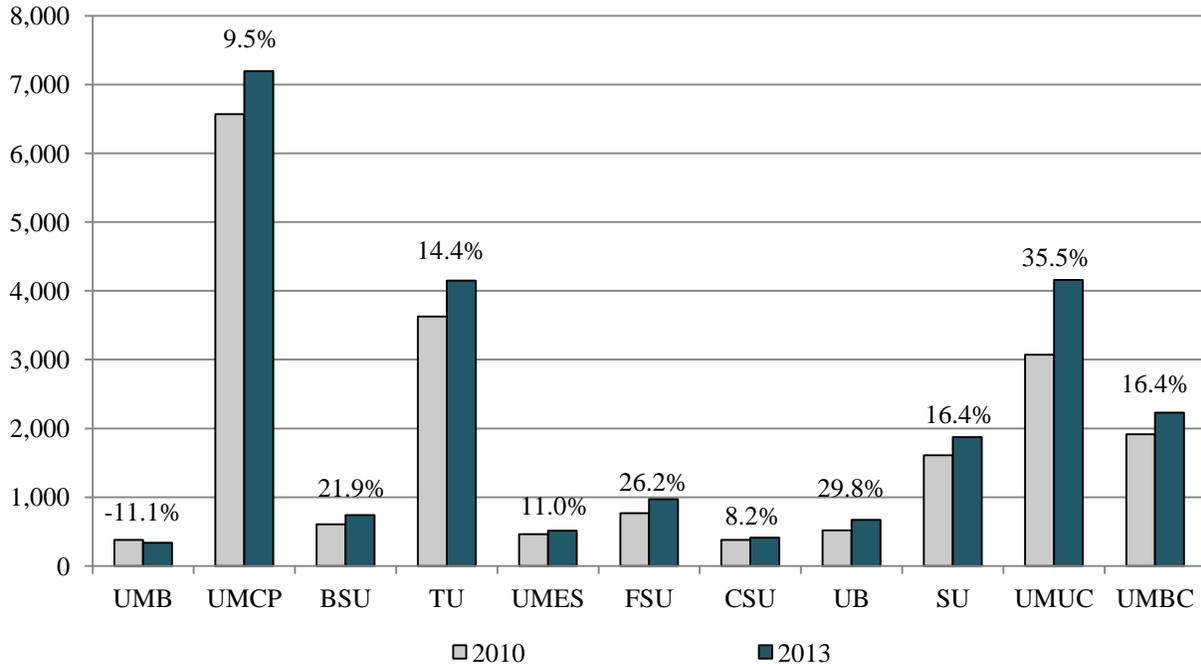


Source: University System of Maryland

Undergraduate Degrees Awarded

In order to produce a well-educated workforce and meet the State's completion goal of at least 55.0% of the State's residents holding at least an associates or bachelors degree by July 2025, USM will need to increase the number of undergraduate degrees awarded. In order to help the State meet its completion goal, USM plans to increase annual degree production by approximately 8,000 degrees by 2020. **Exhibit 8** compares the number of undergraduate degrees conferred by institution between fiscal 2010 (the base year) and 2013. Overall, degree production at institutions increased 16.8% from 19,897 in fiscal 2010 to 23,238 in fiscal 2013. The highest growth rates of 35.5 and 29.8% occurred at UMUC and the University of Baltimore (UB), respectively. In terms of number of degrees, the University of Maryland, College Park (UMCP) and TU increased the number awarded by 623 and 522 degrees, respectively. At UMB, the 11.1% decline in the number of degrees is attributed 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; a reduction in the number of bachelor's degrees is offset by an increase in master's degrees.

**Exhibit 8
Total Undergraduate Degrees Awarded
Fiscal 2010 and 2013**



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

Fiscal 2014 Actions

Cost Containment

There are three across-the-board withdrawn appropriations. This includes reductions to employee/retiree health insurance, funding for a new Statewide Personnel information technology (IT) system, and retirement reinvestment. These actions are fully explained in the analyses of the Department of Budget and Management (DBM) – Personnel, the Department of Information Technology, and the State Retirement Agency (SRA), respectively. Across USM, these reductions

total \$20.8 million. Additionally, \$3.0 million will be reverted to the general fund that was restricted in the fiscal 2014 budget to be transferred to the Maryland Higher Education Commission Educational Excellence Awards.

Due to the underattainment of Higher Education Investment Funds (HEIF) in fiscal 2013 and the revenue write down by the Board of Revenue Estimates, USM may have to reduce its fiscal 2014 appropriation by \$11.2 million. This is due to the fiscal 2014 HEIF appropriation, including carryover of revenues from fiscal 2012 and 2013, resulting in the depletion of the HEIF fund balance. A lower carryover balance due to the underattainment of fiscal 2013 revenues, coupled with the write down of the fiscal 2014 revenues, may result in an overall \$12.0 million reduction in the HEIF appropriation. In order to reduce expenditures, institutions plan to:

- defer maintenance and facility renewal projects (BSU, TU, FSU, UB, SU, the University of Maryland Baltimore County (UMBC), and UMES);
- reduce various administrative and academic units' expenditures (UMB, UMCP, CSU, UMBC, University System of Maryland Office (USMO), Universities of Shady Grove, and USM at Hagerstown);
- delay filling positions/keeping vacancies open (UMCP, UMES, FSU, CSU);
- delay upgrades or equipment purchases (UMCP, FSU);
- reduce funding for enhancement-related activities (UMCP, UMES);
- reduce positions (CSU); and
- reduce planned transfer to fund balance (UMUC).

Other Actions

The Budget and Reconciliation and Financing Act (BRFA) of 2013 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 and staff. A total of 361 personnel were classified as operationally critical: 129 staff and 232 faculty received salary raises totaling \$3.6 million, as shown in **Exhibit 9**; 62.3% of these funds came from State sources. Of the 129 staff deemed critical, most are administrators and managers in the financial, information technology, and health care fields. A significant portion, 42.2%, of the faculty receiving salary increases were at UMBC. Overall, 64.5% of the faculty and staff receiving salary increases were at UMBC and UMB. All institutions used this option to help retain personnel.

Exhibit 9
Positions and Salary Increased to Retain Personnel
July 1 to November 15, 2013

<u>Institution</u>	<u>Faculty</u>	<u>Staff</u>	<u>Total</u>	<u>Total Amount of Increases</u>
University of Maryland, Baltimore	58	72	130	\$1,713,108
University of Maryland, College Park	36	10	46	870,643
Bowie State University	0	2	2	19,214
Towson University	1	5	6	54,098
University of Maryland Eastern Shore	2	1	3	37,848
Frostburg State University	1	2	3	24,239
Coppin State University	1	0	1	15,810
University of Baltimore	1	0	1	5,993
Salisbury University	34	19	53	337,969
University of Maryland University College	0	9	9	113,270
University of Maryland Baltimore County	98	5	103	369,984
University of Maryland Center for Environmental Science	0	2	2	16,702
University System of Maryland Office	0	2	2	8,725
Total	232	129	361	\$3,587,603

Source: University System of Maryland

Proposed Budget

As shown in **Exhibit 10**, the general fund allowance for fiscal 2015 is 10.8%, or \$116.7 million, higher than fiscal 2014 after including the fiscal 2014 cost containment actions and adjusting for across-the-board reductions in the Governor’s spending plan for the fiscal 2015 allowance affecting funding for employee/retiree health insurance and retirement reinvestment. These actions are fully explained in the analyses of DBM – Personnel and SRA. The increase in the general fund allowance is partially offset by a \$24.5 million, or 32.5%, decline in the HEIF related to the use of the HEIF fund balance coupled with the underattainment of revenues in fiscal 2014. The overall growth in State funds is 8.0%, or \$92.2 million, over fiscal 2014, totaling \$1.2 billion.

Exhibit 10
Proposed Budget
University System of Maryland
(\$ in Thousands)

	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Adjusted</u>	<u>FY 15</u> <u>Adjusted</u>	<u>FY 14-15</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$981,814	\$1,078,433	\$1,195,106	\$116,673	10.8%
HEIF	46,363	75,275	50,813	-24,462	-32.5%
Budget Restoration Funds	47,657	0	0		
Total State Funds	1,075,834	1,153,707	1,245,919	92,211	8.0%
Other Unrestricted Funds	2,434,622	2,571,374	2,628,276	56,902	2.2%
Total Unrestricted Funds	3,510,456	3,725,082	3,874,195	149,113	4.0%
Restricted Funds	1,203,121	1,242,815	1,258,026	15,211	1.2%
Total Funds	\$4,713,578	\$4,967,897	\$5,132,221	\$164,324	3.3%

HEIF: Higher Education Investment Fund

Note: Fiscal 2014 general funds include \$23.8 million in cost containment. Fiscal 2015 general funds are adjusted by \$8.3 million to reflect across-the-board reductions.

Source: Governor’s Budget Books, Fiscal 2015; Department of Legislative Services

For a fifth consecutive year, the Governor’s allowance assumes a resident undergraduate tuition rate increase of 3% at all USM institutions except SU, which plans a 6% increase to better align its residential tuition with rates charged by its peers. The allowance provides \$9.6 million to hold tuition increases to this level. In regard to personnel expenses, the allowance provides \$48.2 million for the annualization of the fiscal 2014 merit increase and COLA and \$38.5 million for merit increases in fiscal 2015. Funds for a 2% cost-of-living adjustment (COLA) effective January 1, 2015, are included in DBM’s budget. The fiscal 2015 COLA totals \$24.1 million of which the State-supported portion is \$14.8 million. The remaining \$9.3 million is to be funded from auxiliary revenues and grants and contracts.

The fiscal 2015 allowance also provides \$10 million in general funds to continue funding of program enhancements and initiatives implemented in fiscal 2014. This is to replace the \$10 million that USM transferred from its fund balance to supplement enhancement funding provided in fiscal 2014.

Other current unrestricted funds increase 2.2%, or \$56.9 million, over fiscal 2014. This is mainly due to tuition and fees revenues growing 2.5%, or \$36.7 million, and growth of 4.3%, or \$25.8 million, in auxiliary revenues.

The BRFA of 2014 includes provisions to effectuate a transfer of \$25.8 million from USM’s fund balance in fiscal 2015. **Exhibit 11** shows USM’s fund balance and planned reduction of the State-supported portion of the fund balance by institution. The State-supported share of the fund balance includes tuition and fee revenues and other unrestricted revenue, except auxiliary revenues related to nonacademic purposes, such as dining and residence halls. Overall, the fiscal 2015 ending balance is estimated to be \$865.9 million, of which \$178.0 million is the State-supported portion. The negative balances in the State-supported portion of TU, UMES, and CSU’s fund balance increase after the transfer. These institutions, according to USM, are either developing or have plans to restore the necessary balance to the State-supported portion of their fund balance. FSU and UMUC will borrow from the non-State portion of their fund balances and are expected to repay the funds used to cover their portion of the transfer. It should be noted UMCP is not planning on transferring funds to its fund balance in fiscal 2015 due to the general fund transfer and to the expectation that tuition revenues will be very close to the budgeted amount, a result of UMCP more accurately forecasting revenues.

