

R30B21
University of Maryland, Baltimore
University System of Maryland

Operating Budget Data

(\$ 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	\$172,172	\$190,304	\$208,183	\$17,879	9.4%
Contingent & Back of Bill Reductions	0	-3,534	-1,149	2,384	
Adjusted General Fund	\$172,172	\$186,770	\$207,033	\$20,263	10.8%
Special Funds	14,200	13,009	8,790	-4,219	-32.4%
Adjusted Special Fund	\$14,200	\$13,009	\$8,790	-\$4,219	-32.4%
Other Unrestricted Funds	359,427	377,823	378,787	964	0.3%
Adjusted Other Unrestricted Fund	\$359,427	\$377,823	\$378,787	\$964	0.3%
Total Unrestricted Funds	545,799	581,135	595,760	14,624	2.5%
Contingent & Back of Bill Reductions	0	-3,534	-1,149	2,384	
Adjusted Total Unrestricted Funds	\$545,799	\$577,601	\$594,610	\$17,009	2.9%
Restricted Funds	477,499	497,454	497,306	-148	
Adjusted Restricted Fund	\$477,499	\$497,454	\$497,306	-\$148	0.0%
Adjusted Grand Total	\$1,023,297	\$1,075,056	\$1,091,916	\$16,861	1.6%

- General funds increase \$20.3 million, or 10.8%, in fiscal 2015 after adjusting for \$3.5 million in withdrawn appropriations and cost containment in fiscal 2014 and \$1.1 million in back of the bill reductions in fiscal 2015.
- The Higher Education Investment Fund (HEIF) decreases 32.4%, or \$4.2 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 \$16.0 million, above fiscal 2014.

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

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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	4,880.88	4,880.88	4,880.88	0.00
Contractual FTEs	<u>243.79</u>	<u>291.15</u>	<u>291.15</u>	<u>0.00</u>
Total Personnel	5,124.67	5,172.03	5,172.03	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	117.63	2.41%
Positions and Percentage Vacant as of 12/31/13	12.01	0.20%

- The allowance does not provide for any new regular positions.

Analysis in Brief

Major Trends

Professional Graduates: Over the past two years, the number of medical and dental graduates has remained fairly constant, while pharmacy graduates increased 28.9% in fiscal 2011 due to the first cohort graduating from the program at the Universities at Shady Grove.

Public and Clinical Services: The number of days faculty spent in public service increased from 8.5 days in fiscal 2012 to 9.3 days per full-time faculty in fiscal 2013, while the number of charity patient care days slightly declined from 3,011 to 2,894 days during the same time period.

Research and Development: According to the National Science Foundation in 2012, the University of Maryland, Baltimore (UMB) ranked 47 out of 653 institutions in total research and development expenditures and 171 out of 408 institutions in the total number of earned doctorates.

Issues

Paying for Professional and Graduate Education: Most of the graduate and professional students demonstrate financial need and, depending on the program, the cost of attendance ranges from \$39,202 for social work to \$69,047 for the dental program. While UMB provides some institutional financial aid, federal and private loans account for approximately 80% of student aid packages.

Collaborative School of Public Health: One of the Mpowering initiatives is the establishment of an accredited collaborative School of Public Health, which leverages the strengths of the existing School of Public Health at the University of Maryland, College Park and the epidemiology and public health program in the School of Medicine at UMB.

Recommended Actions

1. See the University System of Maryland overview for systemwide recommendations.

R30B21 – USM – University of Maryland, Baltimore

R30B21
University of Maryland, Baltimore
University System of Maryland

Operating Budget Analysis

Program Description

The University of Maryland, Baltimore (UMB) is the State's public academic health and law university providing professional and graduate education, research, patient care, and public service. UMB is comprised of six professional schools and an interdisciplinary graduate school offering graduate and professional degrees in the fields of health, applied health, biomedical science and technology, social work, and law. UMB offers three baccalaureate programs in nursing, dental hygiene, and biomedical research and technology.

The institution aims to respond to the State's critical needs for health and human services professionals. While many of the programs are designed for full-time students, the Schools of Nursing and Social Work and the Medical Research Technology programs have a significant number of part-time students. Additionally, the Schools of Nursing, Pharmacy, and Social Work offer programs at the Universities at Shady Grove.

UMB also strives to provide public service to all citizens of the State, especially in the community surrounding its downtown Baltimore campus. UMB provides clinical services in dentistry, law, medicine, nursing, pharmacy, and social work and has two clinical partners – the University of Maryland Medical Center and the Veterans Administration Medical Center.

Carnegie Classification: Research and Special Focus Institution: Medical

Fall 2013 Undergraduate Enrollment Headcount

Male	121
Female	610
Total	731

Fall 2013 New Students Headcount

First-time	0
Transfers/Others	214
Graduate	1,651
Total	1,865

Programs

Bachelor's	3
Master's	13
Doctoral/Professional	28

Proposed Fiscal 2015 In-state Tuition and Fees*

Undergraduate	
Tuition ¹	\$7,930
Mandatory Fees	\$1,750

Fall 2013 Graduate Enrollment Headcount

Male	1,767
Female	3,897
Total	5,664

Campus (Main Campus)

Acres	71
Buildings	65
Average Age	35 years
Oldest	1812 – Davidge Hall

Degrees Awarded (2012-2013)

Bachelor's	359
Master's	739
Doctoral	875
Total Degrees	2,004

*Contingent on Board of Regents approval.

