

**R30B36**  
**University System of Maryland Office**  
**University System of Maryland**

***Operating Budget Data***

(\$ in Thousands)

|  | <u>FY 13</u><br><u>Actual</u> | <u>FY 14</u><br><u>Working</u> | <u>FY 15</u><br><u>Allowance</u> | <u>FY 14-15</u><br><u>Change</u> | <u>% Change</u><br><u>Prior Year</u> |
|--|-------------------------------|--------------------------------|----------------------------------|----------------------------------|--------------------------------------|
| General Funds                            | \$18,001                      | \$20,391                       | \$22,104                         | \$1,712                          | 8.4%                                 |
| Contingent & Back of Bill Reductions     | 0                             | -207                           | -73                              | 134                              |                                      |
| <b>Adjusted General Fund</b>             | <b>\$18,001</b>               | <b>\$20,184</b>                | <b>\$22,031</b>                  | <b>\$1,847</b>                   | <b>9.2%</b>                          |
| Special Funds                            | 1,354                         | 1,387                          | 933                              | -454                             | -32.7%                               |
| <b>Adjusted Special Fund</b>             | <b>\$1,354</b>                | <b>\$1,387</b>                 | <b>\$933</b>                     | <b>-\$454</b>                    | <b>-32.7%</b>                        |
| Other Unrestricted Funds                 | 4,856                         | 5,846                          | 5,718                            | -128                             | -2.2%                                |
| <b>Adjusted Other Unrestricted Fund</b>  | <b>\$4,856</b>                | <b>\$5,846</b>                 | <b>\$5,718</b>                   | <b>-\$128</b>                    | <b>-2.2%</b>                         |
| Total Unrestricted Funds                 | 24,211                        | 27,625                         | 28,755                           | 1,130                            | 4.1%                                 |
| Contingent & Back of Bill Reductions     | 0                             | -207                           | -73                              | 134                              |                                      |
| <b>Adjusted Total Unrestricted Funds</b> | <b>\$24,211</b>               | <b>\$27,418</b>                | <b>\$28,682</b>                  | <b>\$1,265</b>                   | <b>4.6%</b>                          |
| Restricted Funds                         | 3,945                         | 3,595                          | 3,595                            | 0                                |                                      |
| <b>Adjusted Restricted Fund</b>          | <b>\$3,945</b>                | <b>\$3,595</b>                 | <b>\$3,595</b>                   | <b>\$0</b>                       | <b>0.0%</b>                          |
| <b>Adjusted Grand Total</b>              | <b>\$28,156</b>               | <b>\$31,013</b>                | <b>\$32,278</b>                  | <b>\$1,265</b>                   | <b>4.1%</b>                          |

- General funds increase \$1.8 million, or 9.2%, in fiscal 2015 after adjusting for \$0.2 million in withdrawn appropriations and cost containment in fiscal 2014 and \$72,646 in back of the bill reductions in fiscal 2015.
- The Higher Education Investment Fund (HEIF) decreases \$0.5 million, or 32.7%, due to using the entire HEIF fund balance in fiscal 2014 and lower HEIF revenues. The overall growth in State funds is 6.5%, or \$1.4 million, above fiscal 2014.

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

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***Personnel Data***

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|                        | <b><u>FY 13<br/>Actual</u></b> | <b><u>FY 14<br/>Working</u></b> | <b><u>FY 15<br/>Allowance</u></b> | <b><u>FY 14-15<br/>Change</u></b> |
|------------------------|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Regular Positions      | 104.00                         | 104.00                          | 110.00                            | 6.00                              |
| Contractual FTEs       | <u>8.00</u>                    | <u>6.00</u>                     | <u>6.00</u>                       | <u>0.00</u>                       |
| <b>Total Personnel</b> | <b>112.00</b>                  | <b>110.00</b>                   | <b>116.00</b>                     | <b>6.00</b>                       |

***Vacancy Data: Regular Positions***

|   |      |       |
|---|------|-------|
| Turnover and Necessary Vacancies, Excluding New Positions | 1.61 | 1.46% |
| Positions and Percentage Vacant as of 12/31/13            | 1.00 | 0.90% |

- The allowance provides for 6 new regular positions, of which 3 are contract and grant coordinators, and the 3 remaining are the director, assistant director, and manager of the newly established Center for Innovation and Excellence in Learning and Teaching, funded with enhancement funds.

## ***Analysis in Brief***

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### **Major Trends**

***Maryland Community College Transfers:*** The number of students transferring from a Maryland community college grew 7.7% to 11,879 in fiscal 2013.

***University System of Maryland Regional Higher Education Centers:*** Enrollment at the Universities of Shady Grove (USG) declined 3.1% in fiscal 2013 due to a drop in enrollment in University of Maryland University College programs. After declining 4.8% in fiscal 2012, enrollment at the University System of Maryland at Hagerstown increased 11.9% in fiscal 2013.

### **Issues**

***Ensuring the Preparation of Future Teachers:*** The Maryland College and Career Ready Standards (MCCRS) are being fully implemented across the State during the 2013-2014 school year. A key component of ensuring a successful transition is providing not only current but future teachers with the knowledge and skills needed to implement MCCRS. There are concerns that teacher preparation programs at Maryland institutions have not fully integrated MCCRS into their programs.

