

R30B28
University of 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	\$31,937	\$33,066	\$34,423	\$1,358	4.1%
Deficiencies and Reductions	0	378	-142	-520	
Adjusted General Fund	\$31,937	\$33,444	\$34,281	\$838	2.5%
Special Funds	1,497	1,574	1,713	139	8.8%
Adjusted Special Fund	\$1,497	\$1,574	\$1,713	\$139	8.8%
Other Unrestricted Funds	76,564	80,029	78,442	-1,587	-2.0%
Adjusted Other Unrestricted Fund	\$76,564	\$80,029	\$78,442	-\$1,587	-2.0%
Total Unrestricted Funds	109,998	114,668	114,578	-91	-0.1%
Deficiencies and Reductions	0	378	-142	-520	
Adjusted Total Unrestricted Funds	\$109,998	\$115,046	\$114,436	-\$610	-0.5%
Restricted Funds	17,544	25,103	25,103	0	
Adjusted Restricted Fund	\$17,544	\$25,103	\$25,103	\$0	0.0%
Adjusted Grand Total	\$127,541	\$140,149	\$139,539	-\$610	-0.4%

- A fiscal 2016 deficiency is provided to the University System of Maryland Office to cover an increase in health insurance that will be allocated among the institutions, of which the University of Baltimore (UB) share is estimated to be \$0.4 million.
- General funds increase \$0.8 million, or 2.5%, in fiscal 2017 after adjusting for the fiscal 2016 deficiency and a \$0.1 million across-the-board reduction in health insurance in fiscal 2017.
- The Higher Education Investment Fund increases \$0.1 million, or 8.8%, in fiscal 2017 resulting in an overall growth of 2.8%, or \$1.0 million, in State funds above fiscal 2016. The fiscal 2017 allowance also includes funding for increments budgeted in the Department of Budget and Management totaling \$1.5 million, and UB will receive \$0.2 million in enhancement funds. If these are taken into account, State funds increase 7.7%, or \$2.7 million.

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	726.50	721.50	721.50	0.00
Contractual FTEs	<u>107.86</u>	<u>96.83</u>	<u>96.83</u>	<u>0.00</u>
Total Personnel	834.36	818.33	818.33	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	30.81	4.27%
Positions and Percentage Vacant as of 12/31/15	74.50	10.30%

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

Analysis in Brief

Major Trends

Enrollment: Undergraduate enrollment declined 4.1%, or 141 students, in fall 2015 with first-time, full-time and continuing students falling 42.0% and 1.7%, respectively, and transfers slightly increasing by 0.6%. Graduate enrollment declined by 1.8%, resulting in a 3.0% decrease in total enrollment.

Student Performance: The second-year retention rate improved from one of the lowest rates of 67.4% with the 2012 cohort to 78.8% with the subsequent cohort. The six-year graduation rate of the fiscal cohort improved from a low of 52.0% with the 2005 cohort, and the rate steadily improved to 58.0% with the fiscal 2009 cohort.

Expenditures Per Degree: After expenditures per degree reached a high of \$61,063 in 2008, the cost fell to \$52,935 in 2012. For the first time in the past five years, UB's expenditures per degree fell below that of its peers, by \$3,013 in 2012.

Issues

Meeting College Expenses: Expenditures on institutional aid grew 74.7%, or \$2.0 million, from fiscal 2010 to 2014 with scholarships accounting for \$1.2 million of the increase and spending on need-based aid increasing 113.5%, or \$0.8 million.

Recommended Actions

1. Concur with Governor's allowance.

Updates

Dissolution of University of Baltimore/Towson University Master of Business Administration Program: In fall 2015, UB and Towson University decided not to renew the Memorandum of Understanding to offer a joint Master of Business Administration program when it expired in October 1, 2015, resulting in the program reverting back to UB.

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Operating Budget Analysis

Program Description

The University of Baltimore (UB) provides career-oriented educational programs in law, business, liberal arts and sciences, and related professional applications of the liberal arts at the doctoral, master's, and baccalaureate levels. The emphasis on practical, applied, career-oriented education at the undergraduate and graduate level attracts students with clear professional goals. UB applies the expertise of faculty, staff, and students to address current economic, social, and political problems in Baltimore City and the State. The student body is a mix of full- and part-time, day and evening, and traditional and returning students reflecting the racial and ethnic diversity of the metropolitan region.

UB places a high priority on the integration of technology enhancements into instructions in all fields and as such strives to be a leader in the development and dissemination of knowledge in applied disciplines. A large and growing number of classroom courses provide online components, including syllabi, links to relevant websites, threaded discussions, and electronic library resources. This allows for any qualified Marylanders to have access to UB's academic programs and services without regard to location, economic means, or other limiting circumstances.

Carnegie Classification: Master's L: Master's Colleges and Universities (larger programs)

Fall 2015 Undergraduate Enrollment Headcount		Fall 2015 Graduate Enrollment Headcount	
Male	1,390	Male	1,156
Female	1,954	Female	1,729
Total	3,344 (95.1% In-state)	Total	2,885
Fall 2015 New Students Headcount		Campus (Main Campus)	
First-time	141	Acres	11.3
Transfers/Others	670	Buildings	13
Graduate	764	Average Age	60
Total	1,575	Oldest	120 years old
Programs		Degrees Awarded (2014-2015)	
Bachelor's	21	Bachelor's	694
Master's	25	Master's	504
Doctoral/Professional	3	Doctoral/Professional	279
		Total Degrees	1,477
Proposed Fiscal 2017 In-state Tuition and Fees*		% of Graduates with Federal	
Undergraduate Tuition	\$6,610	Loans	58%
Mandatory Fees	\$1,914	Average Federal Loan Debt	\$20,500

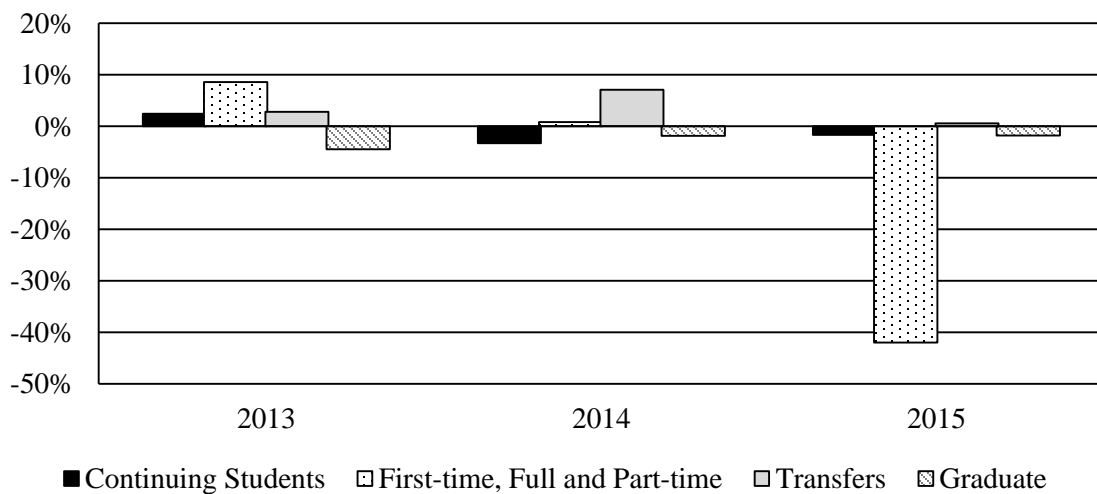
*Contingent on Board of Regents approval.