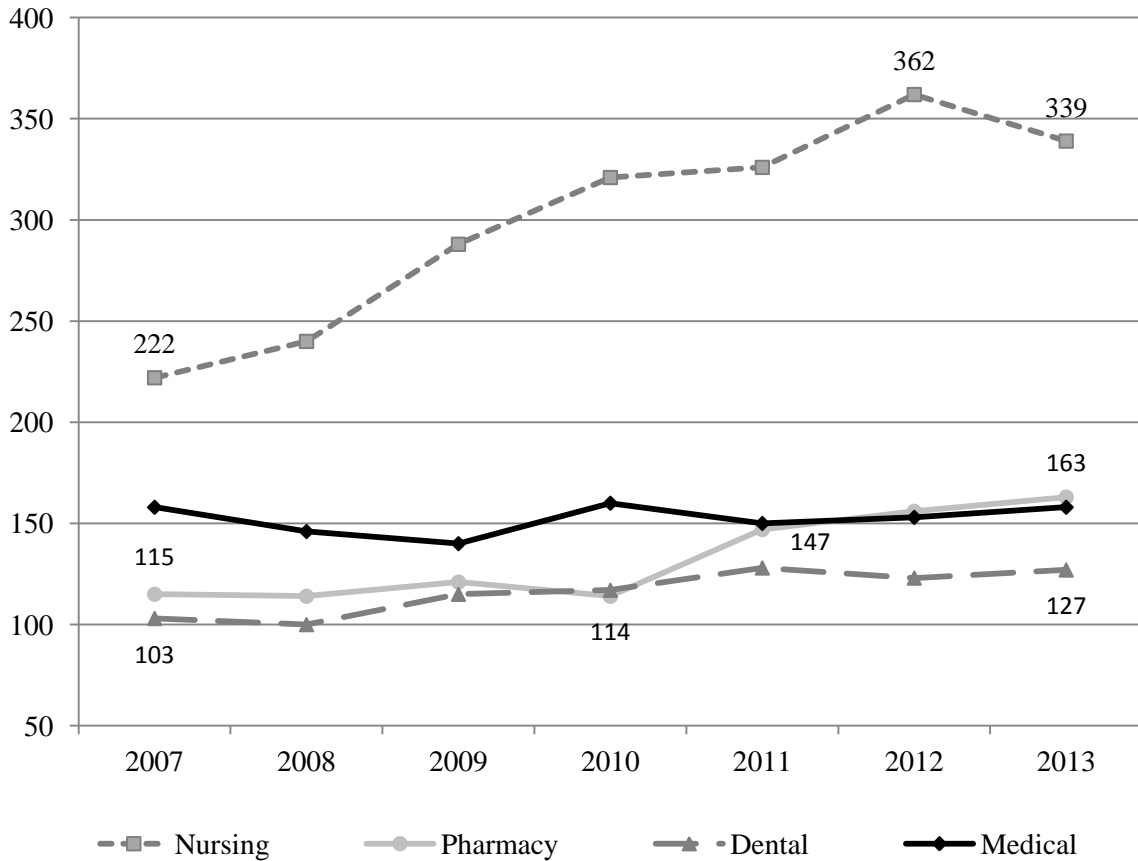
¹Nursing program

Performance Analysis

1. Professional Graduates

As the State's public academic health university, UMB trains the majority of the State's physicians, graduate nurses, dentists, and pharmacists. Over the past two years, the number of medical and dental graduates has remained stable at around 154 and 126, respectively, as shown in **Exhibit 1**. Pharmacy graduates increased 28.9% in fiscal 2011 due to the first cohort graduating from the program at the Universities at Shady Grove. Since the expansion of the program, pharmacy graduates have increased 43.0%, totaling 163 graduates in fiscal 2013. After experiencing an increase of 63.1% in the number of nursing graduates from fiscal 2007 to 2012, graduates declined 6.4% in fiscal 2013. UMB attributes this to a decision to cap enrollment in some programs and to revise admission procedures in response to increased enrollment in its Master's program, which stretched resources. Additionally, the transition of the advanced nurse practice program from a Master's to a Doctor of Nursing Practice in fall 2014 may have delayed students from entering the Master's program.

