
University System of Maryland Fiscal 2016 Budget Overview

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

February 2015

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

For further information contact: Sara J. Baker

Phone: (410) 946-5530

Analysis of the FY 2016 Maryland Executive Budget, 2015

Operating Budget Data

University of Maryland Overview (\$ in Thousands)

	<u>FY 14</u> <u>Actual</u>	<u>FY 15</u> <u>Working</u>	<u>FY 16</u> <u>Allowance</u>	<u>FY 15-16</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$1,070,086	\$1,189,950	\$1,258,748	\$68,798	5.8%
Contingent and Back of the Bill Reductions	0	-40,329	-96,508	-56,179	
Adjusted General Funds	\$1,070,086	\$1,149,621	\$1,162,240	\$12,619	1.1%
Special Funds	\$64,198	\$53,813	\$56,605	\$2,792	5.2%
Adjusted Special Funds	\$64,198	\$53,813	\$56,605	\$2,792	5.2%
Other Unrestricted Funds	\$2,483,296	\$2,569,338	\$2,639,161	\$69,823	2.7%
Adjusted Other Unrestricted Funds	\$2,483,296	\$2,569,338	\$2,639,161	\$69,823	2.7%
Total Unrestricted Funds	\$3,617,579	\$3,813,101	\$3,954,514	\$141,413	3.7%
Contingent and Back of the Bill Reductions	0	-40,329	-96,508	-56,179	
Adjusted Total Unrestricted Funds	\$3,617,579	\$3,772,772	\$3,858,006	\$85,234	2.3%
Restricted Funds	\$1,171,892	\$1,225,350	\$1,243,147	\$17,796	1.5%
Adjusted Restricted Funds	\$1,171,892	\$1,225,350	\$1,243,147	\$17,796	1.5%
Adjusted Grand Total	\$4,789,472	\$4,998,122	\$5,101,152	\$103,030	2.1%

- General funds increase \$12.6 million, or 1.1%, in fiscal 2016 after accounting for \$40.3 million in cost containment in January 2015 and \$96.5 million in back of the bill reductions in fiscal 2016.
- Higher Education Investment Funds increase 5.2%, or \$2.8 million, resulting in an overall growth in State funds of \$15.4 million, or 1.3%, over fiscal 2015.

Personnel Data

	<u>FY 14 Actual</u>	<u>FY 15 Working</u>	<u>FY 16 Allowance</u>	<u>FY 15-16 Change</u>
Regular Positions	23,309.80	23,531.06	23,531.06	0.00
Contractual FTEs	<u>5,876.89</u>	<u>5,272.49</u>	<u>5,320.61</u>	<u>48.12</u>
Total Personnel	29,186.69	28,803.55	28,851.67	48.12

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	656.50	2.79%
Positions and Percentage Vacant as of 12/31/14	771.23	3.3%

- The fiscal 2016 allowance provides for an additional 48.12 contractual positions but no new regular positions; however, the University System of Maryland (USM) has personnel autonomy and may create new positions during the fiscal year.

Analysis in Brief

Major Trends

Enrollment: Undergraduate enrollment at USM institutions increased 0.8% to 85,111 in fall 2014. While the number of continuing students increased 0.3%, the number of transfer and first-time students declined 1.4% and 0.6%, respectively.

Student Performance: When comparing the retention rates of the 2006 and 2011 cohorts, on average, the second- and third-year rates increased 2.9 and 3.3 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 six institutions, respectively, when comparing the rates of the 2002 and 2007 cohorts.

Degree Production: The number of students completing teachers programs grew by 10.1% over the past four years. The number of science, technology, engineering, and mathematics (STEM) degrees awarded increased 15.8% in fiscal 2014 of which computer information science programs accounted for 42.0% of the degrees. Overall, undergraduate degree production increased from 19,950 in fiscal 2010 to 23,724 in fiscal 2014.

Issues

Fund Balances – How Much is Enough?: USM has the authority to issue academic revenue bonds and auxiliary facility and tuition revenue bonds with statute capping USM’s total outstanding debt, which currently totals \$1.3 billion, at \$1.4 billion. In order to obtain the best possible interest rates, USM’s debt management strategy is maintaining a AA rating from the three major rating agencies. While each rating agency applies its own methodology to measure credit worthiness, all take cash and investment balances (*i.e.*, fund balance and plant funds) into account when determining debt coverage. Since fiscal 2009, USM’s total available funds increased 48.4%.

Title IX and Revision of Sexual Misconduct Policy: Over the past year, the issue of sexual assault of women while in college has garnered much attention and discussion fueled, in part, by the release by the U.S. Department of Education’s Office for Civil Rights’ list of 52 institutions under investigation for possible violations, which included Frostburg State University. To ensure compliance with the recent revisions to federal laws and regulations, the Office of the Attorney General worked with USM to review and revise its policies on sexual assault and sexual harassment.

Status of Enhancement Funded Programs: The fiscal 2014 budget provided \$13 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.

Creation of a Quasi-endowment Fund: Chapter 266 of 2013 authorized the Board of Regents to establish a quasi-endowment fund, which will be used to fund advancement efforts at USM institutions. Unlike endowment funds in which the donor typically places restrictions on the use of funds, a quasi-endowment is established with USM’s funds and has no such restrictions placed on its use; therefore, it can be used to support fundraising efforts.

New Chancellor Appointed: With Chancellor William E. Kirwan announcing his plans to step down, the Board of Regents announced the appointment of former Towson University President, Dr. Robert Caret, to be effective July 1, 2015.

Recommended Actions

1. Adopt narrative requesting a status report on enhancement funding.

Updates

Instructional Workload Report: Annual language in the *Joint Chairmen’s Report* requires USM to submit a report on the faculty workload. The faculty instruction workload target at comprehensive and research institutions is 7.5 course units and 5.5 course units, respectively. Six of the nine USM institutions met or exceeded the workload target in fiscal 2014.

Status of MPowering: Since being established in 2012, MPowering, a formal alliance between the University of Maryland, College Park and the University of Maryland, Baltimore, has enabled the universities to leverage their resources to improve and enhance academic programs, research, technology transfer, and commercialization.

Big Ten Integration: In 2014, the University of Maryland, College Park (UMCP) moved to the Big Ten Conference, resulting in the Atlantic Coast Conference (ACC) withholding UMCP’s share of the revenues totaling \$15 million, which was related to a lawsuit filed by the ACC to enforce a \$52 million exit fee. In 2014, a settlement of \$31 million was reached with the ACC. The institution provided the Intercollegiate Athletic Program (ICA) with a \$31 million loan to cover expenses. ICA has a plan it is following to pay back the loan and is on track to being self-sufficient by 2020.

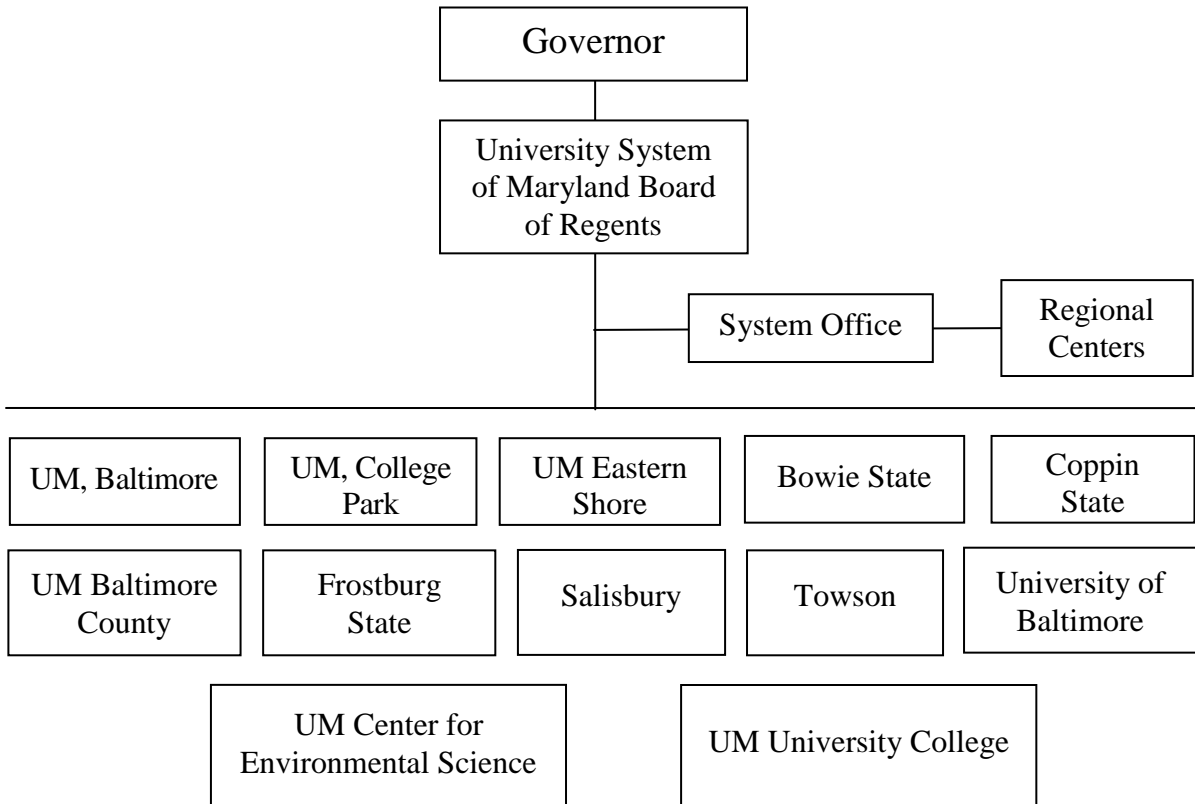
R30B00
University System of Maryland Overview

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:

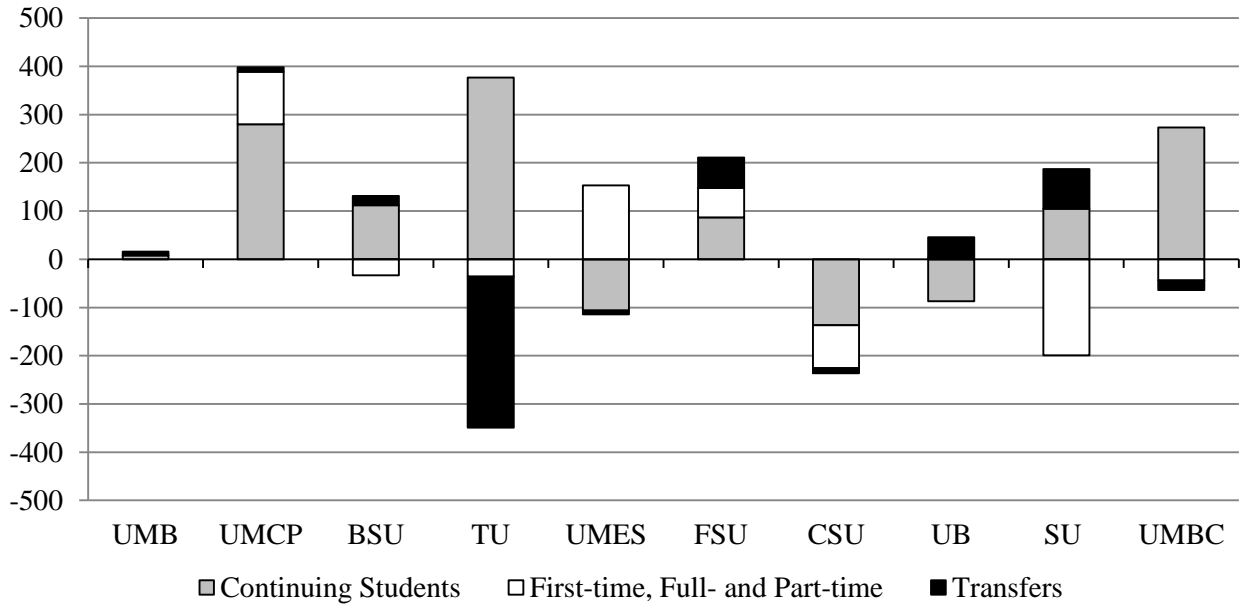
- create and maintain a well-educated workforce;
- promote economic development;
- increase access for economically disadvantaged and minority students; and
- achieve and sustain national eminence in providing quality education, research, and public service.

Performance Analysis

1. Enrollment

Undergraduate enrollment at USM institutions increased 0.8% to 85,111 (excluding the University of Maryland University College (UMUC)) in fall 2014. **Exhibit 2** shows the change in undergraduate enrollment by institution. Overall, continuing students comprise 74.7% of undergraduate enrollment, first-time students (full- and part-time) account for 14.8%, and transfers make up the remaining portion. While continuing students increased 1.5% systemwide; transfer and first-time students declined 1.4% and 0.6%, respectively. This can be attributed primarily to transfer students falling by 15.8% at Towson University (TU); a 17.1% drop in first-time students at Salisbury University (SU); and Coppin State University's (CSU) total enrollment falling 8.1%. Graduate enrollment decreased for a second year, falling 1.6% in fall 2014, resulting in an overall enrollment growth of 0.2%.

Exhibit 2
Change in Undergraduate Headcount Enrollment
Fall 2013 to Fall 2014



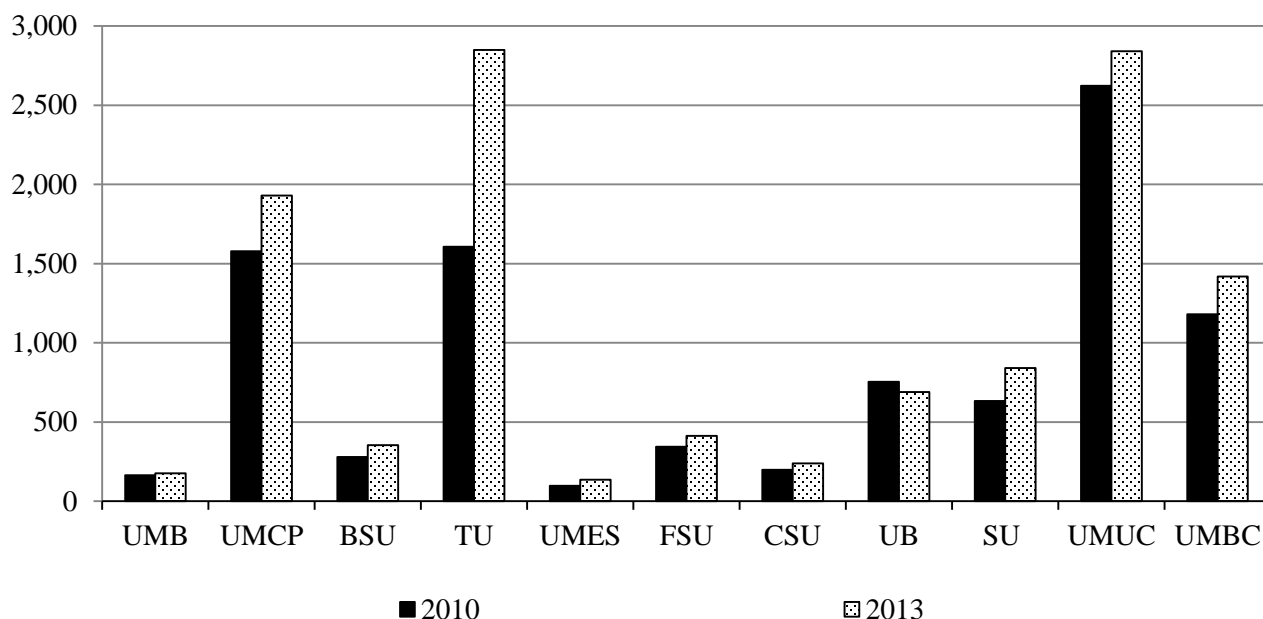
BSU: Bowie State University
 CSU: Coppin State University
 FSU: Frostburg State University
 SU: Salisbury University
 TU: Towson University

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

Source: University System of Maryland

USM tracks the number of community college students transferring to USM institutions as a measure of meeting the goal of promoting access to its institutions. Increasing the number of transfers is a key component to meeting the State’s degree completion goal that 55.0% of Maryland residents, age 25 to 64 years old will hold at least an associates degree by 2025. In fiscal 2013, 21,889 students transferred to a USM institution, representing 19.7% of all undergraduate students. Of these students, 11,886 came from a Maryland community college, with four colleges accounting for 57.1% of all transfers – Montgomery College; Community College of Baltimore County; Anne Arundel Community College; and Prince George’s Community College. Of these students, 76.0% enrolled at one of four institutions – TU, UMUC, the University of Maryland College Park (UMCP), and the University of Maryland Baltimore County (UMBC), as depicted in **Exhibit 3**. In fiscal 2013, UMUC and TU accounted for almost half of the total transfer enrollment with 5,688 students. UMCP and UMBC enrolled 28.2% of all transfers. Overall, TU experienced a 77.2% increase in transfers, adding 1,241 students from fiscal 2010 to 2013; however, this trend was reversed in fall 2014 with a decline of 313 transfer students.