Performance Measure

1. Enrollment

Total undergraduate enrollment declined 4.1%, or 141 students, in fall 2015. While the number of transfer students grew 0.6%, first-time, full-time (FT/FT) and continuing students fell 42.0% and 1.7% respectively, as shown in **Exhibit 1**. According to UB, the reduction in FT/FT freshmen is consistent with its enrollment objective to have a stronger entering class by increasing the admissions standards such as requiring higher high school grade point averages and SAT scores. UB is also renewing its focus on community college transfers by strengthening its pipelines with community colleges and BEELINE, which allows for direct admits from the community college to UB with advising support from UB prior to matriculation.

Exhibit 1
Percentage Change in Undergraduate and Graduate Enrollment
Fall 2013-2015



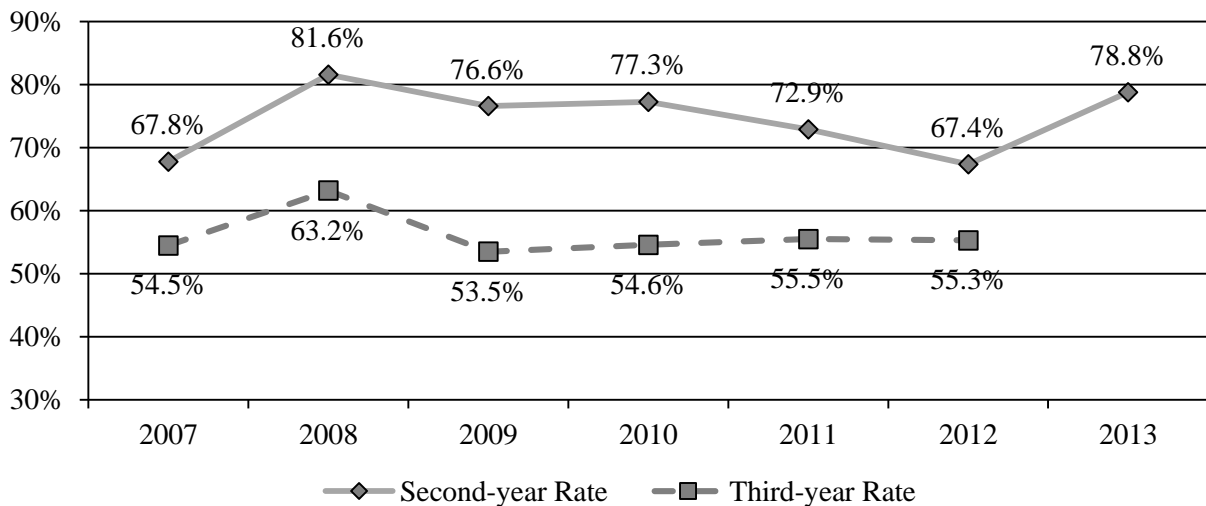
Source: University System of Maryland

Meanwhile, the continual decline in graduate students persists, but the rate of decline seems to be slowing from 4.5% in fall 2013 to 1.8% in fall 2014 and 2015. This may indicate that UB may have stabilized a continuing decline in law school enrollments, reflecting a national trend. Overall, total enrollment decreased 3.0% in fall 2015. **The President should comment on the decline in enrollment, especially to the School of Law, what efforts are being taken to stabilize enrollment, and on collaborative efforts with Coppin State University that may help attract and retain students.**

2. Student Performance

Student persistence, or retention, provides a measure of student progress and an indication of an institution’s performance: the higher the retention rate, the more likely students will persist and graduate. In fall 2007, UB admitted its first freshmen in 32 years under the First and Second Year Program. Although, as shown in **Exhibit 2**, the second-year retention rate for that cohort started out relatively low, at 67.8%, it increased to 81.6% with the 2008 cohort before declining to a low rate of 67.4% with the 2012 cohort. According to UB, this is related to transitioning its retention program from a dedicated, highly freshman focused program to a more mainstream campuswide effort requiring reassignment and redevelopment of resources. The rate jumped to 78.8% with the 2013 cohort, which UB attributes to reassigning responsibility for retention to the College of Arts and Sciences that dispersed resources across academic programs while incorporating personnel with added responsibility for student retention. After reaching the highest rate of 63.2% with the 2008 cohort, the third-year retention rate fell to 53.45% with the proceeding cohort. The rate has since remained fairly stable at 55.0%.

Exhibit 2
Second- and Third-year Retention Rates
2007-2013 Cohorts



Note: Percentages represent first-time, full-time students who remained enrolled at the same institution in the subsequent fall semesters.

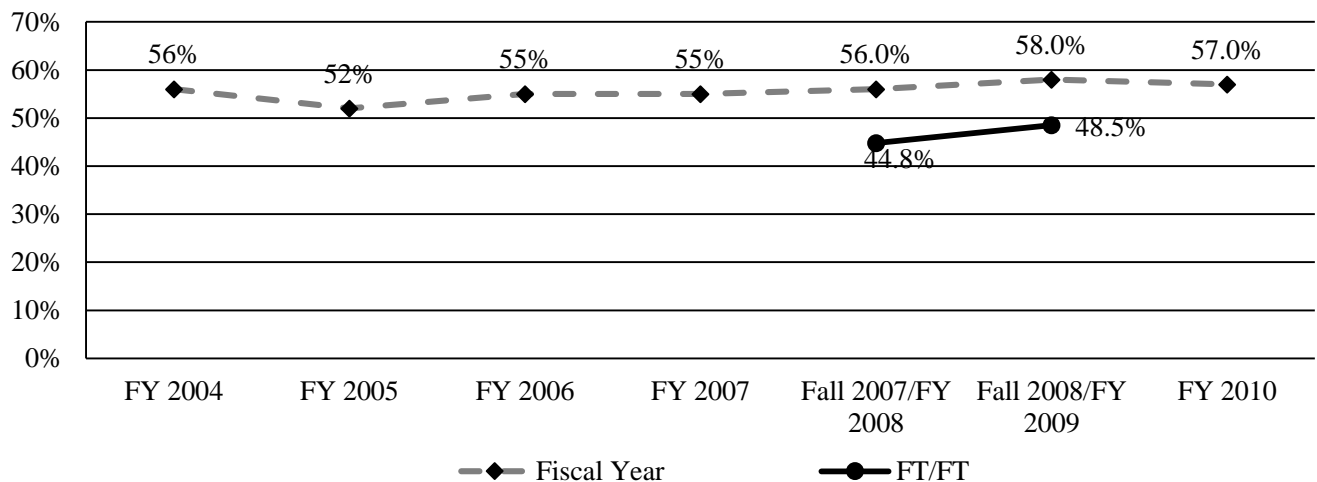
Source: Maryland Higher Education Commission, *Retention and Graduation Rates at Maryland Four-year Institutions*, September 2015; University of Baltimore

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. According

to *College Measures*, the total cost of attrition for all FT/FT students not returning for a second-year at UB totals \$0.7 million, or \$16,910 per student in fiscal 2012. The average time-to-degree, according to the *Report on the Instructional Workload of the USM Faculty*, increased from 4.1 years in 2014, to 4.5 years in 2015.