**Exhibit 1
Medical Related Professional Graduates
Fiscal 2007-2013**

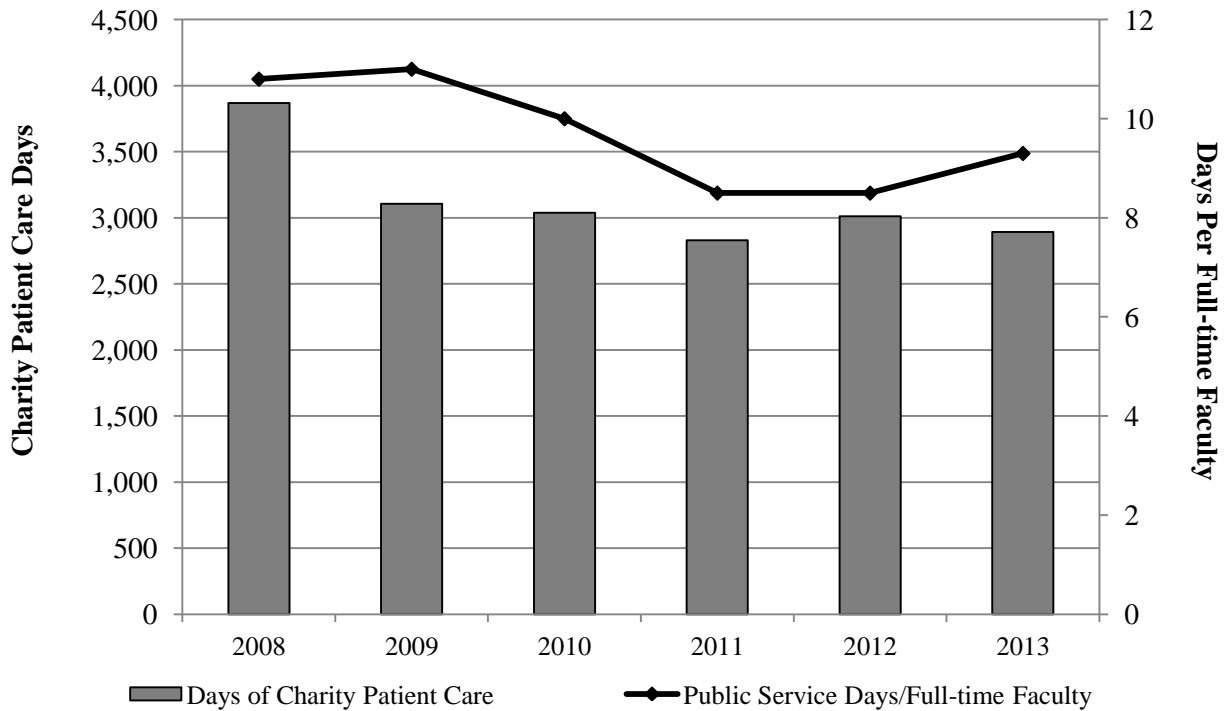


Source: Governor’s Budget Books, Fiscal 2010-2014

2. Public and Clinical Services

Part of UMB’s mission is to provide public and clinical services to citizens across the State, and as such, set goals of 10 days of public service per full-time faculty member and 3,107 (fiscal 2009 level) days of charity patient care provided by clinical medical faculty. After declining for three years, the number of days faculty spent in public service increased to 9.3 days per faculty member in fiscal 2013, as shown in **Exhibit 2**. Since fiscal 2008, when the number of charity patient days was at its highest level at 3,869 days, it declined to 2,894 days in fiscal 2013, 213 days below the goal of maintaining the fiscal 2009 level.

Exhibit 2
Faculty Days Spent in Public and Charitable Services
Fiscal 2008-2013

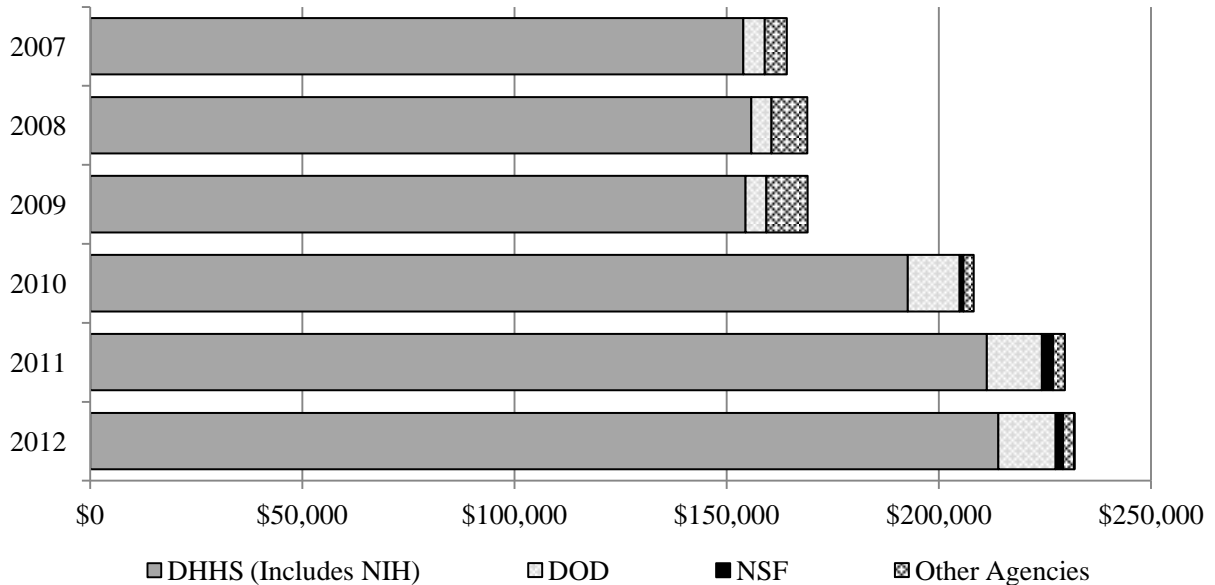


Source: Governor’s Budget Books, Fiscal 2010-2014

3. Research and Development

A core component of UMB’s mission is research and development (R&D). Federal R&D expenditures increased 41.2% to \$231.9 million in fiscal 2012, as shown in **Exhibit 3**. Expenditures had been fairly stable, averaging \$154.0 million until fiscal 2010 when expenditures from the Department of Health and Human Services increased 24.7%, or \$38.2 million, and further increased \$18.6 million in fiscal 2011 due to federal stimulus grants and awards. With the end of the federal stimulus awards, expenditures slightly increased 0.9% in fiscal 2012. According to the National Science Foundation, UMB ranked 47 out of 653 institutions in total R&D expenditures, which totaled \$433.2 million in fiscal 2012.

Exhibit 3
Federally Funded R&D Expenditures by Federal Agency
Fiscal 2007-2012
(\$ in Thousands)

