

R30B21
University of Maryland, Baltimore
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	<u>FY 15</u> <u>Actual</u>	<u>FY 16</u> <u>Working</u>	<u>FY 17</u> <u>Allowance</u>	<u>FY 16-17</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$199,149	\$205,618	\$210,447	\$4,828	2.3%
Deficiencies and Reductions	0	1,767	-518	-2,286	
Adjusted General Fund	\$199,149	\$207,386	\$209,929	\$2,543	1.2%
Special Funds	9,310	9,787	10,653	866	8.8%
Adjusted Special Fund	\$9,310	\$9,787	\$10,653	\$866	8.8%
Other Unrestricted Funds	380,479	394,434	397,501	3,067	0.8%
Adjusted Other Unrestricted Fund	\$380,479	\$394,434	\$397,501	\$3,067	0.8%
Total Unrestricted Funds	588,938	609,840	618,601	8,761	1.4%
Deficiencies and Reductions	0	1,767	-518	-2,286	
Adjusted Total Unrestricted Funds	\$588,938	\$611,607	\$618,083	\$6,476	1.1%
Restricted Funds	457,245	474,691	476,213	1,522	0.3%
Adjusted Restricted Fund	\$457,245	\$474,691	\$476,213	\$1,522	0.3%
Adjusted Grand Total	\$1,046,183	\$1,086,298	\$1,094,296	\$7,998	0.7%

- A fiscal 2016 deficiency appropriation is provided to the University System of Maryland Office to cover an increase in health insurance which will be allocated among the institutions, of which the University of Maryland, Baltimore (UMB) portion is estimated to be \$1.8 million.
- The general fund increases \$2.5 million, or 1.2%, in fiscal 2017 after adjusting for the fiscal 2016 deficiency and \$0.5 million for the across-the-board reduction in health insurance in fiscal 2017.
- The Higher Education Investment Fund increases \$0.9 million, or 8.8%, in fiscal 2017 resulting in an overall growth of 1.6%, or \$3.4 million, in State funds above fiscal 2016. The fiscal 2017 allowance also includes funding for increments budgeted in the Department of Budget and Management. If this is also taken into account, State fund support for UMB grows by \$10.2 million, or 4.7%

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

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Personnel Data

	<u>FY 15</u> <u>Actual</u>	<u>FY 16</u> <u>Working</u>	<u>FY 17</u> <u>Allowance</u>	<u>FY 16-17</u> <u>Change</u>
Regular Positions	4,892.64	4,892.64	4,892.64	0.00
Contractual FTEs	<u>165.78</u>	<u>180.98</u>	<u>180.98</u>	<u>0.00</u>
Total Personnel	5,058.42	5,073.62	5,073.62	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	115.47	2.36%
Positions and Percentage Vacant as of 12/31/15	189.35	3.90%

- The fiscal 2017 allowance does not provide for any new regular positions.

Analysis in Brief

Major Trends

Health Profession Graduates: The number of medical and dental graduates has remained fairly stable averaging 157 and 125 graduates per year, respectively, while pharmacy graduates has fluctuated between 153 and 164 graduates.

Research Expenditures and Earned Doctorates: According to the National Science Foundation, UMB ranked 53 out of 632 institutions in total research and development expenditures and 184 out of 422 institutions in the number of earned research doctorates.

Issues

Paying for Professional and Graduate Education: Most of the graduate and professional students demonstrate financial need. Depending on the program, the cost of attendance ranges from \$41,336 for social work to \$71,938 for the dental program, with the dental graduates having the highest average debt of \$203,267.

Innovation, Entrepreneurship, and MPowering: MPowering, a formal alliance between UMB and the University of Maryland, College Park, is intended to leverage the resources of both campuses and improve and enhance academic programs, research, technology transfer, and commercialization. In addition, legislation was passed to encourage economic development activities in and around the institutions.

Recommended Actions

1. Concur with Governor's allowance.

R30B21 – USM – University of Maryland, Baltimore

R30B21
University of Maryland, Baltimore
University System of Maryland

Operating Budget Analysis

Program Description

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

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

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

Carnegie Classification: Special Focus Institutions – Medical Schools and Medical Centers

Fall 2015 Undergraduate Enrollment Headcount

Male	122
Female	744
Total	866

Fall 2015 Graduate Enrollment Headcount

Male	1,697
Female	3,766
Total	5,463

Fall 2015 New Students Headcount

Transfers/Others	258
Graduate	1,596
Total	1,854

Campus (Main Campus)

Acres	71
Buildings	65
Average Age	37 years
Oldest	Davidge Hall – 1812

Programs

Bachelor’s	3
Master’s	17
Doctoral – Research	14
Doctoral – Professional	6

Degrees Awarded (2014-2015)

Bachelor’s	333
Master’s	845
Doctoral – Research	81
Doctoral – Professional	808
Total Degrees	2,067

Proposed Fiscal 2017 In-state Tuition and Fees*

Undergraduate	
Tuition**	\$8,405
Mandatory Fees	\$1,941

*Contingent on Board of Regents approval.

