

RB.35
University of Maryland Biotechnology Institute
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	FY 01	FY 02	FY 03		% Change
	<u>Actual</u>	<u>Working*</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Funds	\$16,244	\$16,626	\$17,164	\$537	3.2%
Other Unrestricted Funds	4,865	9,036	7,129	(1,907)	(21.1%)
Total Unrestricted Funds	21,110	25,663	24,293	(1,370)	(5.3%)
Restricted Funds	<u>16,718</u>	<u>17,300</u>	<u>17,300</u>	<u>0</u>	<u> </u>
Total Funds	\$37,828	\$42,963	\$41,593	(\$1,370)	(3.2%)

* Does not reflect anticipated hiring freeze savings of \$158,351. Does reflect a budget amendment not yet submitted by the Department of Budget and Management that adds \$3.3 million in unrestricted funds and \$2.3 million in restricted funds.

- The allowance represents 86.3% of the institution's fiscal 2003 funding guideline. Its guideline attainment in fiscal 2002 was 98.3% with the legislative appropriation.
- The reduction in other unrestricted funds is due to a reduction in the use of fund balance, partially offset by budgeted increases in indirect cost recovery.

Personnel Data

	FY 01	FY 02	FY 03	
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	259.09	351.17	354.17	3.00
Contractual FTEs	<u>63.00</u>	<u>80.00</u>	<u>68.00</u>	<u>(12.00)</u>
Total Personnel	322.09	431.17	422.17	(9.00)

Vacancy Data: Regular Positions

Budgeted Turnover: FY 03	24.90	7.03%
Positions Vacant as of 12/31/01	7.66	2.18%

- The allowance provides three additional regular positions for faculty.

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

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Analysis in Brief

Issues

Columbus Center Vacancy: The Columbus Center has now been vacant for more than four years. Because it appears that the Columbus Center will remain vacant through fiscal 2003, the Department of Legislative Services (DLS) recommends the adoption of budget language restricting the expenditure of funds by the system office until the office has transferred \$700,000 to the University of Maryland Biotechnology Institute (UMBI) for support of the fiscal 2003 operations of the Christopher Columbus Center. DLS also recommends the adoption of budget language to make clear that any cost necessary to secure a suitable tenant, including the services of a real estate consultant, shall be the responsibility of the system office.

The recommended language would appear with the University System of Maryland (USM) Office appropriation and would read:

, provided that \$700,000 in general funds for the University System of Maryland Office may not be expended until evidence of allocation of \$700,000 from the University System of Maryland Office current unrestricted fund balance for support of the fiscal 2003 operations of the Christopher Columbus Center is submitted to the budget committees. This will ensure that the University System of Maryland (USM) and the University of Maryland Biotechnology Institute share the costs of the operations and maintenance of the Christopher Columbus Center until full occupancy can be achieved. If a tenant makes rent payments adequate to absorb the cost of maintaining the vacant space, the transfer from the System Office may be prorated to reflect only the time the space remained vacant. All costs associated with securing a suitable tenant shall be the responsibility of the System Office. The General Assembly urges USM to proceed precipitously to secure a suitable tenant for the Columbus Center. It is the intent of the General Assembly that the system resolve all questions about the use and lease of the space and begin actively seeking a tenant no later than July 1, 2002.

Budget Structure: Due to the specialized nature of the institution, UMBI funding is budgeted in only one program, Research. The Public Service, Institutional Support, and Plant programs appear applicable. Using other budget programs would allow for a more thorough examination of the institution's budget. **DLS recommends that the institution use all available and relevant budget programs.**

Recommended Actions

1. Add language to the University System of Maryland Office appropriation to ensure support for the Christopher Columbus Center.