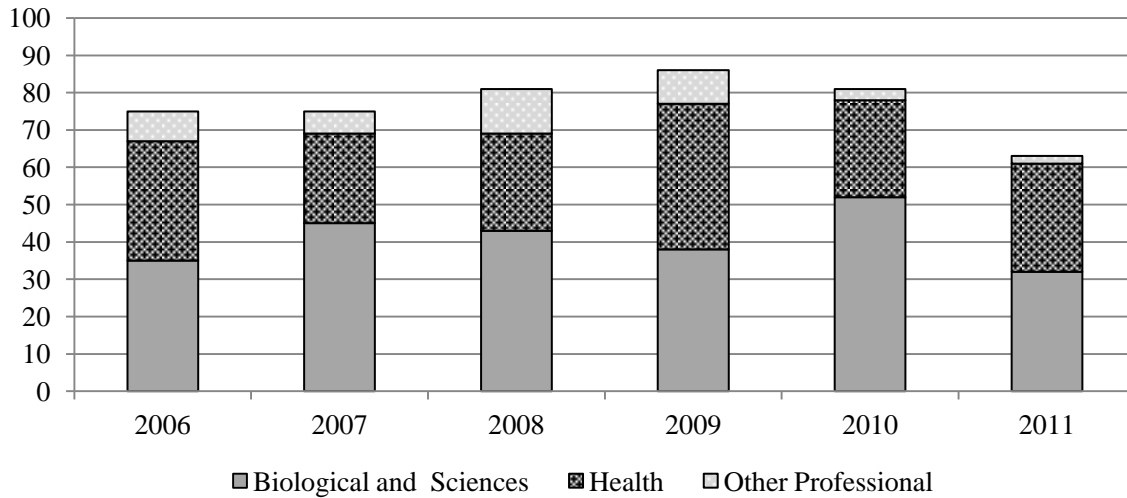


DOD: Department of Defense
 DHHS: Department of Health and Human Services
 NIH: National Institutes of Health
 NSF: National Science Foundation
 R&D: research and development

Source: National Science Foundation, National Center for Science and Engineering Statistics, Higher Education R&D Survey

Being the State’s public health institution, a majority of UMB’s earned doctorates are in the biological sciences and health fields, as shown in **Exhibit 4**. After increasing for three years to a high of 86 earned doctorates in 2009, the number declined to its lowest level of 63 in 2011. Overall, biological science doctorates account, on average, for 53.2% of the doctorates. In 2012, according to the National Science Foundation, UMB ranked 171 out of 408 institutions in the number of earned doctorates.

Exhibit 4
Number of Earned Doctorate Degrees
2006-2011



Source: National Science Foundation, National Center for Science and Engineering Statistics, Survey of Earned Doctorates

Fiscal 2014 Actions

Cost Containment

There are three across-the-board withdrawn appropriations which total \$3.0 million. This includes reductions to employee/retiree health insurance, funding for a new Statewide Personnel information technology system, and retirement reinvestment. These actions are fully explained in the analysis of the Department of Budget and Management (DBM) – Personnel, the Department of Information Technology, and the State Retirement Agency (SRA), respectively. UMB’s share of other cost containment actions, including the systemwide reversion of \$3.0 million in general funds and the potential reduction of the Higher Education Investment Fund (HEIF) appropriation, are \$0.6 million and \$2.0 million, respectively.

Proposed Budget

As shown in **Exhibit 5**, the general fund allowance for fiscal 2015 is 10.8%, or \$20.3 million, higher than in 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 \$4.2 million, or 32.4%, decline in the HEIF related to the use of the entire HEIF fund balance coupled with the underattainment of revenues in fiscal 2014. The overall growth in State funds is 8.0%, or \$16.0 million, over fiscal 2014, totaling \$215.8 million.

Exhibit 5
Proposed Budget
University of Maryland, Baltimore
(\$ in Thousands)

	2013	2014	2015	2014-15	% Change
	<u>Actual</u>	<u>Working</u>	<u>Adjusted</u>	<u>Change</u>	<u>Prior Year</u>
General Funds	\$172,172	\$186,770	\$207,033	\$20,263	10.8%
Higher Education Investment Fund	8,077	13,009	8,790	-4,219	-32.4%
Budget Restoration Fund	6,123	0	0	0	0.0%
Total State Funds	\$186,372	\$199,779	\$215,823	\$16,045	8.0%
Other Unrestricted Funds	359,427	377,823	378,787	964	0.3%
Total Unrestricted Funds	\$545,799	\$577,601	\$594,610	\$17,009	2.9%
Restricted Funds	477,499	497,454	497,306	-148	0.0%
Total Funds	\$1,023,297	\$1,075,056	\$1,091,916	\$16,861	1.6%

Note: Fiscal 2014 general funds are adjusted by \$3.5 million to reflect cost containment actions. Fiscal 2015 general funds reflect \$1.1 million in across-the-board reductions. Numbers may not sum to total due to rounding.

Other unrestricted funds grow 0.3%, or \$1.0 million, due to a \$3.3 million increase in tuition and fees being offset by declines in federal and private grants and contracts. It should be noted future growth in tuition and fees may be tempered if the continual decline in law school enrollment persists in the out-years. As shown in **Exhibit 6**, since fiscal 2011, enrollment has fallen by 139 students with a corresponding \$2.0 million decline in tuition revenues. Over half of these decreases occurred in fiscal 2014 with enrollment dropping by 79 students and revenues falling \$1.0 million. According to UMB, the Law School Admission Council reports that, nationwide, the entering fall class enrollment had declined more than 33.0% since 2010 and, as of December 2013, applications are down an additional 13.6% from last year. To offset this decline in revenues, the law school convened a Futures Committee to develop recommendations for cost controls that were adopted by the faculty and dean and included:

- increasing faculty teaching workloads;
- suspending faculty and administrative hiring except in critical cases;
- reducing faculty and staff through attrition and retirement;
- suspending hiring of visitors;
- cutting operating expenses; and
- limiting the acceptance of outside credits.

Exhibit 6
Law School Revenue and Enrollment
Fiscal 2010-2014

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 Estimate</u>
<u>Fall Law School Enrollment</u>					
	959	974	964	914	835
Change		15	-10	-50	-79
<u>Revenue (in Thousands)</u>					
	\$24,016	\$25,697	\$24,922	\$24,738	\$23,700
\$ Change		\$1,682	-\$775	-\$185	-\$1,038

Source: University of Maryland, Baltimore

The law school is developing new revenue streams, including the launch in fall 2015 of a Master of Science in Law program for nonlawyer professionals working in highly regulated fields such as health care, environment, natural resources, and emergency management and planning. In addition, the university will provide additional financial support as a transition is made to “right sizing” the school.