Traditional student progress measures, such as those reported by the Maryland Higher Education Commission (MHEC) and the federal government, only track the success of the “traditional” FT/FT student – those enrolled at an institution at the start of the academic year and continuously enrolled as a full-time student until completion. These measures do not include part-time students, transfer students, those who enroll in the spring, changed enrollment status, or stopped-out, thereby only providing a partial picture of an institution’s performance. University System of Maryland (USM) revised the measure to include these students by defining the cohort as all new degree-seeking students who enrolled during the fiscal year. **Exhibit 3** compares the traditional MHEC six-year graduation rate to the USM revised measure. Since UB did not enroll its first freshman class until fall 2007, there are no rates prior to this cohort. However, since the revised USM measure takes into account all students, a six-year graduation rate can be determined for each fiscal year cohort. After declining to a low of 52.0% with the 2005 cohort, the graduation rate slowly improved to the highest rate of 58.0% with the fiscal 2009 cohort but declined to 57.0% with the subsequent cohort. The rate for the FT/FT students improved from 44.8% with the 2007 cohort to 48.5% with the 2008 cohort.

Exhibit 3
Comparison of Six-year Graduation Rates
First-time, Full-time 2007-2008 and Fiscal 2004-2010 Cohorts



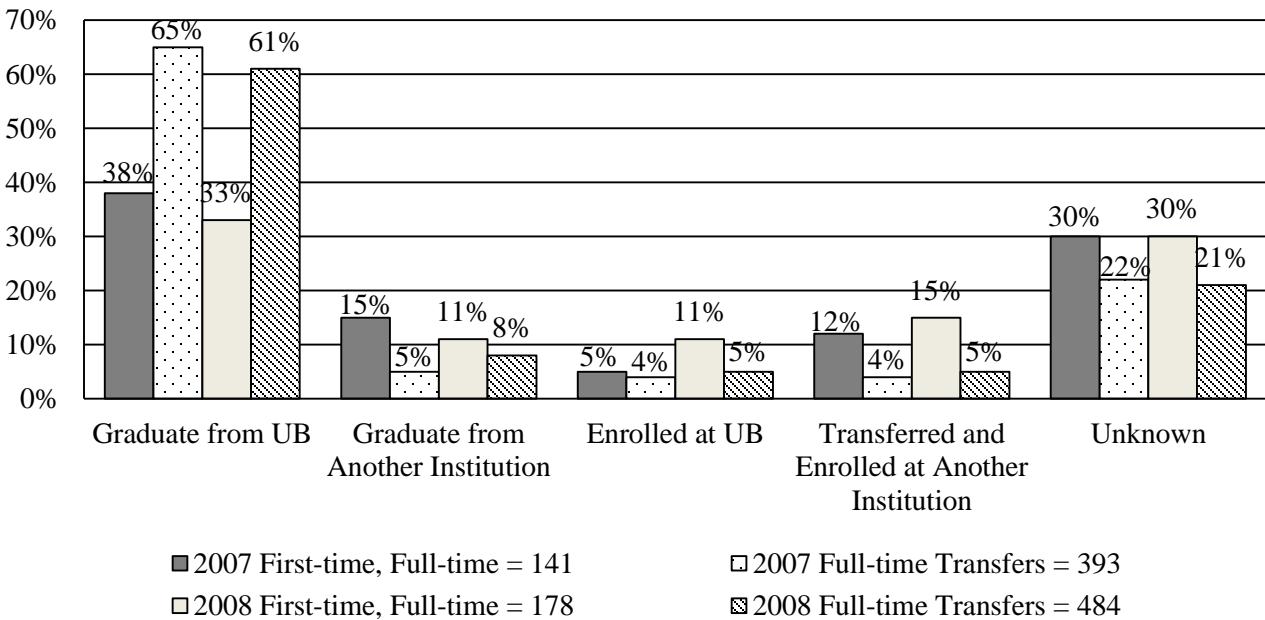
FT/FT: first-time, full-time

Note: Percentages include FT/FT students who persisted at and graduated from the institution they initially enrolled in and those who transferred and graduated from any Maryland public or private four-year institution. Fiscal year cohorts include all degree-seeking students (FT/FT, part-time, and transfers) who enrolled in the fiscal year.

Source: Maryland Higher Education Commission; University System of Maryland

While the new six-year graduation provides a more accurate picture of the total graduation rate of an institution, it does not tell what happened to those who did not graduate nor how transfers perform. To help address this lack of information, the Student Achievement Measures was created, which is a voluntary reporting system that tracks the progress of FT/FT and full-time transfer students throughout their college career. Overall, UB graduates transfer students at a higher rate than FT/FT students, as shown in **Exhibit 4**, 65% compared to 38%, respectively, for the 2007 cohorts. The graduation for the 2008 FT/FT and transfer cohorts declined by 5 and 4 percentage points, respectively. Approximately, 25% of the FT/FT students transferred to another institution while the status of 30% of the students is unknown.

Exhibit 4
Status of First-time, Full-time and Full-time Transfers Students
Seeking a Bachelor’s Degree within Six Years
Fall 2007 and 2008 Cohort



UB: University of Baltimore

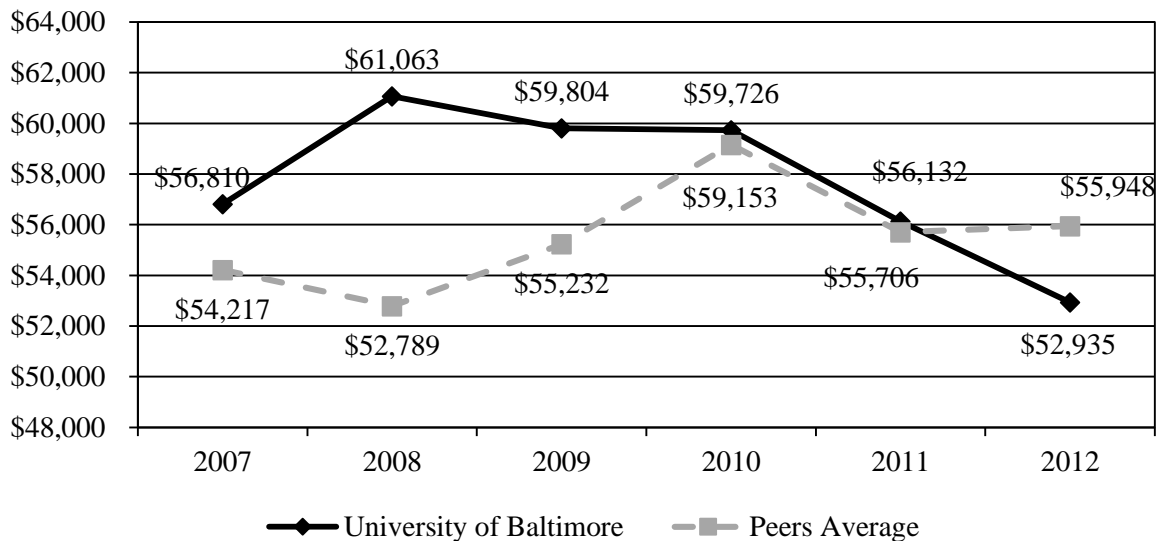
Source: Student Achievement Measures

3. Expenditures Per Degree

Education and related expenditures per degree measures the cost of producing a degree, showing if an institution is becoming more or less productive over time in using its resources to produce