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Operating Budget Analysis

Program Description

The University of Maryland Biotechnology Institute (UMBI) is one of two nondegree granting institutions within the University System of Maryland (USM). UMBI was founded in 1985 with two research centers. Since then, it has expanded to encompass five interdisciplinary research centers, at various locations throughout the State. As shown below, each center has a unique focus related to biotechnology:

- **Center for Advanced Research in Biotechnology (CARB):** Founded in 1985 to study protein engineering, structure, and function; providing advanced technical capabilities to the biotechnology industry; located in Shady Grove, Montgomery County;
- **Center of Marine Biotechnology (COMB):** Founded in 1985; specializes in research in molecular biology, molecular genetics, bioprocess development of aquaculture fisheries, marine microbial products and processes, and marine pollution/environmental remediation; located at the Columbus Center in the City of Baltimore's Inner Harbor;
- **Medical Biotechnology Center (MBC):** Founded in 1986 to conduct medical biotechnology research and training; housed within the medical research facility at the University of Maryland Baltimore (UMB) campus, City of Baltimore.
- **Center for Agricultural Biotechnology (CAB):** Founded in 1987 to apply research in molecular biology to fundamental agricultural and environmental problems; located at the University of Maryland, College Park campus, Prince George's County; and
- **Institute of Human Virology (IHV):** Founded in 1996 to combine basic research, epidemiology, clinical research toward the discovery of diagnostics, and therapeutics in human virology; housed within the medical research facility in Baltimore.

In addition to its commitment to conducting cutting-edge research and serving as a catalyst for business development of the biotechnology industry in the State, UMBI contributes to the education and training of students at all levels in the life sciences and biotechnology. Programs include hands-on K-16 science and technology education programming for teachers and students, internships, and VIRTUE – a collaborative virtual university program in the marine sciences with universities in Sweden and Norway. UMBI faculty members also teach and advise about 230 degree-seeking students, postdoctoral trainees, and research trainees each year.

Fiscal 2002 Actions

The 2002 working appropriation reflects a reduction of \$78,897 as a result of cost containment action taken by the Board of Public Works. The working appropriation does not reflect \$158,351 in additional savings attributable to the hiring freeze. To meet the combined savings target of \$237,248, the institution has delayed hiring to fill vacancies.

Increase in New Positions in Fiscal 2002

The number of positions in the fiscal 2002 working appropriation has increased by 61.00 over the fiscal 2002 legislative appropriation. **Exhibit 1** lists the positions added during fiscal 2002. All were added in the Research program, because UMBI uses no other budget programs. UMBI added these positions pursuant to budget bill language that allows USM to add up to 568 regular positions above the 2002 allowance. Of the new positions at UMBI, 42 are contractual conversions. Despite these conversions, the institution's contractual workforce increased by 17 FTEs in fiscal 2002.

Exhibit 1

New Positions Added During Fiscal 2002

<u>Program</u>	<u>Position</u>	<u>No. of Positions</u>
Research	Faculty	48.00
	Administrative Assistant	2.00
	Facilities Assistant	1.00
	Information Technology Support	3.00
	Lab Helper	1.00
	Office Clerk	3.00
	Research Associate	1.00
	Security Officer	1.00
	Specialist	1.00
	Total	

Source: University of Maryland Biotechnology Institute

Governor's Proposed Budget

As shown in **Exhibit 2**, the fiscal 2003 allowance is \$41.6 million, a decrease of \$1.4 million, or 3.2%, relative to the fiscal 2002 working appropriation, not including hiring freeze savings. The general fund portion of the budget increases 3.2%, or \$537,466. Current unrestricted funds, excluding general funds, decrease \$1.9 million. The decline is due to a \$2.7 million reduction in the use of fund balance, partially offset by budgeted increases in indirect cost recovery. The use of fund balance supported one-time expenses, such as new faculty start-up packages, so the reduced budget should not affect the ongoing operations of the institution.

Exhibit 2

**Governor's Proposed Budget
University of Maryland Biotechnology Institute
(\$ in Thousands)**

How Much It Grows:	General Fund	Other Unrestricted Fund	Total Restricted Fund	Restricted Fund	Total
2002 Working Appropriation	\$16,626	\$9,036	\$25,663	\$17,300	\$42,963
2003 Governor's Allowance	17,164	7,129	24,293	17,300	41,593
Amount Change	\$537	(\$1,907)	(\$1,370)	\$0	(\$1,370)
Percent Change	3.2%	(21.1)%	(5.3)%	0.0%	(3.2)%
Where It Goes:					
Personnel Expenses					
New positions					\$319
Ongoing personnel expenses					50
Other Changes					
Elimination of fiscal 2002 one-time costs					(1,739)
Total					(\$1,370)

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

The allowance also includes three new positions at a cost of \$319,000. The three positions are assistant professors. Other personnel increases are \$50,468 and include the 2002 cost-of-living adjustment (COLA) annualization, merit increases, and benefit cost increases.