***Achieving Collegiate Excellence and Success:*** Achieving Collegiate Excellence and Success, a partnership among Montgomery County Public Schools, Montgomery College, and USG, provides a seamless educational pathway from high school to college completion that targets underrepresented students in higher education with the goal of earning a bachelor's degree.

### **Recommended Actions**

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

*R30B36 – USM – University System of Maryland Office*

**R30B36**  
**University System of Maryland Office**  
**University System of Maryland**

## ***Operating Budget Analysis***

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### **Program Description**

The University System of Maryland Office (USMO) is the staff agency to the University System of Maryland (USM) Board of Regents. The office advocates on behalf of the 11 institutions, two regional higher education centers and one research institution; facilitates collaboration and efficiencies among institutions; and provides information to the public. It includes the Chancellor; executive and administrative staff; and the central services of budget, accounting, auditing, information technology, capital planning, advancement, and public and governmental relations.

The mission of USMO is to provide leadership, planning, and resource management to advance the quality and accessibility of USM services and increase synergies among the USM institutions.

The goals of USMO are to:

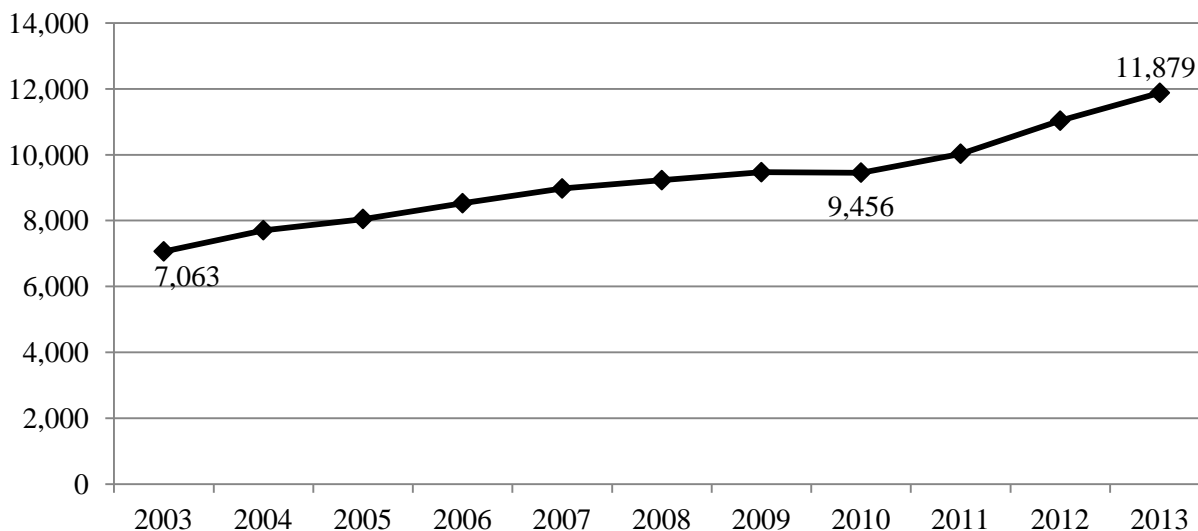
- promote access to USM institutions through cooperation;
- promote regional synergies;
- promote private support for USM; and
- provide financial stewardship to maximize the effectiveness and efficiency of USM operations.

### **Performance Analysis**

#### **1. Maryland Community College Transfers**

USMO tracks the number of community college students transferring to USM institutions as a measure of meeting the goal of promoting access to USM institutions. Since fiscal 2010, there has been a rapid growth in the number of students transferring from a Maryland community college with transfers increasing by 2,423 to 11,879 in fiscal 2013, as shown in **Exhibit 1**. This exceeds the prior seven-year growth when transfers increased by 2,393 between fiscal 2003 and 2010. Generally, four community colleges account for a majority of the transfers – Montgomery College, Community College of Baltimore County, Anne Arundel Community College, and Prince George’s Community College. These students are most likely to enroll at one of four USM institutions – the University of Maryland University College (UMUC); Towson University (TU); the University of Maryland, College Park; or the University of Maryland Baltimore County.

**Exhibit 1**  
**Transfer Students from Maryland Community Colleges to USM Institutions**  
**Fiscal 2003-2013**



USM: University System of Maryland

Source: University System of Maryland

## 2. University System of Maryland Regional Higher Education Centers

USM provides access to its institutions through two regional higher education centers: the Universities of Shady Grove (USG) and the University System of Maryland at Hagerstown (USMH). Enrollment at USG declined 3.1% in fiscal 2013, as shown in **Exhibit 2**. This is mainly attributed to a drop in enrollment of 62.9 full-time equivalent students (FTES) in UMUC's programs. TU and Salisbury University were the only institutions experiencing enrollment growth in their programs of 16.3 and 8.8 FTES, respectively.

After declining 4.8% in fiscal 2012, enrollment at USMH increased 11.9%, or 31.7 FTES, in fiscal 2013. This is due to enrollment in Frostburg State University (FSU) programs rebounding by 22.8 FTES after falling by 20.8 FTES in fiscal 2012. FSU attributes the decline in fiscal 2012 to the transitioning of its Masters of Business Administration and Masters of Education in Special Education to a fully online format, coupled with a continuing decline in the Masters of Arts in Teaching program. In fall 2013, the Doctorate in Education Leadership program admitted its first cohort of 25; this along with growth in its undergraduate programs, particularly Early Childhood Education and a 2+2 program with Frederick and Hagerstown Community Colleges, resulted in an overall increase in fall 2013 enrollment.