**Exhibit 3
Institutions Receiving Maryland Community College Transfer Students
Fiscal 2010-2013**



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

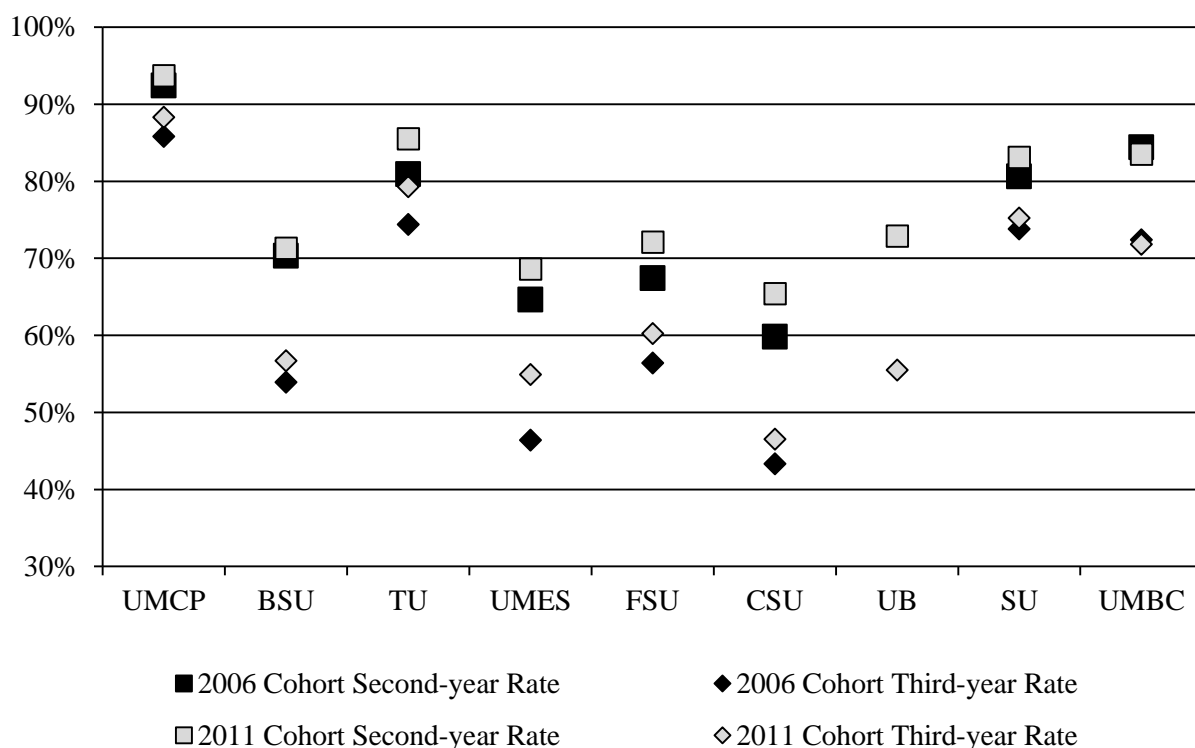
Source: University System of Maryland

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 4** shows the second- and third-year retention rates for the 2006 and 2011 first-time, full-time (FT/FT)

Exhibit 4
Undergraduate Second- and Third-year Retention Rates
First-time Full-time 2006 and 2011 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: University of Baltimore enrolled freshman for the first time in 2007

Source: University System of Maryland

cohorts by institution, excluding the University of Maryland, Baltimore (UMB). The second-year rate is higher for the 2011 cohort at all institutions except UMBC, which experienced a slight decline of less than 1.0 percentage point. CSU experienced the highest rate of increase of 5.6 percentage points, increasing from 59.8% to 65.4%. Institutions also made strides in improving the retention of students beyond the second year, with the third-year rate increasing, on average, 3.3 percentage points. Only UMBC experienced a decline of 0.6 percentage point. The University of Maryland Eastern Shore (UMES) showed the most improvement with its third-year rate, increasing 8.5 percentage points, from 46.4% to 54.9%.

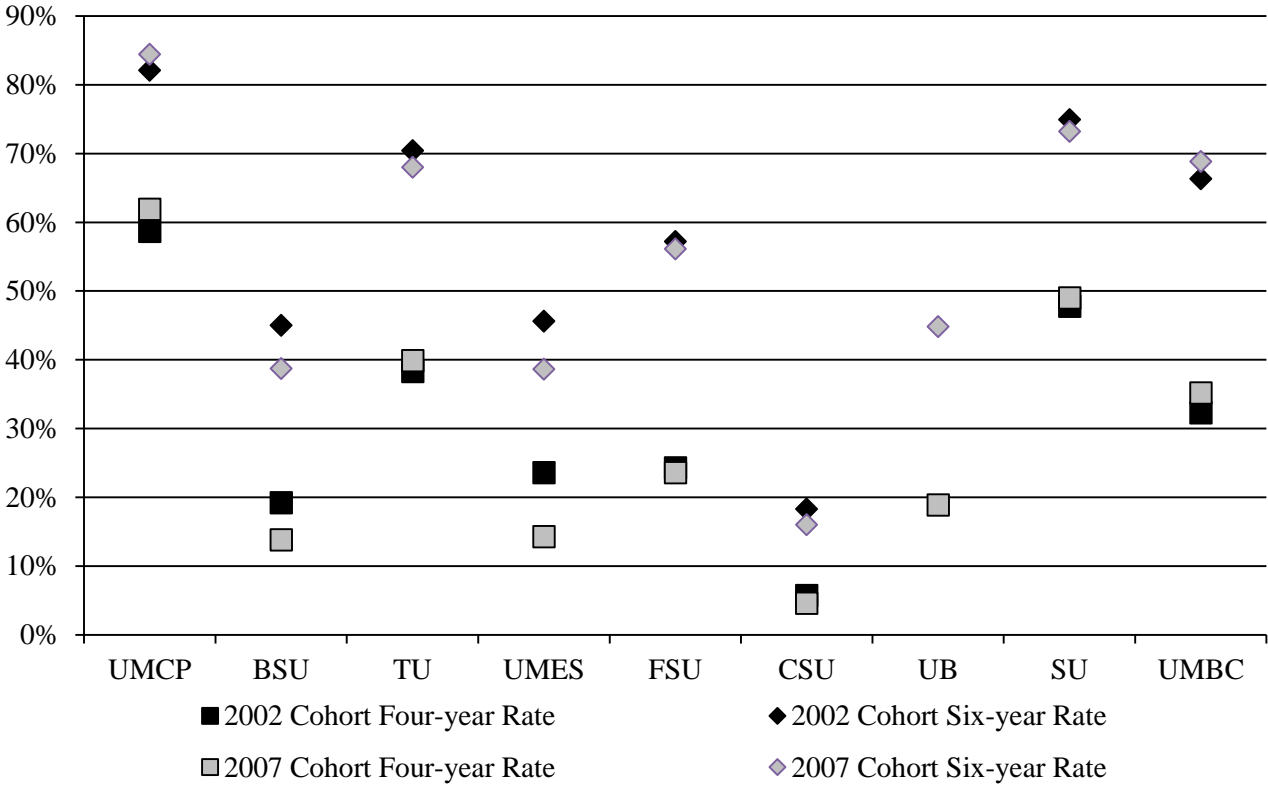
Graduation Rates

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 2006 FT/FT cohort showed that the time to degree declined from 8.7 to 8.5 semesters when compared to the 2005 cohort.

In terms of how well institutions are graduating students, **Exhibit 5** compares the four- and six-year rates of the 2002 and 2007 FT/FT cohorts and shows there are opportunities for institutions to improve their performance. The four-year rate declined at four institutions – Bowie State University (BSU), UMES, Frostburg State University (FSU), and CSU – with the largest decline of 9.3 percentage points occurring at UMES. In terms of the six-year rate, six institutions experienced declines – BSU, TU, UMES, FSU, CSU, and SU. Once again, UMES had the largest decline of 6.3 percentage points. Overall, on average, the six-year rate declined 2.0 percentage points, indicating more FT/FT students are not persisting to a degree. However, this measure does not reflect students that are taking a nontraditional pathway to obtain a degree. For example, 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 6**. 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. For example, the two-year rate for the 2009 transfer cohort was 12.0% while the 2007 FT/FT cohort four-year rate was 39.0%. This is expected given a majority of the transfers tend to be part-time students and, therefore, will take longer to graduate. However four institutions – BSU, FSU, CSU, and University of Baltimore (UB) – did better at graduating transfer students than their “native” students. CSU’s two- and four-year rates for the 2009 transfer cohort were 6.0% and 31.0%, respectively, while the four- and six-year rates for the 2007 FT/FT cohort, as shown in Exhibit 4, were 4.6% and 16.0%, respectively. There was significant improvement at FSU, with the two-year rate increasing 8 percentage points to 21.0% with the 2009 cohort, while the four-year rate at UMES went up 8 percentage points to 48.0%. At BSU, the two- and four-year rate for transfers fell by 1 and 2 percentage points, respectively.

Exhibit 5
Four- and Six-year Graduation Rates
First-time Full-time 2002 and 2007 Cohort



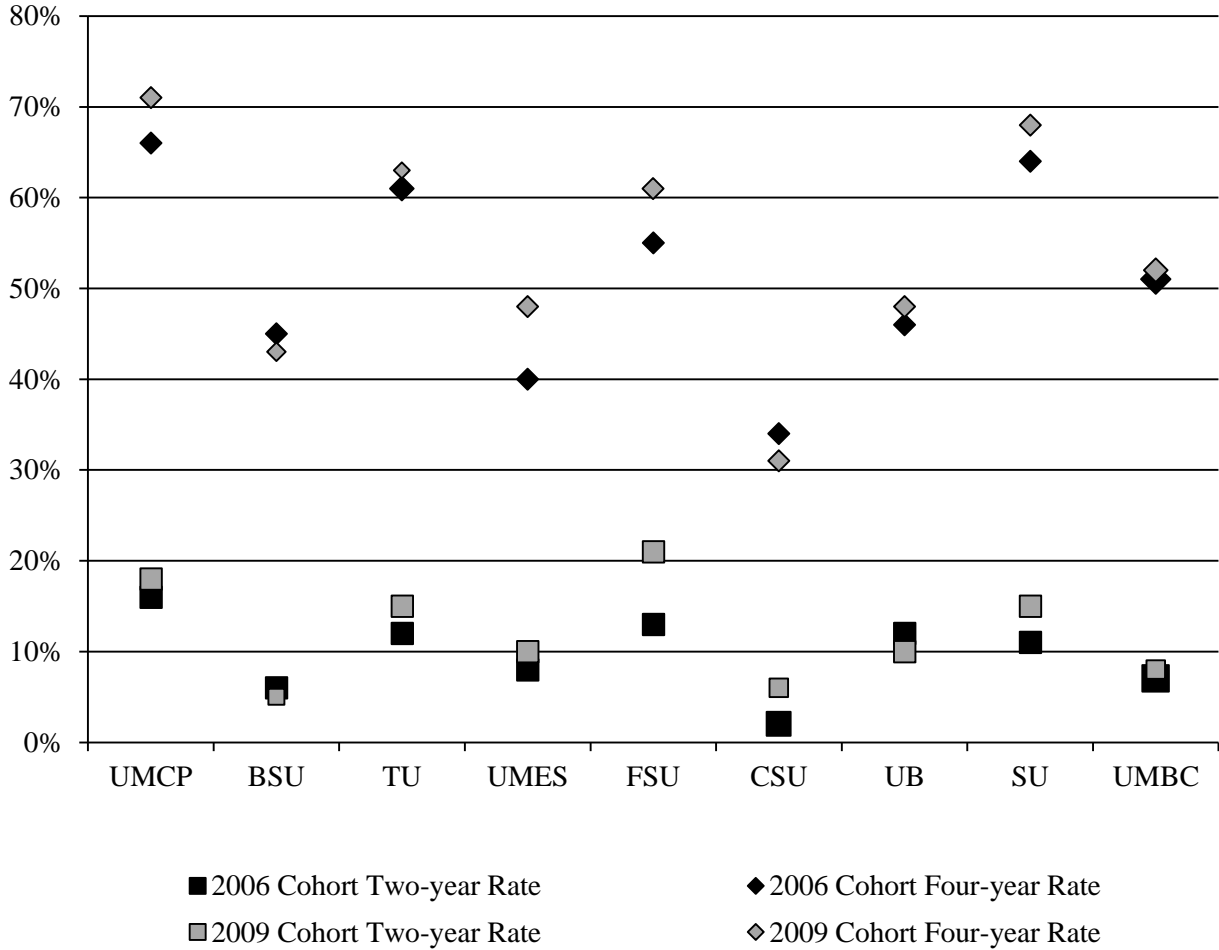
BSU: Bowie State University
 CSU: Coppin State University
 FSU: Frostburg State University
 SU: Salisbury University
 TU: Towson University

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

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

Source: University System of Maryland

Exhibit 6
Two- and Four-year Graduation Rates of Maryland Community College
Transfer Students
2006-2009 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*

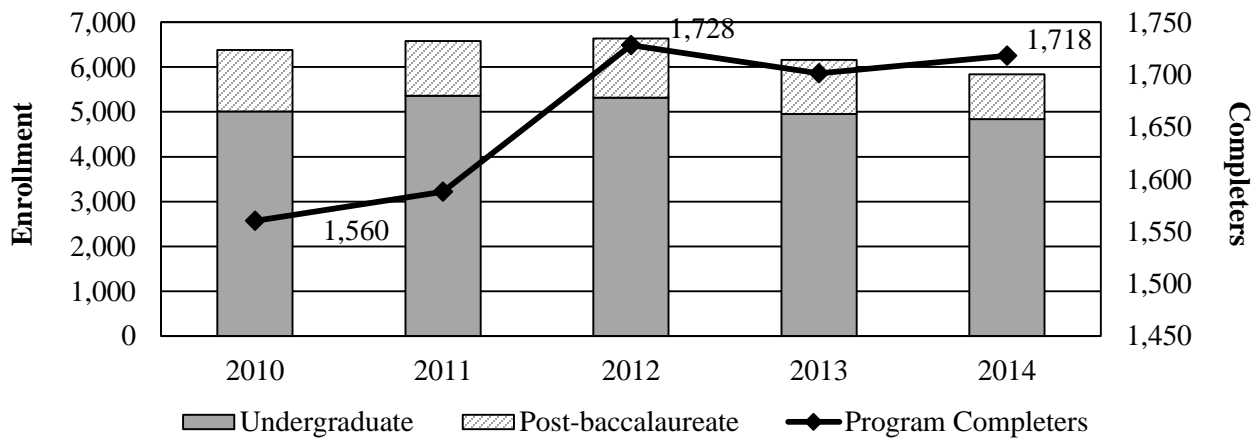
3. Degree Production

Teacher Programs

One of the themes of USM’s strategic plan is to ensure the State’s competitiveness in the new economy. This includes ensuring a strong system of public education and contributing to the economic development of the State through the education and preparation of the workforce, particularly in critical need areas such as education. As such, USM seeks to increase the number of students completing teacher training programs at the eight institutions that offer teacher education programs.