The Budget Reconciliation and Financing Act of 2014 includes a \$25.8 million transfer from the University System of Maryland (USM)’s fund balance, of which UMB’s portion is \$4.6 million. After the transfer, UMB’s balance in the State-supported portion of the fund balance will total \$24.4 million. UMB expects to transfer an additional \$0.4 million to the fund balance in fiscal 2015. After the reductions and transfers, the total ending balance in fiscal 2015 is estimated to be \$137.5 million.

Budget changes by program area in the allowance are shown in **Exhibit 7**. This data includes unrestricted funds only, the majority of which consist of general funds, the HEIF, and tuition and fee revenues. In fiscal 2014, expenditures on student services decline 5.1%, or \$0.2 million, due to the student health insurance program being less than anticipated. Growth of 14.2%, or \$12.0 million, in research is related to a \$10.0 million campus contribution for the Health Sciences Research Facility III, and the remainder is associated with the fiscal 2014 cost-of-living adjustment (COLA) and merit. Institutional support increases 14.3%, \$9.5 million, due to expenditures being \$6.0 million less than anticipated in fiscal 2013 related to not filling vacant positions (\$1.7 million); savings to ensure fund balance growth (\$2.0 million); one-time reductions to offset fund balance reversion (\$0.9 million); delaying the start of initiatives until fiscal 2014 (\$0.9 million); and spending less than budgeted for upgrading a new human resources system (\$0.5 million) that will be expended in fiscal 2014.

In fiscal 2015, expenditures on scholarships and fellowships increase 14.2%, or \$1.7 million. Increased spending in all other program areas are due to a rise in personnel expenditures relating to the annualization of the fiscal 2014 merit and COLA and the fiscal 2015 merit. The growth in operations and maintenance also includes increases in facilities renewal expenditures (\$3.0 million), debt service (\$0.3 million), and insurance (\$0.1 million).

Exhibit 7
UMB Budget Changes for Unrestricted Funds by Program
Fiscal 2013-2015
(\$ in Thousands)

	<u>2013</u> <u>Actual</u>	<u>2014 Adjusted</u> <u>Working</u>	<u>2013-14</u> <u>% Change</u>	<u>2015</u> <u>Adjusted</u>	<u>2014-15</u> <u>Change</u>	<u>2014-15</u> <u>% Change</u>
Expenditures						
Instruction	\$192,429	\$196,876	2.3%	\$197,814	\$938	0.5%
Research	84,346	96,305	14.2%	97,738	1,433	1.5%
Public Service	3,472	3,489	0.5%	3,614	125	3.6%
Academic Support	47,169	50,558	7.2%	52,876	2,318	4.6%
Student Services	4,093	3,886	-5.1%	4,025	139	3.6%
Institutional Support	66,138	75,591	14.3%	77,771	2,180	2.9%
Operation and Maintenance of Plant	68,089	69,221	1.7%	73,501	4,280	6.2%
Scholarships and Fellowships	10,719	11,684	9.0%	13,347	1,663	14.2%
Education and General Total	\$476,454	\$507,611	6.5%	\$520,686	\$13,075	2.6%
Hospitals	41,518	45,201	8.9%	46,632	1,430	3.2%
Auxiliary Enterprises	27,826	28,324	1.8%	28,442	119	0.4%
Cost Containment/ATB Reductions		-3,534		-1,149	2,384	
Grand Total	\$545,799	\$577,601	5.8%	\$594,610	\$17,009	2.9%
Revenues						
Tuition and Fees	\$117,059	\$118,107	0.9%	\$121,427	\$3,320	2.8%
General Funds	172,172	186,770	8.5%	207,033	20,263	10.8%
Higher Education Investment Fund	8,077	13,009	61.1%	8,790	-4,219	-32.4%
Budget Restoration Fund	6,123	0	0	0		
Other Unrestricted Funds	223,073	233,043	4.5%	228,368	-4,675	-2.0%
Subtotal	\$526,503	\$550,929	4.6%	\$565,618	\$14,689	2.7%
Auxiliary Enterprises	\$28,354	\$29,228	3.1%	\$29,346	\$119	0.4%
Transfer (to)/from Fund Balance	-9,059	-2,555		-354		
Grand Total	\$545,799	\$577,601	5.8%	\$594,610	\$17,009	2.9%

ATB: across-the-board

UMB: University of Maryland, Baltimore

Note: Fiscal 2014 general funds reflect \$3.5 million of cost containment actions. Fiscal 2015 general funds are adjusted by \$1.1 million to reflect across-the-board reductions. Unrestricted funds only.

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

Issues

1. Paying for Professional and Graduate Education

The financial needs of UMB’s students are unique as its mission of providing professional and graduate education. Debt that a student accumulates over the course of their education at UMB often influences career decisions, such as a medical student choosing a specialization rather than general practice due to the potential to earn a higher income and, therefore, be able to pay off college debt. In addition, some students accumulated debt before entering UMB, further increasing the amount of their total debt burden. For May 2013 graduates, 13% of their student loans was acquired prior to attending UMB.

Depending on the program, the cost of attendance ranges from \$39,202 for social work to \$69,047 for the dental program, as shown in **Exhibit 8**.