**Exhibit 2**  
**USM Regional Higher Education Centers**  
**Full-time Equivalent Student Enrollment**  
**Fiscal 2008-2013**

|  | <u>2008</u>    | <u>2009</u>    | <u>2010</u>    | <u>2011</u>    | <u>2012</u>    | <u>2013</u>    |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Universities at Shady Grove</b>                     |                |                |                |                |                |                |
| Bowie State University                                 | 10.3           | 14.4           | 15.3           | 13.0           | 15.6           | 11.4           |
| Salisbury University                                   |                | 9.3            | 22.8           | 23.1           | 19.5           | 28.3           |
| Towson University                                      | 70.1           | 97.5           | 108.8          | 107.8          | 129            | 145.3          |
| University of Baltimore                                | 37.0           | 43.6           | 61.7           | 69.4           | 78.2           | 78.0           |
| University of Maryland, Baltimore                      | 188.3          | 264.4          | 371.9          | 418.2          | 428.2          | 420.3          |
| University of Maryland Baltimore County                | 135.2          | 175.5          | 215.0          | 243.8          | 292.5          | 276.9          |
| University of Maryland, College Park                   | 646.0          | 818.5          | 995.8          | 994.4          | 999.5          | 990.0          |
| University of Maryland Eastern Shore                   | 38.0           | 48.2           | 66.7           | 74.8           | 79.3           | 78.9           |
| University of Maryland University College              | 288.2          | 312.4          | 372.2          | 391.1          | 383.0          | 320.1          |
| <b>Total</b>   | <b>1,413.1</b> | <b>1,783.8</b> | <b>2,230.2</b> | <b>2,335.6</b> | <b>2,424.8</b> | <b>2,349.2</b> |
| <b>The University System of Maryland at Hagerstown</b> |                |                |                |                |                |                |
| Frostburg State University                             | 194.9          | 187.0          | 193.6          | 180.9          | 160.1          | 182.9          |
| Salisbury University                                   | 8.6            | 20.3           | 28.5           | 29.0           | 33.9           | 32.5           |
| Towson University                                      | 30.1           | 32.6           | 47.7           | 52.7           | 51.8           | 61.1           |
| University of Maryland, College Park                   | 2.0            | 1.5            | 1.1            | 7.2            | 9.0            | 10.6           |
| University of Maryland University College              | 0.4            | 5.6            | 8.0            | 10.8           | 12.2           | 11.6           |
| <b>Total</b>   | <b>236.0</b>   | <b>247.0</b>   | <b>278.9</b>   | <b>280.6</b>   | <b>267.0</b>   | <b>298.7</b>   |

Source: Universities of Shady Grove; the University System of Maryland at Hagerstown

Coppin State University (CSU) has been planning to offer two bachelor's of science programs at USMH – Health Information Management and Sports Management. In a memorandum of understanding with USMH, CSU is to receive \$50,000 of incentive funding from USMH between fiscal 2013 and 2015 to help defray the cost of bringing a program to Hagerstown. In fiscal 2013, the funds were used to hire a full-time coordinator, located at USMH, who started in summer 2013. Classes were initially scheduled for fall 2013 but were cancelled due to a lack of enrollment in either program, but CSU is hoping to enroll students in spring 2014. CSU stated that without a person at USMH, it was not able to recruit students for its programs but, as previously noted, a coordinator was hired in summer 2013. If CSU does not show progress in enrollment, it will not receive incentive funding in fiscal 2014 or 2015. CSU is planning on surveying students at area community colleges to determine future programs offerings at USMH.

**The Chancellor should comment if CSU should be expending resources to expand program offerings beyond its Baltimore campus, given the financial and enrollment challenges it currently faces and the apparent lack of demand for its programs in Hagerstown.**

USM started collecting data on the graduation rates at USG and USMH starting with the 2008 cohort. The two-year graduation rates at the centers of over 40%, as shown in **Exhibit 3**, exceed the average rate of 12% for community college transfers at all USM campuses. While the data on the four-year graduation rate is only available for the fall 2008 cohort, the rates of 74 and 65% at USG and USMH, respectively, surpass the average of 51% at all USM campuses. In general, the students at the centers are graduating at the same or higher rates than first-time, full-time new freshmen at USM institutions, which for the fall 2006 cohort was 65%.

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**Exhibit 3**  
**Maryland Community College Transfers Graduation Rates at**  
**USM Regional Higher Education Centers**  
**Fall 2008-2010 Cohorts**

|                             | <u>Cohort</u> | <u>Cohort Size</u> | <u>Two-year</u> | <u>Four-year</u> |
|-----------------------------|---------------|--------------------|-----------------|------------------|
| Universities of Shady Grove | 2008          | 380                | 46%             | 74%              |
|                             | 2009          | 470                | 44%             |                  |
|                             | 2010          | 428                | 46%             |                  |
| USM Hagerstown              | 2008          | 46                 | 37%             | 65%              |
|                             | 2009          | 40                 | 45%             |                  |
|                             | 2010          | 66                 | 41%             |                  |

USM: University System of Maryland

Note: Rates reflect students graduating at any USM institution. Regional center students are and will continue to be included in the overall transfer numbers of the home institution.