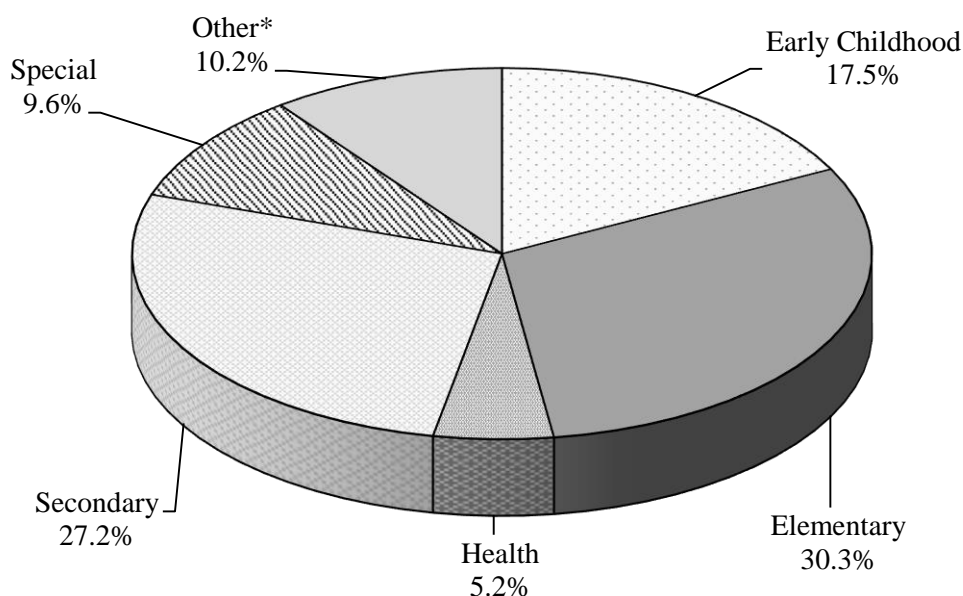
Between fiscal 2012 and 2014, enrollments in teacher programs dropped 11.8%, as shown in **Exhibit 7**, with undergraduate enrollment accounting for 59.7% of the decline. After peaking at 5,360 in fiscal 2011, undergraduate enrollments fell 9.7% over the next three years while enrollments in post-baccalaureate dropped 27.3% from a peak of 1,372 in fiscal 2010. While there are no specific reasons for the drop in student enrollment according to USM, it follows a national trend of a continual decline in students enrolling in teacher programs. According to the latest data from the U.S. Department of Education, students enrolling in teaching programs fell 12.3% from fiscal 2009 and 2012. However, the number of those completing teachers programs grew by 10.1% over the past four years, which can be attributed to the lag between periods of enrollment growth and when students complete the program. Given the decline in enrollment, it is expected that the number of completers will decline in the out-years. In fiscal 2014, of the 4,839 undergraduate teaching degrees awarded, elementary education programs accounted for 30.3% of the degrees, followed by secondary and early childhood education at 27.2% and 17.5%, respectively, as illustrated in **Exhibit 8**.

Exhibit 7
Enrollment and Completions in Teacher Programs
Fiscal 2010-2014



Source: Governor’s Budget Books, Fiscal 2016; University System of Maryland

Exhibit 8
Portion of Undergraduate Teaching Degrees by Program
Fiscal 2014



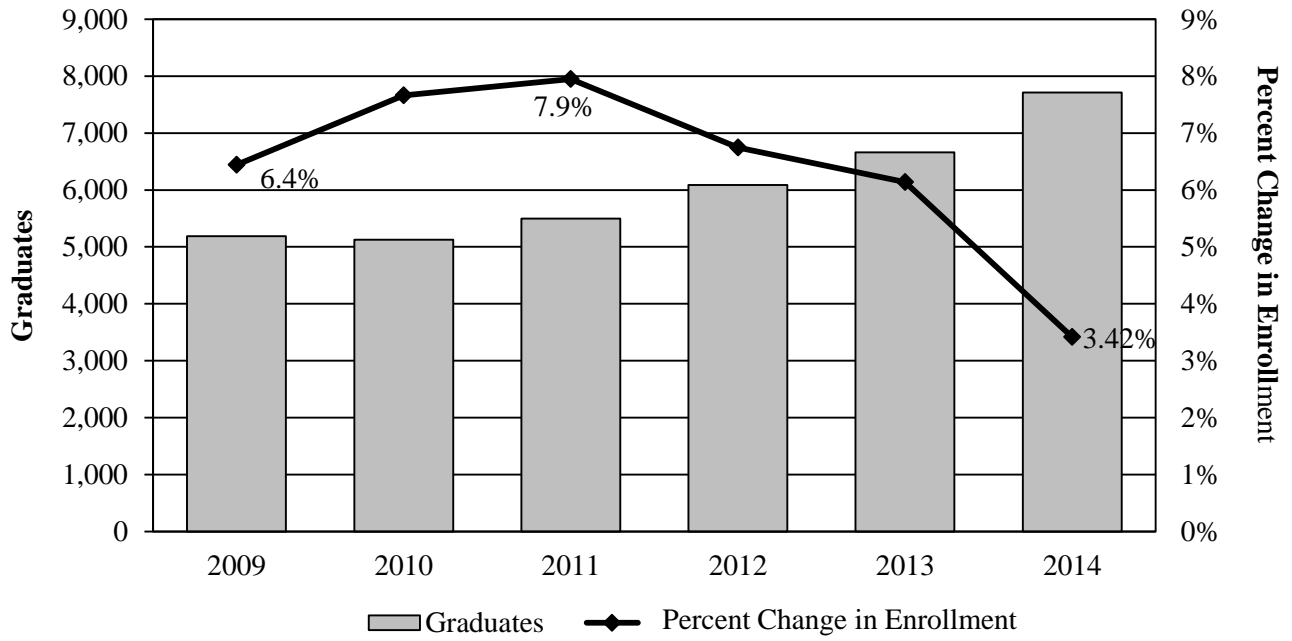
*Other may include Art Education, Dance Education, Music Education, Physical Education and, for Towson University, Middle School Education.

Source: University System of Maryland

Science, Technology, Engineering, and Mathematics Programs

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 43.3%, or 2,218, by fiscal 2014, as shown in **Exhibit 9**. While enrollment continues to grow, reaching its highest level of 38,405 in fiscal 2014, the rate of growth slowed considerably from an average of 7.0% prior to fiscal 2014 to 3.4%. USM attributes this to relatively flat enrollment growth in graduate programs (master’s degrees increased 1.5% while doctoral programs declined 1.4%) coupled with a 5.2% growth in undergraduate enrollment. Computer and information science (CIS) programs, which tend to have more students than other programs, are the primary driver behind the trend in the numbers. In fiscal 2014, CIS programs accounted for 46.0% of all STEM enrollments. At the undergraduate level, CIS accounted for 44.0% of all STEM enrollments, followed by biological sciences, which comprised 23.0% of enrollments.

**Exhibit 9
Students Enrolled and Graduated in STEM Programs
Fiscal 2009-2014**



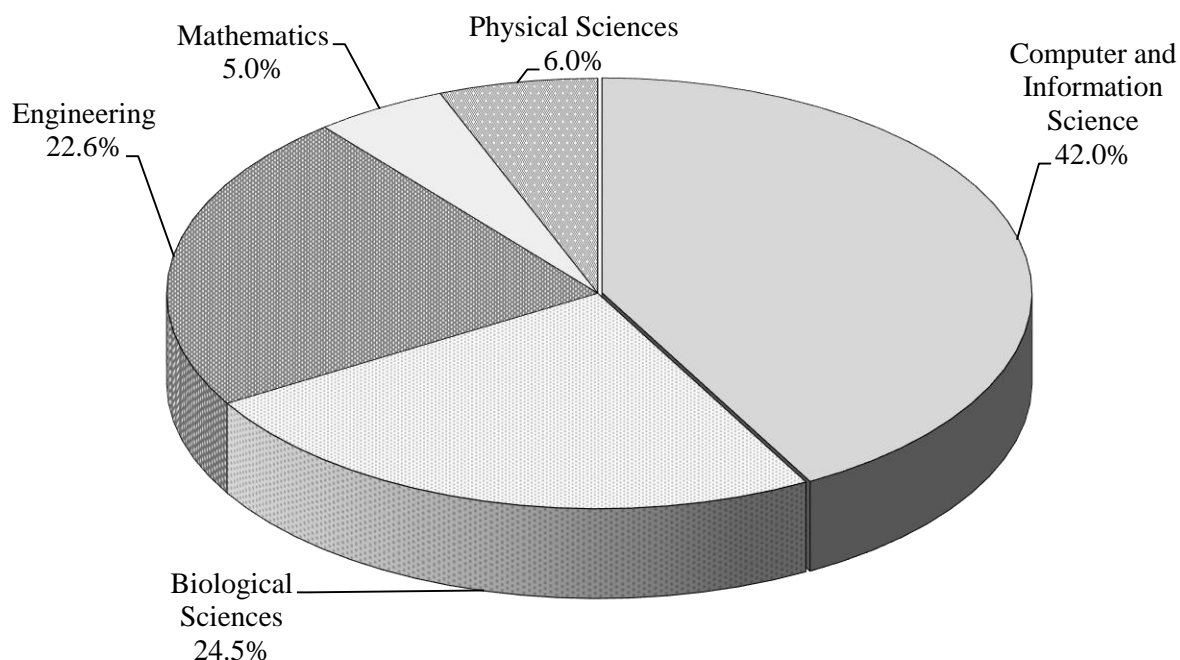
STEM: science, technology, engineering, and mathematics

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, Fiscal 2016

In terms of STEM degrees awarded in fiscal 2014, CIS programs accounted for 42.0% of all STEM degrees, followed by biological sciences and engineering at 24.5% and 22.6%, respectively, as shown in **Exhibit 10**. 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. Overall, the number of STEM degrees awarded increased 15.8%, or 1,052 degrees in fiscal 2014.

Exhibit 10
Portion of STEM Degrees by Program
Fiscal 2014



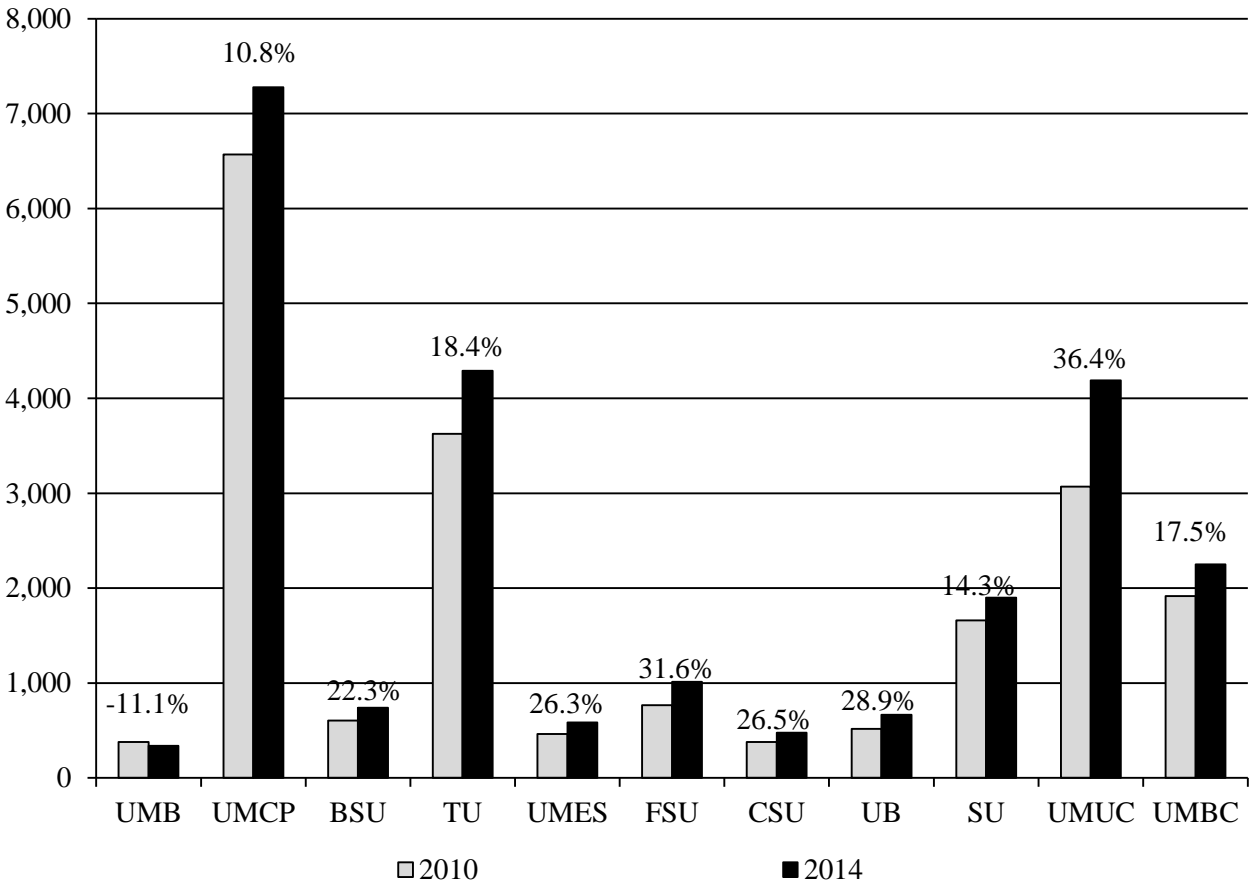
STEM: science, technology, engineering, and mathematics

Source: University System of Maryland

Undergraduate Degrees Awarded

In order to produce a well-educated workforce and meet the State's completion goal, USM will need to increase the number of undergraduate degrees awarded. USM plans to increase annual degree production by approximately 8,000 degrees by 2020. **Exhibit 11** compares the number of undergraduate degrees conferred by institution between fiscal 2010 (the base year) and 2014. Overall, degree production at institutions increased 18.9% from 19,950 in fiscal 2010 to 23,724 in fiscal 2014. The highest growth rates of 36.4% and 31.6% occurred at UMUC and FSU, respectively. In terms of number of degrees, UMUC and UMCP increased the number awarded by 1,118 and 710 degrees, respectively. However, the overall rate of growth in the number of degrees conferred slowed from an average of 6.4% in fiscal 2011 and 2012 to 2.9% and 2.1% in fiscal 2013 and 2014, respectively.