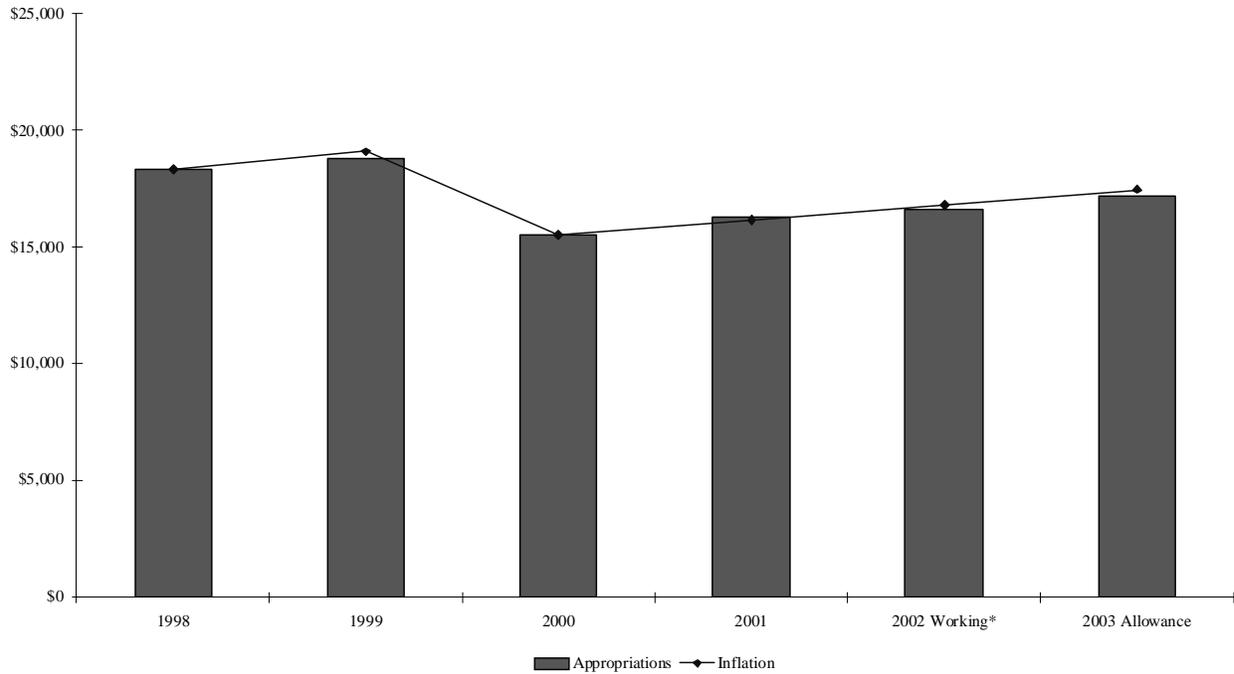
Performance Analysis: Managing for Results

General Fund Increases in Recent Years

As shown in **Exhibit 3**, general fund support for UMBI has kept pace with inflation in recent years. The reduction in general funds in fiscal 2000 was the result of phasing out start-up funding for the Institute of Human Virology. Annual increases are small compared to other institutions, but UMBI attained almost 100% of its funding guideline in fiscal 2001 and 2002 and has above average attainment with the fiscal 2003 allowance.

Exhibit 3

General Fund Appropriations
Fiscal 1998 through 2003
(\$ in Thousands)



* Does not reflect hiring freeze savings.

Source: The Department of Legislative Services

Research and Employment

Unlike most other institutions, UMBI does not have student enrollment. Rather, its main function is research. **Exhibit 4** compares growth in regular positions and in restricted research expenditures from fiscal 1998 through 2002. Restricted research expenditures are those associated with a particular contract or grant for a specified purpose.