Source: University System of Maryland, Transfer Students to the University System of Maryland

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## **Fiscal 2014 Actions**

### **Cost Containment**

There are three across-the-board withdrawn appropriations, which total \$148,000. 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– Personnel, the Department of Information Technology, and the State Retirement Agency (SRA), respectively. USMO’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 \$59,204 and \$0.2 million, respectively.

## Proposed Budget

As shown in **Exhibit 4**, the general fund allowance for fiscal 2015 is 9.2%, or \$1.8 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 \$0.5 million, or 32.7%, 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 6.5%, or \$1.4 million, over fiscal 2014, totaling \$23.0 million. Of this amount, \$8.1 million and \$1.9 million fund the operations at USG and USMH, respectively. The general fund allowance increases 3.8%, or \$0.3 million, at USG and 0.2%, or \$4,318, at USMH in fiscal 2015. Detailed budgets for both centers are provided in **Appendix 2**.

**Exhibit 4**  
**Proposed Budget**  
**University System of Maryland Office**  
**(\$ in Thousands)**

|                                 | <b>FY 2013</b><br><b><u>Actual</u></b> | <b>FY 2014</b><br><b><u>Working</u></b> | <b>FY 2015</b><br><b><u>Adjusted</u></b> | <b>FY 2014-15</b><br><b><u>Change</u></b> | <b>% Change</b><br><b><u>Prior Year</u></b> |
|---------------------------------|--|---|--|---|---|
| General Funds                   | \$18,001                               | \$20,184                                | \$22,031                                 | \$1,847                                   | 9.2%  |
| HEIF                            | 849                                    | 1,387                                   | 933                                      | -454                                      | -32.7%                                      |
| Budget Restoration Fund         | 505                                    | 0                                       | 0  | 0   |   |
| <b>Total State Funds</b>        | <b>\$19,355</b>                        | <b>\$21,571</b>                         | <b>\$22,965</b>                          | <b>\$1,393</b>                            | <b>6.5%</b>                                 |
| Other Unrestricted Funds        | 4,856                                  | 5,846                                   | 5,718                                    | -128                                      | -2.2%                                       |
| <b>Total Unrestricted Funds</b> | <b>\$24,211</b>                        | <b>\$27,418</b>                         | <b>\$28,682</b>                          | <b>\$1,265</b>                            | <b>4.6%</b>                                 |
| Restricted Funds                | 3,945                                  | 3,595                                   | 3,595                                    | 0   | 0.0%  |
| <b>Total Funds</b>              | <b>\$28,156</b>                        | <b>\$31,013</b>                         | <b>\$32,278</b>                          | <b>\$1,265</b>                            | <b>4.1%</b>                                 |

Note: Fiscal 2014 general funds are adjusted by \$0.2 million to reflect cost containment actions. Fiscal 2015 general funds reflect \$72,646 in across-the-board reductions. Numbers may not sum to total due to rounding.

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

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Other unrestricted funds decline 2.2%, or \$0.1 million, due to the use of fund balance in fiscal 2014 to fund enhancement initiatives which was partially offset by an increase in the Board of Regents' institutional audit assessments (\$33,055) and the Maryland Research and Education Network, which provides network services to K-12, non-USM institutions, and community colleges (\$25,158).

The Budget Reconciliation and Financing Act of 2014 includes a \$25.8 million transfer from USM's fund balance, of which USMO's portion is \$0.5 million. After the transfer, USMO's balance in the State-supported portion of the fund balance will total \$0.3 million. USMO expects to transfer an additional \$70,000 to the fund balance in fiscal 2015. After the reductions and transfers, the total ending balance in fiscal 2015 is estimated to be \$3.1 million.

## ***Issues***

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### **1. Ensuring the Preparation of Future Teachers**

The Maryland College and Career Ready Standards (MCCRS) are being fully implemented across the State during the 2013-2014 school year. MCCRS were created through a state-level initiative coordinated by the National Governors Association and the Council of Chief State School Officers in collaboration with education stakeholders from across the country. MCCRS are a set of academic standards in English/language arts and mathematics that define the knowledge and skills all students should master by the end of each grade level. These standards require students and teachers to focus on fewer topics and concepts while emphasizing depth, detail, and critical thinking skills. In order to measure the content and skills in the new curriculum, a new assessment system was developed – that Maryland is participating in – called the Partnership Assessment of Readiness for College and Careers (PARCC).

A key component of ensuring the successful transition to MCCRS is providing current and future teachers with the knowledge and skills needed to implement MCCRS. While the Maryland State Department of Education (MSDE) has been providing professional development for current teachers, there are concerns that teacher preparation programs at Maryland institutions have not fully integrated MCCRS into their programs. In October 2013, MSDE partnered with USM and other education and higher education stakeholders to convene the Maryland Teacher Education Summit. The goal was to conduct a review of the major issues and components of teacher education and to identify common challenges, themes, and priorities to meet the changing needs of the students and the State, particularly integrating MCCRS into the teacher education programs. USM subsequently surveyed its eight teacher education programs about their adaptation of MCCRS. The programs provided information on activities or programs that are in place or planned for the coming year and those that have yet to be implemented due to a lack of resources (time, faculty, or funding) and identified challenges with integrating MCCRS into their programs. Activities were categorized as faculty development, curriculum revision, internship experiences, or new accreditation standards.