degrees. Therefore, the lower the expenditures, the more efficient an institution is in producing degrees. **Exhibit 5** compares UB’s expenditures per degree to the average of its peers, which are those used to benchmark UB’s performance in USM’s Dashboard Indicators. After expenditures reached a high of \$61,063 per degree in 2008, the cost steadily declined to \$52,935 in 2012. For the first time in the past five years, UB’s expenditures per degree fell below that of its peers, by \$3,013 in 2012.

Exhibit 5
Educational and Related Expenditures Per Degree Completed
Academic Year 2007-2012



Note: Education and related expenditures include direct spending on instruction, student services, and education share of spending on academic and institutional support, and operation and maintenance. All dollar amounts are reported in 2012 dollars (Higher Education Price Index adjusted). Direct educational costs per degree is calculated as the total education and related expenses for all students divided by all degrees (undergraduate, graduate, and professional) awarded in that year.

Source: Delta Project, *Trends in College Spending Online*; Department of Legislative Services

Fiscal 2016 Actions

Proposed Deficiency

A fiscal 2016 deficiency would provide the University of Maryland System Office (USMO) with \$16.5 million to cover an increase in health insurance costs at all USM institutions (see USM Overview for further discussion). The UB estimated portion of the deficiency is \$0.4 million.

Cost Containment

Cost containment measures in fiscal 2016 resulted in a 2%, or \$0.7 million, reduction in UB appropriations. This was met by eliminating 5.0 positions (\$0.4 million) and reducing contractual expenses (\$0.3 million).

Proposed Budget

As shown in **Exhibit 6**, the general fund allowance for fiscal 2017 is 3.1%, or \$1.0 million, higher than in fiscal 2016 after including the fiscal 2016 deficiency, adjusting for the fiscal 2017 across-the-board reduction for employees health insurance based on a revised estimate of the amount of funding needed, and including enhancement funds. The Higher Education Investment Fund (HEIF) increases 8.8%, or \$0.1 million, over fiscal 2016, resulting in an overall growth in State funds of 3.4%, or \$1.2 million, to \$36.2 million. However, when including \$1.5 million for salary increments budgeted in the Department of Budget and Management, State funds grow 7.7%, or \$2.7 million. Other unrestricted funds decline 2.0%, or \$1.6 million, due to an estimated decrease in tuition and fee revenues related to a projected decline of 53 students in the law school. **The President should comment on how the institution will deal with the reduction in tuition and fee revenue.**

Exhibit 6
Proposed Budget
University of Baltimore
(\$ in Thousands)

	FY 15 Actual	FY 16 Adjusted	FY 17 Adjusted	FY 16-17 Change	% Change Prior Year
General Funds	\$31,937	\$33,066	\$34,423		
Deficiencies		378			
Across the board			-142		
Enhancement Funds			200		
Total General Funds	\$31,937	\$33,444	\$34,481	\$1,038	3.1%
HEIF	1,497	1,574	1,713	139	8.8%
Total State Funds	\$33,434	\$35,017	\$36,194	\$1,177	3.4%
Other Unrestricted Funds	76,564	80,029	78,442	-1,587	-2.0%
Total Unrestricted Funds	\$109,998	\$115,046	\$114,636	-\$410	-0.4%
Restricted Funds	17,544	25,103	25,103	0	0.0%
Total Funds	\$127,541	\$140,149	\$139,739	-\$410	-0.3%

HEIF: Higher Education Investment Fund

Note: Fiscal 2016 general funds are adjusted to reflect the University of Baltimore's estimated portion of the deficiency and fiscal 2017 is adjusted to reflect the across-the-board reduction and enhancement funds.

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

The fiscal 2017 allowance includes \$0.2 million to replace revenues equivalent to a 1.0% increase in resident tuition rates. The Governor's allowance assumes a 2.0% increase in resident undergraduate tuition. As previously mentioned, the allowance provides for a salary increment that totals \$1.7 million, of which the General Fund portion is \$1.5 million with the remaining \$0.2 million to be funded from other current unrestricted and restricted revenues.

UB was awarded \$0.2 million of the \$6.8 million in enhancement funding included in USMO's budget (see USM Overview for further discussion). UB is currently evaluating how to best use the funds with the top priority being to expand its direct advising support and, in particular, training and supervising student advisors. In addition, the university may reallocate \$50,000 of internal resources to provide additional funds for advising.

Budget changes by program area in the allowance are shown in **Exhibit 7**. This data includes unrestricted funds only, the majority of which consist of general funds, the HEIF, and tuition and fee revenues. In fiscal 2016, education and general (E&G) expenditures grew 3.6%, or \$3.7 million. Research expenditures grew at the highest rate of 58.5%, or \$0.3 million, due to the filling of vacant positions and the costs to support new contracts with the Maryland Department of Transportation. The increase in spending of \$1.8 million, or 25.5%, in operations and maintenance of plant is due to less being spent in fiscal 2015 on facility renewal and replacement projects. The spending increase of \$1.1 million, 4.3%, on institutional support is related to the salaries and fringe benefits for vacant positions not being reflected in actuals for fiscal 2015, equipment purchases, and the PeopleSoft maintenance contract.

Expenditures on instruction declined 1.7%, or \$0.7 million, due to a reduction in the number of adjunct faculty in fiscal 2016. The spending decline of \$0.3 million on academic support is related to staff retirements and a reduction in contractual workforce and supplies.

In fiscal 2017, E&G expenditures decline 0.4%, or \$0.4 million, but when including \$1.5 million of salary increments, expenditures increase 1.0%, or \$1.1 million. The decline in spending on institutional support of \$0.4 million, or 1.5%, is due to police, life safety, and camera equipment purchases in fiscal 2016. The decline of \$87,900, or 0.2%, in instruction is primarily related to anticipated savings from retirements. The slight increases in other programs are related to personnel costs.