Exhibit 11
Fund Balance by Institution
Fiscal 2014-2015
(\$ in Millions)

	Estimated Fiscal 2014 Ending	Reversion to State	Planned Increase/ Decrease	Fiscal 2015		
				Estimated Ending Balance	Estimated State Support	Estimated Non-State Support
UM, Baltimore	\$141.7	-\$4.6	\$0.4	\$137.5	\$24.4	\$113.1
UM, College Park	401.8	-10.2	0.0	391.7	157.1	234.6
Bowie State University	21.5	-0.9	1.1	21.7	10.5	11.2
Towson University	65.6	-2.3	3.9	67.3	-15.5	82.8
UM Eastern Shore	7.2	-0.8	1.1	7.4	-0.8	8.2
Frostburg State University	6.9	-0.8	0.1	6.2	0.0	6.2
Coppin State University	1.4	-0.5	0.8	1.7	-20.0	21.7
University of Baltimore	15.2	-0.8	1.4	15.8	2.1	13.8
Salisbury University	54.3	-1.0	1.5	54.8	7.9	46.9
UM University College	86.9	-0.8	2.7	88.8	0.0	88.8
UM Baltimore County	56.5	-2.4	3.3	57.4	11.5	45.9
UM Center for Environmental Science	13.2	-0.5	-0.3	12.4	0.6	11.8
University System of Maryland Office	3.5	-0.5	0.1	3.1	0.3	2.8
Total	\$875.7	-\$25.8	\$16.0	\$865.9	\$178.0	\$687.9

UM: University of Maryland

Source: University System of Maryland

In fiscal 2013, all State agencies were assessed a fee related to the development of a new Statewide Personnel System. However, only about 48% of the appropriation was spent on developing the system resulting in a reversion of the remaining funds. All State agencies, including

Morgan State University and St. Mary’s College of Maryland, were required to revert the general fund portion of the fee. **However, USM was the only State agency exempted from reverting its portion of the general funds totaling \$665,806. Therefore, the Department of Legislative Services (DLS) recommends that USM’s general fund appropriation be reduced by the amount of the intended fiscal 2013 general fund reversion.**

Current Services Costs

Overall, USM’s State-supported current services costs (CSC) are estimated to increase \$121.7 million, after adjusting for the across-the-board reductions, as shown in **Exhibit 12**. These costs are typically funded with unrestricted revenues (*e.g.*, general funds, the HEIF, and tuition and fee revenues). Expenditures for the annualization of the fiscal 2014 merit and COLA and the fiscal 2015 merit increase comprise 78.2%, or \$86.7 million, of the total CSC.

Exhibit 12 University System of Maryland – Increase in Current Services Costs Fiscal 2015

	<u>Amount</u>
Fiscal 2015 Merit Increase	\$38,543,293
Annualization of the Fiscal 2014 Merit Increase	26,935,383
Annualization of the Fiscal 2014 Cost-of-living Adjustment	21,216,744
Health, Retirement, Benefits, and Other Fringes	16,524,515
Facilities Renewal	10,495,227
New Facilities	7,088,338
Institutional Aid	6,231,556
Academic Revenue Bond Debt Service	2,660,000
Small Business Development Center and Harry Hughes Center for Agro-Ecology	250,000
Veterinary Medicine Agreement	124,043
Current Services Costs	\$130,069,099
 Across-the-board Adjustments	
Pension	-\$4,245,627
Health Insurance	-\$4,099,019
Total Across-the-board Adjustments	-\$8,344,646
 Total Current Services Costs	 \$121,724,453

Note: The University System of Maryland (USM) estimates a systemwide increase in undergraduate and graduate financial aid of \$12.7 million, of which \$6.4 million is for graduate aid and, therefore, was deducted from current service costs (CSC). Additionally, \$10.0 million replaces transfers from the fund balance in fiscal 2014 to be used to continue those program enhancements initiated in fiscal 2014, and \$2.3 million in other costs are better categorized as enhancements and is also deducted from USM’s CSC.

Source: University System of Maryland

When accounting for the fiscal 2015 COLA, expenditures total \$136.5 million, as shown in **Exhibit 13**. On the revenue side, new State funds total \$107.0 million, with \$14.8 million related to the general fund portion of the COLA included in DBM’s budget. Other new revenues include \$36.7 million in tuition and fee revenues. Overall, there is \$8.6 million to fund new programs or initiatives.

Exhibit 13
USM State-supported Revenues Available for Program Enhancements
Fiscal 2015

	<u>\$ Amount</u>
Expenditures	
Current Services Cost Increase	\$121,724,453
Employee Cost-of-living Adjustment (COLA)	14,816,341
Total Expenditures	\$136,540,794
Revenues	
General Funds and the Higher Education Investment Fund (HEIF)	
New General Funds and HEIF ¹	\$92,211,287
COLA Funds Received through the DBM Budget	14,816,341
Total New State Funds	\$107,027,628
New Tuition and Fee Revenues	36,742,392
Other New Unrestricted Revenues ²	1,374,310
New General Fund, Tuition, and Other Revenues	\$145,144,330
Funds Available for Enhancements/Enrollment Growth	\$8,603,536

DBM: Department of Budget and Management
 USM: University System of Maryland

¹General funds are adjusted by \$8.3 million to reflect across-the-board reductions.

²Does not include auxiliary or restricted revenues.

Source: Governor’s Budget Books, Fiscal 2015; University System of Maryland; Department of Legislative Services

The fiscal 2015 allowance provides \$2.3 million to fund other activities including:

- \$1.5 million for renovations and purchasing of academic equipment (UMBC);
- \$0.7 million related to increase use of full-time nontenure faculty (SU); and
- \$0.2 million for facilities management (UMCES).

The fiscal 2015 allowance provides \$21.2 million in general funds to annualize the fiscal 2014 COLA, the same amount as was provided to implement the COLA on January 1, 2014. As previously mentioned, general funds for COLAs are budgeted in DBM’s budget and are not transferred to State agencies’ budgets until after the budget is passed by the General Assembly; therefore, it was not part of USM’s budget request. Since funds for COLAs are approved late in the budget process, tuition revenue is not available to fund any portion of the COLA due to tuition decisions having already been made and the revenues budgeted to fund other current services. DBM has provided full State funding for COLAs for those positions supported with State funds and tuition revenues. This method has been applied to funding the annualization of the 2014 COLA, with the full amount being covered with general funds. However, since the annualization of the fiscal 2014 COLA was a known expenditure when the fiscal 2015 budget was being prepared by USM, a portion of tuition revenues should be budgeted for this expense. **Therefore, DLS recommends reducing USM’s general funds by \$7.0 million to reflect the tuition revenue portion of the fiscal 2014 annualized COLA.** This amount was calculated by determining the tuition and fee revenue portion of the total current unrestricted revenues, by institution, and applying the ratio to the \$21.2 million.

As shown in **Exhibit 14**, tuition and fee revenues generally exceed appropriations, but over the past few years, projections seem to be more accurate. Currently, in fiscal 2014, tuition and fee revenues are \$6.6 million lower than the appropriations due to fall enrollment being less than anticipated at six institutions. TU’s revenue is \$3.3 million less due to a decline in out-of-state enrollment, while UMB and UB’s revenues were down \$2.6 million and \$1.8 million, respectively, due to declining law school enrollment. Declines in revenues were partially offset by increases at four institutions, in particular \$2.8 million and \$1.7 million at UMCP and UMBC, respectively. Revenues may still exceed appropriations with the spring semester. However, there is concern with UMUC, which relies heavily on tuition and fee revenues, because it experienced a 5.4 and 8.4% drop in its fall 2013 undergraduate and graduate enrollment, respectively.

Exhibit 14
Comparison of Appropriated and Actual Tuition and Fee Revenues
Fiscal 2010-2015
(\$ in Millions)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Appropriated	\$1,168.0	\$1,230.8	\$1,376.0	\$1,416.3	\$1,498.5	\$1,491.9 ²
Actual	1,244.2	1,327.2	1,412.8	1,439.6	1,491.9 ¹	
\$ Difference	\$76.2	\$96.4	\$36.8	\$23.3	-\$6.6	
% Difference	6.5%	7.8%	2.7%	1.6%	0.4%	

¹Reflects fiscal 2014 working appropriation to date. The University System of Maryland typically brings in additional revenues in the spring each year.

²Reflects fiscal 2015 allowance.

Source: Governor’s Budget Books

Current Unrestricted Fund Expenditures

Budget changes by program area in the allowance are shown in **Exhibit 15**. This data considers unrestricted funds only, the majority of which consist of general funds, HEIF, and tuition and fee revenues. Overall expenditures increase 4.0% from fiscal 2014 to 2015. Expenditures on scholarships and fellowships increase at the highest rate of 5.2%, or \$9.2 million. Spending in other program areas increases due to a rise in personnel expenditures relating to the annualization of the fiscal 2014 merit increase and COLA, the fiscal 2015 merit increase, and related fringe benefits. Growth in the expenditures of operations and maintenance of plant of 5.0%, or \$23.3 million, also include costs of opening new facilities and increased spending on facilities renewal.

Sources of Revenues

Over the past eight years, tuition and fee revenues steadily grew, increasing 44.1%, or \$444.9 million, compared to a 24.8% growth in State funds, as shown in **Exhibit 16**. Between fiscal 2008 and 2015, the average rate of growth in tuition and fee revenues was 5.3%, despite a freeze on in-state tuition from fiscal 2008 to 2010 and a moderate 3.0% tuition increase from fiscal 2011 to 2015. This growth is attributed to increases in out-of-state and graduate tuition and fees, which were not subject to the freeze, coupled with enrollment growth of 17.5%. The impact of the recession is evident with little to no growth in State funds between fiscal 2010 and 2013. However, with an improvement in the economic outlook, State funding increased 9.4% in fiscal 2014. Overall, all revenues increased \$1.2 billion, or 29.4%, between fiscal 2008 and 2015.