Exhibit 8 Cost of Attendance 2012-2013 Academic Year

<u>Program</u>	<u>Direct Cost Tuition and Fees</u>	<u>School Specific</u>	<u>Indirect Cost</u>	<u>Total Cost</u>
Dental – DDS, Doctor of Dental Surgery	\$ 28,023	\$ 13,437	\$ 27,587	\$ 69,047
Medical – MD, Doctor of Medicine	29,883	3,826	28,093	61,802
Physical Therapy	25,569	1,990	32,112	59,671
Law – Juris Doctor	26,545	3,837	25,516	55,898
Nursing – Clinical Nurse Leader	22,732	3,615	25,395	51,742
Pharm D – Doctor of Pharmacy	20,353	4,886	25,309	50,548
Nursing – Nurse Anesthesia	19,187	3,615	24,932	47,734
Nursing – MS, Master of Science	12,148	3,615	24,919	40,682
Social Work	12,929	1,399	24,874	39,202

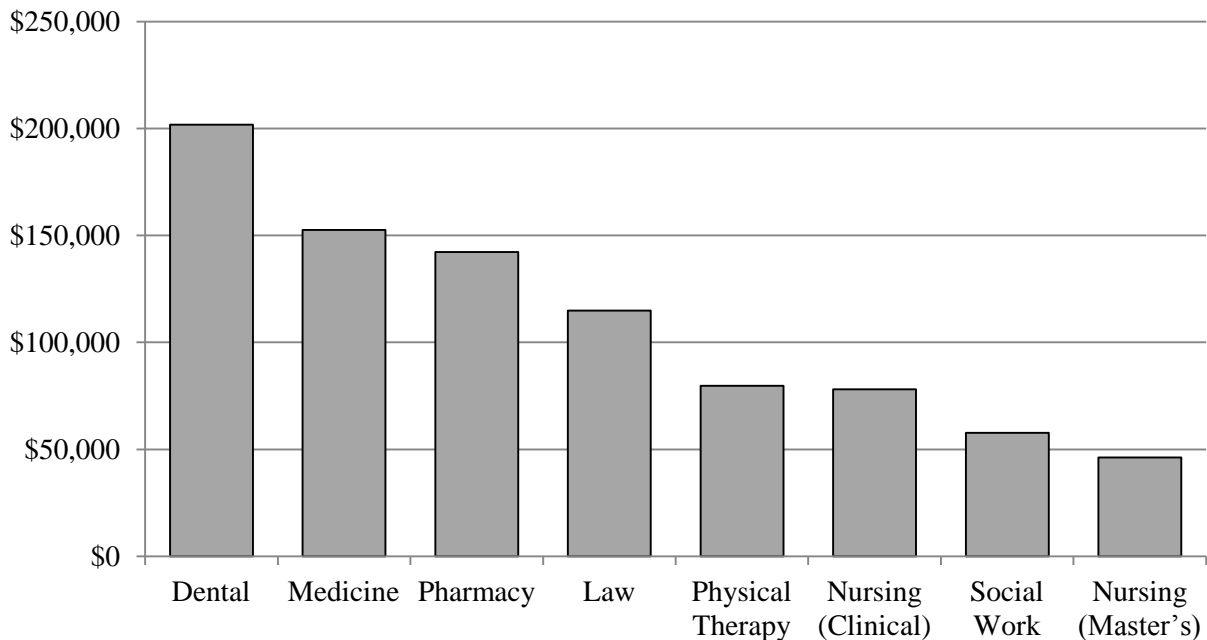
Note: School specific includes board exam, computer, and malpractice insurance fees; instruments; and supplies. Indirect costs includes living expenses; student loan fees (federal regulations requires inclusion of this cost which, on average, adds 5% to the indirect costs); university health insurance; and transportation.

Source: University of Maryland, Baltimore

Most of UMB’s graduate and professional students demonstrate financial need and, as with other institutions, UMB requires all students interested in any type of aid to complete the Free Application for Federal Student Aid or FAFSA. While UMB does provide some graduate need-based aid, which totaled \$9.3 million in fiscal 2013, 80% of a student’s aid package consists of federal and private loans. UMB’s Office of Student Financial Assistance and Education works with students providing budgeting services and encouraging them to borrow only what they need and to use federal

loans instead of the costlier alternative of private loans. Students who use federal loans have more repayment options, such as choosing an income driven plan, which include income based repayment and pay as you earn. These are for students whose loan debt is high relative to their income and are designed to lower monthly payments so as to make student debt more manageable. UMB’s counseling appears to have an impact, with only 44 students taking out \$0.8 million in private loans compared to 3,643 students using federal loans totaling \$124.3 million in fiscal 2012. **Exhibit 9** shows the average federal loan debt by program, with May 2013 dental graduates having the highest debt of \$201,805.

Exhibit 9
Average Federal Loan Debt by Program
May 2013 Graduates



Source: University of Maryland, Baltimore

The President should comment on efforts to reduce the debt burden of graduate and professional students.

2. Collaborative School of Public Health

One of the Mpowering initiatives is to establish an accredited collaborative School of Public Health which leverages the strengths of the existing School of Public Health at the University of Maryland, College Park (UMCP) and the epidemiology and public health program in the School of Medicine at UMB. This is not the first time the two institutions have sought to establish a joint school. In 2007, the Board of Regents approved the creation of a joint school. In support of this effort, the State provided \$10.5 million to UMCP: a total of \$3.0 million of general funds in fiscal 2007 and 2008 and \$7.5 million in HEIF in fiscal 2009, to renovate a building to provide space for the new school. However, a joint school was never realized. The fiscal 2014 budget included \$950,000 to support the preparation for accreditation and development of a joint Master's in Public Health program. Accreditation is expected at the end of fiscal 2015.

In order to facilitate a joint school, an Intercampus Steering Committee was established to oversee cross-campus alignments necessary for accreditation. During fiscal 2014, a mission statement, values, and strategic goals were adopted. A memorandum of understanding between UMCP and UMB is being finalized defining the rights and obligations of each institution in the areas of academic programs, students, faculty governance, administration, operations, and fiscal/budget arrangements. Five public health core courses have been fully aligned across the campuses, ensuring equivalency of courses between the campuses. Both schools have implemented initiatives designed to recruit students for fall 2014 who will be the first class in the collaborative school. Initiatives included accepting applications through a centralized application service for the schools of public health; redesigning websites; and sharing a recruitment booth at the American Health Association annual meeting. These efforts have resulted in 624 applications as of December 2013.