Exhibit 4

**Research and Employment
Fiscal 1998 through 2002**

	<u>FY 1998</u>	<u>FY 2002</u>	<u>Cumulative % Change</u>
Restricted research expenditures	\$12,521,571	\$17,300,000	38.2%
Regular positions	267.54	351.17	31.3%
Total employed FTEs	319.54	431.17	34.9%

Source: Maryland Budget Books, 2001 through 2003

Performance

While each institution has its own mission and goals, the activities of each should support the goals of the State Plan for Postsecondary Education ("State Plan"). The specialized nature of UMBI will limit its contribution in some areas, but its performance should generally support the State goals.

The first goal for the State Plan is to "achieve and sustain a preeminent statewide array of postsecondary educational institutions that are recognized for their distinctiveness and their excellence nationally and internationally." In support of this goal, UMBI seeks to increase the number of international scientific meetings it organizes each year. **Exhibit 5** shows that the institution has organized one such meeting each year since at least fiscal 1998. In the fiscal 2002 Managing for Results submission, the institution projected that it would increase the number of meetings organized to two per year beginning in fiscal 2001. This projected increase has been delayed two years in the most recent submission.

Exhibit 5

Goal 1: Achieve and sustain a preeminent statewide array of postsecondary educational institutions that are recognized for their distinctiveness and their excellence nationally and internationally.

	<u>FY 1998 Actual</u>	<u>FY 1999 Actual</u>	<u>FY 2000 Actual</u>	<u>FY 2001 Actual</u>	<u>Total % Change 98-02</u>	<u>FY 2002 Est.</u>	<u>FY 2003 Est.</u>	<u>FY 2004 Goal</u>
International meetings organized annually	1	1	1	1	0.0%	1	2	2
Sponsored research funding	\$17.0	\$20.0	\$17.2	\$21.7	27.6%	\$21.9	\$22.5	\$23.8

Source: Maryland Budget Books, 2002 and 2003

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Another measure of eminence is the ability to attract contract and grant support. As shown in Exhibit 5, sponsored research funding increased \$4.5 million in fiscal 2001, or 26%. Projected growth in future years ranges from 0.9% to 5.8% per year. Slow growth is surprising considering the faculty that the institution has hired and plans to hire and its aspirations to be a leader in biotechnology. DLS noted projections of slow growth in sponsored research last year as well. **The President should comment on why the institution is projecting such small increases in sponsored research.**

The third and fourth goals of the State Plan are to promote the State's economic vitality and to promote basic and applied research. The institution has a number of measures related to these goals, as shown in **Exhibit 6**. Four such measures are increasing or are projected to increase, albeit slowly: new research collaborations, collaborations with industry, biotech companies using UMBI research, and patents granted per year. The institution earned only \$206 in licensing fees in 1998, followed by a large increase in fiscal 1999. Since 1999, licensing fees and royalties collected have declined almost 50%.

Exhibit 6

Goal 4: Support and encourage basic and applied research.

	<u>1998</u> <u>Actual</u>	<u>1999</u> <u>Actual</u>	<u>2000</u> <u>Actual</u>	<u>2001</u> <u>Actual</u>	<u>Total</u> <u>Change</u> <u>98-01</u>	<u>2002</u> <u>Est.</u>	<u>2003</u> <u>Est.</u>	<u>2004</u> <u>Goal</u>
# of new research collaborations with key academic and industrial institutions (cumulative)	n/a	n/a	n/a	1	n/a	2	3	3
# of collaborations with industry	10	10	11	11	10.0%	12	13	16
Licensing fees and royalties per year	\$206	\$335,000	\$195,000	\$177,000	85,822%	\$180,000	\$200,000	\$350,000
New biotech companies using UMBI research (cumulative)	2	2	2	2	0.0%	2	3	4
Patents granted per year	4	5	5	5	25.0%	5	6	7

Source: Maryland Budget Books, 2002 and 2003; University of Maryland Biotechnology Institute

The fifth goal of the State Plan is to "strengthen teacher preparation and improve the readiness of students for postsecondary education." As a research center, the institution does not have teacher preparation programs, but its science and technology program with K-12 teachers and students is furthering this goal, as shown in **Exhibit 7**. Participation in the K-12 program has increased almost 50% over three years, but the institution has yet to meet its original target of serving 7,000 students and teachers. **The Department of Legislative Services (DLS) recommends that the institution separate this measure into two measures, one for K-12 students and one for K-12 teachers.**

Exhibit 7

Goal 5: Strengthen teacher preparation and improve the readiness of students for postsecondary education.