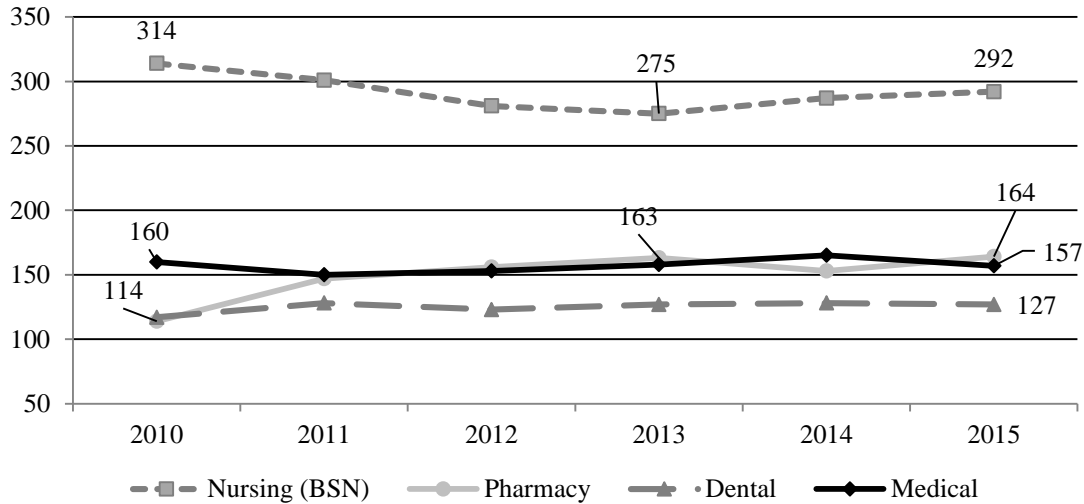
** Nursing Program

Performance Analysis

1. Health Profession Graduates

As the State’s public academic health university, UMB trains the majority of the State’s physicians, nurses, dentists, and pharmacists. The number of medical and dental graduates has remained fairly stable averaging 157 and 125 graduates per year, respectively, as shown in **Exhibit 1**. Pharmacy graduates grew 28.9% in fiscal 2011 due to the first cohort graduating from the program at USG. Since the expansion, the number of graduates has fluctuated between 153 and 164 graduates. The number of nursing graduates steadily declined between fiscal 2010 and 2013 from 314 to 275, respectively. UMB attributes this to a decision to limit the size of the undergraduate program and focus resources on its graduate program. Enrollments in the undergraduate program have since increased due to efforts to expand the Registered Nurse to Bachelor of Science in Nursing program and course offerings at the Baltimore campus and at USG.

Exhibit 1
Medical-related Professional Graduates
Fiscal 2010-2015

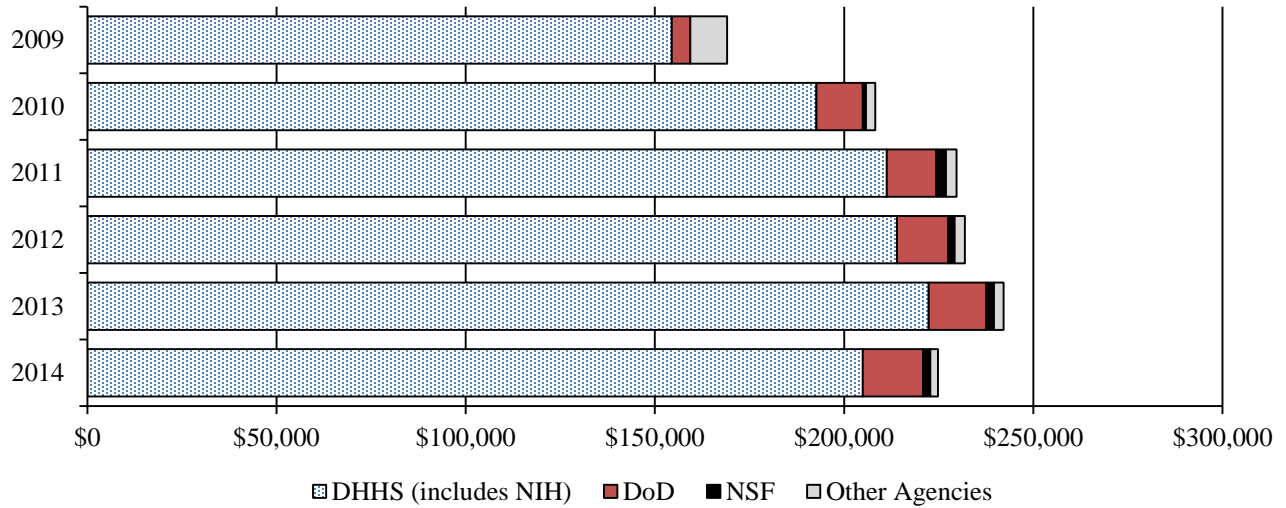


Source: Governor’s Budget Books, Fiscal 2010-2014; Department of Budget and Management

2. Research Expenditures and Earned Doctorates

A core component of the UMB mission is research and development (R&D). R&D expenditures increased by \$39.2 million in fiscal 2010 and \$18.6 million in fiscal 2011, as shown in **Exhibit 2**, due to federal stimulus grants and awards. With the end of the federal stimulus awards, expenditures only increased 0.9% in fiscal 2012. After increasing by \$10.2 million, in fiscal 2013, federally funded R&D expenditures declined by \$17.3 million in fiscal 2014. Overall, grants and awards from the Department of Health and Human Services accounted for over 90% of federal expenditures. In terms of total R&D expenditures, UMB ranked 53 out of 632 institutions, totaling \$411.3 million in 2014, according to the National Science Foundation (NSF).