Exhibit 7
Budget Changes for Unrestricted Funds by Program
Fiscal 2015-2017
(\$ in Thousands)

	2015	2016	2015-16	2017	2016-17	2016-17
	<u>Actual</u>	<u>Adjusted Working</u>	<u>% Change</u>	<u>Adjusted</u>	<u>Change</u>	<u>% Change</u>
Expenditures						
Instruction	\$38,862	\$38,212	-1.7%	\$38,124	-\$88	-0.2%
Research	478	757	58.5%	765	7	1.0%
Academic Support	13,645	13,369	-2.0%	13,412	44	0.3%
Student Services	9,252	9,284	0.4%	9,297	13	0.1%
Institutional Support	25,221	26,302	4.3%	25,898	-404	-1.5%
Operation and Maintenance of Plant	7,189	9,025	25.5%	9,058	33	0.4%
Scholarships and Fellowships	8,744	9,813	12.2%	10,123	311	3.2%
Deficiency/ATB Reduction		378		-142		
Enhancement Funds				200		
Education and General Total	\$103,391	\$107,140	3.6%	\$106,735	-\$405	-0.4%
Auxiliary Enterprises	\$6,607	\$7,906	19.7%	\$7,901	-\$6	-0.1%
Grand Total	\$109,998	\$115,046	4.9%	\$114,636	-\$730	-0.6%
Revenues						
Tuition and Fees	\$66,239	\$70,200	6.0%	\$68,592	-\$1,608	-2.3%
General Funds	31,937	33,444	4.7%	34,481	1,038	3.1%
Higher Education Investment Fund	1,497	1,574	5.2%	1,713	139	8.8%
Other Unrestricted Funds	1,962	2,541	29.6%	2,541		0.0%
Subtotal	\$101,635	\$107,759	6.0%	\$107,328	-\$431	-0.4%
Auxiliary Enterprises	\$8,417	\$8,452	0.4%	\$8,452	\$0	0.0%
Transfer (to)/from Fund Balance	-54	-1,165		-1,144		
Grand Total	\$109,998	\$115,046	4.6%	\$114,636	-\$410	-0.4%

ATB: across-the-board

Note: Fiscal 2016 general funds are adjusted by \$0.4 million to reflect proposed deficiency. Fiscal 2017 general funds are adjusted to reflect \$0.1 million across-the-board reduction and \$0.2 million in enhancement funds.

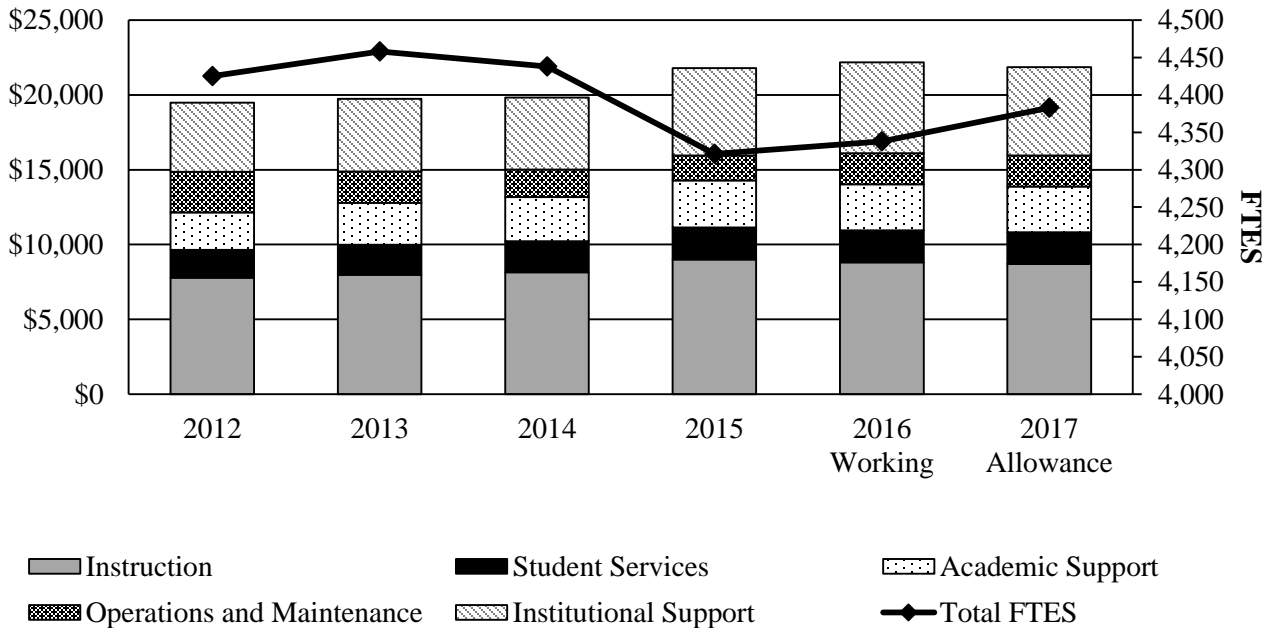
Source: Governor's Budget Books, Fiscal 2017; Department of Legislative Services

Expenditures per FTES

Expenditures per full-time equivalent student (FTES) grew 11.9%, between fiscal 2012 and 2015, from \$19,475 to \$21,793 respectively, as shown in **Exhibit 8**. This is partially due to a 2.4%

decline in enrollment attributed to a continuing drop in the School of Law enrollment, which accounted for 77.0% of the decrease since fall 2012. Enrollment in the law school fell 15.5%, from 1,112 students in 2012 to 940 in 2014. The largest increase in spending per FTES of 10.0%, or \$1,979, occurred in fiscal 2015. Over half of the increase (\$1,029) was related to institutional support while operations and maintenance of plant declined by \$175 per FTES. The increase in fiscal 2015 was in spite of cost containment measures that resulted in a \$1.3 million reduction of the UB budget. In fiscal 2017, spending decreases 1.4%, or \$320, reflecting a projected decline in tuition and fee revenues, coupled with a projected increase in enrollment. However, this decline may be understated. According to the Governor’s Budget Books enrollment is projected to increase in 1.0% in fiscal 2017, but as previously mentioned, UB estimates enrollment to decline.

Exhibit 8
Unrestricted Fund Expenditures Per Full-time Equivalent Student
Fiscal 2012-2017