#### **Faculty Development**

Faculty are engaged in many activities to stay current with MCCRS, including participating on local P20 councils and attending various State and professional meetings and conferences. Education colleges and departments are working with undergraduate arts and sciences faculty to better achieve alignment with MCCRS standards. Some programs hired adjunct faculty who have hands on, practical knowledge of curricular development, including implementation strategies, assessment tools, and methods for integrating MCCRS standards into teacher preparation programs. A challenge for colleges and departments is time and resources. Workloads limit faculty responses and feedback on the implementation process, while resource constraints continue to be a challenge, as some programs work to replace a number of critical retirements and to provide additional course options to sustain growth while maintaining the quality of the program.

## **Curriculum Revision**

Programs are continually updating course syllabi and assessments to reflect the new standards. For instance, in some classes, students review, analyze, and discuss MCCRS, while other classes include workshops on various issues related to MCCRS, such as creating text dependent questions and examining PARCC assessment items. In addition, lesson planning activities explicitly require students to align lessons with MCCRS. Some institutions have realigned their organizational structure to better respond to MCCRS requirements, ensuring they are incorporated into the curriculum. Time is a major impediment to faculty in revising the secondary math education curriculum to align with MCCRS. Additionally, the current course content and sequence for some programs does not allow for interns to engage in more practicing and rehearsing of instructional practices that are consistent with MCCRS.

## **Internship Experiences**

Teacher preparation programs revised and updated all internship experiences and professional development school administration, mentor selections, and candidate placement to comply with MSDE and MCCRS requirements. Interns plan lessons using the local school system's curriculum that is aligned with MCCRS and attend school-sponsored professional development opportunities, which include sessions on implementing MCCRS and preparing for PARCC assessment. Additionally, interns use formative assessment strategies to evaluate the effectiveness of their instructional strategies for individual students and to align instruction with MCCRS.

## **New Accreditation Standards**

In 2012, the National Council for the Accreditation of Teacher Education (NCATE) and the Teacher Education Accreditation Council combined to form a new accrediting body – the Council for the Accreditation of Educator Preparation (CAEP). New accreditation standards adopted in 2013 raise the bar for teacher education programs to ensure increased accountability through a focus on outcome data and key program characteristic data. The new standards include (1) increasing accountability by focusing on outcome data using state longitudinal databases; (2) evidence of effectiveness through data on candidate performance, *e.g.*, test scores of students correlated with teacher education programs; (3) more rigorous entry requirements for teacher candidates based on scores on tests and grade point average; and (4) more clinically based settings, a lesson taken from medical education. Many of these are based on best practices in other countries that have surpassed the United States on the Programme for International Student Assessment (PISA) scores, particularly making teacher education programs more selective when enrolling students and expanding the “student teaching” experience, which in Maryland is completed in professional development schools.

Institutions are simultaneously addressing the NCATE standards for upcoming accreditation visits and working on implementing the new CAEP standards. Programs with accreditation visits scheduled from January 2014 through spring 2016 may choose whether to be evaluated on the NCATE or CAEP standards. There is some concern that the new CAEP standards will reduce the candidate pool for teachers and thus reduce the number of teachers completing the program. Among

the challenges to implementing the standards, a lack of faculty access to the local school systems and a lack of resources were cited.

**The Chancellor should discuss steps that USMO is taking to assist teacher education programs with implementing MCCRS and the new accreditation standards, particularly bringing together the K-12 and higher education community to coordinate activities and collaboration.**

## **2. Achieving Collegiate Excellence and Success**

The Achieving Collegiate Excellence and Success (ACES) program, a partnership among Montgomery County Public Schools (MCPS), Montgomery College, and USG, was launched at the beginning of the 2013-2014 school year. ACES is designed to provide a seamless educational pathway from high school to college completion, targeting underrepresented students in higher education including African American, Hispanic, low-income, and first-generation students with the goal of earning a bachelor's degree.

MCPS will identify students during the transition from grades 8 to 9 who will receive specific interventions and supports to keep them on track for college including:

- personal electronic portfolio, including an individualized four-year college preparation schedule, goal-setting, and an inventory of interests and career options;
- speakers, workshops, and classes aimed at supporting college preparation;
- summer programs between grades 9 and 10 that include college tours and visits, auditing of college-level classes, and an introduction to college life; and between grades 10 and 11 that includes preparation for Advanced Placement classes and student specific academic interventions and support; and
- tutoring and mentoring by current college students and honors high school students.

Once ACES students enter grade 11, they will be assigned an academic coach from Montgomery College and participate in a college readiness program, including:

- advice on how to select a major;
- assistance completing college applications and financial aid forms;
- assistance with scholarship searches and applications; and
- tutoring in reading, writing, and math, as needed.

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At Montgomery College, ACES students will receive a variety of coaching and academic support services while working toward an associate's degree, including:

- academic planning and advising,
- financial aid counseling and scholarship assistance,
- leadership development,
- summer bridge program to assist with transition to college;
- transfer advising; and
- tutoring.

ACES coordinators at USG will provide support services and guidance, such as career development, mentoring, and internship and job placement; academic success support; and financial aid and scholarship counseling, until students receive their bachelor's degree.

The program is first being offered at eight schools – Montgomery Blair, Albert Einstein, Gaithersburg, John F. Kennedy, Northwood, Rockville, Watkins Mill, and Wheaton. It is expected that approximately 60 students from each grade level at each school will participate in the program. The program will be expanded to other schools in the coming years.