Exhibit 2
Federally Funded R&D Expenditures by Federal Agency
Fiscal 2009-2014
(\$ in Thousands)

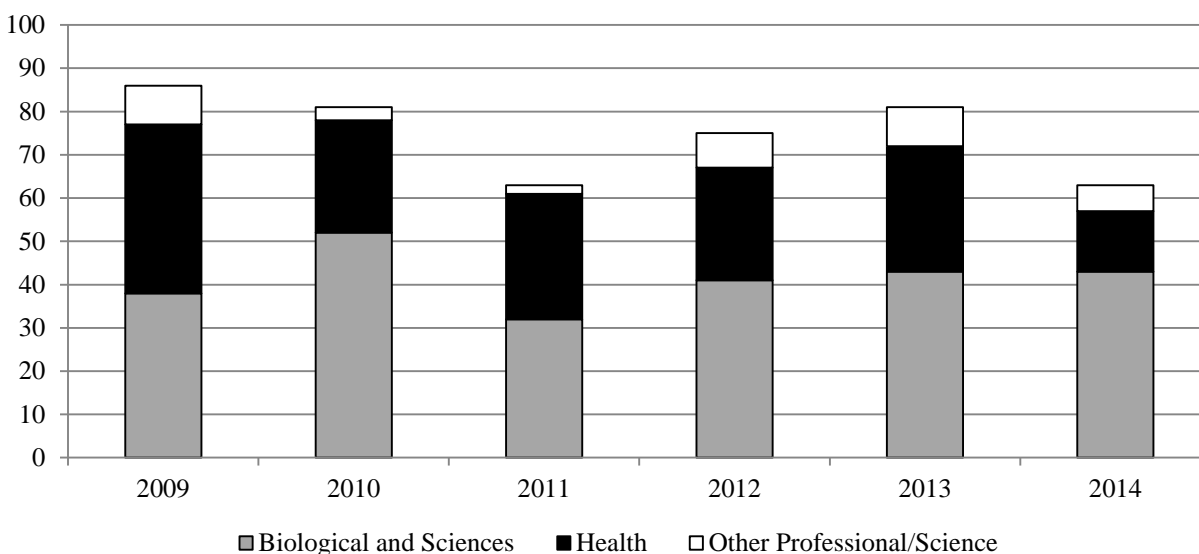


DHHS: Department of Health and Human Services
 DoD: Department of Defense
 NIH: National Institutes of Health
 NSF: National Science Foundation
 R&D: research and development

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

Being the State’s public health institution, a majority the UMB-earned research doctorates are in the biological sciences and health fields, as shown in **Exhibit 3**. After increasing to a total of 83 in fiscal 2013 the number of doctorates declined to 63 in fiscal 2014 which can be largely attributed to the number of doctorates in health declining from 29 to 14. In the previous five years UMB, on average, awarded 30 doctorates in the health area. **The President should comment on factors that may have led to the decline in doctorates awarded in health.** In fiscal 2014, according to NSF, UMB ranked 184 out of 422 institutions in the number of earned doctorates.

Exhibit 3
Number of Earned Research Doctorate Degrees
Fiscal 2009-2014



Note: A research doctorate is a doctoral degree that (1) requires completion of an original intellectual contribution in the form of a dissertation or an equivalent culminating project (*e.g.*, musical composition); and (2) is not primarily intended as a degree for the practice of a profession. The most common research doctorate degree is the PhD.

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

Fiscal 2016 Actions

Proposed Deficiency

A fiscal 2016 deficiency would provide the University of Maryland System (USM) Office with \$16.5 million to cover an increase in health insurance costs at all USM institutions (see USM Overview for further discussion). The UMB estimated portion of the deficiency is \$1.8 million.

Cost Containment

Cost containment measures in fiscal 2016 resulted in a 2%, or \$4.4 million, reduction in UMB appropriations, which was met by the elimination of 68.0 vacant and 15.0 filled positions.

Proposed Budget

As shown in **Exhibit 4**, the general fund allowance for fiscal 2017 is 1.2%, or \$2.5 million, higher than in fiscal 2016 after including the fiscal 2016 deficiency and adjusting for the across-the-board reduction for employee health insurance, based on a revised estimate of the amount of funding needed in fiscal 2017. The Higher Education Investment Fund (HEIF) increases 8.8%, or \$0.9 million, over fiscal 2016, resulting in an overall growth in State funds of 1.6%, or \$3.4 million, to \$220.6 million. When including \$6.8 million for salary increments that are included in the Department of Budget and Management’s budget, the growth in State funds is 4.7%, or \$10.2 million. Other unrestricted funds grow 0.8%, or \$3.1 million, primarily due to tuition and fees increasing \$2.4 million.

Exhibit 4
Proposed Budget
University of Maryland, Baltimore
(\$ in Thousands)

	FY 15	FY 16	FY 17	FY 16-17	% Change
	<u>Actual</u>	<u>Adjusted</u>	<u>Adjusted</u>	<u>Change</u>	<u>Prior Year</u>
General Funds	\$199,149	\$205,618	\$210,447		
Deficiencies		1,767			
Across the Board			-518		
Total General Funds	\$199,149	\$207,386	\$209,929	\$2,543	1.2%
HEIF	\$9,310	9,787	10,653	866	8.8%
Total State Funds	\$208,459	\$217,173	\$220,581	\$3,409	1.6%
Other Unrestricted Funds	380,479	394,434	397,501	3,067	0.8%
Total Unrestricted Funds	\$588,938	\$611,607	\$618,083	\$6,476	1.1%
Restricted Funds	457,245	474,691	476,213	1,522	0.3%
Total Funds	\$1,046,183	\$1,086,298	\$1,094,296	\$7,997	0.7%

HEIF: Higher Education Investment Fund

UMB: University of Maryland, Baltimore

Note: Fiscal 2016 general funds are adjusted to reflect the UMB estimated portion of the deficiency and fiscal 2017 reflects the across-the-board reduction.