Exhibit 11
Total Undergraduate Degrees Awarded
Fiscal 2010 and 2014



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: Percentages indicate change in number of degrees awarded from fiscal 2010 and 2014.

Source: University System of Maryland

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.

Fiscal 2015 Actions

Cost Containment

Thus far in fiscal 2015, the Board of Public Works (BPW) has approved two rounds of cost containment measures resulting in a combined \$46.6 million, or 3.9%, reduction of USM's State appropriation. In July 2014, BPW approved the first cost containment measure reducing USM's State appropriations by 0.5%, or \$6.3 million, as shown in **Exhibit 12**, which included the elimination of 36 positions and \$3.1 million in associated salary and wages. The remaining \$3.2 million of the reduction will be met through decreasing spending on facilities renewal, academic initiatives, student support, and MPowering initiatives.

Exhibit 12
July 2014 Board of Public Works Actions by Institution
Fiscal 2015

<u>Institution</u>	<u>Position Reduction</u>	<u>Salary and Wages</u>	<u>Operating</u>	<u>Total</u>
University of Maryland, Baltimore	8	\$742,400	\$348,886	\$1,091,286
University of Maryland, College Park	14	1,583,218	858,069	2,441,287
Bowie State University	1	212,400	–	212,400
Towson University	3	154,385	384,756	539,141
University of Maryland Eastern Shore	1	–	191,633	191,633
Frostburg State University	1	–	195,689	195,689
Coppin State University	1	78,346	143,202	221,548
University of Baltimore	1	67,517	107,511	175,028
Salisbury University	1	–	235,037	235,037
University of Maryland, University College	2	189,750	12,811	202,561
University of Maryland, Baltimore County	3	66,027	500,000	566,027
University of Maryland, Center for Environmental Science	–	–	112,886	112,886
University System of Maryland Office	–	–	115,477	115,477
Total	36	\$3,094,043	\$3,205,957	\$6,300,000

Source: University System of Maryland

BPW approved a second set of cost containment measures in January 2015 resulting in a \$40.3 million, or 3.4%, reduction, in USM’s State appropriations. As shown in **Exhibit 13**, institutions are using a variety of strategies to meet this reduction including reducing expenditures, increasing revenues, and/or using fund balance to cover operating expenditures. While institutions are currently developing plans to reduce expenditures, actions under consideration include hiring freezes; elimination of positions; delaying deferred maintenance projects; and furloughs, an option being employed by UMCP. In an effort to partially offset the reduction of State funds, BOR approved a mid-year tuition increase of 2% for the spring 2015 semester at three institutions, with in-state undergraduate tuition increasing at FSU, TU, and SU; and a 2% increase plus a one-time \$76 surcharge at UMCP. In addition, the BOR approved a similar out-of-state tuition increase for SU and FSU and a one-time \$279 surcharge at UMCP. Part of the revenue generated by the tuition increase will go toward financial aid to hold low-income students “harmless.”

Exhibit 13
January 2015 Board of Public Works Actions and USM Strategy
Fiscal 2015

	Institutional Strategies			Operating Reductions	January Board of Public Works
	Additional Tuition Revenue	Less Financial Aid	Fund Balance²		
University of Maryland, Baltimore				\$6,985,767	\$6,985,767
Univ. of Maryland, College Park	\$5,390,000	-\$1,390,000	\$5,588,083	6,039,598	15,627,681
Bowie State University			361,399	998,259	1,359,658
Towson University	1,000,000	-186,000		2,637,266	3,451,266
Univ. of Maryland Eastern Shore				1,226,724	1,226,724
Frostburg State University	297,763	- ¹	380,829	574,091	1,252,683
Coppin State University			283,679	1,134,540	1,418,219
University of Baltimore				1,120,423	1,120,423
Salisbury University	465,000	-124,000	65,000	1,098,566	1,504,566
Univ. of Maryland, University College			1,296,680		1,296,680
Univ. of Maryland, Baltimore County			1,243,523	2,379,845	3,623,368
Univ. of Maryland, Center for Environmental Science			108,808	613,822	722,630
University System of Maryland Office				739,225	739,225
Total	\$7,152,763	-\$1,700,000	\$9,328,001	\$25,548,126	\$40,328,890

¹Frostburg State University will use foundation scholarships and financial aid reserves to hold low-income students harmless.

² The University of Maryland, Baltimore; Towson University; the University of Baltimore; and the University System of Maryland Office will use the fund balance as a last resort.

Source: University System of Maryland

Eight institutions will use \$9.3 million of their fund balance to cover a portion of the January cost containment, which is shown in **Exhibit 14**. UMUC is using fund balance to fully cover its portion of the reduction. In fiscal 2015, institutions planned to transfer \$19.7 million to the fund balance. As a result of the January BPW action, planned transfers to fund balance now total \$10.4 million. End year fund balances are now estimated to total \$891.5 million, of which \$195.4 million is the State-supported portion. The State-supported portion includes tuition and fee revenues and other unrestricted revenues while the non-State-supported portion includes auxiliary revenues related to nonacademic purposes, such as dining and residence halls.

Exhibit 14
Fund Balance by Institution
Fiscal 2014-2015
(\$ in Thousands)

				Fiscal 2015		
	2014	Planned	Mid-year	Estimated	Estimated	Estimated
	Ending	Increase/ Decrease	reduction	Ending	State	Non-State
			(use) of FB¹	Balance	Support	Support
UMB	\$145,228	\$2,279		\$147,507	\$25,168	\$122,340
UMCP	395,263	2,971	-\$5,588	392,647	152,289	240,358
BSU	21,596	1,113	-361	22,348	11,364	10,985
TU	64,403	4,050		68,453	-6,996	75,450
UMES	5,130	1,050		6,180	346	5,833
FSU	8,608	980	-381	9,207		9,207
CSU	1,438	735	-284	1,890	-17,209	19,099
UB	14,556	1,138		15,693	1,909	13,784
SU	54,413	1,691	-65	56,039	9,467	46,572
UMUC	91,258		-1,297	89,962		89,962
UMBC	62,237	3,227	-1,244	64,221	17,320	46,900
UMCES	14,049	280	-109	14,220	1,336	12,884
USMO	2,904	180		3,084	375	2,710
Total	\$881,085	\$19,695	-\$9,328	\$891,452	\$195,368	\$696,084

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
 UMCES: University of Maryland Center for Environmental Science
 UMCP: University of Maryland, College Park
 UMES: University of Maryland Eastern Shore
 UMUC: University of Maryland University College
 USMO: University System of Maryland Office

¹ UMB, TU, UB, and USMO will use the fund balance as a last resort.

Source: University System of Maryland

Proposed Budget

As shown in **Exhibit 15**, the general fund allowance for fiscal 2016 is 1.1%, or \$12.6 million, higher than fiscal 2015 after including the fiscal 2015 cost containment actions and adjusting for across-the-board reductions in the fiscal 2016 allowance. There are three across-the-board reductions: Section 19 is a 2% reduction in general fund support (\$25.5 million); Section 20 removes the fiscal 2015 cost-of-living (COLA) and its annualization in fiscal 2016 (\$29.4 million); and Section 21 removes the fiscal 2016 salary increments (\$41.7 million). The Higher Education Investment Fund (HEIF) increases 5.2%, or \$2.8 million, over fiscal 2015. This results in an overall growth in State funds of 1.3%, or \$15.4 million, to \$1.2 billion.

Exhibit 15
Governor’s Proposed Budget
University System of Maryland
(\$ in Thousands)

	FY 14 <u>Actual</u>	FY 15 <u>Adjusted</u>	FY 16 <u>Adjusted</u>	FY 15-16 <u>Change</u>	% Change <u>Prior Year</u>
General Funds	\$1,070,086	\$1,196,250	\$1,258,748		
July 2014 BPW		-6,300			
January 2015 BPW		-40,329			
Across the Board			-96,508		
Total General Funds	\$1,070,086	\$1,149,621	\$1,162,240	\$12,619	1.1%
HEIF	\$64,198	53,813	56,605	2,792	5.2%
Total State Funds	1,134,283	1,203,434	1,218,845	15,411	1.3%
Other Unrestricted Funds	2,483,296	2,569,338	2,639,161	69,823	2.7%
Total Unrestricted Funds	3,617,579	3,772,772	3,858,006	85,234	2.3%
Restricted Funds	1,171,892	1,225,350	1,243,147	17,796	1.5%
Total Funds	\$4,789,472	\$4,998,122	\$5,101,152	\$103,030	2.1%

BPW: Board of Public Works

HEIF: Higher Education Investment Fund

Note: Fiscal 2016 general funds are adjusted to reflect across-the-board reductions: \$25.5 million related to a 2% reduction, \$29.4 million related to the fiscal 2015 cost-of-living adjustment, and \$41.7 million for salary increments. Other unrestricted funds do not reflect revenue from mid-year tuition increases.

Source: Governor’s Budget Books, Fiscal 2016, Department of Legislative Services

R30B00 – University System of Maryland – Fiscal 2016 Budget Overview

Other current unrestricted funds increase 2.7%, or \$69.8 million, over fiscal 2015. This is mainly due to \$43.6 million, or 3.0%, increase in tuition and fee revenues partly due to a planned 5.0% increase in resident undergraduate tuition. This is higher than the 3.0% increase that most institutions have charged since fiscal 2011. However, tuition revenues are underestimated for fiscal 2015 and 2016. The budget assumes a 3.0% tuition increase in fiscal 2015 and 5.0% in fiscal 2016. However, as shown in **Exhibit 16**, the fall 2014 tuition rates are adjusted in spring 2015 to reflect the mid-year tuition increases implemented by UMCP, TU, FSU, and SU. The new annualized spring 2015 tuition rate is then used to calculate the proposed fall 2015 tuition rates. Using this calculation, the actual annual increase in tuition between fall 2014 and fall 2015 for these institutions is 7.1%.

Exhibit 16
In-state Proposed Annualized Tuition Rates
Fall 2014-2015

	<u>Fall 2014</u>	<u>Annualized Spring 2015</u>	<u>Change</u>	<u>Fall 2015¹</u>	<u>Change in Tuition Spring 2015 - Fall 2015</u>	<u>Fall 2014 - Fall 2015</u>
UMCP ²	\$7,612	\$7,764	2.0%	\$8,152	5.0%	7.1%
TU	6,004	6,124	2.0%	6,430	5.0%	7.1%
FSU	5,800	5,916	2.0%	6,214	5.0%	7.1%
SU	6,268	6,392	2.0%	6,712	5.0%	7.1%
BSU	4,969			5,217		5.0%
UMES	4,767			5,005		5.0%
CSU	4,089			4,294		5.0%
UB	6,172			6,480		5.0%
UMUC	6,384			6,720		5.3%
UMBC	7,518			7,894		5.0%

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

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

¹Contingent on Board of Regents approval.

²Spring 2015 does not reflect a one-time \$76 surcharge in spring 2015 semester.

Source: University System of Maryland

Current Services Costs

Overall, USM’s State-supported current services costs (CSC) are estimated to increase \$76.8 million, as shown in **Exhibit 17**. These costs are typically funded with unrestricted revenues (e.g., general funds, the HEIF, and tuition and fee revenues). Personnel expenditures account for 51.3% of CSC. All institutions plan to increase spending on facilities renewal. However, typically in times of budget shortfalls, this is the first area institutions will reduce spending. All academic institutions except for TU, UMES, and SU included expenditures related to implementing the new policy on sexual misconduct, which will be further discussed in Issue 2.

Exhibit 17
University System of Maryland
Increase in Current Service Costs
Fiscal 2016

	<u>Amount</u>
Health, Retirement, Benefits, and Other Fringes	\$39,400,508
Facilities Renewal	8,667,355
New Facilities	7,637,930
Fuel and Utilities	6,291,062
Information Technology Security and Compliance	5,827,635
Institutional Aid	4,159,281
Academic Revenue Bond Debt Service	2,660,000
Cost Related to Title IX Sexual Misconduct	1,764,460
Veterinary Medicine Agreement	353,636
Current Service Costs	\$76,761,867

Note: The University System of Maryland (USM) estimated current services cost (CSC) to increase \$85.8 million prior to cost containment. However, USM estimates a systemwide increase in undergraduate and graduate financial aid of \$9.5 million of which \$5.4 million is for graduate aid and, therefore, deducted from USM’s CSC. Additionally, \$3.7 million in other costs better categorized as enhancements are also deducted from USM’s CSC.

Source: University System of Maryland

Exhibit 18 shows additional State-supported revenue available to cover CSC and program enhancements. New revenues increase \$69.4 million with tuition and fee revenues and other new unrestricted funds increasing \$43.6 million and \$10.4 million, respectively. However, after adjusting the general fund for across-the-board reductions, revenues are not sufficient to cover increases in CSC, therefore, USM will either have to reduce its base budget by \$7.4 million and/or find other revenue sources.

Exhibit 18
USM State-supported Revenues Available for Current Service Costs
Fiscal 2016

	<u>Amount</u>
Expenditures	
Current Services Cost Increase	\$76,761,867
Total Expenditures	\$76,761,867
Revenues	
New Adjusted General Funds and Higher Education Investment Fund ¹	\$15,411,278
New Tuition and Fee Revenues	43,554,004
Other New Unrestricted Revenues ²	10,412,018
New General Fund, Tuition, and Other Revenues	\$69,377,300
Revenues Less Expenditures	-\$7,384,567

USM: University System of Maryland

¹General funds are adjusted by \$96.5 million to reflect across-the-board reductions.

²Does not include auxiliary or restricted revenues. Increase in other new unrestricted revenues is primarily due to increase in the sales and services of educational activities at UMUC (\$4.8 million) and UMCP (\$4.8 million).

Note: The University System of Maryland (USM) estimated current services cost (CSC) to increase \$85.8 million prior to cost containment. However, USM estimates a systemwide increase in undergraduate and graduate financial aid of \$9.5 million of which \$5.4 million is for graduate aid and, therefore, deducted from USM's CSC. Additionally, \$3.7 million in other costs better categorized as enhancements are also deducted from USM's CSC.

Source: Governor's Budget Books, Fiscal 2016; University System of Maryland; Department of Legislative Services

During the recession in fiscal 2010 and 2011, tuition and fee revenues were underestimated by \$76.2 million and \$96.4 million, respectively, as shown in **Exhibit 19**, but over the next two years, estimates were more accurate. In fiscal 2014 and 2015, revenues were overestimated by approximately \$60.0 million due to falling enrollment at UMUC, which lost \$50.0 and \$64.5 million, respectively, in tuition and fee revenue. The decline in fiscal 2015 will be partially offset by the 2% mid-year tuition increases, which will also result in higher than projected revenues in fiscal 2016, but only if UMUC stabilizes its enrollment.