While ACES is not a scholarship program, MCPS, Montgomery College, and USG are working with their foundations to establish scholarship funds. The Community Foundation for Montgomery County provided a \$10,000 donation as seed funding for the new ACES scholarship general fund through the Montgomery College Foundation.

**The Chancellor should comment on the impact ACES will have on increasing access of traditionally underrepresented minorities to higher education, the role of USM institutions, and expanding the program to other parts of the State.**

## ***Recommended Actions***

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

## *Current and Prior Years Budgets*

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### **Current and Prior Years Budgets USM – University System of Maryland Office (\$ in Thousands)**

|                                  | <b>General<br/>Fund</b> | <b>Special<br/>Fund</b> | <b>Federal<br/>Fund</b> | <b>Other<br/>Unrestricted<br/>Fund</b> | <b>Total<br/>Unrestricted<br/>Fund</b> | <b>Restricted<br/>Fund</b> | <b>Total</b>    |
|----------------------------------|-------------------------|-------------------------|-------------------------|--|--|----------------------------|-----------------|
| <b>Fiscal 2012</b>               |                         |                         |                         |  |  |                            |                 |
| Legislative<br>Appropriation     | \$14,222                | \$1,002                 | \$0                     | \$4,758                                | \$19,981                               | \$2,991                    | \$22,972        |
| Deficiency<br>Appropriation      | 0                       | 0                       | 0                       | 0                                      | 0                                      | 0                          | 0               |
| Budget<br>Amendments             | 194                     | 0                       | 0                       | 4,441                                  | 4,635                                  | 809                        | 5,443           |
| Reversions and<br>Cancellations  | 0                       | 0                       | 0                       | -744                                   | -744                                   | -377                       | -1,121          |
| <b>Actual<br/>Expenditures</b>   | <b>\$14,415</b>         | <b>\$1,002</b>          | <b>\$0</b>              | <b>\$8,454</b>                         | <b>\$23,872</b>                        | <b>\$3,423</b>             | <b>\$27,295</b> |
| <b>Fiscal 2013</b>               |                         |                         |                         |  |  |                            |                 |
| Legislative<br>Appropriation     | \$17,986                | \$1,240                 | \$0                     | \$5,272                                | \$24,498                               | \$3,500                    | \$27,998        |
| Deficiency<br>Appropriation      | 0                       | 0                       | 0                       | 0                                      | 0                                      | 0                          | 0               |
| Budget<br>Amendments             | 14                      | 115                     | 0                       | 763                                    | 893                                    | 500                        | 1,393           |
| Reversions and<br>Cancellations  | 0                       | 0                       | 0                       | -1,179                                 | -1,179                                 | -55                        | -1,235          |
| <b>Actual<br/>Expenditures</b>   | <b>\$18,001</b>         | <b>\$1,354</b>          | <b>\$0</b>              | <b>\$4,856</b>                         | <b>\$24,211</b>                        | <b>\$3,945</b>             | <b>\$28,156</b> |
| <b>Fiscal 2014</b>               |                         |                         |                         |  |  |                            |                 |
| Legislative<br>Appropriation     | \$19,920                | \$1,407                 | \$0                     | \$5,559                                | \$26,886                               | \$3,572                    | \$30,459        |
| Budget<br>Amendments             | 471                     | -20                     | 0                       | 287                                    | 738                                    | 23                         | 761             |
| <b>Working<br/>Appropriation</b> | <b>\$20,391</b>         | <b>\$1,387</b>          | <b>\$0</b>              | <b>\$5,846</b>                         | <b>\$27,625</b>                        | <b>\$3,595</b>             | <b>\$31,220</b> |

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

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## **Fiscal 2012**

For fiscal 2012, general funds for USMO increased \$0.2 million through budget amendments, which included \$76,986 for the \$750 employee bonus and \$0.1 million to realign health insurance expenditures with current projections. Other unrestricted funds increased by \$4.4 million through budget amendments. Increases include:

- \$3.9 million transfer from institutions to offset the legislative reduction to USMO's budget;
- \$0.3 million in the Maryland Research and Education Network (MDREN), which supersedes University of Maryland Academic Telecommunications Systems providing services to K-12, non-USM institutions, and community colleges;
- \$0.1 million from institutions for overhead;
- \$73,720 related to increased use of fund balance also to offset the legislative reduction; and
- \$40,000 from federal indirect cost.

Cancellations of unrestricted funds totaling \$0.7 million are related to the timing and postings of transfers to the MDREN account, in which institutions reimburse USMO for Internet services and telecommunications equipment.

Restricted funds increased \$0.8 million through a budget amendment related to a National Science Foundation grant (Minority Student Pipeline Math and Science Partnership).

Cancellations of restricted funds totaled \$0.4 million, due to lower than anticipated expenditures on grants and contracts.

## **Fiscal 2013**

For fiscal 2013, the general fund increased \$14,426 through a budget amendment to realign health insurance expenditures with current projections.

The special fund appropriation, which included \$394,926 in Budget Restoration Funds created during the 2012 special session, increased \$110,494 for a half-year 2% cost-of-living adjustment (COLA) and \$4,214 in the HEIF, as authorized in the fiscal 2013 budget bill.