Source: Governor’s Budget Books, Fiscal 2017; Department of Legislative Services

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The fiscal 2017 allowance includes \$55,884 to replace revenues equivalent to a 1% increase in the resident undergraduate tuition rate. The Governor's allowance assumes a 2% increase in resident undergraduate tuition. As previously discussed, the allowance provides salary increments, which for UMB totals \$16.8 million of which the general fund portion is \$6.8 million with the remaining \$10.0 million to be funded from other current unrestricted and restricted revenues.

The allowance provides \$7.9 million in unrestricted funds for expenses related to equipment for the Health Sciences Research Facility (HSF) III (\$3.7 million), facilities renewal (\$1.7 million), information technology (IT) security (\$1.1 million), program expansion at USG (\$0.5 million), financial aid (\$0.4 million), debt service (\$0.3 million), and insurance and contracts (\$0.2 million).

Budget changes by program area in the allowance are shown in **Exhibit 5**. This data includes unrestricted funds only, the majority of which consist of general funds, the HEIF, and tuition and fee revenues. In fiscal 2016, education and general expenditures (E&G) grew 3.2%, or \$16.6 million, after adjusting for \$9.7 million transfer to the fund balance and \$1.7 million transfer to plant funds. Spending on research grows at the highest rate of 7.5%, or \$6.2 million, due to the campus funding for HSF III being incorrectly booked as a revenue transfer instead of an expense (\$3.0 million) and increased spending of designated research initiative fund (DRIF) and revolving funds (\$3.2 million). Spending on operations and maintenance of plant increases \$2.7 million – due to utilities (\$1.4 million); other expenses (\$0.4 million); contracts (\$0.3 million); debt service (\$0.3 million); and personnel (\$0.3 million). Instruction expenditures increase \$4.3 million due to academic enhancements and MPowering-related initiatives (\$2.3 million); and personnel costs (\$2.0 million). Institutional support increases \$2.6 million due to IT security upgrades.

Decreased spending on public service of \$0.3 million in fiscal 2016 is related to the Maryland Poison Center overspending in fiscal 2015. Expenditures for academic support decline \$1.3 million due to the loss of grants at some schools, primarily Nursing, which required the shifting of some expenditures to unrestricted funds in fiscal 2015.

In fiscal 2017, E&G expenditures increase 2.5%, or \$13.1 million, before accounting for \$6.8 million for salary increments after which growth is 3.8%, or \$19.9 million. Operations and maintenance of plant grow at the highest rate, 11.6%, or \$8.3 million, which is related to adjusting fiscal 2016 expenditures to reflect \$1.7 million transfer to plant fund, equipment for HSF III (\$3.7 million), facilities renewal (\$1.7 million), personnel costs (\$0.7 million), debt service (\$0.3 million), and contracts (\$0.2 million). Spending on institutional support increases \$5.2 million, related to personnel costs (\$2.6 million) and IT (\$1.1 million), and adjusting fiscal 2016 expenditures to reflect \$2.5 million transfer to fund balance. Growth in academic support is due to a rise in personnel costs. Expenditures for instruction decrease \$71,823 due to accounting for fund balance transfer in fiscal 2016 and a \$2.2 million increase being offset by adjustments of \$1.1 million reflecting an enrollment decline and a \$4.4 million reduction in the amount to be transferred to fund balance.

Exhibit 5
UMB Budget Changes for Unrestricted Funds by Program
Fiscal 2015-2017
(\$ in Thousands)

	<u>Actual</u> <u>2015</u>	<u>Adjusted</u> <u>Working</u> <u>2016</u>	<u>%</u> <u>Change</u> <u>2015-16</u>	<u>Adjusted</u> <u>2017</u>	<u>%</u> <u>Change</u> <u>2016-17</u>	<u>Change</u> <u>2016-17</u>
Expenditures						
Instruction	\$198,919	\$203,221	2.2%	\$203,150	0.0%	\$-72
Research	82,688	88,890	7.5%	89,310	0.5%	420
Public Service	4,006	3,674	-8.3%	3,751	2.1%	77
Academic Support	57,981	56,691	-2.2%	57,700	1.8%	1,010
Student Services	4,232	4,494	6.2%	4,594	2.2%	100
Institutional Support	82,965	85,552	3.1%	90,779	6.1%	5,226
Operation and Maintenance of Plant	68,632	71,307	3.9%	79,558	11.6%	8,250
Scholarships and Fellowships	11,922	12,314	3.3%	12,674	2.9%	360
Deficiency/Across the Board		1,767		-518		-2,286
Education and General Total	\$511,346	\$527,911	3.2%	\$540,997	2.5%	\$13,086
Hospitals	\$48,623	\$49,939	2.7%	\$50,129	0.4%	\$190
Auxiliary Enterprises	28,969	26,957	-6.9%	26,957	0.0%	0
Total	\$588,938	\$604,807	2.7%	\$618,083	2.2%	\$13,276
Revenues						
Tuition and Fees	\$119,138	\$123,988	4.1%	\$126,366	1.9%	\$2,378
General Funds	199,149	207,386	4.1%	209,929	1.2%	2,543
HEIF	9,310	9,787	5.1%	10,653	8.8%	866
Other Unrestricted Funds	229,785	243,701	6.1%	244,804	0.5%	1,103
Subtotal – State Supported	\$557,383	\$584,862	4.9%	\$591,752	1.2%	\$6,889
Auxiliary Enterprises	31,387	29,622	-5.6%	29,622	0.0%	0
Transfer (to)/from Fund Balance	168	-9,677		-3,291		
Total	\$588,938	\$604,807	2.7%	\$618,083	2.2%	\$13,276