Exhibit 15
University System of Maryland Budget Changes for
Unrestricted Funds by Program
Fiscal 2013-2015
(\$ in Thousands)

	<u>Actual</u> <u>2013</u>	<u>Working</u> <u>Adjusted</u> <u>2014</u>	<u>% Change</u> <u>2013-14</u>	<u>Adjusted</u> <u>2015</u>	<u>%</u> <u>Change</u> <u>2014-15</u>	<u>Change</u> <u>2014-15</u>
Expenditures						
Instruction	\$1,093,010	\$1,145,888	4.8%	\$1,184,791	3.4%	\$38,903
Research	239,629	267,000	11.4%	273,247	2.3%	6,247
Public Service	56,242	62,654	11.4%	64,618	3.1%	1,964
Academic Support	378,744	404,281	6.7%	415,245	2.7%	10,965
Student Services	189,424	192,877	1.8%	197,967	2.6%	5,091
Institutional Support	382,875	405,043	5.8%	419,450	3.6%	14,407
Operation and Maintenance of Plant	403,563	467,859	15.9%	491,110	5.0%	23,251
Scholarships and Fellowships	161,258	176,916	9.7%	186,144	5.2%	9,228
Education and General Total	2,904,744	3,122,518	7.5%	3,232,573	3.5%	110,055
Hospitals (UMB)	41,518	45,201	8.9%	46,632	3.2%	1,430
Auxiliary Enterprises	564,194	581,142	3.0%	603,335	3.8%	22,193
Cost Containment/ Across-the-board		-23,780		-8,345		15,435
Grand Total	3,510,456	3,725,082	6.1%	3,874,195	4.0%	149,113
Revenues						
Tuition and Fees	1,439,598	1,491,914	3.6%	1,528,657	2.5%	36,742
General Funds	981,814	1,078,433	9.8%	1,195,106	10.8%	116,673
HEIF	46,363	75,275	62.4%	50,813	-32.5%	-24,462
Budget Restoration Funds	47,657	0	-100.0%	0		
Other Unrestricted Funds	463,389	488,962	5.5%	490,337	0.3%	1,374
Subtotal	2,978,822	3,134,584	5.2%	3,264,912	4.2%	130,328
Auxiliary Enterprises	581,014	599,450	3.2%	625,262	4.3%	25,813
Transfer (to)/from Fund Balance	-49,380	-8,952		-15,979		
Grand Total	\$3,510,456	\$3,725,082	6.1%	\$3,874,195	4.0%	\$149,113

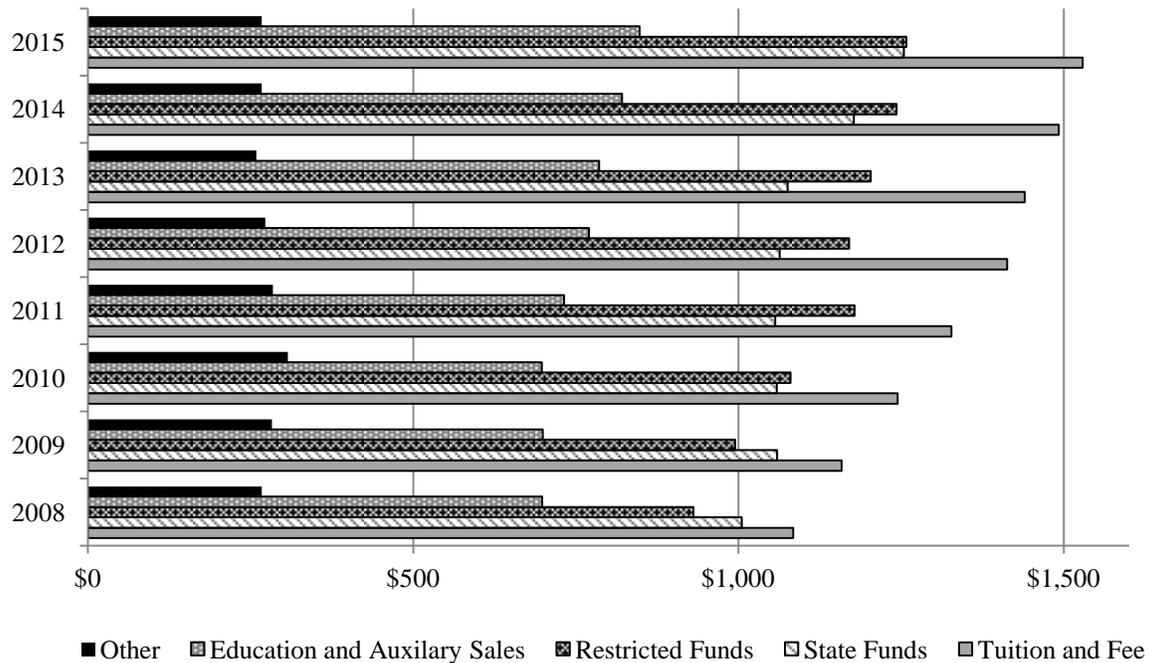
HEIF: Higher Education Investment Fund

UMB: University of Maryland, Baltimore

Note: Fiscal 2014 general funds reflect \$23.8 million of cost containment actions. Fiscal 2015 general funds are adjusted by \$8.3 million to reflect across-the-board reductions.

Source: Governor's Budget Books, Fiscal 2015; Department of Legislative Services

Exhibit 16
University System of Maryland Primary Revenue Sources
Fiscal 2008-2015
(\$ in Millions)

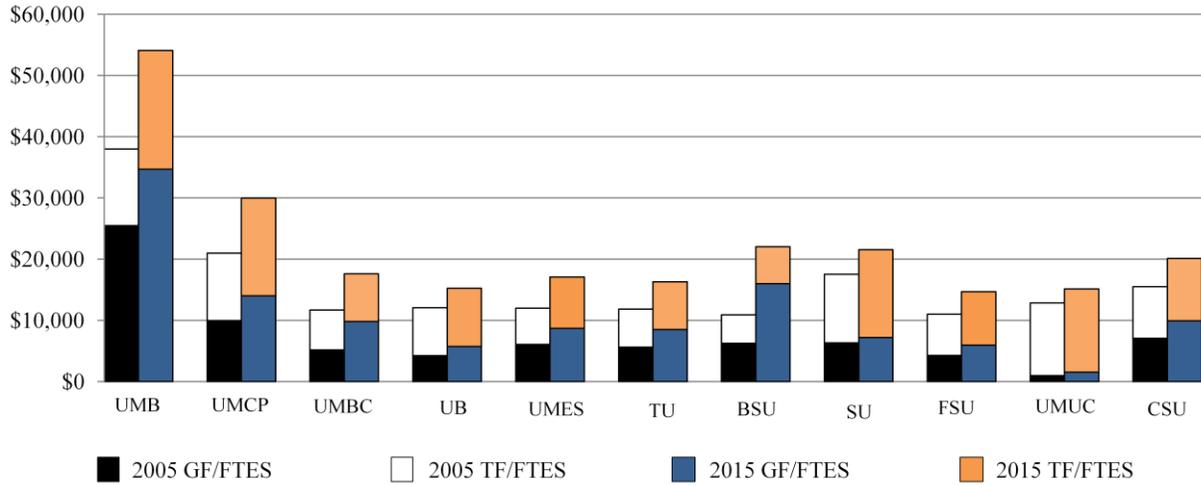


Source: Governor’s Budget Books

Funding Per Full-time Equivalent Student

Exhibit 17 compares, by institution, State funds (general fund/HEIF) and tuition and fee revenues per full-time equivalent student (FTES) for the period of fiscal 2005 to 2015. On average, State funds per FTES increased 48.6%, while tuition and fee revenues per FTES grew 31.0%. In terms of State funding, CSU’s funding grew at the highest rate of 153.1%, increasing from \$6,283 in fiscal 2005 to \$15,904 per FTES in fiscal 2015. BSU grew at the next highest rate of 88.8% with State funds per FTES increasing \$4,596. Being tuition driven, UMUC has the lowest State funds per FTES, at \$1,550 in fiscal 2015. The highest growth rates of tuition and fee revenues per FTES of 54.9 and 44.6% occurred at UMB and UMCP, respectively.

Exhibit 17
Comparison of USM State Funds and Tuition and Fee Revenues Per FTES
Fiscal 2005 and 2015



BSU: Bowie State University
 CSU: Coppin State University
 FSU: Frostburg State University
 FTES: full-time equivalent student
 GF: general funds
 SU: Salisbury University
 TF: total funds
 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 excludes funding for the Agriculture Cooperative Extension and Experimental Station.

Source: Governor’s Budget Books

Issues

1. Performance Funding for Initiatives

The fiscal 2014 budget included \$13 million of State funds to support various program initiatives at USM institutions. Restrictive language was placed on the appropriation until USM submitted a report detailing program metrics and the amount of enhancement funding that will support the activities. Additionally, the General Assembly stated its intent that only those programs that meet or showed progress toward meeting the submitted metrics in fiscal 2016 will continue to receive State funding for an additional two years.

USM's report summarized the activities and included systemwide metrics that will be used to measure progress toward three main goals: (1) transforming the academic model; (2) increasing graduates in STEM and health professions; and (3) helping the State achieve its 55% completion goal, including closing the achievement gap.

The initial submission only included systemwide metrics and did not indicate how each institution was contributing to the overall targets. Additionally, metrics were not provided for each activity, making it impossible to know how institutions would evaluate the results of the initiatives. Finally, the enhancement funds were not allocated to specific activities; this allocation, along with institutional level metrics, are needed to determine if activities should continue to receive State funding after two years. USM subsequently provided this information.

Academic Transformation

USM defines academic transformation as a broad array of strategies and initiatives "...aimed at aggressively reshaping the way our faculty and students engage in teaching and learning." This includes not only USM's course redesign initiative but other strategies, which may incorporate lessons learned from course redesign, such as expanding the blended learning format, developing faculty learning communities, and using new technologies. A total of \$1.5 million was allocated to fund these activities which include:

- continuing course redesign (UMCP, BSU, TU, FSU, and UMBC);
- establishing an Office of Academic Innovation (UB); and
- establishing Faculty Learning Communities (UMBC).

USM plans to monitor systemwide progress through the use of two metrics: (1) the number of courses undergoing redesign; and (2) the number of students enrolled in a redesigned course. The goal for the first metric is to redesign at least 32 courses by fiscal 2014 and 55 by fiscal 2017. For the second metric, the goal is 9,513 enrollments in fiscal 2014 and 25,556 by fiscal 2017. Institutional metrics include:

- comparing student performance of the redesigned course to those in the traditional course (UMCP, UMES, and FSU);
- increasing the pass rate (BSU, TU, and UMBC);
- lowering the average cost per student (UMES);
- reducing the gender achievement gap (FSU); and
- increasing the number of faculty using evidence-based instructional practice (UMBC).