Other unrestricted funds increased \$0.8 million by way of a budget amendment including:

- \$0.7 million for MDREN; and

- \$100,000 from institutions for overhead.

Cancellations of unrestricted funds amounted to \$1.2 million due to lower than anticipated expenditures related to the timing and postings of transfers of the energy project for electricity and renewable energy credits and aligning the budget with expenditures.

Current restricted funds increased \$0.5 million for National Science Foundation grants (Minority Student Pipeline Math and Science Partnership 2) and the MADE CLEAR II (Maryland and Delaware Climate Change Education, Assessment, and Research) grant.

Cancellations of restricted funds totaled \$55,215 million due to lower than anticipated grants and contracts expenditures.

## **Fiscal 2014**

For fiscal 2014, general funds for USMO increase \$471,232 through a budget amendment related to a 171,232 half-year 3% COLA and a \$300,000 transfer from TU to fund the Donation Incentive Program. The special fund decreases \$20,305 related to language in the fiscal 2014 budget bill that transfers a portion of the HEIF to St. Mary's College of Maryland. Unrestricted funds increase \$287,000 due to \$150,000 from institutions for overhead and \$137,301 for MDREN.

Current restricted funds increase \$22,887 due to a National Science Foundation grant (Minority Student Pipeline Math and Science Partnership 2).

**Proposed Budget**  
**USM Regional Higher Education Centers**  
**Fiscal 2013-2015**

|   | <u>2013</u><br><u>Actual</u> | <u>2014</u><br><u>Budgeted</u> | <u>2015</u><br><u>Estimate</u> | <u>2014-15</u><br><u>Change</u> | <u>% Change</u><br><u>Prior Year</u> |
|---|------------------------------|--------------------------------|--------------------------------|---------------------------------|--------------------------------------|
| <b><u>Universities at Shady Grove</u></b>                 |                              |                                |                                |                                 |                                      |
| <b>Expenditures</b>                                       |                              |                                |                                |                                 |                                      |
| Salaries and Wages  | \$5,717,482                  | \$6,232,400                    | \$6,668,000                    | \$435,600                       | 7.0%                                 |
| Operating Expenses  | 8,238,120                    | 8,453,000                      | 8,541,000                      | 88,000                          | 1.0%                                 |
| <b>Total Operating Expenses</b>                           | <b>\$13,955,602</b>          | <b>\$14,685,400</b>            | <b>\$15,209,000</b>            | <b>\$523,600</b>                | <b>3.6%</b>                          |
| <b>State Supported Revenues</b>                           |                              |                                |                                |                                 |                                      |
| General Funds   | \$7,260,990                  | \$7,797,854                    | \$8,097,257                    | \$299,403                       | 3.8%                                 |
| Enrollment Funding Initiative                             | 3,262,847                    | 3,262,000                      | 3,262,000                      | 0                               | 0.0%                                 |
| Institutional Partners Classroom and Office               | 643,851                      | 700,000                        | 700,000                        | 0                               | 0.0%                                 |
| Student Technology Fee                                    | 280,602                      | 290,000                        | 300,000                        | 10,000                          | 3.4%                                 |
| Other Usage Revenue (copier, postage, etc.)               | 437,302                      | 385,000                        | 390,000                        | 5,000                           | 1.3%                                 |
| <b>Total State Supported Revenues</b>                     | <b>\$11,885,592</b>          | <b>\$12,434,854</b>            | <b>\$12,749,257</b>            | <b>\$314,403</b>                | <b>2.5%</b>                          |
| <b>Non-State Supported</b>                                |                              |                                |                                |                                 |                                      |
| Student Fees  | \$1,289,428                  | \$1,310,000                    | \$1,360,000                    | \$50,000                        | 3.8%                                 |
| Conference Center Revenues                                | 792,502                      | 890,546                        | 1,099,743                      | 209,197                         | 23.5%                                |
| Transfer to Fund Balance                                  | -11,920                      | 50,000                         | 0                              |                                 |                                      |
| <b>Total Non-State Supported Revenues</b>                 | <b>\$2,070,010</b>           | <b>\$2,250,546</b>             | <b>\$2,459,743</b>             | <b>\$209,197</b>                | <b>9.3%</b>                          |
| <b>Total Revenues</b>                                     | <b>\$13,955,602</b>          | <b>\$14,685,400</b>            | <b>\$15,209,000</b>            | <b>\$523,600</b>                | <b>3.6%</b>                          |
| <b><u>University System of Maryland at Hagerstown</u></b> |                              |                                |                                |                                 |                                      |
| <b>Expenditures</b>                                       |                              |                                |                                |                                 |                                      |
| Salaries and Wages  | \$598,623                    | \$597,843                      | \$613,445                      | \$15,602                        | 2.6%                                 |
| Operating Expenses  | 1,286,950                    | 1,333,749                      | 1,322,465                      | -11,284                         | -0.8%                                |
| <b>Total Operating Expenses</b>                           | <b>\$1,885,573</b>           | <b>\$1,931,592</b>             | <b>\$1,935,910</b>             | <b>\$4,318</b>                  | <b>0.2%</b>                          |
| <b>State Supported Revenues</b>                           |                              |                                |                                |                                 |                                      |
| General Funds   | \$1,891,592                  | \$1,891,592                    | \$1,895,910                    | \$4,318                         | 0.2%                                 |
| <b>Non-State Supported</b>                                |                              |                                |                                |                                 |                                      |
| Rental, Testing, and Other                                | 51,861                       | 40,000                         | 40,000                         | 0                               | 0.0%                                 |
| Transfer to Fund Balance                                  | -59,880                      | 0                              | 0                              | 0                               |                                      |
| <b>Total Revenues</b>                                     | <b>\$1,883,573</b>           | <b>\$1,931,592</b>             | <b>\$1,935,910</b>             | <b>\$4,318</b>                  | <b>0.2%</b>                          |