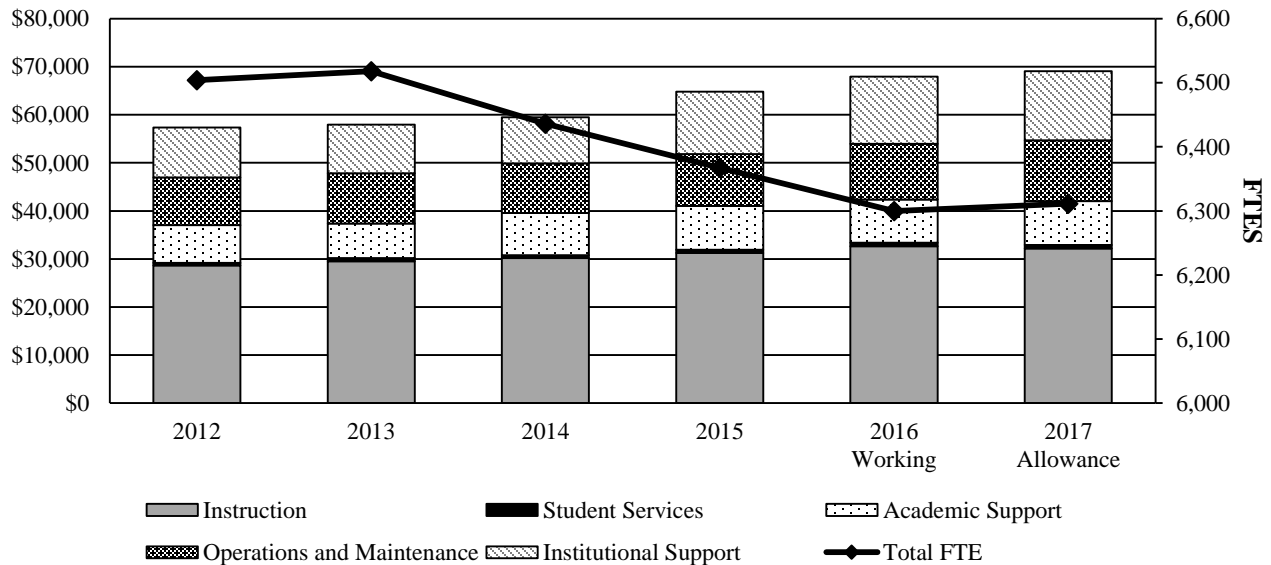
Note: Fiscal 2016 general funds are adjusted by \$1.8 million to reflect the proposed deficiency and expenditures are adjusted to more accurately reflect spending and transfer to fund balance. Fiscal 2017 general funds are adjusted to reflect the \$0.5 million across-the-board reduction.

Source: Governor's Budget Books, Fiscal 2017, Department of Legislative Services

Expenditure per Full-time Equivalent Student

Expenditures per full-time equivalent student (FTES) grew 13.1% from \$57,322 to \$64,823 between fiscal 2012 and 2015, as shown in **Exhibit 6**. This is partially due to a 2.1% decline in enrollment which can be attributed to a continuing drop in Law School enrollment from 908 in fall 2012 to 706 in 2015, a 22.0% decrease since 2012. During this time period, spending on institutional support (e.g., executive management, fiscal operations, and general administration) and instruction account for 70.0% of the increase – \$2,657 and \$2,598 per FTES, respectively. The increase in institutional support is related to an increase in its non-State clearing account. This account is basically used as a holding account until funds can be distributed to the appropriate programs, i.e., UMB pools all fringe benefits in the account and distributes funds throughout the year, insurance claims, and hospital billing. Overall, spending per FTES is projected to increase \$11,729, or 20.5%, from fiscal 2012 to 2017, which is partly due to a 3.0% decline in enrollment. **The President should comment on the decline in enrollment, especially to the Law School and what efforts are being taken to stabilize and improve enrollment.**

Exhibit 6
Unrestricted Fund Expenditure Per Full-time Equivalent Student
Fiscal 2012-2017



FTES: Full-time equivalent student

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

Issues

1. Paying for Professional and Graduate Education

Students with the highest level of debt tend to be those who pursue a graduate or professional degree such as law or medicine. Those with a professional degree in law, medicine, and related professions account for a disproportionate number of borrowers of large debt, according to a report on Student Debt by the Urban Institute. In 2012, 9% of those who earned a master’s degree accumulated \$100,000 or more of debt compared to 63% of those who earned doctoral degrees in professional practice. While professional practice degrees generally account for 2% of all the degrees awarded, these students account for 13% of the borrowers with \$50,000 or more of debt. When looking at professional degrees, law degrees account for 4% of graduate degrees but 8% of the graduate students with \$50,000 or more of debt. Medical and dental degrees comprise 2% of degrees, but they account for 5% of the graduate students with debt greater than \$50,000.

Debt a student accumulates over the course of their education at UMB often influences career decisions, such as a medical student choosing a specialization rather than general practice due to the potential to earn a higher income and, therefore, more ability to pay off college debt. Depending on the program, the cost of attendance ranges from \$41,336 for social work to \$71,938 for the dental program, as shown in **Exhibit 7**.