Appendix 1 shows each institution's contribution to the systemwide goal, the metrics each will use to evaluate the success of the activities, and how funds will be allocated among the activities.

STEM and Health-related Professions

All institutions receiving enhancement funding under this initiative will increase enrollment in STEM and health-related programs. Institutions will use \$6.2 million to support various strategies designed to increase the capacity of programs enabling them to enroll more students including:

- upgrading facilities and equipment (UMCP, TU, UMES, FSU, and CSU);
- hiring faculty (TU, UMES, FSU, and UMBC);
- targeting financial aid toward STEM majors (TU and UMBC); and
- increasing the number of STEM transfer students (TU and UMES).

USM plans to increase systemwide enrollment in STEM and health-related programs from 29,891 students in fall 2012 (the baseline year) to 31,122 in fiscal 2017. **Appendix 2** shows the increase in enrollments by fiscal year, institution, and the enhancement funds to support those activities.

Degree Completion/Achievement Gap

In order to increase the number of undergraduate degrees, institutions are undertaking programs to improve the retention and graduation rates of key population groups (*e.g.*, low-income, underrepresented, and transfer students), thereby closing the achievement gap among all students. Each institution identified those populations with an achievement gap and developed strategies to improve student success and close the gap. Activities supported by \$3.2 million of enhancement funding include:

- implementing or expanding specialized advising services for at-risk populations (UMCP, CSU, SU, and UMBC);
- expanding support for transfer students (UMBC);
- implementing peer-assisted studying and supplemental instruction programs (UMCP and UMES);
- expanding summer residency program (BSU); and
- implementing early alert systems (FSU, CSU, and UB).

In order to assess the overall impact of these activities, USM will use two systemwide metrics: (1) the number of undergraduate degrees annually awarded; and (2) the estimated number of undergraduate degrees added through enhancement funding. USM projects to add 100 to 150 degrees in fiscal 2014, increasing the number of additional degrees from 750 to 1,000 by 2017, resulting in the total number of degrees growing from approximately 23,000 in fiscal 2014 to 24,500 in fiscal 2017. **Appendix 3** details the metrics to be used and the allocation of enhancement funding.

Other Institutional-specific Goals/Strategies

USM included an additional category to capture activities not related to the three systemwide goals in which \$3.2 million will support:

- economic development and technology transfer activities (UMBC);
- research and graduate education (UMCES);
- program development at the Universities of Shady Grove and non-USM regional centers (USMO); and
- establishment of the Center for Innovation and Excellence in Learning and Teaching and Way2GoMaryland (an information campaign to put more students on a college bound path at earlier ages) (USMO).

Details of the institutional metrics and allocation of funds are provided in **Appendix 4**.

Impact of Potential Budget Reduction

It should be noted that in response to the potential reduction in the HEIF appropriation in fiscal 2014, UMCP and UMES will reduce expenditures related to enhancement activities. UMCP planned to use enhancement funding to renovate and expand laboratory and classroom space to accommodate additional students majoring in STEM areas. UMCP will not expend \$1.0 million of

the \$4.6 million allocated for STEM and health workforce initiative, delaying renovations for the School of Public Health Building. UMES will not spend \$299,999 that was also allocated for STEM initiatives and will delay the hiring of one math and engineering faculty member and 2.5 full-time equivalent (FTE) academic coordinators.

DLS recommends that USM continue to report on the progress each institution is making toward meeting its established metrics.

The Chancellor should comment on whether any other programs funded with enhancement funds will be impacted if USM's fiscal 2014 appropriations are reduced and provide the status of the progress made to date of these activities.

2. Long-term Stability of Athletic Programs

Over the past few years, there has been a heightened awareness at the national and State level of the financial situation of the intercollegiate athletic (ICA) programs. The rise in athletic expenditures has increased the strain on ICA budgets, of which, according to Moody's report *Eye on the Ball: Big-Time Sports Pose Growing Risks for University*, 90% of Division I athletic programs are not self-sustaining and therefore require university subsidies. In addition, the growth in athletics expenditures in recent years has been greater than that of the total institution. Total ICA expenses last year increased at a faster rate than generated revenues, according to the National Collegiate Athletic Association (NCAA) *2004-2012 Revenues/Expenses Division I Report*. In the football bowl subdivision, which includes UMCP, the median percentage increase in athletics expenses was 4.4% higher than the median increase in institutional expenses. The gap was 3.0% in the football championship subdivision, in which TU participates, and 3.1% for those in Division I institutions without football programs, which includes UMES, CSU, and UMBC.

In Maryland, UMCP and TU ICA programs garnered media attention as the deficit situation directly impacted the student athletes with the elimination of several teams at both institutions. In addition, TU also attributed the elimination of teams to its need to maintain federal Title IX compliance. These factors led to concerns regarding the long-term financial sustainability of USM's Division I programs and their ability to maintain Title IX compliance. In response to a *Joint Chairmen's Report* (JCR) request, USM submitted a report on September 19, 2013, providing a summary on each of the Division I institution's ICA programs.

Long-term Financial Stability

No two institutions operate in the same environment, for each varies in size and budget, including the mix of ICA revenue, with some institutions having a more diversified revenue stream than others. Currently, all of USM's Division I institutions are operating in a deficit or structural deficit situation. BOR expects these institutions to develop and adopt plans that will bring the programs back into a self-supporting position. The plan is required to first focus on eliminating the annual operating budget shortfall followed by repayment of the amounts borrowed from other self-support activities.

In 2011, UMCP disclosed that its ICA program had been operating in a deficit situation since fiscal 2004 and was only able to balance its budget through transfers from an account held by the Terrapin Club Foundation. UMCP developed a comprehensive plan to eliminate the deficit, and by fiscal 2013, the accumulated debt totaled \$6 million. Since the plan was developed, UMCP announced its move to the Big Ten athletic conference in July 2014, and as a result, in fiscal 2013, the Atlantic Coast Conference (ACC) withheld UMCP's share of the revenues totaling \$15 million. This is related to a lawsuit filed by the ACC to enforce a \$52 million exit fee. This unexpected action widened the deficit to \$21 million, which will worsen if the ACC continues to withhold UMCP's share of the revenues in fiscal 2014. Additionally, for the first six years in the Big Ten, the conference distribution fee is pegged to approximate UMCP's projected ACC revenue stream and will not start increasing until year seven; therefore, it appears that the deficit situation will only worsen over the next decade. This will be discussed further in UMCP's budget analysis.

TU ended fiscal 2012 with a \$1.3 million deficit, which came to light when the athletic director recommended the elimination of two men's teams. The ICA used its fund balance to cover the shortfall, leaving \$2.0 million in the account. For fiscal 2013 and 2014, ICA was granted permission to spend \$697,462 of their fund balance in each year. Through cost containment and other actions in fiscal 2013, ICA only needed to use \$375,000 of the fund balance. The budget still includes the use of \$679,462 in fiscal 2014, thereby leaving an estimated \$0.1 million in the fund balance. Additionally, for the 2013-2014 academic year, the athletic fee was increased 1%, from \$798 to \$806. The new athletic director is developing a comprehensive plan to address the financial stability of athletics, which includes reviewing new and existing opportunities to enhance ticket sales and corporate sponsorships and focus on increasing fundraising.

An operating deficit of over \$1.5 million at UMES came to light as a result of the revised BOR policy, requiring institutions to seek BOR approval for the use of other self-supporting funds to cover ICA expenses. UMES sought approval to transfer \$1.4 million of other auxiliary enterprise funds to the ICA in fiscal 2013 and \$0.7 million in fiscal 2014. In order to be in compliance with BOR policy to be self-sustaining, UMES will raise the athletic fee by \$150 in both fiscal 2014 and 2015 resulting in the athletic fee increasing to \$900. There is no mention of reducing expenditures or exploring other streams of revenues as a means to reduce the deficit. This raises concerns about placing the financial burden of supporting ICA on the students, considering approximately 61% of UMES' students receive a Pell award.

The ICA program at CSU has been operating in a deficit situation since at least 2005 and in 2010 presented a deficit reduction plan to BOR, which projected that the annual operating deficit would be zero by fiscal 2013. While CSU did not quite meet this goal, the annual shortfall in fiscal 2013 was \$171,391, and it is projected to be zero in fiscal 2014. USM notes that CSU has been able to decrease the yearly operating deficit despite a period of declining enrollment. CSU seeks to diversify ICA revenues by increasing efforts to expand marketing and promotions (*e.g.*, bring in special events to the Physical Education Complex and securing outside grants such as a \$0.9 million NCAA grant). According to USM, these activities, along with enrollment growth, should allow the ICA program to eliminate the annual operating deficit. Currently, the ICA program has an accumulated deficit of \$7.0 million.

In fiscal 2009, the UMBC 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 expenses. UMBC undertook several actions to decrease expenses, *e.g.*, placed restrictions on travel, eliminated the field hockey team, and increased fundraising efforts. These actions led to the ICA program ending fiscal 2008 with a \$15,923 surplus and began the first year of a multi-year plan to pay back the deficit. In fiscal 2013, UMBC ended the year with a surplus of \$0.3 million and reduced the accumulated deficit to \$0.6 million.

Title IX Compliance

Title IX provides equal educational opportunities for all students regardless of sex and is best known for its provision concerning athletics. It provides for the equal treatment of both sexes with regard to three aspects of sports: (1) participation opportunities; (2) athletic scholarships (allocation is in proportion to the number of male and female students participating in athletics); and (3) equal treatment of men's and women's teams in terms of overall areas (*e.g.*, locker rooms, practice and game facilities, recruitment, and academic support). Generally, participation opportunities garner the most attention in which an athletic program must show it meets one of three tests:

- participation opportunities for male and female students are substantially proportionate to their respective undergraduate enrollment;
- a history and continuing practice of program expansion to the developing interests and abilities of the underrepresented sex; or
- the athletic interests and abilities of the underrepresented sex have been fully and effectively accommodated.

All USM Division I institutions use the substantially proportionate test and, as shown in **Exhibit 18**, a total of 1,775 students participate in sports. Institutions are very cognizant of gender equity and Title IX status on their campuses, and if it is determined there is an issue, a plan is developed to address and remediate the situation. It should be noted that the U.S. Office for Civil Rights clarified that nothing in Title IX requires the cutting or reduction of teams in order to demonstrate compliance with Title IX and that the elimination of teams is a disfavored practice for it runs contrary to the spirit of Title IX.