Exhibit 19
Comparison of Appropriated and Actual Tuition and Fee Revenues
Fiscal 2010-2016
(\$ in Millions)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Appropriated	\$1,168.0	\$1,230.8	\$1,376.0	\$1,416.3	\$1,498.5	1,528.7	1,510.4 ²
Actual	1,244.2	1,327.2	1,412.8	1,439.6	1,438.1	1,466.8 ¹	
\$ Difference	\$76.2	\$96.4	\$36.8	\$23.3	-\$60.4	-\$61.8	
% Difference	6.5%	7.8%	2.7%	1.6%	-4.0%	-4.0%	

¹Reflects fiscal 2015 working appropriation to date. The University of Maryland typically brings in additional revenues in the spring each year.

²Reflects fiscal 2016 allowance.

Source: Governor's Budget Books

Current Unrestricted Fund Expenditures

Budget changes by program area in the allowance are shown in **Exhibit 20**. This data considers unrestricted funds only, the majority of which consist of general funds, the HEIF, and tuition and fee revenues. Overall expenditures increase 4.3% from fiscal 2014 to 2015, adjusted for cost containment. While increases in expenditures in all program areas, except scholarships and fellowships, are due to a growth in personnel expenditures (*e.g.*, annualization of the fiscal 2014 salary increments and COLA, the fiscal 2015 COLA and salary increments) it is not known how the January 2015 BPW reduction of \$40.3 million will be allocated among the program areas. It should be noted in fiscal 2015, that even after adjusting general fund support for the January BPW reductions, revenues in the aggregate are sufficient to cover planned expenditures due to USM having other revenues besides the general fund to support programs.

Total expenditures grow 2.3%, or \$85.2 million, in fiscal 2016 after adjusting for across-the-board reductions of \$96.5 million. However, since at this time it is not known how institutions will allocate the reductions across the program areas, it is difficult to compare differences in expenditures between fiscal 2015 and 2016. **The Chancellor should comment on institutions' priorities when determining how reductions will be allocated over the program areas, in particular minimizing the impact on financial aid.**

Exhibit 20
USM Budget Changes for Unrestricted Funds by Program
Fiscal 2014-2016
(\$ in Thousands)

	<u>Actual</u> <u>2014</u>	<u>Working</u> <u>Adjusted</u> <u>2015</u>	<u>%</u> <u>Change</u> <u>2014-15</u>	<u>Adjusted</u> <u>2016</u>	<u>% Change</u> <u>2015-16</u>	<u>Change</u> <u>2015-16</u>
Expenditures						
Instruction	\$1,132,037	\$1,180,220	4.3%	\$1,220,008	3.4%	\$39,788
Research	248,618	258,101	3.8%	264,710	2.6%	6,609
Public Service	63,021	64,120	1.7%	66,953	4.4%	2,833
Academic Support	406,532	425,528	4.7%	438,305	3.0%	12,777
Student Services	202,673	203,358	0.3%	210,710	3.6%	7,352
Institutional Support	373,728	414,218	10.8%	432,040	4.3%	17,822
Operation and						
Maintenance of Plant	389,434	427,374	9.7%	452,421	5.9%	25,047
Scholarships and						
Fellowships	174,121	185,391	6.5%	193,623	4.4%	8,232
Education and General						
Total	\$2,990,164	\$3,158,310	5.6%	\$3,278,770	3.8%	\$120,460
Hospitals (UMB)	\$43,582	\$43,820	0.5%	\$44,288	1.1%	\$468
Auxiliary Enterprises	583,833	610,971	4.6%	631,455	3.4%	20,484
Cost Containment/ Across-the-board		-40,329		-96,508		-56,179
Grand Total	\$3,617,579	\$3,772,772	4.3%	\$3,858,005	2.3%	\$85,233
Revenues						
Tuition and Fees	\$1,438,134	\$1,466,822	2.0%	\$1,510,376	3.0%	\$43,554
General Funds	1,070,085	1,149,620	7.4%	1,162,239	1.1%	12,619
HEIF	64,197	53,812	-16.2%	56,605	5.2%	2,793
Other Unrestricted Funds	480,844	488,958	1.7%	499,369	2.1%	10,411
Subtotal	\$3,053,260	\$3,159,212	3.5%	\$3,228,589	2.2%	\$69,377
Auxiliary Enterprises	\$609,343	\$633,254	3.9%	\$653,106	3.1%	\$19,852
Transfer (to)/from Fund Balance	-45,024	-19,695		-23,690		
Grand Total	\$3,617,579	\$3,772,771	4.3%	\$3,858,005	2.3%	\$85,234

HEIF: Higher Education Investment Fund

UMB: University of Maryland, Baltimore

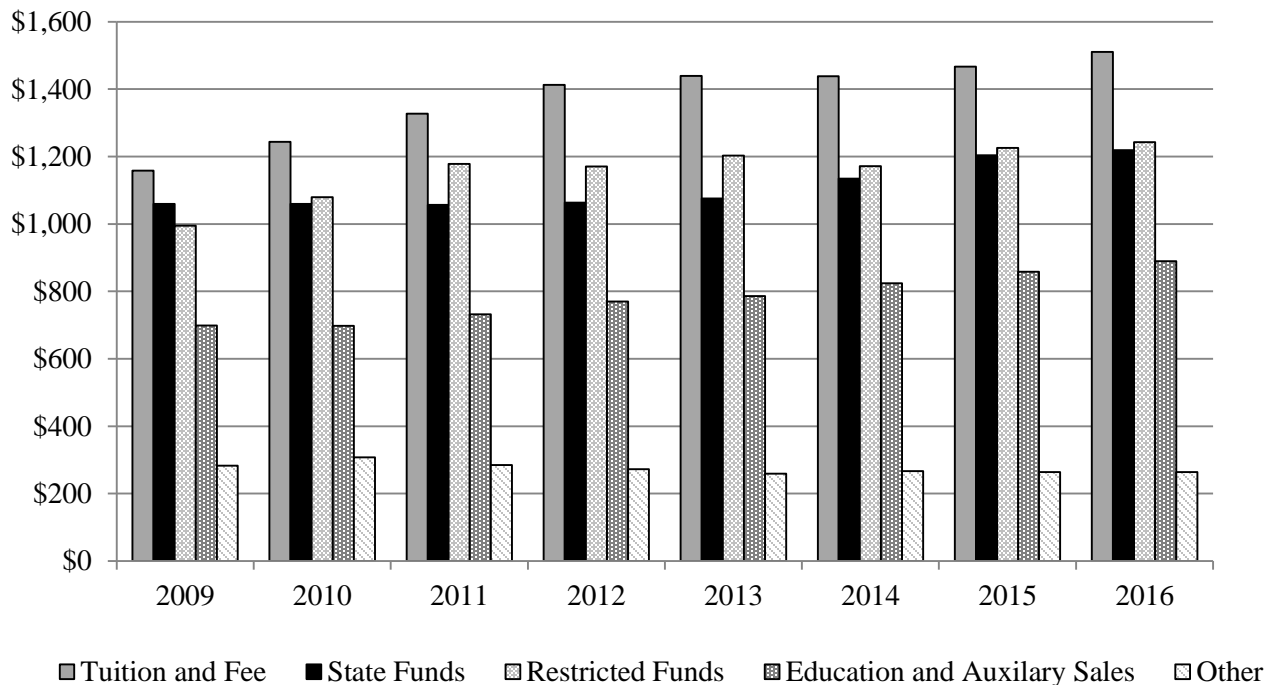
Note: Fiscal 2015 general funds are adjusted by \$40.3 million to reflect the January 2015 Board of Public Works cost containment. Fiscal 2016 general funds are adjusted to reflect across-the-board reductions: \$25.5 million related to a 2% reduction, \$29.4 million related to the fiscal 2015 cost-of-living adjustment, and \$41.7 million for salary increments. Other unrestricted funds do not reflect revenue from mid-year tuition increases.

Source: Governor's Budget Books, Fiscal 2016, Department of Legislative Services

Sources of Revenues

From fiscal 2009 to 2014, tuition and fee revenues increased 22.5%, or \$280.0 million, compared to a 7.1% growth in State funds, as shown in **Exhibit 21**. Between fiscal 2009 and 2014, the average rate of growth in tuition and fee revenues was 5.0%, despite a freeze on in-state tuition from fiscal 2008 to 2010 and a moderate 3.0% tuition increase from fiscal 2011 to 2014. 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 5.4% and 6.1% in fiscal 2014 and 2015, respectively. Overall, total revenues increase \$930.2 million, or 23.3%, between fiscal 2009 and 2016, totaling \$5.1 billion in fiscal 2016.

Exhibit 21
University System of Maryland Primary Revenue Sources
Fiscal 2009-2016
(\$ in Millions)



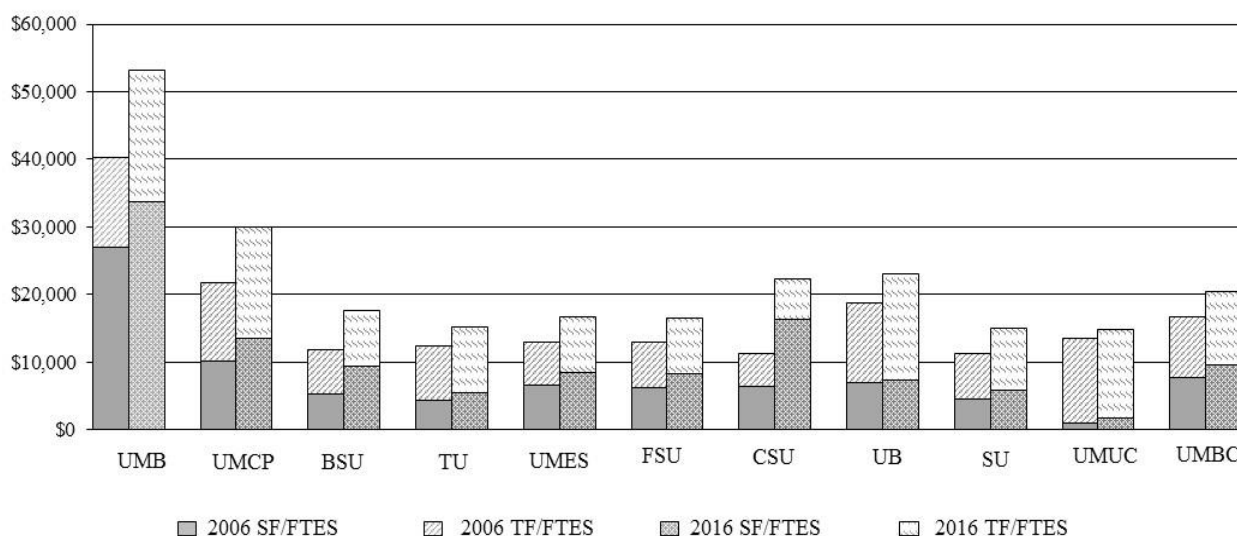
Note: State funds were adjusted to reflect cost containment measures in fiscal 2015 and across-the-board reductions in fiscal 2016.

Source: Governor’s Budget Books

Funding Per Full-time Equivalent Student

Exhibit 22 compares, by institution, State funds (general fund/HEIF) and tuition and fee revenues per full-time equivalent student (FTES) for the period of fiscal 2006 to 2016. On average, State funds per FTES increased 39.4%, while tuition and fee revenues per FTES grew 28.2%. In terms of State funding, CSU’s funding grew at the highest rate of 159.1%, increasing from \$6,300 in fiscal 2006 to \$16,323 in fiscal 2016. BSU grew at the next highest rate of 78.5% with State funds per FTES increasing \$4,093. Being tuition driven, UMUC has the lowest State funds per FTES, at \$1,739 in fiscal 2016. The highest growth rates of tuition and fee revenues per FTES of 44.6% and 43.6% occurred at UMB and UMCP, respectively.

Exhibit 22
Comparison of USM State Funds and
Tuition and Fee Revenues Per FTES
Fiscal 2006 and 2016



BSU: Bowie State University
 CSU: Coppin State University
 FSU: Frostburg State University
 FTES: full-time equivalent students
 SF: State funds
 SU: Salisbury University
 TF: tuition and fee
 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 Agriculture Cooperative Extension and Experimental Station.

Source: Governor’s Budget Books, Fiscal 2016

Issues

1. Fund Balances – How Much is Enough?

USM has the authority to issue academic revenue bonds (ARB) and auxiliary revenue bonds. ARBs are backed by tuition revenues to finance academic-related capital projects and cannot be used to support auxiliary facilities such as residence halls and athletic facilities. USM is authorized to pledge tuition income from all institutions to support ARBs. Legislative authorization is required, and every year USM introduces legislation – Academic Facilities Bonding Authority – that lists the specific academic projects to be funded with ARBs including funding for facility renewal projects. In fiscal 2016, the annual proposed authorization increases from \$32.0 million to \$34.5 million of which \$17.0 million is dedicated for facility renewal projects across all institutions and \$5.0 million for infrastructure projects at UMCP.

Auxiliary revenue bonds are backed by the revenues associated with the borrowing activity such as residence halls, athletic facilities, student centers, and parking garages. These bonds are also issued by USM, which is solely responsible for the debt. Projects funded with these bonds are not approved by the General Assembly but are reviewed and approved by BOR. USM issues approximately \$115 million of these bonds annually. Statute caps USM total outstanding debt at \$1.4 billion, which currently totals \$1.3 billion.

In order to obtain the best possible interest rates, USM BOR's Policy on Debt Management (VIII – 12.00) states: debt will be managed with the objective of maintaining an AA rating from the three major rating agencies and available resources must be at least 55.0% of debt. As of January 2014, USM received an AA+ rating from Fitch Ratings and Standard & Poor's and Aa1 from Moody's with a stable outlook from all three agencies.

While each rating agency applies its own methodology to measure credit worthiness, all take cash and investment balances (*i.e.*, fund balance, plant funds, and endowments) into account when determining debt coverage. According to the rating agencies, in fiscal 2013, USM had approximately \$2.1 billion in available funds of which \$1.4 billion were unrestricted resources.

Through its efforts to protect its credit rating, USM has been fiscally conservative in building up its available funds including fund balance and plant funds. Fund balance consists of reserves set aside by each institution for use in times of budgetary downturns or to support future programs or initiatives. USM's goal is for institutions to annually transfer 1% of current unrestricted funds to the fund balance, but they are given some flexibility year to year in meeting the goal depending on the needs of the institution. As shown in **Exhibit 23**, USM's fund balance has increased 42.3% since fiscal 2009. The decline in the fund balance in fiscal 2010 can be attributable to a \$113.3 million transfer to the general fund; however, USM more than replenished funds in fiscal 2011 with the total balance increasing by \$124.6 million. Over the past two years, despite relatively flat enrollment and budget reductions related to the HEIF in fiscal 2014 and 2015, USM institutions still contributed \$58.4 million to the balance.