Exhibit 7 Cost of Attendance Academic Year 2014-2015

	<u>Direct Cost</u> <u>Tuition and Fees</u>	<u>Indirect</u> <u>Cost</u>	<u>School</u> <u>Specific</u>	<u>Total Cost of</u> <u>Attendance</u>
Dental – DDS, Doctor of Dental Surgery	\$31,027	\$28,766	\$12,145	\$71,938
Medical – MD, Doctor of Medicine	32,835	28,231	3,826	64,892
Law – Juris Doctor	28,657	26,410	3,837	58,904
Physical Therapy	23,928	32,963	1,990	58,881
Pharm D – Doctor of Pharmacy	22,514	26,160	4,886	53,560
Nursing – Clinical Nurse Leader	22,632	26,455	3,615	52,702
Nursing – Nurse Anesthesia	19,187	24,932	3,615	47,734
Nursing – MS, Master of Science	13,302	25,938	3,415	42,655
Social Work	14,030	25,907	1,399	41,336

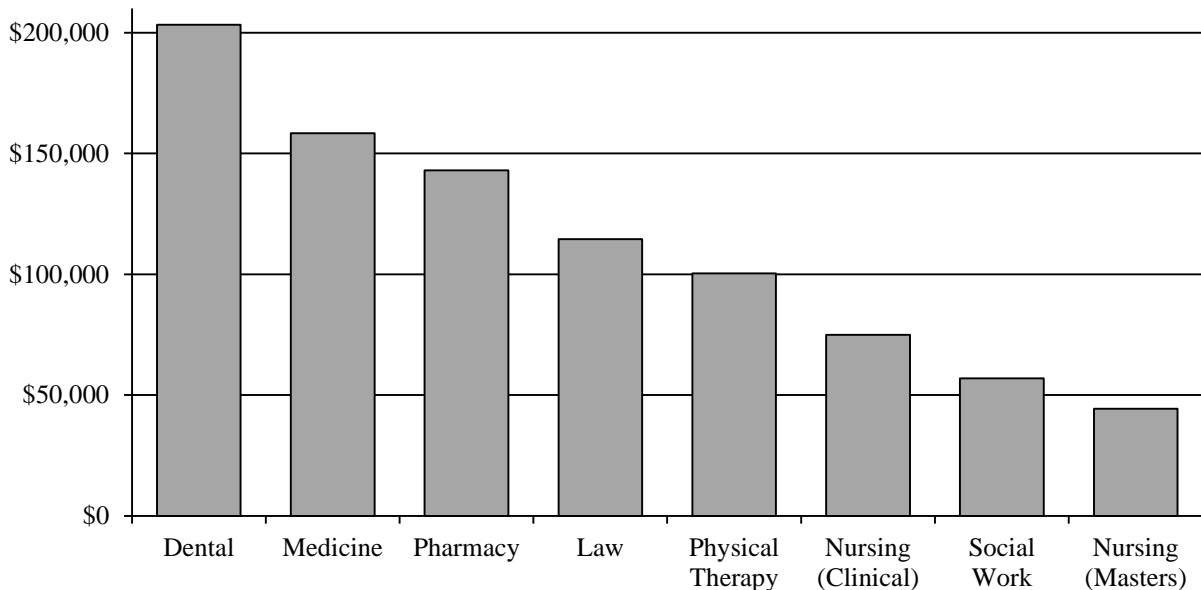
Note: School specific include board exam fees, computer fees, malpractice insurance fees, instruments, and books and supplies. Indirect cost includes living expenses, student loan fees (federal regulations requires inclusion of this cost which, on average, adds 5% to the indirect cost), university health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

Source: University of Maryland, Baltimore

Most of the UMB graduate and professional students demonstrate financial need and UMB, as with other institutions, requires all students interested in any type of aid to complete the Free Application for Federal Student Aid, or FAFSA. While UMB does provide some graduate financial aid, \$9.6 million in fiscal 2015, most of a student’s aid package consists of federal loans.

UMB provides budgeting services to students so they are only borrowing what they need through its Financial Education and Wellness program. Students are strongly encouraged to use federal loans instead of private loans which has proven to be successful. In fiscal 2015, 27 graduates took out a total of \$0.8 million in private loans, while 2,834 graduates used federal loans totaling \$116.2 million. Students who use federal loans have more repayment options such as the income-driven plans that are based on a percentage of discretionary income. In general, the borrower pays 10% of their discretionary income which is adjusted annually, and any outstanding balance after 20 years is forgiven. **Exhibit 8** shows the average debt (federal and private) by program, with May 2015 dental graduates having the highest debt of \$203,267.

Exhibit 8
Average Loan Debt by Program
May 2015 Graduates



Source: University of Maryland, Baltimore

A concern of the financial aid office is the number of students who do not take advantage of the federal and State programs for primary care and public service. While the Department of Health and Mental Hygiene offers loan repayment programs, funding is not always available. Other states provide more funding for loan repayment programs which UMB students are informed of during their residency

interviews. Students have not applied for the Janet L. Hoffman Loan Assistant Repayment program due to the award having the stipulation of being taxable income. In addition, students have received some funding through various Maryland Higher Education Commission scholarships. In fiscal 2015 students received \$0.7 million from the graduate and professional scholarship program for those students demonstrating financial need, enrolled in medicine, dentistry, law, pharmacy, and social work programs; \$0.4 million from the graduate nurse faculty scholarship; and \$0.1 million in workforce shortage assistant grants.

The President should comment on what can be done to bring down the debt for graduate and professional students and on whether other states are attracting students because of their loan forgiveness programs.