FTES: Full-time Equivalent Student

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

Issues

1. Meeting College Expenses

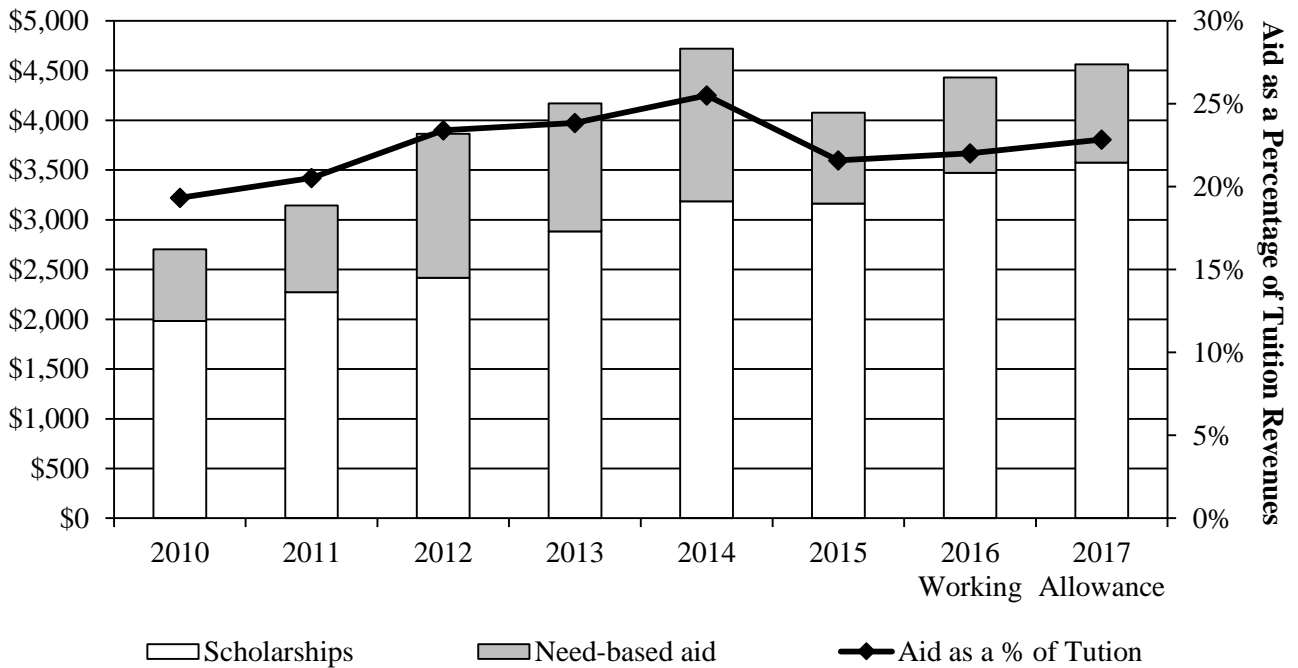
As the cost of college continues to increase, students and families are relying on a variety of financial resources to pay for college with more students taking out loans. When accounting for the average amount of federal, State, and institutional aid awarded to all UB students, the average net price for a FT/FT Maryland undergraduate student at UB was \$14,648 in fiscal 2015 compared to the list price of \$27,768 (based on tuition, mandatory fees, books and supplies, other expenses, and the weighted average of room and board), according to the National Center for Education Statistics' College Navigator. This amounts to a 47.2% reduction in the net cost of attendance. For those families with a family income under \$30,000, the average net price was \$12,601 in fiscal 2015.

In fiscal 2015, 44.3% of UB undergraduate students received Pell awards, which are given to those students who otherwise could not afford college and have an expected family contribution (EFC) of less than a specific amount, which was \$5,730 in fiscal 2015. EFC is an indicator of the amount a family is able to contribute to pay for a student's college education: the lower the EFC, the greater the financial aid.

Expenditures on institutional aid grew 74.7%, or \$2.0 million, from fiscal 2010 to 2014 with scholarships accounting for \$1.2 million of the increase, as shown in **Exhibit 9**. Spending on need-based aid increased 113.5%, or \$0.8 million, during this time period. After spending on need-based aid reached its highest level of \$1.5 million in fiscal 2014, expenditures declined \$0.6 million in fiscal 2015. UB attributes this to higher than expected acceptance of need-based aid in fiscal 2014 and a difference in the number of students awarded aid compared to the number of awards that were realized in fiscal 2015. This difference was due to various factors including more awardees who did not enroll and thus the awards were cancelled, and more awardees attending less than full-time resulting in a decrease in the amount of the award. In fiscal 2016, expenditures increase \$0.4 million with \$0.3 million going towards scholarship. Overall, in fiscal 2016, need-based aid accounts for 21.6% of institutional aid.

The USM Board of Regents has instructed institutions to use a portion of annual tuition revenue increases for institutional aid directed toward those undergraduate students with the highest financial need, offsetting increases in tuition rates, and holding harmless those with the greatest need. In fiscal 2014 institutional aid as a percentage of tuition revenue reached its highest level, 25.5%. It fell to 21.6% in fiscal 2015, but is expected to increase to 22.8% in fiscal 2017.

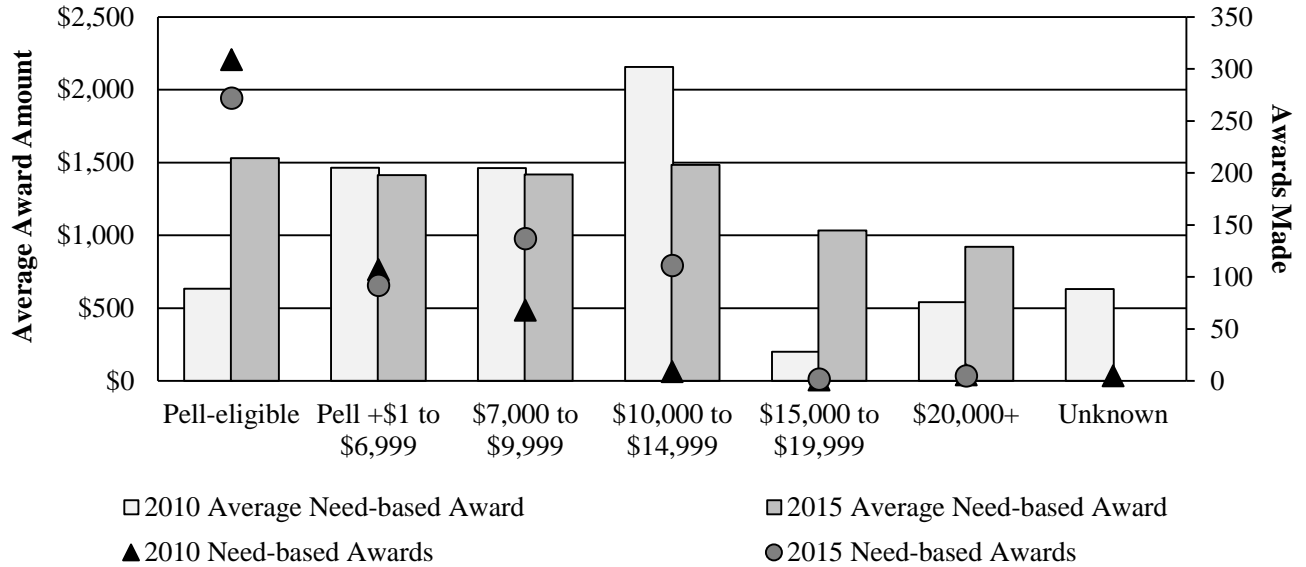
Exhibit 9
Institutional Aid
Total Aid and Aid as a Percentage of Undergraduate Tuition Revenues
Fiscal 2010-2017
(\$ in Thousands)



Source: University System of Maryland; Department of Legislative Services

In looking at how UB distributed need-based aid between fiscal 2010 and 2015, while the total number of awards increased by 114, awards going to Pell-eligible students decreased from 309 to 272 during this same time, as shown in **Exhibit 10**. However, the average amount of the award for Pell-eligible students increased by \$896 to \$1,529. While 102 more awards went to those in the EFC category \$10,000 to \$14,999, the average amount of an award decreased by \$672 to \$1,484. Overall, the portion of need-based awards going to Pell-eligible students declined from 61.2% to 43.9% from fiscal 2010 and 2015.