Exhibit 23
University System of Maryland Available Funds
Fiscal 2009-2014
(\$ in Thousands)

Fiscal Year	Fund Balance			Annual Change	
	<u>Non-State-Supported</u>	<u>State-supported</u>	<u>Total</u>	<u>Dollars</u>	<u>Percent</u>
	2009	\$481,923	\$137,130	\$619,053	
2010	516,841	101,513	618,354	-\$699	-0.1%
2011	582,392	160,560	742,951	124,597	20.1%
2012	631,872	190,807	822,679	79,728	10.7%
2013	656,180	210,880	867,060	44,381	5.4%
2014	681,864	199,221	881,085	14,025	1.6%
Plant Funds					
2009	\$255,173	\$236,404	\$491,577		
2010	217,667	290,361	508,028	\$16,451	3.3%
2011	311,656	310,375	622,031	114,003	22.4%
2012	365,530	366,566	732,096	110,065	17.7%
2013	300,290	473,398	773,688	41,592	5.7%
2014	312,753	454,801	767,554	-6,134	-0.8%
Total Available Funds					
2009	\$737,097	\$373,534	\$1,110,630		
2010	734,508	391,874	1,126,382	\$15,752	1.4%
2011	894,048	470,935	1,364,982	238,600	21.2%
2012	997,402	557,373	1,554,775	189,793	13.9%
2013	956,471	684,278	1,640,748	85,973	5.5%
2014	994,617	654,022	1,648,639	7,890	0.5%

Note: State-supported includes tuition and fee revenues and other unrestricted funds. Non-State-supported includes auxiliary revenues related to nonacademic purposes, e.g., dining and residence halls.

Source: University System of Maryland

Plant funds are a group of accounts similar to a savings account in which institutions set aside funds from the operating budget that can only be used for facilities and capital projects. These include

facilities renewal and deferred maintenance of State-supported and auxiliary facilities, debt service payments and retirement of debt, and facilities or land acquisition. For example, these funds were used to finance the construction of TU’s academic facility at Harford Community College. These funds may not be easily transferred to other accounts for non-capital purposes. Plant funds increased 56.1% since fiscal 2009. As previously mentioned, endowment and foundation investments are also considered available funds, which according to the rating agencies, totaled \$874 million in fiscal 2013.

While rating agencies use different methodologies to calculate debt coverage ratios, which range from 3.2 to 3.9 for USM (meaning USM has enough cash available to cover its outstanding debt at least three times over), they do not prescribe a minimum level needed to receive or maintain a particular credit rating. When considering USM’s expendable financial resources (*e.g.*, unrestricted and restricted net position), since fiscal 2007, USM had sufficient resources to cover more than 100% of its debt, as shown in **Exhibit 24**. The ratio steadily increased from fiscal 2011 to 2013, which can be attributed to 45.5%, or \$528.4 million, growth in expendable resources while debt increased 11.7%, or \$126.0 million. The ratio fell to 1.3 in fiscal 2014 due to debt increasing \$73.3 million, or 6.1%, while resources decreased by 1.8%, or \$29.7 million, which can be attributed to declines in enrollment and transferring \$31.0 million from fund balance to the general fund. Despite the decline in the ratio, USM has enough resources to cover 130% of debt.

Exhibit 24
Expendable Resources to Direct Debt
Fiscal 2004-2014

<u>Year</u>	<u>Net Restricted</u>	<u>Net Unrestricted</u>	<u>Expendable Resources</u>	<u>Debt</u>	<u>Resources to Debt</u>
2004	\$265,186	\$436,977	\$702,163	\$993,020	0.71
2005	292,078	519,608	811,687	995,848	0.82
2006	277,989	595,657	873,646	930,134	0.94
2007	303,147	726,811	1,029,957	950,353	1.08
2008	283,862	863,720	1,147,582	965,643	1.19
2009	235,394	898,801	1,134,196	1,024,471	1.11
2010	243,874	917,753	1,161,627	1,079,077	1.08
2011	252,395	1,134,240	1,386,635	1,115,179	1.24
2012	253,882	1,319,432	1,573,314	1,156,693	1.36
2013	247,866	1,442,111	1,689,977	1,205,034	1.40
2014	254,606	1,405,703	1,660,309	1,278,294	1.30

Note: Net Unrestricted are cash and other assets not needed to pay liabilities that can be used to meet ongoing obligations and fund new initiatives. Debt includes revenue bonds, revolving loans, and other debt.

Source: University System of Maryland Financial Statements

When determining their ratings, agencies consider not only available funds but other variables such as operating revenues, enrollment, and management. USM asserts that in order to maintain an AA rating, it needs to grow available resources. To that end, a moratorium was placed on the institutions' use of plant funds in fiscal 2015, which resulted in delaying facility renewal projects. Furthermore, as previously shown in Exhibit 22, despite eight institutions using \$9.3 million in fund balance to cover their portion of the January 2015 cost containment action, the ending balance is planned to increase by \$10.4 million in fiscal 2015. However, in light of the current budget situation and flat or slight enrollment growth, it may be difficult and even challenging for institutions to contribute 1% of their unrestricted funds to the fund balance. It should be noted the fiscal 2016 allowance includes a total of \$23.7 million to be transferred to the fund balance, \$14.9 million less than the 1% goal.

Over the past few years, USM has transferred \$31 million of fund balance to the general fund and used funds to construct an academic facility, and it was still able to maintain its AA rating. This raises the question of how much available funds USM needs to maintain its rating. In 2010, Moody's upgraded USM's rating to Aa1 despite transferring \$113 million to the general fund. Considering USM has enough funds to cover at least three times its debt as calculated by the rating agencies, USM has the capacity to use \$50 million to \$60 million of its available funds to support capital projects, thereby easing the pressure on the State's general obligation (GO) bond program.

In the fiscal 2016 capital budget, GO bonds total \$994 million of which 26.9%, or \$267 million, goes toward funding projects at USM institutions. In addition, the 2015 session five-year *Capital Improvement Program* (CIP) includes several higher education projects that have been moved ahead of other capital priorities. The resulting displacement of other projects and the unplanned nature of the accelerated projects impacts the timing of other projects scheduled in the plan. These projects include the Human Performance Center, Bioengineering, and a new computer science building at UMCP. In previous years, other projects that were either not included in the CIP and/or were accelerated included an academic commons (SU), health sciences research facility III (UMB), and the Southern Maryland Regional Higher Education Center (USMO). Despite USM's recent efforts to advance funding for UMCP's projects, the Governor's capital budget does not include funding in fiscal 2016 and instead moves the planned funding further back in the plan than was anticipated when the 2014 session ended. To the extent that USM wants to keep the projects on the accelerated schedule it desires, it should be prepared to use available fund balance in the following amounts for the following projects: \$42.2 million for the new bioengineering building, and \$5.0 million for the Southern Maryland Regional Higher Education Center. Furthermore, the 2015 CIP reflects the use of \$25.0 million of GO bonds for the Human Performance and Academic Research Facility, of which \$5.0 million is programmed in fiscal 2016. That system should also consider using available fund balance in as much as the project was never previously programmed in the State's five-year CIP. **The Chancellor should comment on USM's need to amass such large fund balances and at what cost (e.g., the freeze on the use of plant funds, postponed renovations and facility renewal projects, and program initiatives), and on the use of available funds to support the construction of projects that were not included in the CIP and that were also on an accelerated schedule.**

2. Title IX and Revision of Sexual Misconduct Policy

Over the past year the issue of sexual assault of women while in college garnered much attention and discussion, which was, in part, fueled by the release of the U.S. Department of Education’s (ED) Office for Civil Rights (OCR) list of 52 institutions under investigation for possible violations of federal law regarding the handling of sexual assault and harassment complaints. The list included one Maryland institution – FSU. More institutions were subsequently added, and by January 2015, OCR was investigating 94 institutions for possible sexual assault violations.

One in five women is sexually assaulted while in college, according to the widely cited *Campus Sexual Assault Study* funded by the National Institute for Justice, which is based on the results of a 2006 survey of undergraduate women at two large public institutions. The study also found that most of the incidents happened at parties, usually off-campus; a majority had been drinking and/or using drugs at the time; and a low percentage of victims reported incidents. These findings were similar to a December 2014 U.S. Department of Justice special report on *Rape and Sexual Assault Victimization Among College-Age Females, 1995-2013*, which also found that the rate of sexual assault was lower for students compared to nonstudents. Furthermore, a recently released report from United Educators (UE), *Confronting Campus Sexual Assault: An Examination of Higher Education Claims*, studied 304 claims filed between 2011 and 2013 from 104 institutions, which further supported the previous findings. Findings included that 90% of the victims knew the perpetrator; 60% of the sexual assaults occurred on campus; 41% involved off-campus parties; 78% involved alcohol; nearly three of four victims were freshmen or sophomores; and 40% delayed reporting by almost a year. These factors highlight the need to educate and change the culture to not only prevent sexual assaults to begin with but to create an atmosphere where victims feel comfortable in coming forward.

In 2013, 37 forcible sexual offenses were reported at USM’s campuses. As shown in **Exhibit 25**, 19 were at UMCP, up from 9 incidents reported in in 2012. Since 2009, the total number of incidents at USM’s campuses has more than doubled from 17 to 37 reports in 2013.

Exhibit 25
Reported On-campus Forcible Sex Offenses by Institution
2008-2013

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
UM, Baltimore	0	0	0	0	0	0
UM, College Park	15	4	9	4	9	19
Bowie State University	1	2	2	2	4	2
Towson University	0	3	2	7	2	5
UM Eastern Shore	2	3	2	1	2	0
Frostburg State University	2	0	3	6	2	4
Coppin State University	0	0	1	0	2	0
University of Baltimore	0	0	0	0	0	0
Salisbury University	2	2	6	1	6	3
UM University College	0	0	0	0	1	0
UM Baltimore County	4	3	1	6	4	4
Total	26	17	26	27	32	37

UM: University of Maryland

Source: U.S Department of Education, Campus Safety and Security Data Analysis Cutting Tool

Federal Laws and Enforcement

While some victims may report incidents to the police, others may first turn to the university for help or recourse. Under federal law, a school is obligated to act when it knows or reasonably should have known that one of its students has been sexually assaulted. Furthermore, a school is charged with providing a safe learning environment for all students and giving victims the help needed to reclaim their education.

As part of Title IX, schools that receive federal financial assistance are required to take the necessary steps to prevent sexual assault on their campuses and respond promptly and effectively when an assault is reported. The Clery Act requires institutions participating in federal financial aid programs to annually report statistics on crime including sexual assault and rape on or near their campuses, and to develop and disseminate prevention policies. Last year, ED proposed new rules to the Clery Act that include a requirement that institutions provide education and awareness programs and improve security policies. While the rules do not go into effect until July 2015, according to a White House task force, institutions are expected to make a good faith effort now to meet the new rules.

OCR is charged with administrative enforcement of Title IX. Investigations are initiated either by an individual complaint or a federal decision to examine records and policies called a compliance review. If a violation is found, an institution is at risk of losing its federal funds, but first OCR must seek a voluntary resolution with the institution. Through this process, the institution enters into an agreement with OCR to take steps to remedy the problem. In addition, the Department of Justice (DOJ), which is responsible for coordinating enforcement of Title IX across all federal agencies, shares authority with OCR for enforcing Title IX and may initiate an investigation or compliance review of institutions receiving DOJ financial assistance.

The White House Task Force to Protect Students from Sexual Assault was established on January 22, 2014, to strengthen federal enforcement efforts and provide schools with additional tools to help combat sexual assault on campus. The task force issued a report, *Not Alone*, in April 2014, which included recommendations on identifying the problem by conducting campus climate surveys; preventing sexual assault and engaging men; responding effectively to assault; and increasing transparency and improving enforcement. A website, *NotAlone.gov*, was launched in 2014 that makes enforcement data public and provides resources to students and schools. For schools, there is guidance on their federal obligations, best available evidence and research on prevention programs, and a guide to drafting policies including a checklist highlighting elements that should be included in any policy. For students, the website provides an explanation of their rights, how to file a complaint, and what they should expect throughout the process.

The issue of sexual assault on campuses has been controversial as institutions grapple with revising their policies in ways that are fair to both accusers and the accused. Around the country, women and men have filed Title IX lawsuits against institutions charging they were not taken seriously enough or were dealt with too harshly because of their gender. This is partly due to the Title IX requirement that institutions promptly and fairly investigate reports of sexual assault, regardless of if the police are involved.

Of the 304 claims UE studied, 28% resulted in lawsuits against the institution and 28% led to federal Title IX complaints. All the federal complaints and about 40% of the lawsuits were filed by the victim. Lawsuits filed by the alleged perpetrator generally argued the disciplinary process had discriminated against them, and the penalties had been harsh and disproportionate. It was also found that institutions investigated three quarters of the complaints; those that were not investigated were due to the victim not being cooperative, an inability to identify the alleged perpetrator, or the student withdrawing the complaint.

Revision of USM Policies

In this environment and to also ensure compliance with the recent revisions to federal laws and regulations, the Maryland Office of the Attorney General worked with USM to review its policies on sexual assault and sexual harassment. It was determined that the two policies needed to be revised and combined into one comprehensive policy on sexual misconduct that will provide guidance and direction for institutions as they develop and implement policies specific to the unique culture of their campuses.

Campus stakeholders participating in the revision of the policy included presidents, faculty, staff, students, human resources officers, and academic and student affairs. On June 27, 2014, BOR approved the new Policy on Sexual Misconduct (VI-I.60). The policy provides clear guidance to institutions on complying with the requirements in Title IX through mandated training, education and prevention programs; reporting; and timely, fair, and impartial investigations. USM's policy provides a framework for institutions as they review and update their policies ensuring a consistency and a shared level of expectations across institutions.

A key component of compliance is that every institution must designate at least one employee, referred to as a Title IX coordinator, to coordinate efforts of the institution to comply with and carry out its responsibilities under Title IX. An institution must notify students of the name and contact information of the coordinator who is expected to play a key role in helping ensure faculty, staff, and students are aware of their rights under Title IX. Additionally, institutions must publish a notice of nondiscrimination, which includes contact information of the Title IX coordinator. While USM's policy defines language used throughout the policy such as consent, sexual harassment, misconduct, and assault, institutions may adopt their own definitions reflecting their procedures and organization. However, the definitions may not conflict with USM's, and at a minimum, they must adopt elements of the definitions in their policies and procedures. USM's policy specifies that institutions must develop procedures as necessary to implement this policy and forward a copy of its Title IX designations and procedures and any subsequent changes to the Chancellor by December 31, 2014.

The Chancellor should comment on the efforts undertaken by institutions in implementing their revised sexual misconduct policies including designating a Title IX coordinator, training, options for assistance following an incident, and investigation procedures, and remark on the estimated cost to campuses to implement the policy.

3. Status of Enhancement Funded Programs

The fiscal 2014 budget included \$13 million of State funds to support various programs and initiatives at USM institutions. As required by budget language, USM submitted a report in fiscal 2013 detailing program metrics and the amount of enhancement funding that would 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 would continue to receive State funding for an additional two years. Due to budget reductions in fiscal 2014, UMES cancelled the use of enhancement funds.

In general, enhancement funded activities can be categorized as addressing one of three main goals: (1) transforming the academic model; (2) increasing graduates in STEM and health professions; and (3) helping the State achieve its 55% degree completion goal, including closing the achievement gap. Each institution using State enhancement funds provided metrics that will be used to evaluate the results of the activities. In addition, USM provided systemwide targets for each goal. A fourth category of other institutional strategies was included to capture those activities designed to respond to the unique needs of an institution that did not fit under one of the three goals.

Academic Transformation

USM defines academic transformation as a broad menu of strategies and initiatives aimed at reshaping the way faculty and students engage in teaching and learning. This not only includes USM's course redesign initiative but other strategies, such as incorporating blended learning format into courses on a campuswide scale, developing faculty learning communities, and using new technologies to advance learning in the classroom. Overall, institutions using State enhancement funds have made progress toward meeting their projected targets, as shown in **Exhibit 26** (see **Appendix 1** for more detailed information on each institution's activities and metrics).