	<u>1998</u> <u>Actual</u>	<u>1999</u> <u>Actual</u>	<u>2000</u> <u>Actual</u>	<u>2001</u> <u>Actual</u>	<u>Total</u> <u>Change</u> <u>98-01</u>	<u>2002</u> <u>Est.</u>	<u>2003</u> <u>Est.</u>	<u>2004</u> <u>Goal</u>
# of K-12 students and teachers served annually	4,200	3,188	3,620	4,750	13.1%	4,900	5,300	6,000

Source: Maryland Budget Books, 2002 and 2003; University of Maryland Biotechnology Institute

The sixth goal of the State Plan is to "provide high quality academic programs for a population of increasingly diverse students." UMBI is furthering this goal by collaborating with other institutions to bring its science and technology expertise to diverse groups of students. As shown in **Exhibit 8**, since 1998, the institution has added three collaborative education programs, one of which is with a historically black institution (HBI). It plans to introduce one more program with HBIs in the next three years. **DLS recommends that the institution narrow the definition of these measures to include only degree or certificate programs with degree-granting institutions. K-12 programs are already addressed in another measure. Training programs for professionals do not connote the same rigor as degree and certificate programs and should be treated separately.**

Exhibit 8

Goal 6: Provide high-quality academic programs for a population of increasingly diverse students.

	<u>1998</u> <u>Actual</u>	<u>1999</u> <u>Actual</u>	<u>2000</u> <u>Actual</u>	<u>2001</u> <u>Actual</u>	<u>Total</u> <u>Change</u> <u>98-01</u>	<u>2002</u> <u>Est.</u>	<u>2003</u> <u>Est.</u>	<u>2004</u> <u>Goal</u>
# of collaborative bioscience education and training programs	1	2	2	3	200%	3	4	5
# of collaborative programs with HBIs	1	2	2	2	100%	3	3	3

Source: Maryland Budget Books, 2002 and 2003; University of Maryland Biotechnology Institute

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Unfortunately, UMBI's choice of measures makes it difficult to document whether the institution is making progress. Several measures are loosely defined and open to interpretation, rather than concrete and unambiguous. Many of the institution's measures relate to the process of doing research, rather than the outcomes of doing good research. For example, one measure is the "number of new faculty to build critical programs." The definition of a "critical" program is imprecise. In addition, the benefit of new faculty building critical programs should be reflected in other measures when they attract additional sponsored research and generate technology for patent and commercialization. Other measures with similar concerns are:

- international meetings organized annually;
- new research collaborations with key academic and industrial institutions;
- number of collaborations with industry;
- number of collaborative bioscience education/training programs;
- number of collaborative programs with HBIs; and
- number of legislators, journalists, and others attending biotechnology workshops.

The institution maintains that its measures must be unique because its mission is unique. Other USM institutions, however, have strong research missions and have adopted more precise measures. Examples of such measures (and what they measure) include:

- number of refereed publications (research productivity);
- number of citations per refereed publication (relevance in the field);
- research expenditures per full-time faculty (research activity, efficiency); and
- research expenditures per faculty member compared to Carnegie Research Intensive universities (comparison to peers).

The institution believes that the latter two measures are inappropriate because the information they convey is reflected in the current measure of sponsored research. It is also concerned about statistical volatility due to the small UMBI faculty and the small grant income of new faculty members. In contrast to sponsored research, however, the suggested measures control for small faculty size by measuring research expenditures per faculty. Statistical volatility can be avoided by using a two- or three-year rolling average. The issue of new faculty can be addressed by defining the measure to include only faculty at the institution two years or longer.

DLS recommends that the institution adopt more precise, rigorous, and relevant measures related to research.

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In summary, with its current measures UMBI has demonstrated slow or no progress since 1998. For example, the institution has not increased its international meetings, has engaged in only one additional collaboration with industry, and no additional biotech companies are using UMBI research. Sponsored research funding has increased \$4.7 million in three years, but licensing fees and royalties collected have declined almost 50% since 1999. Several of the institution's measures are imprecisely defined, lack rigor, and should be replaced with more concrete and outcome-oriented measures.