**Exhibit 18
Division I Teams and Athletics
Fiscal 2013**

	Teams			Unduplicated Athletes		
	<u>Men's</u>	<u>Women's</u>	<u>Total</u>	<u>Men</u>	<u>Women</u>	<u>Total</u>
Univ. of Maryland, College Park	8	11	19	321	236	557
Towson University	7	13	20	263	268	531
Univ. of Maryland Eastern Shore	7	8	15	85	78	163
Coppin State University	6	8	14	76	75	151
Univ. of Maryland Baltimore County	9	10	19	205	168	373
Total				950	825	1,775

Note: The National Collegiate Athletic Association requires football bowl subdivision institutions to sponsor a minimum of 16 varsity teams. All other Division I institutions have to sponsor 14 teams; either 7 men's and 7 women's teams or 6 men's and 8 women's teams.

Source: U.S. Department of Education, *The Equity in Athletic Data Analysis Cutting Tool*

At UMCP, the athletic director, the athletic council, and the Office of Legal Affairs review Title IX compliance on a regular basis. UMBC reports that they fulfill the requirement of the first test but did not provide details of the process used to ensure compliance.

CSU's gender equity plan was updated in July 2013 and includes upgrading head coaches of women's sports to full-time positions, decreasing the disparity between women's athletic participation and enrollment through roster management, and increasing the number of female athletic scholarships. UMES's plan, developed in 2010, includes improving women's athletic facilities, adding a women's golf team, increasing the number of scholarships, and adding an athletic trainer.

Historically, TU relied on test 2 (historical and continuing expansion) but recently switched to substantial proportionality, which resulted in noncompliance. In fiscal 2012, female students comprised 60.9% of enrollment but only 52.4% of the athletes. The President established an Athletics Solutions Committee to monitor and develop solutions to ensure long-term compliance and will establish short- and long-term roster management, scholarship, and "laundry list" goals. Additionally, the fiscal 2014 budget restricted \$0.3 million to be used as matching funds for an intercollegiate athletics donation program to maintain Title IX compliance. TU matched these funds and will use \$157,005 to increase women's scholarships and \$157,724 to increase the women's basketball and softball salary pool. These funds, along with the elimination of the men's soccer team, result in an increase of women's athletic scholarships from 47.0% in fiscal 2012 to 51.5% in fiscal 2014.

The Chancellor should comment on supporting ICA programs through the increase of student athletic fees especially at UMES and CSU, where the majority of students are from low-income families; the impact this has on access and affordability; and if other actions are being considered to lower the cost of ICA programs.

3. Status of MPowering

MPowering is a formal alliance between UMCP and UMB that was approved by BOR in March 2012 and was an outcome of USM’s examination of advantages and disadvantages of merging the two institutions. Under the alliance, 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.

MPowering 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. At the direction of the presidents, the steering committee will also implement any new initiatives. In turn, the presidents will report to the Chancellor and BOR. In addition, the Chancellor and presidents will provide annual progress reports to BOR.

In order to fully implement the initial nine initiatives, it was estimated that an additional \$42.7 million will be required over a 10-year period. Accomplishments to date include:

- **UM Ventures**
 - partnered with MTech (advising technology and business and funding early-stage companies), the Dingman Center (helping students create companies), and the Small Business Technology Development Center (assisting start-up companies that are not affiliated with UMCP or UMB);
 - appointed seven site miners who reach out to faculty to identify and develop technologies with commercial potential;
 - created seven startup companies; and
 - awarded a contract and a grant totaling \$17 million for translational research projects.
- **Health-related Informatics Center**
 - received a five-year \$19 million grant for a research center focused on the study of a wide range of tobacco products and their impact on public health; and
 - made plans to develop joint education programs and train more graduate students in the latest advances and bioinformatics, computing, clinical practices, and imaging.

- **Collaborative School of Public Health**
 - working toward accreditation and developing a joint Master’s of Public Health curricula to be offered in fall 2014. Activities will be further discussed in UMB’s budget analysis.

- **Universities of Shady Grove**
 - recruiting for a jointly appointed director of the Institute for Bioscience and Biotechnology Research; and
 - planning to expand and enhance academic degree program offerings.

- **Undergraduate and Graduate Education Programs in Law**
 - launching a College Park Scholars living and learning program in justice and legal thought for 150 freshmen and sophomores in fall 2014;
 - offering an interdisciplinary minor in law and society;
 - improving advising to enhance the flow of UMCP students to UMB’s law school; and
 - studying the feasibility of offering master’s programs and graduate certificates in specific areas such as environmental, health, business, and homeland security.

- **Agricultural Law Education Project**
 - conducting an assessment of the legal needs of the State’s agricultural communities to identify strategies to assist in meeting those unmet needs.

- **Center of Excellence in Regulatory Science and Innovation**
 - establishing a joint Master’s degree and certificate program to provide educational offerings to regulatory agencies.

- **University of Maryland Research and Innovation Seed Grant Program**
 - expanded the University of Maryland Scholars Program from two to six UMCP students who conduct research at the School of Medicine; and
 - established a seed grant program that has resulted in \$4 million in joint research awards.

- **Institute for a Healthiest Maryland (IHM)**
 - established in 2011, a collaborative effort between UMB and the Department of Health and Mental Hygiene to improve wellness across the State, with the School of Medicine and UMCP School of Public Health serving as academic partners; and
 - developed collaborations with Maryland Agriculture Extension and academic partners to research and implement childhood obesity projects.
- **Shared Library Resources**
 - continues to make all relevant information available and accessible to faculty and students at both campuses.
- **Joint Grants Submission and Management**
 - established a new process to submit and manage grants and developing systems to allow single application and management of grants from both institutions.
- **Joint Appointment Process**
 - appointed several “University of Maryland Professors” and developed guidelines for other types of joint appointments.
- **Administrative Operations Integration**
 - evaluating the possibility of a transportation program between the two campuses, joint student registration system, and joint websites.

The implementation plan for MPowering included the development of new educational offerings between UMCP and UMB such as establishing a 2+2 program for nursing; joint programs between the Schools of Engineering, Pharmacy, and Medicine; and other educational initiatives. The Chancellor should comment on what, if any, progress has been made in broadening academic collaborations between various departments at the two institutions.

4. Minority Student Pipeline Math Science Partnership

In September 2008, the Math Science Partnership program of the National Science Foundation awarded a five-year, \$12.4 million grant to fund the Minority Student Pipeline Math Science Partnership (MSP²). This program brings together P-20 players in Prince George’s County to expand the minority student pipeline into math and science teaching. Partners include BSU, USM

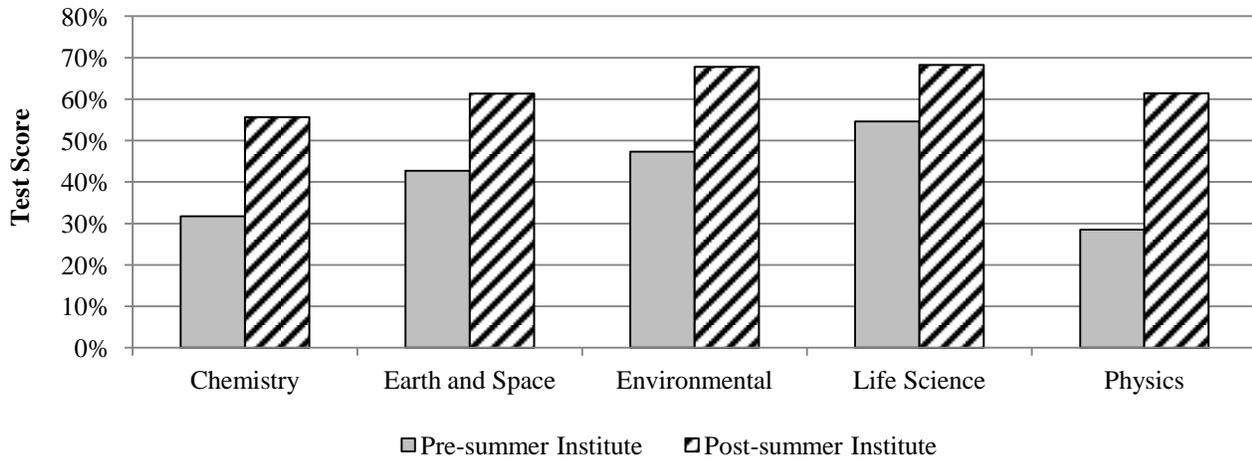
Office, UMCP, TU, Prince George’s Community College (PGCC), and Prince George’s County public schools.

Minority students are underrepresented in STEM disciplines at all levels of education from high school to graduate school. The lack of preparation in math and science at the elementary grade levels undermines student success and, therefore, enrollment in STEM disciplines in high school and ultimately college. MSP² is designed to improve science instruction at the K-12 levels and increase the number of STEM students at all educational levels. At the instructional level, professional development programs incorporate the recommendations of the National Academies of Science and the National Science Board that K-8 science education should be coordinated around “doing science” or inquiry instruction. The professional development component of the partnership is comprised of two components – one targeting elementary and middle school teachers (grades 4-8) and the other high school science teachers. The student component is comprised of a program geared toward high school students and a second to encourage undergraduate science majors to enter into the teaching field.

Elementary and Middle School Teachers

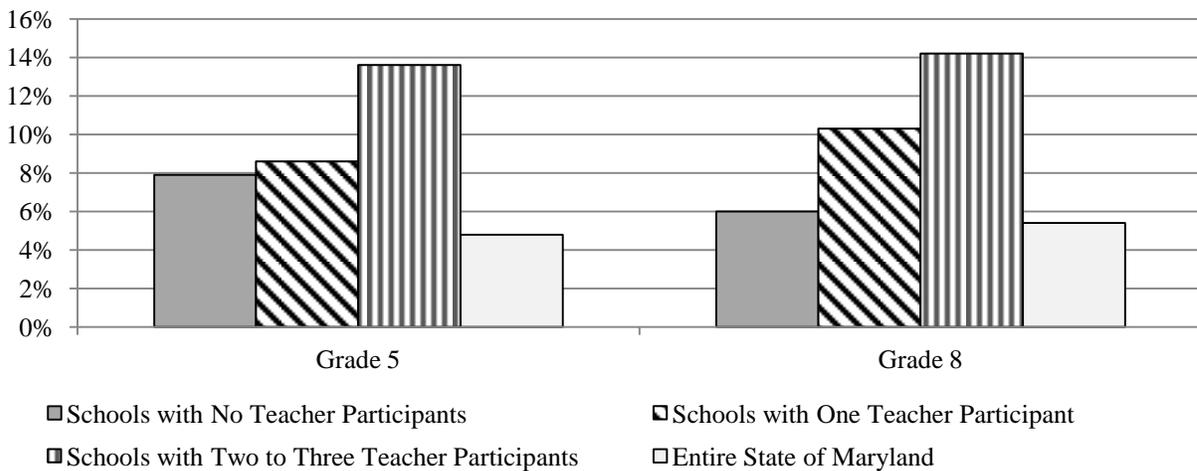
Summer institutes are run by UMCP faculty, post-doctorates, graduate students, and the Science Team from Prince George’s County Public School Science Office, that is comprised of seven full-time staff, of which four are grant funded. Teachers participate in a two-week workshop followed up with school year inquiry training workshops. To date, 380 teachers have participated in this program. Based on a test administered to participants before and after summer sessions, science knowledge increased in all areas, especially physics, as shown in **Exhibit 19**. Better preparation has led to greater gains in the Maryland School Assessments (MSA) as illustrated in **Exhibit 20**, particularly for eighth graders. Generally, those schools that had more than one teacher taking part in the program experienced greater gains in the MSAs. Additionally, students were surveyed to determine if teacher participation influenced their attitudes toward science-related careers. Specially, students were asked “When you start working, would it be fun and interesting to have a science-related job?” As shown in **Exhibit 21**, 66.4% of those taught by teachers who participated answered “yes” compared to 52.4% of those whose teacher did not participate in MSP².