Other collaborations between the two schools include a cross-campus research day that will become an annual event; an \$18.7 million research grant from the U.S. Food and Drug Administration and the National Institutes of Health to establish the University of Maryland Tobacco Center of Regulatory Science, in which researchers from UMCP and UMB and the Battle Institute will assess the harm from various tobacco products; and initiating the University of Maryland Cancer Epidemiology Alliance, with faculty from UMCP serving as a bridge for cross-campus collaboration promoting novel research and education in cancer epidemiology and population research.

The President should comment on the status of the establishment of the school including accreditation, joint appointment of faculty, and program logistics such as which institution will be a student's home institution and where students will take courses.

Recommended Actions

1. See the University System of Maryland overview for systemwide recommendations.

Current and Prior Years Budgets

Current and Prior Years Budgets University of Maryland, Baltimore (\$ in Thousands)							
Fiscal 2012	General Fund	Special Fund	Federal Fund	Other Unrestricted Fund	Total Unrestricted Fund	Restricted Fund	Total
Legislative Appropriation	\$173,432	\$9,533	\$0	\$335,098	\$518,062	\$449,928	\$967,990
Deficiency Appropriation	0	0	0	0	0	0	0
Budget Amendments	2,075	0	0	17,354	19,429	31,521	50,950
Reversions and Cancellations	0	0	0	-17,954	-17,954	-17,727	-35,681
Actual Expenditures	\$175,507	\$9,533	\$0	\$334,498	\$519,538	\$463,722	\$983,259
Fiscal 2013							
Legislative Appropriation	\$172,160	\$11,827	\$0	\$342,143	\$526,129	\$492,422	\$1,018,552
Deficiency Appropriation	0	0	0	0	0	0	0
Budget Amendments	12	2,373	0	17,551	19,936	16,570	36,506
Reversions and Cancellations	0	0	0	-267	-267	-31,494	-31,760
Actual Expenditures	\$172,172	\$14,200	\$0	\$359,427	\$545,799	\$477,499	\$1,023,297
Fiscal 2014							
Legislative Appropriation	\$186,727	\$13,199	\$0	\$351,409	\$551,334	\$511,184	\$1,062,518
Budget Amendments	3,577	-190	0	26,414	29,843	-13,730	16,113
Working Appropriation	\$190,304	\$13,009	\$0	\$377,823	\$581,136	\$497,454	\$1,078,631

Note: The fiscal 2014 working appropriation does not include deficiencies or contingent reductions. Numbers may not sum to total due to rounding.

Fiscal 2012

General funds increased \$1.6 million to allocate funds for the \$750 bonus appropriated in DBM to the various State agencies and \$0.5 million to realign personnel costs with health insurance rates.

Other unrestricted funds increased \$17.4 million due to an increase in tuition revenue in the social work and law programs, federal indirect cost recovery, and sales and services from educational activity and auxiliary enterprises and a decrease from an additional transfer to the fund balance. A cancellation of \$18.0 million accounted for changes in fund balance transfer and a decrease in sales and services of the Educational Revolving Fund.

Restricted funds increased \$32.0 million to account for an increase in federal grants of \$17.1 million and an increase in sales and services from education activities of \$11.1 million. The remainder of the increase in restricted funds came from other grant sources and miscellaneous revenue. A cancellation of \$17.7 million was due to contract and grant activity being less than anticipated.

Fiscal 2013

For fiscal 2013, the general fund increased \$12,206 through budget amendments which include \$197,949 to realign health insurance expenditures with current projections and a \$95,940 transfer from UMCP associated with the reorganization of the University of Maryland Biotechnology Institute (UMBI). There was a decrease of \$250,000 associated with language in the fiscal 2013 budget bill to fund programs assisting farmers with various legal matters, of which \$147,138 was awarded to UMB to establish a program. There was an additional reduction of \$178,821 to fund the Non-USM Regional Center Incentive Grants that is also related to language in the fiscal 2013 budget bill.

The special fund appropriation, which included \$3.7 million in Budget Restoration Funds created during the 2012 special session, increased \$2.3 million for a half year 2% COLA and \$40,098 in HEIF as authorized in the fiscal 2013 budget bill.

Other unrestricted funds, which increased \$17.5 million by way of budget amendments, include:

- \$14.2 million in the sales and services of education activity to realign the budget with revenues;
- \$2.5 million in tuition revenue from increased enrollment in law and pharmacy programs;
- \$2.4 million in direct cost recovery;

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- \$1.5 million in the sales and services of auxiliary enterprises to realign the budget with revenues; and
- \$1.0 million in other revenues.

There was a decrease of \$4.1 million due to transferring additional funds to the fund balance.

Cancellations of unrestricted funds amounted to \$266,795 due to a mix of revenues being higher and expenditures being lower than anticipated.

Restricted funds increased \$16.6 million by a budget amendment due to an increase in sales and services of educational activities related to Physicians' Services. Cancellations of unrestricted funds totaled to \$31.5 million due to lower than anticipated contract and grant activity.

Fiscal 2014

For fiscal 2014, general funds increase \$3.6 million through budget amendments which included \$3.6 million related to a half year 3% COLA, and \$82,020 due to a transfer from UMCP related to the reorganization of UMBI. Additionally, there was a transfer of \$102,862 to UMCP reflecting a permanent adjustment to the base budget related to language in the fiscal 2013 budget bill to assist farmers with various legal matters. The special fund decreases \$190,422 related to language in the fiscal 2014 budget bill that transfers a portion of the HEIF to St. Mary's College of Maryland.

Other unrestricted funds have increased \$26.4 million by way of a budget amendment including:

- \$20.1 million in the sales and services of educational activities primarily related to bringing the revolving funds in line with current projections;
- \$10.0 million in matching funds for the Health Sciences Research Facility III from the Medical School Enrichment Fund;
- \$1.4 million in other developmental funds;
- \$1.3 million not being transferred to the fund balance; and
- \$0.7 million in the sales and services of auxiliary enterprises related to parking, student transportation, and the campus center.