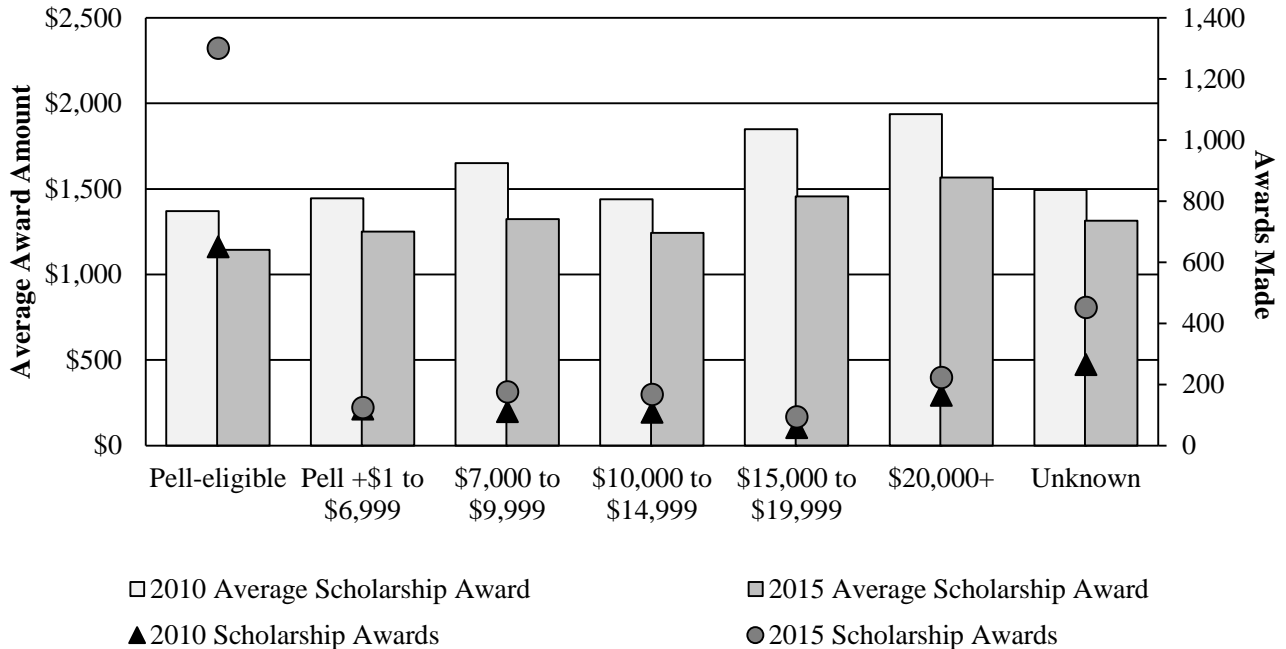
Exhibit 10
Comparison of Number and Average Amount of Need-based Awards Received
Per Recipient by Expected Family Contribution
Fiscal 2010 and 2015



Source: University System of Maryland

While the average amount of a scholarship award decreased between fiscal 2010 and 2015, the number of awards increased by 1,060, with 61.3% of the awards going to Pell-eligible students, as shown in **Exhibit 11**. Those with an EFC of \$20,000 and greater received the highest average award of \$1,567 in fiscal 2015. The portion of scholarship awards going to Pell-eligible students increased from 44.0% to 51.2% from fiscal 2010 and 2015.

Exhibit 11
Comparison of Number and Average Amount of Scholarships Received Per Recipient by Expected Family Contribution
Fiscal 2010 and 2015

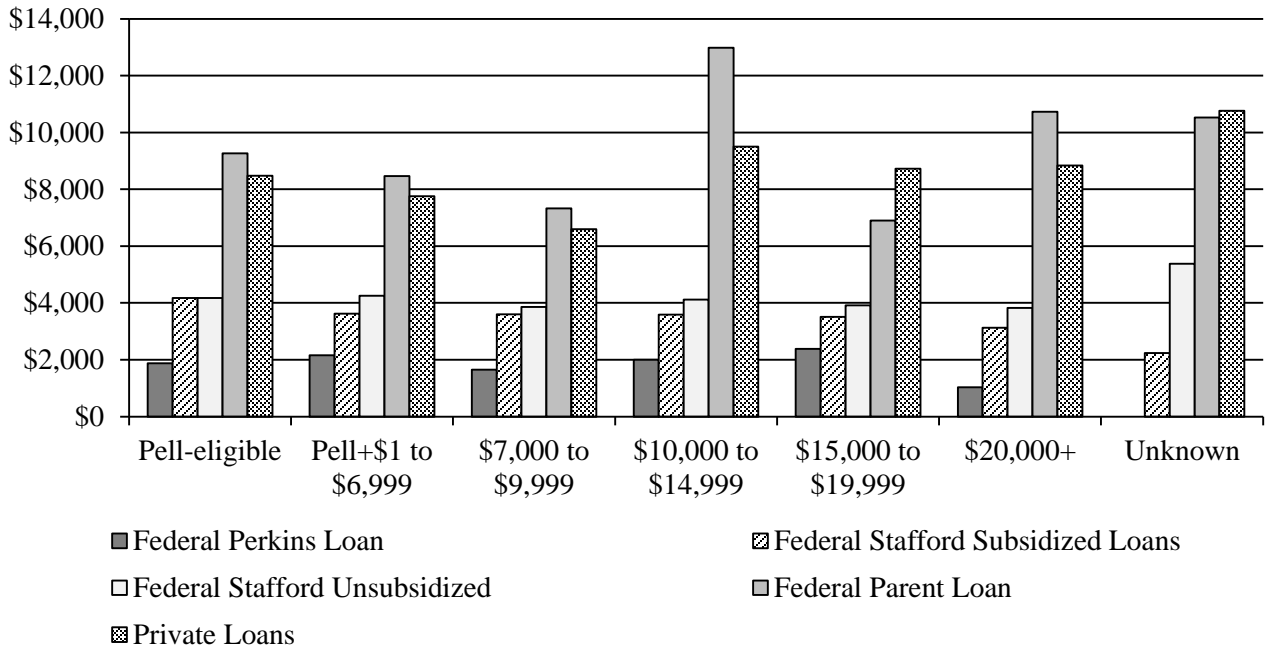


Source: University System of Maryland

While students with the greatest financial need typically receive Pell and institutional aid, it is not enough to cover the cost of college. As shown in **Exhibit 12**, students in all EFC categories take out various types of loans to finance their education. There are three types of loans:

- federal subsidized loans, which are based on financial need with the government paying the interest while the student is enrolled in school (Perkins and Stafford loans);
- federal unsubsidized loans, which are generally for those who do not demonstrate financial need with the interest added to the balance of the loan while the student is enrolled in school (Stafford and Parent loans); and
- private loans.

**Exhibit 12
Mean Loan Amount by Type and Expected Family Contribution
Fiscal 2015**



Source: University System of Maryland

In fiscal 2015, of the 1,751 Pell-eligible students, 82.2% and 59.1% used subsidized and unsubsidized loans, respectively, to help pay for their college education with average loans of \$3,621 and \$4,257. In general, federal parent loans were the highest average loans taken out, with those with an EFC of \$10,000 to \$14,999 taking out the highest average loans of \$12,983.