2. Innovation, Entrepreneurship, and MPowering

Maryland Innovation Initiative

The Maryland Innovation Initiative was established under Chapter 450 of 2012 to foster the transition of promising technologies developed at one of the five identified research institutions that have significant commercial potential to market. Each institution annually contributes either \$200,000 (University of Maryland, College Park (UMCP), UMB, and Johns Hopkins University) or \$100,000 (University of Maryland Baltimore County, Morgan State University) to participate in the program that is administered by the Maryland Technology Development Corporation (TEDCO). In addition, general funds are provided in the TEDCO budget to fund awards. Recipients can receive awards of up to \$265,000. A maximum of \$115,000 for technology validation and market assessment and \$150,000 for commercial launch. In fiscal 2014, \$6.4 million was awarded to 67 commercialization projects and start-up companies. In fiscal 2015, \$5.8 million was available to fund projects.

UMB was the recipient of 15 awards in fiscal 2015 and the first half of fiscal 2016 for a total of \$1.2 million. The awards provided early funding to two promising start-up companies, Harpoon Medical and Analytical Informatics, both based in Baltimore City. These companies had 4 employees prior to receiving the award and today have over 20 employees and are projected to grow to 30 employees in 2016.

Maryland E-Nnovation

The Maryland E-Nnovation Initiative Program was established under Chapter 532 of 2014. The program matches State funds to private funds raised by a public institution in support of endowed chairs to further basic and applied research in scientific and technical fields. The program is administered by the Department of Commerce and matches private donations of at least \$0.5 million. In fiscal 2016, three institutions established six new research professorships with \$14.9 million in private donations and State funds with the State's share totaling \$6.3 million. UMB received \$2.1 million in State matching funds for two professorships:

- Robert C. Gallo Distinguished Professorship in Human Virology, School of Medicine (\$999,500 private donations; \$999,500 State match) – to further basic research and applied research in HIV/AIDS and other virally linked diseases and vaccine development.
- Endowed Professorship in Entrepreneurial Surgical Science, School of Medicine (\$1.1 million private donations; \$1.1 million State match) – a bioengineer professor to lead a new program to develop and commercialize innovative techniques and medical devices to help critically ill people.

Regional Institution Strategic Enterprise Program

Chapter 530 of 2014 established the Regional Institution Strategic Enterprise (RISE) Zone Program that is administered by the Department of Commerce. It provides income and property tax credits to qualifying businesses located within a geographic area designated as a RISE zone. RISE zones are located in the immediate proximity of a private or public four-year institution or community college. Applications for a RISE zone must be made jointly with a county, municipal corporation, or applicable economic development agency.

The University of Maryland BioPark was designated as a RISE zone in December 2015. This followed approval by the Baltimore City mayor and city council. This designation will help in the UMB effort to recruit the Cambridge Innovation Center (CIC) to the BioPark. CIC is a Massachusetts-based real estate service company that provides a gathering space for entrepreneurs and innovators providing co-working space and business incubator space for early stage start-up companies. Space ranges from slots in a co-working bullpen to cubicles to offices. CIC packages common office expenses such as basic communications, information technology support, and food into flexible monthly leases. CIC has expanded from Cambridge to Boston and St. Louis. If successful, according to UMB, the center will create \$110 million in capital investment and 1,000 new jobs.

MPowering

MPowering is a formal alliance between UMCP and UMB that was approved by the Board of Regents in March 2012. 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. A status of MPowering initiatives is further discussed in the UMCP budget analysis.

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

Current and Prior Year Budgets							
University of Maryland, Baltimore							
(\$ in Thousands)							
	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Restricted</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Unrestricted</u>	<u>Unrestricted</u>	<u>Fund</u>	<u>Fund</u>
Fiscal 2015							
Legislative							
Appropriation	\$205,163	\$8,790	\$0	\$378,760	\$592,713	\$497,306	\$1,090,020
Deficiency							
Appropriation	0	0	0	0	0	0	0
Cost							
Containment	-8,077	0	0	0	-8,077	0	-8,077
Budget							
Amendments	2,062	520	0	4,446	7,029	-14,755	-7,726
Reversions and							
Cancellations	0	0	0	-2,727	-2,727	-25,306	-28,034
Actual							
Expenditures	\$199,149	\$9,310	\$0	\$380,479	\$588,938	\$457,245	\$1,046,183
Fiscal 2016							
Legislative							
Appropriation	\$200,453	\$9,787	\$0	\$377,233	\$587,474	\$486,007	\$1,073,480
Budget							
Amendments	5,165	0	0	17,201	22,366	-11,316	11,050
Working							
Appropriation	\$205,618	\$9,787	\$0	\$394,434	\$609,840	\$474,691	\$1,084,530

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. Numbers may not sum to total due to rounding.

Fiscal 2015

The legislative appropriation for UMB was reduced by \$43.5 million. General funds decreased by \$7.0 million, which included \$8.1 million in cost containment measures that included eliminating positions and reducing expenditures on MPowering initiatives and general operating costs such as facility renewal, travel, and supplies. A budget amendment added \$2.6 million related to a 2% cost-of-living adjustment, and a \$0.5 million decrease was offset by a corresponding increase in the special fund appropriation which is comprised of the HEIF.

Other unrestricted funds increased by \$1.7 million. Budget amendments added \$4.4 million including:

- \$3.7 million in federal grants and contracts;
- \$3.4 million in the sales and services of educational activities;
- \$1.2 million in other sources; and
- \$0.4 million related to an increased use of fund balance.

This increase was partially offset by decreases of \$2.0 million in indirect cost recovery, \$1.7 million in tuition and fee revenues, and \$0.5 million in auxiliary enterprises. Cancellations of unrestricted funds amounted to \$2.7 million due to expenditures being less than anticipated.