These increases were partially offset by decreases of \$4.5 million in indirect cost recovery and \$2.6 million in tuition revenue due to a decline in enrollment in the School of Law.

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Restricted funds decrease \$13.7 million by a budget amendment mainly due to declines of \$27.5 million and \$11.9 million in federal and private grants and contracts, respectively, to realign the budget with current projections. These decreases are offset by an increase of \$19.7 million in the sales and services of educational activity primarily related to Physicians Services and the Kernan Hospital contract and \$6.3 million in State and local grants and contracts.

Audit Findings

Audit Period for Last Audit:	December 1, 2008 – September 6, 2011
Issue Date:	April 2013
Number of Findings:	7
Number of Repeat Findings:	2
% of Repeat Findings:	28.6%
Rating: (if applicable)	n/a

Finding 1: Lack of documentation for the basis for paying vendor invoices that were suspended by its electronic payment system and decisions to release the invoices for payment were not subject to supervisory review.

Finding 2: Lack of adequate internal control over timekeeping and payroll adjustments.

Finding 3: Lack of compliance with certain corporate purchasing card requirements regarding split purchases and sharing of cards in one department.

Finding 4: Did not execute certain subsidiary agreements with the University of Maryland Medical System Corporation and, accordingly, did not recover costs for certain nonfaculty UMB employees who provide services to the corporation.

Finding 5: Lack of adequate monitoring of critical database tables and database access control.

Finding 6: **Adequate security measures had not been established to properly protect the internal computer network from internal and external threats.**

Finding 7: **Lack of adequate internal controls over UMB’s primary working fund.**

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

Object/Fund Difference Report
USM – University of Maryland, Baltimore

<u>Object/Fund</u>	<u>FY 13 Actual</u>	<u>FY 14 Working Appropriation</u>	<u>FY 15 Allowance</u>	<u>FY 14 - FY 15 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	4,880.88	4,880.88	4,880.88	0.00	0%
02 Contractual	243.79	291.15	291.15	0.00	0%
Total Positions	5,124.67	5,172.03	5,172.03	0.00	0%
Objects					
01 Salaries and Wages	\$ 689,696,020	\$ 706,124,224	\$ 727,780,070	\$ 21,655,846	3.1%
02 Technical and Spec. Fees	1,055,322	1,078,084	1,078,084	0	0%
03 Communication	6,282,150	6,648,524	6,648,546	22	0%
04 Travel	9,541,263	9,771,254	9,771,254	0	0%
06 Fuel and Utilities	16,707,213	17,998,797	17,998,797	0	0%
07 Motor Vehicles	1,852,114	2,096,659	2,096,329	-330	0%
08 Contractual Services	188,514,864	207,940,530	198,627,043	-9,313,487	-4.5%
09 Supplies and Materials	39,911,777	44,318,196	41,315,297	-3,002,899	-6.8%
10 Equipment – Replacement	1,256,662	1,286,407	1,286,407	0	0%
11 Equipment – Additional	11,113,043	11,391,258	11,391,258	0	0%
12 Grants, Subsidies, and Contributions	24,263,207	25,151,247	26,813,945	1,662,698	6.6%
13 Fixed Charges	29,841,047	29,658,646	30,133,294	474,648	1.6%
14 Land and Structures	3,262,474	15,125,661	18,125,661	3,000,000	19.8%
Total Objects	\$ 1,023,297,156	\$ 1,078,589,487	\$ 1,093,065,985	\$ 14,476,498	1.3%
Funds					
40 Unrestricted Fund	\$ 545,798,612	\$ 581,135,249	\$ 595,759,558	\$ 14,624,309	2.5%
43 Restricted Fund	477,498,544	497,454,238	497,306,427	-147,811	0%
Total Funds	\$ 1,023,297,156	\$ 1,078,589,487	\$ 1,093,065,985	\$ 14,476,498	1.3%

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.

Fiscal Summary
USM – University of Maryland, Baltimore

<u>Program/Unit</u>	<u>FY 13 Actual</u>	<u>FY 14 Wrk Approp</u>	<u>FY 15 Allowance</u>	<u>Change</u>	<u>FY 14 - FY 15 % Change</u>
01 Instruction	\$ 217,129,449	\$ 222,908,697	\$ 224,527,186	\$ 1,618,489	0.7%
02 Research	387,002,201	411,370,314	406,569,902	-4,800,412	-1.2%
03 Public Service	9,570,009	9,944,965	10,306,694	361,729	3.6%
04 Academic Support	52,757,446	56,221,253	58,538,968	2,317,715	4.1%
05 Student Services	4,092,740	3,885,876	4,024,759	138,883	3.6%
06 Institutional Support	66,137,670	75,591,308	77,771,172	2,179,864	2.9%
07 Operation and Maintenance of Plant	68,088,504	69,220,672	73,500,709	4,280,037	6.2%
08 Auxiliary Enterprises	27,826,300	28,323,601	28,442,217	118,616	0.4%
17 Scholarships and Fellowships	17,569,965	18,885,618	20,548,316	1,662,698	8.8%
18 Hospitals	173,122,872	182,237,183	188,836,062	6,598,879	3.6%
Total Expenditures	\$ 1,023,297,156	\$ 1,078,589,487	\$ 1,093,065,985	\$ 14,476,498	1.3%
Unrestricted Fund	\$ 545,798,612	\$ 581,135,249	\$ 595,759,558	\$ 14,624,309	2.5%
Restricted Fund	477,498,544	497,454,238	497,306,427	-147,811	0%
Total Appropriations	\$ 1,023,297,156	\$ 1,078,589,487	\$ 1,093,065,985	\$ 14,476,498	1.3%

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.