Exhibit 19
Changes in Teacher Content Knowledge after Summer Science Institute



Source: University System of Maryland

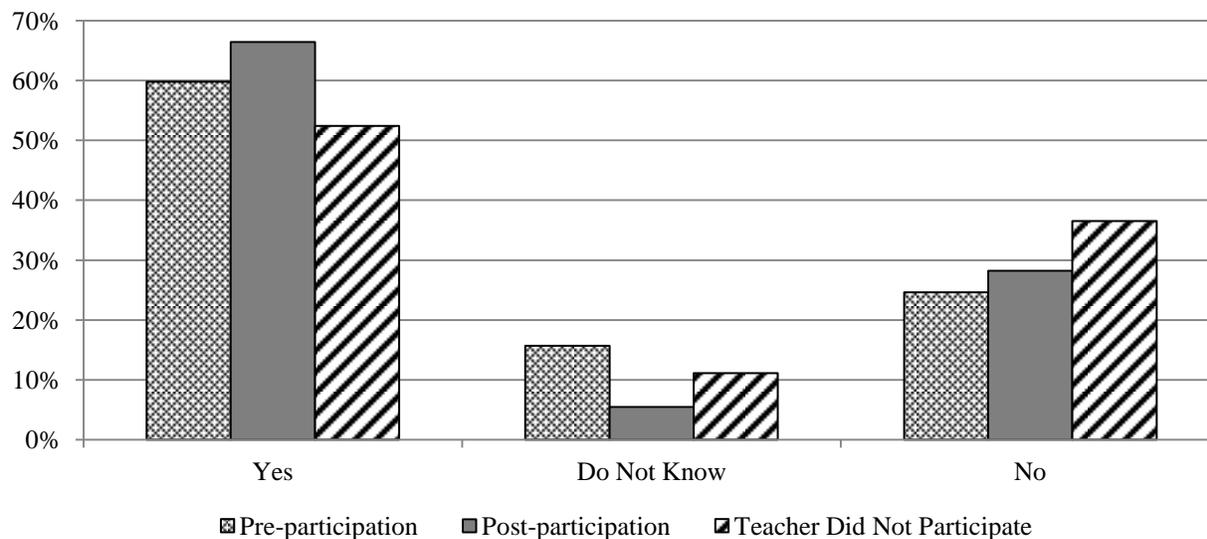
Exhibit 20
Gains in Maryland School Assessment Pass Rates in Science
By Participation Status
2009-2012



Note: Data reflect mean school-level Maryland School Assessment pass rates in science (*i.e.*, students who scored at the proficient or advanced level) in each category.

Source: University System of Maryland

Exhibit 21
Survey of Student Interest in Science-related Jobs



Source: University System of Maryland

High School Teachers

Prince George’s County high school science teachers have an opportunity to participate in a laboratory summer fellowship program. This program, led by TU, provides teachers with hands on research experience with faculty from UMCP, BSU, UMBC, UMB, and UMCES. Teachers also participate in a learning community meeting once a week which continues throughout the school year. Approximately 60 teachers have participated in this program.

Dual Enrollment

Two dual enrollment programs are available to Prince George’s County high school students: Pre-College Science Scholars Academy and the College Presence Program. The Academy, a summer residential program at BSU, is an early college/dual enrollment program. For three consecutive summers, high school students take courses in science and math for which they earn college credit for biology and chemistry. In the College Presence Program, PGCC faculty teach biology and chemistry courses for college credit at five different high schools – Bladensburg, Central, Gwynn Park, Largo, and Oxon Hill. To date, 310 to 320 students have earned more than 3,000 college credits. According to USM, about one-third of the students who complete the program and go to college declare a science program as their major, which exceeds that of their peers. Additionally, most who start as science majors tend to stay in science disciplines.

Teaching Experience for Science Majors

At first, to encourage minority science majors to consider teaching, MSP² offered students an opportunity to gain classroom experience. However, only about 15 to 20 students per year participated in the program, and those that applied already had an interest in teaching. In addition, similar programs were already being offered. Given that this was not having the impact that was hoped for, about two years ago, the program was replaced with a learning assistant program. Currently only offered at UMCP, minority science undergraduate students are teacher assistants in undergraduate science courses and also take a course in teaching and learning in science. This approach has garnered more interest from students and increased their understanding of teaching science. Since the start, 111 undergraduate students have participated in the program.

The Chancellor should comment on the overall success of the program and the potential to continue and/or expand opportunities for teachers and students at the end of the grant period.

Recommended Actions

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

, provided that this appropriation made for the purpose of the University System of Maryland institutions shall be reduced by \$665,806.

Explanation: In fiscal 2013, State agencies were assessed a fee to develop a new Statewide Personnel System. Since only approximately 48% of the appropriation was spent that year, all State agencies were required to revert the unspent portion. The University System of Maryland (USM) was the only State agency that was not required to revert these funds, and as such, this language reduces USM's general fund appropriation by \$665,806, its share of the total statewide general fund reversion.

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

Further provided that this appropriation made for the purpose of the University System of Maryland institutions shall be reduced by \$7,000,000.

Explanation: This language reduces the University System of Maryland general fund appropriation by \$7 million, reflecting the tuition revenue portion of the 2014 annualized cost-of-living adjustment (COLA). Full State funding has not only been provided for the fiscal 2015 COLA for those positions supported with State funds and tuition revenues but also for the annualization of the 2014 COLA. Since this was a known expenditure when the fiscal 2015 budget was being prepared, a portion of tuition revenues should be budgeted for this expense.

3. Adopt the following narrative:

Status Report on Progress Toward Programs Meeting Performance Metrics: The fiscal 2014 budget provided \$13 million in general funds to fund program enhancements or initiatives directed towards three University of Maryland goals of (1) transforming the academic model; (2) increasing graduates in science, technology, engineering, and mathematics and health professions; and (3) helping the State achieve its 55% completion goal which includes closing the achievement gap. The University System of Maryland (USM) submitted a report in July 2013 detailing how these funds would be spent and the metrics to be used to measure the progress or results of the enhancement funded activities. The fiscal 2015 budget includes an additional \$10 million for enhancements that were funded from fund balance in fiscal 2014. The committees are interested in the progress these activities have made to date toward meeting the metrics submitted in fiscal 2014 and additional metrics to measure the progress and results of the continued enhancements first funded in fiscal 2014 by fund balance.

R30B00 – University System of Maryland – Fiscal 2015 Budget Overview

Information Request	Author	Due Date
Report on the progress toward meeting the metrics	USM	September 1, 2014

Updates

1. Instructional Workload Report

Annual language in the JCR requires USM to submit a report on the instructional workload of tenured and tenure-track faculty. In fiscal 2013, the number of tenured/tenure-track faculty increased 1.0%, or 45 FTEs, while FTE student enrollment rose by 78, or less than 1%. While initially the report focused on tenured/tenure-track faculty, over the years, institutions have increasingly relied on full- and part-time non-tenured/non-tenure-track faculty, which include adjuncts, instructors, and lecturers. As shown in **Exhibit 22**, these faculty comprise more than half of faculty at both comprehensive and research institutions, and as such, focusing only on tenured faculty does not provide a complete picture of how students are taught. Therefore, the report now provides information on the instructional workload of all types of faculty.

BOR set standards of expectations of instructional workload for tenured/tenure-track faculty, which have not changed since fiscal 2005. The target course units per full-time faculty member is 5.5 and 7.5 at research and comprehensive institutions, respectively. As shown in **Exhibit 23**, when only considering tenured/tenure track faculty, only three comprehensive institutions met or exceeded the standard of 7.5 course units in fiscal 2013. USM attributes this to three general issues impacting faculty at comprehensive institutions: (1) growth of high demand departments or colleges serving large numbers of upper division students, such as health care in which accreditation requirements limit a faculty's workload; (2) time devoted to curricular and course redesign is not accounted for and reorganization around new approaches to teaching are not well captured; and (3) slow enrollment growth. However, when full-time non-tenured/non-tenure track instructional faculty are included, the average course units taught increases at six comprehensive and both research institutions

While the previous exhibit showed the average number of course units taught, **Exhibit 24** illustrates the average semester hours generated by faculty, which provides an indication of how well institutions are managing faculty and maintaining class size. However, when data from both tables are considered together, it provides a better picture of instructional productivity. For example, while faculty at CSU continually teach more course units than faculty at any USM comprehensive institution, they also produced the least number of credit hours per semester, indicating faculty teach more classes with fewer students.