According to the U.S. Department of Education’s College Scorecard, 58% of UB’s undergraduate students used federal loans to pay for college. This does not include the federal parent loans. The average federal debt of a UB graduate, excluding federal parent loans, is \$20,500. This does not include private loans a student may take out to finance their education. While other organizations collect more inclusive data on student debt such as *College Insights*, which is referenced in other institutions’ budget analyses, UB does not report on this data.

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Dissolution of University of Baltimore/Towson University Master of Business Administration Program

In 2006 the first students were admitted to the joint UB/Towson University (TU) Master of Business Administration (MBA) program. Under the agreement, UB was responsible for administering all the required core programs including establishing the schedule and assigning faculty, in cooperation with TU, with at least one section of each core course offered at TU. In addition, both institutions could offer specialized courses or tracks beyond the core courses. In fall 2015, both institutions decided not to renew the Memorandum of Understanding when it expired in October 1, 2015, resulting in the program reverting back to UB.

Students currently enrolled in the program can either complete the joint MBA program or become part of UB MBA program at any time prior to completing the program. UB and TU expect to fully phase out the program by December 31, 2018.

While the effects of the program dissolution will be minimal for UB, the impact may affect TU's graduate enrollment and ability to attract faculty. TU will continue to offer specialized master's programs through the College of Business and Economics and recently added a marketing intelligence program, but it is not anticipated enrollment in these programs will be at the same level as the joint MBA program. In addition, without the MBA program, it might be difficult for TU to attract faculty not in the specialty areas, as they still need faculty for their undergraduate business program.

Current and Prior Year Budgets

Current and Prior Year Budgets USM – University of Baltimore (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Other Unrestricted Fund</u>	<u>Total Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Total</u>
Fiscal 2015							
Legislative Appropriation	\$32,727	\$1,413	\$0	\$77,869	\$112,009	\$25,454	\$137,463
Deficiency Appropriation	0	0	0	0	0	0	0
Cost Containment	-1,295	0	0	0	-1,295	0	-1,295
Budget Amendments	506	83	0	295	884	0	884
Reversions and Cancellations	0	0	0	-1,600	-1,600	-7,911	-9,510
Actual Expenditures	\$31,937	\$1,497	\$0	\$76,564	\$109,998	\$17,544	\$127,541
Fiscal 2016							
Legislative Appropriation	\$31,887	\$1,574	\$0	\$80,029	\$113,490	\$25,103	\$138,592
Budget Amendments	1,179	0	0	0	1,179	0	1,179
Working Appropriation	\$33,066	\$1,574	\$0	\$80,029	\$114,668	\$25,103	\$139,771

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 UB was reduced by \$9.9 million. General funds decreased by \$0.8 million, which included \$1.3 million in cost containment measures, which was met by reducing

general operating expenditures. A budget amendment added \$0.5 million related to a 2% cost-of-living adjustment and an \$83,437 decrease is offset by a corresponding increase in the special fund appropriation which is comprised of the HEIF.

Other unrestricted funds decreased by \$1.3 million. A budget amendment added \$0.3 million related to transferring less funds to the fund balance. Cancellation of unrestricted funds amounted to \$1.6 million due to lower than expected spending in auxiliary enterprises and continuing education.

Cancellation of restricted funds totaled \$7.9 million due to lower than anticipated sponsored research activity and a delay in spending donor sponsored construction projects.

Fiscal 2016

To date, the fiscal 2016 legislative appropriation has increased by \$1.2 million in general funds by budget amendment to restore a 2% pay reduction.

**Object/Fund Difference Report
USM – University of 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	726.50	721.50	721.50	0.00	0%
02 Contractual	107.86	96.83	96.83	0.00	0%
Total Positions	834.36	818.33	818.33	0.00	0%
Objects					
01 Salaries and Wages	\$ 72,686,230	\$ 74,906,315	\$ 75,991,281	\$ 1,084,966	1.4%
02 Technical and Spec. Fees	8,930,595	8,046,690	8,232,342	185,652	2.3%
03 Communication	396,218	528,344	528,344	0	0%
04 Travel	1,282,950	1,070,540	1,070,540	0	0%
06 Fuel and Utilities	2,565,535	2,903,458	2,659,966	-243,492	-8.4%
07 Motor Vehicles	58,728	116,591	116,761	170	0.1%
08 Contractual Services	8,240,910	12,957,706	11,967,840	-989,866	-7.6%
09 Supplies and Materials	2,067,088	2,601,946	2,291,946	-310,000	-11.9%
10 Equipment – Replacement	734,613	1,030,060	830,060	-200,000	-19.4%
11 Equipment – Additional	567,888	1,531,871	1,431,871	-100,000	-6.5%
12 Grants, Subsidies, and Contributions	18,898,319	19,533,272	19,844,040	310,768	1.6%
13 Fixed Charges	8,478,199	8,373,143	8,249,334	-123,809	-1.5%
14 Land and Structures	2,634,170	6,170,914	6,466,013	295,099	4.8%
Total Objects	\$ 127,541,443	\$ 139,770,850	\$ 139,680,338	-\$ 90,512	-0.1%
Funds					
40 Unrestricted Fund	\$ 109,997,918	\$ 114,668,240	\$ 114,577,728	-\$ 90,512	-0.1%
43 Restricted Fund	17,543,525	25,102,610	25,102,610	0	0%
Total Funds	\$ 127,541,443	\$ 139,770,850	\$ 139,680,338	-\$ 90,512	-0.1%

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

Fiscal Summary
USM – University of Baltimore

<u>Program/Unit</u>	<u>FY 15 Actual</u>	<u>FY 16 Wrk Approp</u>	<u>FY 17 Allowance</u>	<u>Change</u>	<u>FY 16 - FY 17 % Change</u>
01 Instruction	\$ 40,494,059	\$ 44,688,706	\$ 44,587,936	-\$ 100,770	-0.2%
02 Research	5,835,681	9,177,619	9,197,856	20,237	0.2%
04 Academic Support	13,781,260	13,496,698	13,540,329	43,631	0.3%
05 Student Services	9,645,613	9,645,842	9,658,407	12,565	0.1%
06 Institutional Support	25,376,602	26,492,532	26,088,384	-404,148	-1.5%
07 Operation and Maintenance of Plant	7,237,487	9,025,080	9,057,866	32,786	0.4%
08 Auxiliary Enterprises	6,606,764	7,920,526	7,914,945	-5,581	-0.1%
17 Scholarships And Fellowships	18,563,977	19,323,847	19,634,615	310,768	1.6%
Total Expenditures	\$ 127,541,443	\$ 139,770,850	\$ 139,680,338	-\$ 90,512	-0.1%
Unrestricted Fund	\$ 109,997,918	\$ 114,668,240	\$ 114,577,728	-\$ 90,512	-0.1%
Restricted Fund	17,543,525	25,102,610	25,102,610	0	0%
Total Appropriations	\$ 127,541,443	\$ 139,770,850	\$ 139,680,338	-\$ 90,512	-0.1%

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