While BSU made progress in redesigning its Transition to College Math course the enhancement funds allocated for this activity were not expended due to a delay in completing the math lab, which was identified as a critical component of the redesign. The lab was completed in March 2014 using other institutional funds. The \$16,365 of enhancement funds allocated in fiscal 2014 for this project will be used in the following year along with the \$16,365 provided in BSU's base budget, thereby providing a total of \$32,720 of enhancement funds for fiscal 2015 to complete the redesign of the math course.

UMBC planned to redesign a first-year information technology (IT) course, which included the recruitment and hiring of a faculty member. However, the project was delayed until fiscal 2015 due to the loss of a senior level faculty member resulting in not spending \$90,000 of the funds allocated for this purpose. These funds, combined with the \$0.4 million provided in UMBC's base budget, will provide a total of \$0.5 million to be used in fiscal 2015. Funds will be used by the College of Engineering and IT to support the cost of recruiting an instructional faculty member to teach the redesigned course.

It should be noted that while CSU was provided with \$0.8 million in enhancement funds to support activities under other goals, they did not request nor receive funds for course redesign. However, according to CSU, \$60,000 of enhancement funds were used to redesign a biology course.

Besides institutional metrics, USM established systemwide goals and plans to monitor progress through the use of two measures: (1) the number of courses undergoing redesign; and (2) the number of students enrolled in a redesigned course. The goals were adjusted to reflect UMES' decision not to redesign four courses due to budget reductions in fiscal 2014. Additionally, USM's goals includes UMB's contribution. While not receiving State enhancement funds, UMB is using other institutional funds to support their course redesign efforts. The goal for the first metric is to redesign 29 courses by the end of 2014 and 48 by the close of 2017. For 2014, USM fell 1 course short of its goal – UMBC and BSU each delaying the redesign of a course, USM doing 1 more than planned.

For the second metric, the goal is 8,326 enrollments in those redesigned courses in fiscal 2014 and 25,500 by fiscal 2017. Enrollments exceeded projections in fiscal 2014 by 131 students, as previously shown in Exhibit 24. However according to the 2013 *Joint Chairmen's Report* (JCR), TU was not comfortable in providing an enrollment estimate since a majority of the enhancement funding supported the evaluation and not development of the courses. If TU's enrollment for fiscal 2014 is excluded, USM fell short of its goal by 1,825 students.

Exhibit 26
Academic Transformation Budget and Goals by Institution
Fiscal 2014

	Allocation of State Enhancement Funds		# Redesigned Courses		Enrollment	
	<u>Budgeted</u>	<u>Actual</u>	<u>Planned</u>	<u>Actual</u>	<u>Planned</u>	<u>Actual</u>
Univ. of Maryland, Baltimore	n/a ¹	n/a	11	12	1,376	80
Univ. of Maryland, College Park ³	\$642,548	\$642,548	0	0	0	0
Bowie State University	16,365	0	1	0	450	0
Towson University	1,836	1,836	4	4	n/a ²	1,956
Univ. of Maryland Eastern Shore	76,018	0	0	0	n/a	n/a
Frostburg State University	24,844	24,844	4	4	132	371
Univ. of Maryland University College	313,541	313,541	7	7	5,100	4,964
Univ. of Maryland, Baltimore County	396,943	306,943	2	1	1,268	1,086
Total	\$1,487,390	\$1,305,007	29	28	8,326	8,457

¹ The University of Maryland, Baltimore used other institutional funds to support course redesign.

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

³ In fiscal 2014, the University of Maryland, College Park started the process of redesigning seven courses, which will not be piloted until fiscal 2015.

Source: University System of Maryland

STEM and Health-related Professions

All institutions receiving enhancement funding under this initiative will increase enrollment in STEM and health-related programs. A total of \$6.2 million was budgeted in fiscal 2014 to support various strategies at seven institutions to increase the capacity of programs enabling them to enroll and graduate more students. Activities included upgrading and expanding equipment and facilities, hiring faculty, and targeting financial aid toward STEM majors.

Overall, USM plans to increase systemwide enrollment in STEM and health-related programs from 29,891 students in fiscal 2013 (the baseline year) to 31,122 in fiscal 2017. As shown in **Exhibit 27**, CSU did not meet its planned enrollment but was only barely below the target.

CSU focused its STEM activities around three strategies, which included purchasing a nuclear magnetic resonance (NMR) scanner. However, according to CSU, the NMR was purchased in fiscal 2013 and once received was discovered that due to its size, it could not be accommodated in the current lab space in the Percy Julian Science building. Therefore, it is being stored at a cost of \$2,000

Exhibit 27
STEM/Health-related Enrollment Targets by Institution
Fiscal 2014

	Allocation of Enhancement Funds		2013	2014	
	<u>Budgeted</u>	<u>Actual</u>	<u>Base</u>	<u>Projected</u>	<u>Actual</u>
Univ. of Maryland, College Park	\$4,607,068	\$4,607,068	9,017	9,017	9,449
Towson University*	851	851	7,319	6,336	8,109
Univ. of Maryland Eastern Shore	299,299	0	n/a	n/a	n/a
Frostburg State University	24,934	24,934	852	930	956
Coppin State University	260,000	260,000	1,082	1,102	1,099
Salisbury University	212,674	212,674	2,005	2,037	2,052
Univ. of Maryland, Baltimore County	765,731	765,731	5,647	5,697	5,994
Total	\$6,170,557	\$5,871,258	25,922	25,119	27,659

*Towson University originally provided a base enrollment of 6,225 students in the 2013 *Joint Chairmen's Report (JCR)* but subsequently revised the base number, which includes all health-related majors rather than a subset of health-related programs. The projected fiscal 2014 reflects the original estimate in the 2013 JCR.

Source: University System of Maryland

per year until it can be installed in the Science and Technology building scheduled to open in spring 2015. **The Chancellor should comment on the system's oversight of institutions and on the accountability of institutions to use enhancement funds as specified to the General Assembly.**

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 (*i.e.*, low-income, underrepresented, and transfer students), thereby closing the achievement gap among all students. Each institution is using funds to support completion activities specific to the needs of its student population such as targeting academic supports towards at-risk students, or developing or expanding more intrusive advising programs. A total of \$3.2 million of enhancement funds was allocated to these activities. See **Appendix 2** for more detailed information on activities, progress, and metrics by institution.

CSU did not spend \$0.1 million of funds allocated for completion. One of CSU's strategies was to hire retention coordinators and specialists who would focus on retaining upper-division students in each college but, according to the JCR, the level of available funding only allowed for the hiring of one coordinator. The funds not spent in fiscal 2014 will be combined with the \$0.6 million of

enhancement funds provided in CSU's base budget, thereby providing \$1.0 million to support enhancement-related activities in fiscal 2015.

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 projected enhancement funding would add an additional 100 to 150 degrees in fiscal 2014, increasing the number of additional degrees from 750 to 1,000 by fiscal 2017, resulting in the total number of degrees growing from 23,238 in fiscal 2014 to 24,500 in fiscal 2017. The total number of undergraduate degrees increased by 486 from 23,238 in fiscal 2013 to 23,723 in fiscal 2014.

Other Institutional-specific Goals/Strategies

USM included an additional category to capture activities not related to the three systemwide goals. These activities were specifically designed to respond to unique needs of the institutions such as expanding economic development and technology transfers at UMBC, enhancing UMCES' research competitiveness, and expanding academic program offerings at USM's regional centers. A total of \$2.2 million was allocated to support these activities. UMCES only used \$0.3 million of \$0.6 million in enhancement funds due to the timing of when actual spending will occur on graduate fellowships and a seed grant program. UMCES plans to use the remaining funds in 2015, along with \$0.6 million of enhancement funding in its base budget, thereby providing \$1.0 million to fund activities.

In general, institutions completed a majority of the activities identified for completion in fiscal 2014. See **Appendix 3** for more detailed information on activities, progress, and metrics by institution. Enhancement funding for the University System of Maryland Office (USMO) totaled \$1.4 million of which \$0.7 million was used as one-time funding to provide a second year of incentive funding to BSU, SU, and UMCP to offer new programs at non-USM regional higher education centers. This is related to restrictive language placed on \$1.0 million of USM's general fund appropriation in fiscal 2013. This funding will allow these institutions to complete program development and offer the courses at the regional centers. **Since the \$0.7 million of enhancement was used as one-time funding and not to support an ongoing activity, the Chancellor should comment on how these funds will be used in fiscal 2015.**

The Department of Legislative Services recommends that USM continue to report on the progress each institution is making toward meeting its established metrics. The Chancellor should also comment on whether programs or initiatives funded with enhancement funds will be impacted with the reduction in USM's fiscal 2015 and 2016 appropriations.

4. Creation of a Quasi-endowment Fund

Chapter 266 of 2013 authorized BOR to establish a quasi-endowment fund, which will be used to enhance advancement efforts at USM institutions. Unlike endowment funds in which the donor typically places restrictions on the use of funds (*e.g.*, endow professorships or chairs, or scholarships);

a quasi-endowment, established with USM's funds, has no such restrictions placed on its use and, therefore, can be used to support fundraising efforts.

State agencies are generally required to maintain all cash and investments with the State Treasurer who invests and manages all the funds. These funds typically yield a lower rate of return since they are conservatively invested. According to USM, its funds earned an average of 1%. The concept behind the quasi-endowment fund is that by investing in riskier investments, USM can yield a higher rate of return on the principal than it could through the Treasurer's Office. Quasi-endowment funds are generally invested similar to endowment funds, which are invested and managed to last in perpetuity with the interest used to support activities.

USM established the fund at the end of fiscal 2014 with a one-time \$50.0 million transfer from the non-State supported portion of its fund balance: \$40.0 million from the institutions and \$10.0 million from USMO. These funds were then transferred to the USM Foundation for investment. USM estimated that a \$50.0 million quasi-endowment would generate \$2.1 million annually (based on a return of 4.25%), which will be used to enhance the funding for development and fundraising operations. Institutions' contribution to the fund was based on the size of its budget relative to USM's total budget with the distribution of the annual spendable income proportionate to their contributions, as shown in **Exhibit 28**. The \$10.0 million contributed by USMO is projected to have an annual return of \$0.4 million, which will be allocated to institutions based on a competitive grant process. Institutions are required to annually report to the BOR Committee on Advancement on the use of and results from using the funds.

Exhibit 28
Institutions’ Share and Projected Income of Quasi-endowment Funds

	<u>Allocated Portion</u>	<u>Estimated Annual Income*</u>
University of Maryland, Baltimore	8,632,485	\$366,881
University of Maryland, College Park	14,680,036	623,902
Bowie State University	893,895	37,990
Towson University	3,602,469	153,105
University of Maryland Eastern Shore	1,090,234	46,335
Frostburg State University	872,740	37,091
Coppin State University	750,198	31,883
University of Baltimore	1,044,125	44,375
Salisbury University	1,402,193	59,593
University of Maryland University College	3,555,207	151,096
University of Maryland, Baltimore County	3,106,134	132,010
University of Maryland Center for Environmental Science	370,284	15,737
Total	\$40,000,000	\$1,700,000

*Projected annual income based on a 4.25% rate of return on the investment, actual spendable income will be annually determined based on BOR policy on endowment fund spending rule.

Note: System Office’s \$10.0 million contribution is expected to generate approximately \$0.4 million annually in spendable income to be spent at the direction of the Advancement Committee. Numbers may not sum to total due to rounding.

Source: University System of Maryland

The first distributions will be made at the end of fiscal 2015. Institutions will use the funds to support or initiate various targeted fundraising activities, hire advancement personnel, and support outreach and marketing initiatives.

The Chancellor should comment on the status of institutions’ efforts to increase planned giving and donations and if USM is considering initiating a capital campaign.

5. New Chancellor Appointed

On May 13, 2014, Chancellor William E. Kirwan announced his plans to step down after 13 years as Chancellor. In June 2014, a 10-member search and screening committee was appointed by the BOR to review and recruit candidates for Chancellor. In December 2014, Dr. Robert Caret, former President of TU, was appointed Chancellor, effective July 1, 2015.

According to the terms of Dr. Caret’s contract, he will receive a salary of \$600,000, which will be increased 5% per year, including merit and COLA increases, except in years when a salary freeze is in place. The percentage of salary lost in a freeze year will be added to the percentage increase in the

next year when there is not a salary freeze. Similar to Chancellor Kirwan, who may be awarded a performance bonus of up to \$500,000 upon his retirement, Dr. Caret may also receive an annual bonus of up to 15% of his salary based on performance, which the BOR will determine based on a set of performance criteria and goals established each year. Furthermore, within the last 60 days of each fiscal year, USM will purchase an annuity in the amount of \$53,000. The contract also stipulates that the BOR shall provide \$15,000 annually for reimbursement for life insurance. The USM Chancellor also receives a car and driver and a house.

Recommended Actions

1. 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 and the fiscal 2015 budget included an additional \$10 million for enhancements that were funded from fund balance in fiscal 2014. These funds are being used to support activities addressing 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 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 committees are interested in the progress these activities have made toward meeting the metrics in fiscal 2015 and progress made to date in fiscal 2016.

Information Request	Author	Due Date
Report on the progress toward meeting the metrics	University System of Maryland	November 1, 2015

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 2014, the number of tenured/tenure-track faculty declined 0.5%, or 16 full-time equivalents (FTE), while FTE student enrollment rose by 595, or by nearly 1.0%. While initially the report focused on tenured/tenure-track faculty, over the years, institutions have increasingly relied on full- and part-time nontenured/nontenure-track faculty, which include adjuncts, instructors, and lecturers. As shown in **Exhibit 29**, these faculty comprise more than half of the faculty at comprehensive institutions, and as such, focusing only on tenured faculty does not provide a complete picture of how students are taught. Therefore, the report provides information on the instructional workload of all types of faculty.

BOR sets 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 course units and 7.5 course units at research and comprehensive institutions, respectively. As shown in **Exhibit 30**, when only considering tenured/tenure track faculty, only four comprehensive institutions met or exceeded the standard of 7.5 course units in fiscal 2014, with the average of 7.2 course units for comprehensives falling below the target. Over the past two years, the average course units declined to 7.2 and 6.7 at SU and TU, respectively. USM attributed this to (1) growth of high-demand departments or colleges serving large numbers of upper division students, including health care and education, in which accreditation requirements limit a faculty's workload and also require greater levels of experiential and clinical involvement by faculty, which are not as effectively being translated by current workload scoring; and (2) time devoted to curricular and course redesign is not accounted for and reorganization around new approaches to teaching are not well captured.