Exhibit 22
Instructional Faculty
Number and Percent of Total by Type
Fiscal 2008-2013

	2008		2009		2010		2011		2012		2013	
	<u>Number</u>	<u>% of Total</u>										
Research Institutions												
Tenured/Tenure track Full-time	1,848	42.0%	1,866	38.8%	1,854	37.5%	1,845	38.7%	1,877	39.0%	1,863	36.3%
Nontenured/Nontenured Track Instructional Full-time	368	8.4%	386	8.0%	355	7.2%	385	8.1%	405	8.4%	435	8.5%
Nontenured/Nontenured Track Research	1,378	31.3%	1,396	29.0%	1,542	31.2%	1,660	34.8%	1,615	33.5%	1,586	30.9%
Part-time	807	18.3%	1,163	24.2%	1,192	24.1%	877	18.4%	918	19.1%	1,245	24.3%
Total	4,401		4,811		4,943		4,767		4,815		5,129	
Comprehensive Institutions												
Tenured/Tenure track Full-time	1,563	44.4%	1,637	42.6%	1,668	42.8%	1,688	42.2%	1,683	42.0%	1,742	41.9%
Nontenured/Nontenured Track Instructional Full-time	485	13.8%	523	13.6%	545	14.0%	550	13.7%	458	11.4%	552	13.3%
Nontenured/Nontenured Track Research	14	0.4%	8	0.2%	4	0.1%	5	0.1%	4	0.1%	6	0.1%
Part-time	1,457	41.4%	1,678	43.6%	1,680	43.1%	1,761	44.0%	1,865	46.5%	1,853	44.6%
Total	3,519		3,846		3,897		4,004		4,010		4,153	

Source: University System of Maryland Faculty Workload Report

Exhibit 23
Average Course Units Taught by Full-Time Equivalent Tenured/Tenure-track and
Full-time Non-tenured/Non-tenure-track Instructional Faculty
Fiscal 2008-2013

	2008		2009		2010		2011		2012		2013	
	<u>Tenure</u>	<u>All</u>										
Bowie State University	7.9	8.0	7.5	8.0	7.3	7.6	8.2	7.6	7.5	7.7	7.6	8.0
Coppin State University	8.5	9.0	7.9	8.2	7.9	10.5	8.1	10.5	8.3	9.0	8.0	9.0
Frostburg State University	7.8	8.1	7.5	7.6	7.5	7.5	7.5	7.5	7.4	7.4	7.4	7.4
Salisbury University	7.9	8.2	7.9	7.9	7.6	7.6	7.6	7.6	7.6	7.8	7.3	7.4
Towson University	6.9	7.3	7.0	7.4	7.0	7.3	7.1	7.3	7.0	7.4	6.8	7.3
University of Baltimore	7.3	7.5	7.1	7.5	7.1	7.6	6.8	7.6	6.6	6.5	6.2	6.4
Univ. of Maryland Eastern Shore	7.4	7.6	7.7	7.9	8.4	9.3	7.7	9.3	7.6	7.6	7.9	8.1
Comprehensive Average	7.5	7.8	7.4	7.7	7.4	7.9	7.5	7.9	7.4	7.6	7.2	7.5
Univ. of Maryland Baltimore County	6.0	6.3	6.1	6.5	6.6	6.5	6.6	6.5	6.8	6.9	6.6	6.9
Univ. of Maryland, College Park	5.8	5.8	5.7	5.7	5.8	5.8	5.9	5.8	5.6	5.6	5.5	5.6
Research Average	5.9	5.9	5.8	5.9	6.0	6.0	6.0	6.0	5.9	5.9	5.7	5.9

Note: 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.

Source: University System of Maryland's Annual Report on the Instructional Workload of USM Faculty November 2008-2013

Exhibit 24
Average Semester Credit Hours Generated
Fiscal 2008-2013

	2008		2009		2010		2011		2012		2013		3-year Average	
	<u>Tenure</u>	<u>All</u>	<u>Tenure</u>	<u>All</u>										
BSU	472	492	521	575	550	570	461	506	526	561	446	479	478	515
CSU	458	490	289	276	299	284	343	382	263	255	291	283	299	307
FSU	479	491	488	486	496	491	503	498	496	494	496	492	498	495
SU	493	510	528	527	552	546	557	560	606	615	560	536	574	570
TU	432	454	417	436	419	439	425	449	402	425	422	440	416	438
UB	390	382	444	444	392	418	381	496	404	419	366	381	384	432
UMES	395	412	448	471	725	744	896	789	448	542	708	733	684	688
UMBC	368	457	368	463	371	465	371	474	363	456	345	469	360	466
UMCP	467	536	492	555	511	580	500	572	491	568	470	553	487	564

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
 UMCP: University of Maryland, College
 UMES: University of Maryland Eastern Shore

Note: Excludes faculty on sabbatical and those exempted as a result of illness or death, and adjustments are also made for instruction-related activity and external funding. Calculations for Salisbury University, Towson University, and University of Baltimore are adjusted to omit the schools of business and law.

Source: University System of Maryland's Annual Report on the Instructional Workload of USM Faculty November 2008-2013

2. Status of University of Maryland Eastern Shore Repeat Audit Findings

The fiscal 2014 budget restricted funds until the Office of Legislative Audits (OLA) determines that the repeat findings identified in the most recent audit have been corrected. OLA has evaluated UMES' corrective actions of the four repeat audit findings and is preparing a draft letter to the Chancellor informing him of its findings.

3. Associate Degree Scholarship Award

Language in the 2013 JCR required FSU to submit a report on students receiving Associate Degree Scholarship Awards. The scholarship, established in fiscal 2011, targets transfer students who demonstrated academic excellence. To be eligible, students must have an Associates of Arts or Science or an Associates of Arts in Teaching and a cumulative 3.0 grade point average (GPA). The scholarship provides \$1,250 per semester and will be awarded for four semesters with a goal of bringing down tuition costs for the last two years of a bachelor's degree to that of a community college.

In fall 2013, 135 scholarships were awarded totaling \$325,000 for the academic year. Since its inception, new and continuing undergraduate transfer enrollment increased from 470 in fall 2011 to 507 in fall 2013. As shown in **Exhibit 25**, students receiving a scholarship have maintained a retention rate of at least 80.0% exceeding that of FT/FT students by 3 percentage points. The first recipients of the scholarship are expected to graduate in spring 2014. Additionally, 85.3% of the students maintained a GPA of 3.0 or above and 18.0% achieved a GPA of 4.0.

Exhibit 25 Retention Rate of Scholarship Recipients

<u>Cohort Year</u>	<u>Cohort Size</u>	<u>Second-year</u>	<u>Third-year</u>
2011	6	83.3%	100%
2012	89	80.9%	
2013	67		

Source: Frostburg State University

4. Feasibility of Creating a Pilot Internship Program

Language in the 2013 JCR required UMBC to submit a report on the feasibility of creating a pilot internship program for IT majors at State agencies. Representatives from UMBC met with the Maryland Information Technology Advisory Committee (ITAC), which is comprised of chief information officers from various State agencies who identified a variety of IT projects that would be

a good fit for qualified interns. However, IT interns are generally highly sought after by businesses and organizations and, in order to attract UMBC interns, State agencies would need to offer competitive compensation to the interns.

UMBC proposes that a pilot IT intern program could be initiated through a master memorandum of understanding (MOU) between the institution and a limited number of State agencies. The MOU would be time limited, allowing for the development of objectives and performance metrics, implementation of the program, and assessment of the program’s effectiveness in placing qualified IT interns at State agencies. The MOU would also specify the responsibilities of the university and participating State agencies. Several State agencies have indicated an interest in participating in a pilot program. UMBC would contact other members of ITAC to identify any other State agencies that may have an interest in the program. UMBC would consult with the Maryland Department of Information Technology in the final selection of the State agencies to participate in the pilot who would also serve on an oversight committee that will provide regular feedback and assessment of the effectiveness of the pilot program.

5. New Program Incentive Funding

The fiscal 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 and required that USM submit a report on the use of these funds on December 12, 2012, and June 30, 2013. USM submitted the second report on June 28, 2013, updating the status of these programs. Three institutions are offering four programs at two regional higher education centers as shown in **Exhibit 26**.

Exhibit 26 Program Offerings and Projected Enrollment

<u>Institution</u>	<u>Regional Center</u>	<u>Program</u>	<u>Enrollment</u>	
			<u>Spring 2013</u>	<u>Projected Fall 2013</u>
Bowie State University	Southern Maryland Higher Education Center (SMHEC)	Master of Science in Nursing – Nurse Educator Track	n/a	15
Salisbury University	SMHEC	Master’s in Social Work	10	15
Salisbury University	Eastern Shore Higher Education Center	Bachelor of Arts in Interdisciplinary Studies	n/a	5
Univ. of Maryland, College Park	SMHEC	Bachelor of Science in Mechanical Engineering	20	36

Source: University System of Maryland

Due to delays in the awarding of grants and the disbursement of funds, \$299,803 of the restricted funds were not expended and, therefore, were reverted to the general fund. Additionally, the search process for key personnel including technology support specialists, program coordinators, and faculty required more time than originally anticipated.

6. New Historically Black Colleges and Universities Enhancement Funding

Language in the 2013 JCR required BSU, UMES, and CSU to report on appropriations made for the purposes of converting part-time faculty to full-time positions and to increase the amount of their need-based aid.

Faculty Conversions

- **BSU (\$300,000):** Converted 2 positions – 1 in the College of Business and 1 in the College of Professional Studies and hired 1 regular faculty in the College of Arts and Sciences, Department of Fine and Performing Arts in response to increased enrollment in the Music Technology program.
- **UMES (\$270,000):** Hired 5 faculty – 2 in English and Modern Languages and 1 each in Fine Arts, Social Science, and Human Ecology. This reduces the need for adjuncts to teach 15 courses.
- **CSU (\$315,000):** Converted 3 positions – 2 in Health Professions and 1 in Business.

Financial Aid

- **BSU (\$360,000):** Funds were used to provide 201 students with an expected family contribution (EFC) of \$0 an award averaging \$1,791.
- **UMES (\$324,000):** Funds were used to supplement Pell grants for those students with an EFC of \$0, enabling the enrollment of an additional 120 students.
- **CSU (\$378,000):** Funds were allocated to enhance aid for students in STEM disciplines (\$200,000), recipients of the Bridge Grant – graduating seniors who have outstanding balances preventing them from registering for their last semester – (\$78,000); and community college transfers (\$100,000). A total of \$67,000 was awarded to STEM students, with the remaining balance to be awarded in spring 2014. Half of the funds allocated for the Bridge grant were used to help approximately 60 seniors, with the remaining funds to be awarded in spring 2014. Of the 54 students offered transfer awards for fall 2013, only 29 accepted with awards totaling \$40,700. The remaining balance will be used for spring 2014 transfer students.