Issues

1. Columbus Center Vacancy

During the 1998 legislative session, DLS first discussed the issue of tenancy at the Christopher Columbus Center. The Center of Marine Biotechnology (COMB) occupies part of the building, but a large exhibit hall and some office space have been vacant for over four years. In its analysis in 1998, DLS recommended that the President comment on "the process for determining appropriate uses for the [vacant] space."

The total cost of operating the Columbus Center, including vacant space, is about \$2.1 million per year. UMBI's appropriation provides \$1.4 million, leaving a \$700,000 shortfall that, until fiscal 2002, UMBI supported on its own. For the first time in fiscal 2002, budget bill language required the USM Office to provide slightly over half the additional cost by transferring \$370,000 from its unrestricted fund balance to UMBI. The General Assembly also urged USM and UMBI to "proceed expeditiously" to settle on an appropriate use of the vacant space. Four years after DLS' first recommendation, the space is still vacant.

In October 2001, UMBI was prepared to take to the USM Board of Regents an unsolicited lease proposal from a commercial interest. Immediately prior to the meeting at which a board committee would consider the proposal, the institution withdrew it, after reconsidering bringing forward a single, unsolicited proposal without the benefit of an open, deliberate search process.

In November 2001, the Finance Committee of the Board of Regents took responsibility for finding a tenant for the vacant Columbus Center space. UMBI is providing staff support for the committee's effort. Through a request for proposals (RFP), the committee has sought the service of a real estate advisory consultant. To date, the RFP for a real estate consultant has not generated any responses. The consultant RFP notes that a contract award is anticipated about March 8, 2002.

The Board of Regents, in addition to hiring a consultant, must determine whether bond restrictions may limit the type of tenant suitable for the space and/or the terms of the lease. The possibility of federal restrictions on use was raised last year, and the Office of the Attorney General is satisfied that no federal restrictions exist. It is now examining whether bonds issued by the City of Baltimore and/or the State of Maryland restrict the use of the space. Public financing also calls into question whether the lease may generate a profit for the institution or system. Bond or grant terms may require repayment to the city or State if the lease generates a profit. City and State bond counsels have not yet responded to inquiries about restrictions related to use or profit.

The consultant RFP suggests that finding and selecting a suitable tenant will take 11 to 12 months after a real estate consultant is hired. The institution expects that renovations to the facility will be necessary to satisfy the needs of any tenant and anticipates that such renovations will take 6 to 12 months to complete. If that schedule proves true, the space will not be occupied until August 2003 at the earliest.

DLS recommends that the President and Chancellor discuss with the subcommittee:

- **the status of the effort to secure an appropriate tenant;**

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- **the respective roles and responsibilities of the institution, the system, and the Board of Regents with respect to the Columbus Center tenant search;**
- **why it has taken more than four years to lease the space; and**
- **the system's contingency plans, if any, to address continued vacancy.**

UMBI bore the full cost of operating the Columbus Center, including vacant space, for four years before sharing it with the USM Office in fiscal 2002. **Because it appears that the Columbus Center will remain vacant through fiscal 2003, DLS recommends the adoption of budget language restricting the expenditure of \$700,000 by the system office until the office has transferred \$700,000 from the University System of Maryland Office current unrestricted fund balance for support of the fiscal 2003 operations of the Christopher Columbus Center.**

DLS also recommends the adoption of budget bill language to make clear that any cost necessary to secure a suitable tenant, including the services of a real estate consultant, shall be the responsibility of the system office. The language also expresses the intent of the General Assembly that the system move precipitously to seek a tenant for the center.

2. Budget Structure

Due to the specialized nature of the institution, UMBI funding is budgeted in only one program, Research. Its expenditures and employees, regardless of their function, are considered to be part of the Research program.

Several other budget programs appear to be relevant to UMBI. For example, the institution has a K-12 program, SciTech, to introduce students and teachers to science and technology. It is an education program and does not further research. In another institution, SciTech might be considered part of the Public Service program. Second, the institution has five research centers in three locations across the State. The operation and maintenance of UMBI's labs and other facilities would fall under the Plant program at any other institution. Finally, the institution has a president, two vice presidents, and administrative and fiscal staff. At any other institution, that general administration activity would be considered Institutional Support.