Restricted funds decreased by \$40.1 million. Budget amendments decreased funds by \$14.8 million. A reduction of \$19.8 million in private grants and \$12.0 million in federal grants and contracts to realign the budget with actual activity was partially offset by increases of \$14.0 million in State and local grants and contracts; \$3.0 million in the sales of educational services; and \$85,043 in endowment income. Cancellation of restricted funds totaled \$25.3 million due to expenditures being less than anticipated.

Fiscal 2016

To date, the fiscal 2016 legislative appropriation has increased by \$11.1 million. General funds for UMB increased \$5.1 million to offset a 2% pay reduction. Other unrestricted funds increased \$17.2 million including:

- \$8.8 million in sales of educational activities;
- \$4.1 million in tuition and fees revenue from the Law School being greater than projected due to enrollment being higher than originally budgeted;

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- \$3.0 million in indirect cost recovery;
- \$1.2 million in other sources of income from the Center for Clinical Trials, rental income, and development funds; and
- \$0.3 million related to an increased use of fund balance.

The increase is partially offset by a \$0.2 million decrease in auxiliary services.

Current restricted funds decrease by \$11.3 million due to realigning federal (\$8.4 million), State and local (\$1.6 million), and private (\$2.8 million) grants and contracts with current projections. The decrease is partially offset by increases in physician services (\$0.8 million) and endowment income (\$0.7 million).

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

<u>Object/Fund</u>	<u>FY 15 Actual</u>	<u>FY 16 Working Appropriation</u>	<u>FY 17 Allowance</u>	<u>FY 16 - FY 17 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	4,892.64	4,892.64	4,892.64	0.00	0%
02 Contractual	165.78	180.98	180.98	0.00	0%
Total Positions	5,058.42	5,073.62	5,073.62	0.00	0%
Objects					
01 Salaries and Wages	\$ 741,308,880	\$ 756,182,562	\$ 763,456,786	\$ 7,274,224	1.0%
02 Technical and Spec. Fees	2,083,138	2,117,283	2,903,573	786,290	37.1%
03 Communication	6,735,506	7,144,686	7,144,952	266	0%
04 Travel	7,903,263	8,462,533	8,462,533	0	0%
06 Fuel and Utilities	19,982,087	21,232,797	21,232,797	0	0%
07 Motor Vehicles	1,891,133	2,029,353	2,029,325	-28	0%
08 Contractual Services	153,414,914	166,994,438	163,091,073	-3,903,365	-2.3%
09 Supplies and Materials	33,781,982	36,762,851	36,717,756	-45,095	-0.1%
10 Equipment – Replacement	1,613,392	949,436	949,436	0	0%
11 Equipment – Additional	8,175,615	8,718,407	8,718,407	0	0%
12 Grants, Subsidies, and Contributions	25,602,449	26,882,096	27,242,493	360,397	1.3%
13 Fixed Charges	30,171,739	30,928,383	35,031,305	4,102,922	13.3%
14 Land and Structures	13,518,692	16,125,661	17,833,358	1,707,697	10.6%
Total Objects	\$ 1,046,182,790	\$ 1,084,530,486	\$ 1,094,813,794	\$ 10,283,308	0.9%
Funds					
40 Unrestricted Fund	\$ 588,937,777	\$ 609,839,773	\$ 618,600,966	\$ 8,761,193	1.4%
43 Restricted Fund	457,245,013	474,690,713	476,212,828	1,522,115	0.3%
Total Funds	\$ 1,046,182,790	\$ 1,084,530,486	\$ 1,094,813,794	\$ 10,283,308	0.9%

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingency reductions.

Fiscal Summary
USM – University of Maryland, Baltimore

<u>Program/Unit</u>	<u>FY 15</u> <u>Actual</u>	<u>FY 16</u> <u>Wrk Approp</u>	<u>FY 17</u> <u>Allowance</u>	<u>Change</u>	<u>FY 16 - FY 17</u> <u>% Change</u>
01 Instruction	\$ 222,270,728	\$ 229,732,040	\$ 227,118,603	-\$ 2,613,437	-1.1%
02 Research	359,360,027	375,931,340	377,310,174	1,378,834	0.4%
03 Public Service	10,233,249	10,136,117	10,253,380	117,263	1.2%
04 Academic Support	58,328,165	57,090,795	58,101,593	1,010,798	1.8%
05 Student Services	4,232,225	4,494,004	4,593,830	99,826	2.2%
06 Institutional Support	82,973,544	88,052,241	90,778,589	2,726,348	3.1%
07 Operation And Maintenance Of Plant	68,632,315	73,007,299	79,557,695	6,550,396	9.0%
08 Auxiliary Enterprises	28,942,990	26,957,105	26,957,105	0	0%
17 Scholarships And Fellowships	18,632,422	20,195,471	20,555,868	360,397	1.8%
18 Hospitals	192,577,125	198,934,074	199,586,957	652,883	0.3%
Total Expenditures	\$ 1,046,182,790	\$ 1,084,530,486	\$ 1,094,813,794	\$ 10,283,308	0.9%
Unrestricted Fund	\$ 588,937,777	\$ 609,839,773	\$ 618,600,966	\$ 8,761,193	1.4%
Restricted Fund	457,245,013	474,690,713	476,212,828	1,522,115	0.3%
Total Appropriations	\$ 1,046,182,790	\$ 1,084,530,486	\$ 1,094,813,794	\$ 10,283,308	0.9%

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.