**Academic Transformation
Strategies, State Funds, and Metric by Institution
Fiscal 2014-2017**

	<u>2014</u> ¹	<u>Projected</u>		<u>2017</u>	<u>Metric</u>
		<u>2015</u>	<u>2016</u>		
University of Maryland, College Park – \$642,548					
<i>Redesign at least 10 courses</i>					
Courses redesigned	0	7	14	14	Compare student performance in redesigned courses to those in traditional courses including grades, withdraw rates, retention rates, and students remaining in their majors
Enrollment in redesigned courses	0	700	7,700	14,000	
<hr/>					
Bowie State University – \$16,365					
<i>Redesign and implement MATH 99</i>					
Courses redesigned	1	1	1	1	Increase pass rates
Enrollment in redesigned course	450	450	500	500	
<hr/>					
Towson University – \$1,836					
<i>Pilot 1 and evaluate 3 redesigned courses</i>					
Courses redesigned	4	4	4	4	Greater pass rates for students in redesigned course vs. traditional courses controlling for input variable (e.g., SAT math score)
Enrollment in redesigned courses	n/a ²	n/a	n/a	n/a	
<hr/>					
University of Maryland Eastern Shore – \$76,018					
<i>Redesign 4 courses</i>					
Courses redesigned	3	4	4	4	Compare redesign courses to traditional courses in the proportion of students earning a C or better, number of faculty and sections required to meet student demand, and average cost per student
Enrollment in redesigned courses	1,187	1,213	1,213	1,213	
<hr/>					

	<u>2014</u> ¹	<u>Projected</u>		<u>2017</u>	<u>Metric</u>
	<u>2015</u>	<u>2016</u>			
Frostburg State University – \$15,295					
<i>Pilot and implement 4 redesigned courses</i>					
Courses redesigned	4	4	4	4	Eliminate bottleneck issues, improve student success rates, and reduce gender achievement gap
Enrollment in redesigned courses	132	410	410	410	
University of Baltimore – \$24,844					
<i>Establish Office of Academic Innovation</i>					
					Create office, appoint a director and experiential learning coordinator
University Maryland University College – \$313,541					
<i>Complete and implement 7 redesigned courses</i>					
Courses redesigned	7	7	7	7	Use national review standards for online courses developed by Quality Matters encompassing four areas: learning outcomes, assessment and measurement, resources and materials; and learner engagement
Enrollment in redesigned courses	5,100	5,100	5,100	5,100	
University of Maryland Baltimore County – \$396,943					
<i>Redesign 1 course; pilot, evaluate, and implement 3 courses; and establish Faculty Learning Communities</i>					
Courses redesigned	2	3	4	4	Overall Metric: increased retention and graduation rates Redesigned Courses: increase enrollment, decrease withdrawal/drop/failure rate, and increase pass rate Faculty Learning Communities: increase number of faculty using evidenced-based instructional practices
Enrollment in redesigned courses	1,268	1,685	1,774	1,831	

¹Number of courses redesigned at the beginning of fiscal 2014. The University System of Maryland’s criteria for redesigned courses considered complete redesigns begun prior to the start of fiscal 2014 and new work on courses that had been redesigned up through the pilot stage.

²Towson University was not comfortable projecting enrollment in the courses because a majority of the funds will support evaluation of the redesigned courses.

**STEM/Health-related
State Funds and STEM/Health-related Enrollment Targets by Institution
Fiscal 2013-2017**

<u>Institution</u>	<u>State Funds</u>	<u>Total Additional Enrollment</u>	<u>Projected Enrollment</u>				
			<u>2013(Base)</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
University of Maryland, College Park	\$4,607,068	390 (by Fiscal 2017)	9,017	9,017	9,217	9,317	9,417
Towson University	851*	322 (by Fiscal 2015)	6,225	6,336	6,547	≥6,547	≥6,547
University of Maryland Eastern Shore	299,299	162 (by Fiscal 2014)	1,750	1,912	≥1,912	≥1,912	≥1,912
Frostburg State University	24,934	78 (by Fiscal 2014)	852	930	≥930	≥930	≥930
Coppin State University	260,000	22 (by Fiscal 2014)	1,082	1,102	≥1,102	≥1,102	≥1,102
Salisbury University	212,674	32 (by Fiscal 2014)	2,005	2,037	2,050	≥2,050	≥2,050
University of Maryland Baltimore Country	765,731	100 (by Fiscal 2015)	5,647	5,697	5,747	≥5,747	≥5,747

STEM: science, technology, engineering, and mathematics

*Towson University budgeted \$560,518 of enhancement funds to support activities under this goal of which only \$851 are State funds.

Achievement Gap/Degree Completion State Enhancement Funds and Metrics by Institution

<u>Institution</u>	<u>Amount</u>	<u>Metrics</u>
University of Maryland, College Park	\$610,420	<ul style="list-style-type: none"> ● Academic Advising Software: Compare performance to historical student data (<i>e.g.</i>, grades, withdrawal and failure rates, retention, and progress toward degree) ● Additional Advisors: Initially report on ratio of students to advisors and in future years number of students retained, select a major and progress toward a degree (<i>e.g.</i>, grade point averages, withdrawals from core courses, and graduation rates) ● Peer Guided Study Groups: Increase in the number of sessions and student participation and then compare to performance of participants to non-participating peer groups
Bowie State University	618,623	<ul style="list-style-type: none"> ● Credit hours earned in an academic year ● Second-year retention rate of participants in the Bulldog academy compared to non-participants
Towson University	2,062	<ul style="list-style-type: none"> ● Increase second-year retention rate of at-risk students ● Increase six-year graduation rate of at-risk students
University of Maryland Eastern Shore	295,185	<ul style="list-style-type: none"> ● Average number of credits earned per year by all new first-time, full-time freshmen and African American freshmen
Frostburg State University	19,062	<ul style="list-style-type: none"> ● Faculty using early warning student tracking software (Beacon) ● Second-year retention rate
Coppin State University	586,256	<ul style="list-style-type: none"> ● Second- and third-year retention rates ● Six-year graduation rates

<u>Institution</u>	<u>Amount</u>	<u>Metrics</u>
University of Baltimore	63,814	<ul style="list-style-type: none"> ● Freshmen receiving “high touch” advising ● Faculty engaged in teaching effectiveness program ● Hispanic students enrolled ● Dollars going to student aid
Salisbury University	229,965	<ul style="list-style-type: none"> ● Supplemental instruction sections offered ● Retention of participants ● Students repeating STEM courses
University of Maryland Baltimore County	810,071	<ul style="list-style-type: none"> ● Overall: Increase retention and graduation rates ● Transfers: Transfer students who participate in orientation and program ● Near Completers: Near completers offered assistance and graduate within a year ● Learning Environment: Programs added, increase number of credit hours earned in academic year in select programs, maintain number of students completing internships, and increase library resources and services

STEM: science, technology, engineering, and mathematics

Other Institution Strategies State Enhancement Funds and Metrics by Institution

<u>Institution</u>	<u>Amount</u>	<u>Strategy</u>	<u>Metrics</u>
University of Maryland Baltimore County	\$217,304	Economic development/technology transfer	<ul style="list-style-type: none"> ● Hire entrepreneur-in-residence and technology transfer staff ● Establish commercialization investment fund and offer awards
University of Maryland Center for Environmental Science (UMCES)	615,845	Increase research competitiveness	<ul style="list-style-type: none"> ● New UMCES faculty; collaborative seed proposals granted, and multi-laboratory proposals submitted for extramural funding
		Enhance graduate education	<ul style="list-style-type: none"> ● Establish certification program by fiscal 2016 and number of UMCES certificate students in fiscal 2017 and beyond
		Mission effectiveness	<ul style="list-style-type: none"> ● Emerging technologies acquired, expand database capabilities to all faculty and broader community by fiscal 2015
University of Maryland System Office	1,416,906	Offer workforce-related programs at Universities of Shady Grove (USG) – \$426,392	<ul style="list-style-type: none"> ● USG: New workforce-related degree programs and/or specializations established
		Complete program development at non-University System of Maryland (USM) regional centers – \$700,000	<ul style="list-style-type: none"> ● Non-USM Regional Centers: Workforce-related degree programs and/or specialization establish or expanded

<u>Institution</u>	<u>Amount</u>	<u>Strategy</u>	<u>Metrics</u>
University of Maryland System Office		Establish Center for Innovation and Excellence in Learning and Teaching – \$238,032	<ul style="list-style-type: none">● Hire staff and organize advisory board, hold workshops, and start research/dissemination initiatives
		Institutionalize “Way2GoMaryland” resources – \$42,482	<ul style="list-style-type: none">● Add regular staff positions and extend/enhance education and outreach services

**University System of Maryland
State Funds Per Full-time Equivalent Student
Fiscal 2005-2015**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Adjusted Working 2014</u>	<u>Adjusted Allowance 2015</u>
UMB	25,467	26,907	28,457	29,589	30,292	28,973	28,643	28,450	28,593	31,436	34,493
UMCP	9,973	10,210	11,491	11,938	12,124	12,031	11,886	11,984	12,096	12,841	13,909
BSU	5,175	5,213	7,486	7,698	7,817	7,800	7,704	7,990	8,392	8,628	9,771
TU	4,261	4,386	4,963	5,119	5,161	5,077	5,034	5,077	5,057	5,366	5,697
UMES	6,073	6,382	7,430	8,337	7,898	7,729	7,205	7,231	7,257	8,345	8,633
FSU	5,644	6,285	7,128	7,296	7,390	7,041	6,941	7,264	7,350	7,856	8,441
CSU	6,283	6,300	9,940	10,604	10,919	11,997	12,546	13,061	13,760	14,945	15,904
UB	6,359	6,875	7,716	7,475	7,651	7,127	7,050	6,852	6,387	6,833	7,145
SU	4,277	4,455	5,036	5,129	5,356	5,208	5,143	5,049	5,130	5,398	5,918
UMUC	1,008	1,026	1,210	1,448	1,540	1,447	1,423	1,290	1,423	1,394	1,550
UMBC	7,114	7,685	8,532	8,978	9,171	9,092	9,000	8,875	8,732	9,180	9,874

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

Note: UMCP and UMES exclude funding for Agriculture Cooperative Extension and Experimental Station. Fiscal 2014 and 2015 figures are adjusted to reflect cost containment and across-the-board reductions.

Source: Governor's Budget Books, Fiscal 2014

University System of Maryland
Full-time Equivalent Personnel by Budget Program
Fiscal 2002, 2013, and 2014

	<u>2002</u>		<u>2013</u>		<u>2014</u>		Change in Share of Total 02-14
	<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%	7,639	31.4%	8,126	32.3%	-1.2%
Research	2,455	14.0%	4,127	17.0%	5,541	22.0%	8.0%
Public Service	689	3.9%	743	3.1%	739	2.9%	-1.0%
Academic Support	1,937	11.1%	2,572	10.6%	2,490	9.9%	-1.2%
Student Services	945	5.4%	1,406	5.8%	1,162	4.6%	-0.8%
Institutional Support	2,427	13.9%	3,274	13.5%	2,671	10.6%	-3.3%
Operations and Maintenance of Plant	1,558	8.9%	1,812	7.5%	1,607	6.4%	-2.5%
Auxiliary	1,368	7.8%	2,156	8.9%	1,867	7.4%	-0.4%
Hospitals	248	1.4%	570	2.3%	935	3.7%	2.3%
Total	17,485		24,298		25,138		

FTE: full-time equivalent

Note: Data are for filled positions only.

Source: University System of Maryland institutions