While the previous exhibit showed the average number of course units taught, **Exhibit 31** illustrates the average semester hours generated by faculty, which provides an indication of how well institutions are managing faculty and maintaining class size. When data from both exhibits 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 29
Instructional Faculty
Number and Percent of Total by Type
Fiscal 2009-2014

	2009		2010		2011		2012		2013		2014	
	<u>Number</u>	<u>% of Total</u>	<u>Number</u>	<u>% of Total</u>	<u>Number</u>	<u>% of Total</u>	<u>Number</u>	<u>% of Total</u>	<u>Number</u>	<u>% of Total</u>	<u>Number</u>	<u>% of Total</u>
Research Institutions												
Tenured/Tenure track	1,866	38.8%	1,854	37.5%	1,845	38.7%	1,877	39.0%	1,863	36.3%	1,864	38.5%
Full-time Nontenured/ Nontenured Track												
Instructional	386	8.0%	355	7.2%	385	8.1%	405	8.4%	435	8.5%	444	9.2%
Full-time Nontenured/ Nontenured Track												
Research	1,396	29.0%	1,542	31.2%	1,660	34.8%	1,615	33.5%	1,586	30.9%	1,596	33.0%
Part-time	1,163	24.2%	1,192	24.1%	877	18.4%	918	19.1%	1,245	24.3%	938	19.4%
Total	4,811		4,943		4,767		4,815		5,129		4,842	
Comprehensive Institutions												
Tenured/Tenure track	1,637	42.6%	1,668	42.8%	1,688	42.2%	1,683	42.0%	1,742	41.9%	1,725	40.7%
Full-time Nontenured/ Nontenured Track												
Instructional	523	13.6%	545	14.0%	550	13.7%	458	11.4%	552	13.3%	598	14.1%
Full-time Nontenured/ Nontenured Track												
Research	8	0.2%	4	0.1%	5	0.1%	4	0.1%	6	0.1%	6	0.1%
Part-time	1,678	43.6%	1,680	43.1%	1,761	44.0%	1,865	46.5%	1,853	44.6%	1,908	45.0%
Total	3,846		3,897		4,004		4,010		4,153		4,237	

Source: University System of Maryland's Faculty Workload Report

Exhibit 30
Average Course Units Taught by Full-time Equivalent Tenured/Tenure-track and
Full-time Nontenured/Nontenure-track Instructional Faculty
Fiscal 2009-2014

	2009		2010		2011		2012		2013		2014	
	<u>Tenure</u>	<u>All</u>	<u>Tenure</u>	<u>All</u>	<u>Tenure</u>	<u>All</u>	<u>Tenure</u>	<u>All</u>	<u>Tenure</u>	<u>All</u>	<u>Tenure</u>	<u>All</u>
Bowie State University	7.5	8.0	7.3	7.6	8.2	7.6	7.5	7.7	7.6	8.0	7.6	7.8
Coppin State University	7.9	8.2	7.9	10.5	8.1	10.5	8.3	9.0	8.0	9.0	7.8	8.5
Frostburg State University	7.5	7.6	7.5	7.5	7.5	7.5	7.4	7.4	7.4	7.4	7.5	7.3
Salisbury University	7.9	7.9	7.6	7.6	7.6	7.6	7.6	7.8	7.3	7.4	7.2	7.3
Towson University	7.0	7.4	7.0	7.3	7.1	7.3	7.0	7.4	6.8	7.3	6.7	7.2
University of Baltimore	7.1	7.5	7.1	7.6	6.8	7.6	6.6	6.5	6.2	6.4	7.0	7.3
Univ. of Maryland Eastern Shore	7.7	7.9	8.4	9.3	7.7	9.3	7.6	7.6	7.9	8.1	7.7	7.4
Comprehensive Average	7.4	7.7	7.4	7.9	7.5	7.9	7.4	7.6	7.2	7.5	7.2	7.4
Univ. of Maryland Baltimore County	6.1	6.5	6.6	6.5	6.6	6.5	6.8	6.9	6.6	6.9	6.5	6.9
Univ. of Maryland, College Park	5.7	5.7	5.8	5.8	5.9	5.8	5.6	5.6	5.5	5.6	5.5	5.6
Research Average	5.8	5.9	6.0	6.0	6.0	6.0	5.9	5.9	5.7	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 2008-2014

Exhibit 31
Average Semester Credit Hours Generated
Fiscal 2009-2014

	2009		2010		2011		2012		2013		2014		Three-year Average	
	<u>Tenure</u>	<u>All</u>	<u>Tenure</u>	<u>All</u>	<u>Tenure</u>	<u>All</u>	<u>Tenure</u>	<u>All</u>	<u>Tenure</u>	<u>All</u>	<u>Tenure</u>	<u>All</u>	<u>Tenure</u>	<u>All</u>
BSU	521	575	550	570	461	506	526	561	446	479	547	573	506	538
CSU	289	276	299	284	343	382	263	255	291	283	299	298	284	279
FSU	488	486	496	491	503	498	496	494	496	492	505	477	499	488
SU	528	527	552	546	557	560	606	615	560	536	561	565	576	572
TU	417	436	419	439	425	449	402	425	422	440	406	427	410	431
UB	444	444	392	418	381	496	404	419	366	381	410	407	393	402
UMES	448	471	725	744	896	789	448	542	708	733	742	701	633	659
UMBC	368	463	371	465	371	474	363	456	345	469	357	473	355	466
UMCP	492	555	511	580	500	572	491	568	470	553	445	547	467	556

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: 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 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 the advantages and disadvantages of merging the two institutions at the request of the General Assembly. 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.

Accomplishments to date include:

- **Research:** continued to build upon collaborative research efforts to effectively compete for funding in the areas of human health; appointed a director of the Institute for Bioscience and Biotechnology Research; awarded 24 seed grants involving 48 researchers that encourages cross disciplinary and campus research projects; and created an environment that fosters collaborative research among the campuses;
- **Academics:** continued efforts to establish a joint School of Public Health; started offering Master of Law Programs that provide undergraduate training in law; will launch a new Master of Science in Law in fall 2015; and continued expansion of the Agriculture Law Education Initiative; and
- **Commercialization of University Inventions:** expanded licensing staff; provided seed grants to develop promising technologies, and aggressively marketed inventions to industry leading to a 38% increase in inventions disclosures and 47% growth in number of executed licenses and a 75% increase in licensing revenues.

3. Big Ten Integration

In 2011, UMCP disclosed that its intercollegiate athletic (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 then, UMCP moved 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. In 2014 a settlement of \$31 million was reached with the ACC. In order to cover the revenue shortfall, the institution provide the ICA a loan of \$31 million.

In order to ensure UMCP is prepared to compete and take full advantage of the opportunities afforded to membership in the Big Ten, the President created a Commission on the University of Maryland and Big Ten/Committee on Institutional Cooperation Integration in December 2012 to advise the President on how to maximize its advantages of membership. In regard to improving its overall financial position, the ICA is following the commission's recommendation to use 50% of any annual surplus to repay the funds borrowed from UMCP and the remaining 50% will be used to build ICA reserves and used to make additional investments in the program. ICA reports that it is on track to pay back the debt owed to the university by 2020 as outlined in the commission report.

Academic Transformation
Progress Toward Academic Transformation Initiatives and Metrics
Fiscal 2014

<u>Institution</u>	<u>Enhancement-funded Activities</u>	<u>Progress</u>	<u>Metrics</u>
University of Maryland, College Park	Identify and launch redesign of 14-20 courses	↑	<ul style="list-style-type: none"> Compare student performance in redesigned courses to those in traditional courses including grades, withdraw rates, retention rates, and students remaining in their majors
	Upgrade class rooms	↑	
Bowie State University	Redesign MATH 99	↗	<ul style="list-style-type: none"> Increase pass rates
University of Maryland Eastern Shore	Redesign 4 courses	n/a	<ul style="list-style-type: none"> n/a
Frostburg State University	Pilot and implement 4 course redesigns	↑	<ul style="list-style-type: none"> Eliminate bottleneck issues; improve student success rates; and reduce gender achievement gap
University of Baltimore	Establish Office of Academic Innovation	↑	<ul style="list-style-type: none"> Create office; appoint a director and experiential learning coordinator
University of Maryland University College	Complete, implement, and assess 7 redesign courses	↑	<ul style="list-style-type: none"> 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
University of Maryland Baltimore County	Redesign 1 course; test, evaluate, and revise 3 redesign courses	↗	<ul style="list-style-type: none"> Overall metric: increased retention and graduation rates Redesigned Courses: increase enrollment; decrease withdrawal/drop/failure rate; and increase pass rate
	Establish Faculty Learning Communities	↓	

Note: Progress was determined by the Department of Legislative Services based on University System of Maryland's 2014 *Joint Chairmen's Report*.

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

<u>Institution</u>	<u>Enhancement-funded Activities</u>	<u>Progress</u>	<u>Metrics</u>
University of Maryland, College Park	Develop and implement academic advising program	↑	<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)
	Expand advising in selected programs	↑	<ul style="list-style-type: none"> 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)
	Develop new academic minor/certificate in business to retain nonbusiness majors	↔	
	Implement peer-guided study sessions	↑	<ul style="list-style-type: none"> Peer Guided Study Groups: Increase in the number of sessions and student participation and then compare to performance of participants to nonparticipating peer groups
Bowie State University	Expand Bulldog Academy	↑	<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 nonparticipants
Towson University	Establish initiative to improve At-Risk Student Success	↔	<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	Designate full-time faculty to teach gatekeeper courses	n/a	n/a
	Hire advisors	n/a	
	Implement supplemental instruction	n/a	

<u>Institution</u>	<u>Enhancement-funded Activities</u>	<u>Progress</u>	<u>Metrics</u>
Frostburg State University	Implement web-based early warning system	↑	<ul style="list-style-type: none"> Faculty using early warning student tracking software (Beacon)
	Increase need-based aid awards	↑	<ul style="list-style-type: none"> Second-year retention rate
Coppin State University	Expand targeted advisement program	↑	<ul style="list-style-type: none"> Second- and third-year retention rates
	Acquire assistive and adaptive equipment	↔	<ul style="list-style-type: none"> Six-year graduation rates
	Hire retention coordinators	↔	
	Identify and acquire or upgrade software for improving retention	↔	
University of Baltimore	Continue implementation of high touch advising	↔	<ul style="list-style-type: none"> Freshmen receiving “high touch” advising
	Implement mid-semester progress report system	↔	<ul style="list-style-type: none"> Faculty engaged in teaching effectiveness program Hispanic students enrolled
	Enhance recruitment of targeted populations	↑	<ul style="list-style-type: none"> Dollars going to student aid
	Expand need-based financial aid	↑	
Salisbury University	Develop or expand advising support programs	↑	<ul style="list-style-type: none"> Supplemental instruction sections offered
	Increase institutional aid for returning students	↑	<ul style="list-style-type: none"> Retention of participants
	Implement sophomore residency program	↔	<ul style="list-style-type: none"> Students repeating science, technology, engineering, and mathematics courses

<u>Institution</u>	<u>Enhancement-funded Activities</u>	<u>Progress</u>	<u>Metrics</u>
	Adopt and implement targeted advising model	↔	
	Revamp pre-professional programs orientation for upper level students	↔	
University of Maryland Baltimore County	Expand support for transfer students	↔	<ul style="list-style-type: none"> Overall: Increase retention and graduation rates
	Improve graduation rate of near completers	↑	<ul style="list-style-type: none"> Transfers: Transfer students who participate in orientation and program
	Expand student support services	↑	<ul style="list-style-type: none"> Near Completers: Near completers offered assistance and graduate within a year
	Improve learning environment	↑	<ul style="list-style-type: none"> 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

Note: Progress was determined by the Department of Legislative Services based on University System of Maryland’s 2014 *Joint Chairmen’s Report*.

Other Institution Strategies State Enhancement Funds and Metrics by Institution

<u>Institution</u>	<u>Enhancement-funded Activities</u>	<u>Progress</u>	<u>Metrics</u>
University of Maryland Baltimore County (UMBC)	Develop UMBC Entrepreneur in Residence Program	↑	<ul style="list-style-type: none"> ● Hire entrepreneur-in-residence and work with campus faculty ● Hire technology transfer staff
	Strengthen technology transfer administrative operations	↔	<ul style="list-style-type: none"> ● Establish commercialization investment fund and offer awards
	Develop and implement commercialization fund	↑	<ul style="list-style-type: none"> ● Number of awards made from commercialization investment fund
University of Maryland Center for Environmental Science (UMCES)	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
	Facilitate 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	Offer workforce-related programs at Universities of Shady Grove (USG)	↑	<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	↑	<ul style="list-style-type: none"> ● Non-USM Regional Centers: Workforce-related degree programs and/or specialization establish or expanded
	Establish Center for Innovation and Excellence in Learning and Teaching (CIELT)	↑	<ul style="list-style-type: none"> ● CIELT: Hire staff and organize advisory board, hold workshops, and start research/dissemination initiatives
	Institutionalize “Way2GoMaryland” resources	↑	<ul style="list-style-type: none"> ● Way2GoMaryland: Add regular staff positions and extend/enhance education and outreach services

Note: Progress was determined by the Department of Legislative Services based on University System of Maryland’s 2014 *Joint Chairmen’s Report*.

**University System of Maryland
State Funds Per Full-time Equivalent Student
Fiscal 2005-2016**

	<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>2014</u>	Working 2015	Allowance 2016
UMB	\$25,467	\$26,907	\$28,457	\$29,589	\$30,292	\$28,973	\$28,643	\$28,450	\$28,593	\$30,558	\$33,295	\$33,810
UMCP	9,973	10,210	11,491	11,938	12,124	12,031	11,886	11,984	12,149	12,800	13,464	13,443
BSU	5,175	5,213	7,486	7,698	7,817	7,800	7,704	7,990	8,392	8,683	9,144	9,306
TU	4,261	4,386	4,963	5,119	5,161	5,077	5,034	5,077	5,057	5,158	5,493	5,530
UMES	6,337	6,623	7,631	8,644	8,101	8,590	7,454	7,487	7,504	8,410	8,515	8,426
FSU	5,644	6,285	7,128	7,296	7,390	7,041	6,941	7,264	7,350	7,706	8,199	8,329
CSU	6,283	6,300	9,940	10,604	10,919	11,997	12,546	13,061	13,760	15,337	15,803	16,323
UB	6,359	6,875	7,716	7,475	7,651	7,127	7,050	6,852	6,387	7,224	7,495	7,364
SU	4,277	4,455	5,036	5,129	5,356	5,208	5,143	5,049	5,130	5,308	5,695	5,904
UMUC	1,008	1,026	1,210	1,448	1,540	1,447	1,423	1,290	1,423	1,502	1,710	1,739
UMBC	7,114	7,685	8,532	8,978	9,171	9,092	9,000	8,875	8,732	9,058	9,495	9,625

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 2015 and 2016 figures are adjusted to reflect cost containment and across-the-board reductions.

Source: Governor's Budget Books, Fiscal 2016

**University System of Maryland
Full-time Equivalent Personnel by Budget Program
Fiscal 2002, 2014, and 2015**

	2002		2014		2015		Change in Share of Total 2002-15
	<u>FTEs</u>	<u>% of Total FTEs</u>	<u>FTEs</u>	<u>% of Total FTEs</u>	<u>FTEs</u>	<u>% of Total FTEs</u>	
Instruction	5,858	33.5%	6,907	30.7%	7,191	31.4%	-2.1%
Research	2,455	14.0%	4,125	18.3%	3,852	16.8%	2.8%
Public Service	689	3.9%	688	3.1%	746	3.3%	-0.7%
Academic Support	1,937	11.1%	2,438	10.8%	2,540	11.1%	0.0%
Student Services	945	5.4%	1,324	5.9%	1,292	5.6%	0.2%
Institutional Support	2,427	13.9%	2,891	12.9%	2,960	12.9%	-0.9%
Operations and Maintenance of Plant	1,558	8.9%	1,655	7.4%	1,715	7.5%	-1.4%
Auxiliary	1,368	7.8%	1,904	8.5%	1,994	8.7%	0.9%
Hospitals	248	1.4%	563	2.5%	595	2.6%	1.2%
Total	17,485		22,494		22,885		

FTE: full-time equivalent

Note: Data are for filled positions only.

Source: University System of Maryland Institutions