USM: University System of Maryland

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

**Object/Fund Difference Report  
University System of Maryland Office**

| <u>Object/Fund</u>                      | <u>FY 13<br/>Actual</u> | <u>FY 14<br/>Working<br/>Appropriation</u> | <u>FY 15<br/>Allowance</u> | <u>FY 14 - FY 15<br/>Amount Change</u> | <u>Percent<br/>Change</u> |
|---|-------------------------|--|----------------------------|--|---------------------------|
| <b>Positions</b>                        |                         |  |                            |  |                           |
| 01 Regular                              | 104.00                  | 104.00                                     | 110.00                     | 6.00                                   | 5.8%                      |
| 02 Contractual                          | 8.00                    | 6.00                                       | 6.00                       | 0.00                                   | 0%                        |
| <b>Total Positions</b>                  | <b>112.00</b>           | <b>110.00</b>                              | <b>116.00</b>              | <b>6.00</b>                            | <b>5.5%</b>               |
| <b>Objects</b>                          |                         |  |                            |  |                           |
| 01 Salaries and Wages                   | \$ 13,819,202           | \$ 15,048,426                              | \$ 15,803,782              | \$ 755,356                             | 5.0%                      |
| 02 Technical and Spec. Fees             | 30,000                  | 10,000                                     | 10,000                     | 0                                      | 0%                        |
| 03 Communication                        | 581,480                 | 658,320                                    | 680,706                    | 22,386                                 | 3.4%                      |
| 04 Travel                               | 218,876                 | 176,174                                    | 176,174                    | 0                                      | 0%                        |
| 07 Motor Vehicles                       | 6,080                   | 8,610                                      | 8,610                      | 0                                      | 0%                        |
| 08 Contractual Services                 | 12,068,635              | 13,541,501                                 | 13,489,225                 | -52,276                                | -0.4%                     |
| 09 Supplies and Materials               | 687,712                 | 171,504                                    | 171,504                    | 0                                      | 0%                        |
| 11 Equipment – Additional               | -307,444                | 30,082                                     | 30,082                     | 0                                      | 0%                        |
| 12 Grants, Subsidies, and Contributions | 644,235                 | 1,065,481                                  | 1,065,481                  | 0                                      | 0%                        |
| 13 Fixed Charges                        | 399,193                 | 409,872                                    | 412,319                    | 2,447                                  | 0.6%                      |
| 14 Land and Structures                  | 7,837                   | 100,000                                    | 502,310                    | 402,310                                | 402.3%                    |
| <b>Total Objects</b>                    | <b>\$ 28,155,806</b>    | <b>\$ 31,219,970</b>                       | <b>\$ 32,350,193</b>       | <b>\$ 1,130,223</b>                    | <b>3.6%</b>               |
| <b>Funds</b>                            |                         |  |                            |  |                           |
| 40 Unrestricted Fund                    | \$ 24,211,021           | \$ 27,624,635                              | \$ 28,754,858              | \$ 1,130,223                           | 4.1%                      |
| 43 Restricted Fund                      | 3,944,785               | 3,595,335                                  | 3,595,335                  | 0                                      | 0%                        |
| <b>Total Funds</b>                      | <b>\$ 28,155,806</b>    | <b>\$ 31,219,970</b>                       | <b>\$ 32,350,193</b>       | <b>\$ 1,130,223</b>                    | <b>3.6%</b>               |

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

**Fiscal Summary**  
**University System of Maryland Office**

| <u>Program/Unit</u>         | <u>FY 13<br/>Actual</u> | <u>FY 14<br/>Wrk Approp</u> | <u>FY 15<br/>Allowance</u> | <u>Change</u>       | <u>FY 14 - FY 15<br/>% Change</u> |
|-----------------------------|-------------------------|-----------------------------|----------------------------|---------------------|-----------------------------------|
| 04 Academic Support         | \$ 9,513,916            | \$ 10,755,098               | \$ 11,026,140              | \$ 271,042          | 2.5%                              |
| 06 Institutional Support    | 18,641,890              | 20,464,872                  | 21,324,053                 | 859,181             | 4.2%                              |
| <b>Total Expenditures</b>   | <b>\$ 28,155,806</b>    | <b>\$ 31,219,970</b>        | <b>\$ 32,350,193</b>       | <b>\$ 1,130,223</b> | <b>3.6%</b>                       |
| Unrestricted Fund           | \$ 24,211,021           | \$ 27,624,635               | \$ 28,754,858              | \$ 1,130,223        | 4.1%                              |
| Restricted Fund             | 3,944,785               | 3,595,335                   | 3,595,335                  | 0                   | 0%                                |
| <b>Total Appropriations</b> | <b>\$ 28,155,806</b>    | <b>\$ 31,219,970</b>        | <b>\$ 32,350,193</b>       | <b>\$ 1,130,223</b> | <b>3.6%</b>                       |

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