The amount of funding outside the Research program is small but not insignificant. An initial review of the personnel detail provided in the Governor's Budget Books suggests that an estimated 25% of UMBI's 351 positions in fiscal 2002 may fall in programs other than Research. The fiscal 2002 appropriation associated with those positions is \$4.6 million, or 25% of the institution's spending for personnel.

Classifying these positions and expenditures under Research obscures the institution's true overhead costs, prevents a thorough examination of the institution's budget, and may skew systemwide analyses. The implications of the State's investment in facilities, such as the second building for the Center for Advanced Research in Biotechnology (CARB II), would be more apparent if the institution used the Plant

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budget program. Particularly as the institution grows, an examination of its investments in plant, pre- and post-award research support, K-12 program, and other nonresearch activities will be advisable.

According to the institution, its Public Service activities are too small to be of consequence in the budget. It maintains that virtually all its spending and personnel support only the Research program and therefore would be reported in the Research program even at another institution. Nevertheless, it remains impossible to assess the plant, administrative, and other overhead spending of the institution given the current budget structure.

DLS recommends that the institution use all available and relevant budget programs.

Recommended Actions

1. Add the following language to the University System of Maryland Office appropriation:

. provided that \$700,000 in general funds for the University System of Maryland Office may not be expended until evidence of allocation of \$700,000 from the University System of Maryland Office current unrestricted fund balance for support of the fiscal 2003 operations of the Christopher Columbus Center is submitted to the budget committees. This will ensure that the University System of Maryland (USM) and the University of Maryland Biotechnology Institute share the costs of the operations and maintenance of the Christopher Columbus Center until full occupancy can be achieved. If a tenant makes rent payments adequate to absorb the cost of maintaining the vacant space, the transfer from the System Office may be prorated to reflect only the time the space remained vacant. All costs associated with securing a suitable tenant shall be the responsibility of the System Office. The General Assembly urges USM to proceed precipitously to secure a suitable tenant for the Columbus Center. It is the intent of the General Assembly that the system resolve all questions about the use and lease of the space and begin actively seeking a tenant no later than July 1, 2002.

Explanation: In previous years, the University of Maryland Biotechnology Institute has had to absorb the entire operating costs of the Christopher Columbus Center, including vacant space, despite an agreement with the USM Office that it is a shared system responsibility. In fiscal 2002, the system shared the cost. This language requires USM to continue to share in the financial burden of the unoccupied space. In addition, it provides that any cost necessary to secure a suitable tenant shall be the responsibility of the USM Office.

Current and Prior Year Budgets

**Current and Prior Year Budgets
University of Maryland Biotechnology Institute
(\$ in Thousands)**

	<u>General Fund</u>	<u>Other Unrestricted Fund</u>	<u>Total Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Total</u>
Fiscal 2001					
Legislative Appropriation	\$16,304	\$5,452	\$21,756	\$13,168	\$34,924
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	(60)	2,096	2,036	4,033	6,069
Reversions and Cancellations	0	(2,683)	(2,683)	(482)	(3,165)
Actual Expenditures	\$16,244	\$4,865	\$21,110	\$16,718	\$37,828
Fiscal 2002					
Legislative Appropriation	\$16,705	\$5,733	\$22,438	\$15,042	\$37,481
Budget Amendments	(79)	3,303	3,224	2,258	5,482
Working Appropriation	\$16,626	\$9,036	\$25,663	\$17,300	\$42,963

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

Fiscal 2001

In fiscal 2001, the institution expended about \$2.9 million more than its legislative appropriation of \$34.9 million. The restricted fund increase of \$3.6 million is due to increased contract and grant activity,

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mainly at the Institute of Human Virology. The institution cancelled \$482,000 in restricted funds, due to slower than expected contract and grant activity in the last two months of the year. In unrestricted funds, the institution brought forward from fiscal 2000 over \$2 million at the Institute of Human Virology but cancelled \$2.7 million, mostly due to unspent faculty start-up packages. Some faculty were not hired as planned prior to the end of the fiscal year. In other cases, new faculty did not spend their start-up packages in 2001 because they generally have two to three years to use start-up funding. About \$1 million of the cancellation was due to lower than expected expenses related to the Designated Research Initiative Fund and sales and services of educational activities.

Fiscal 2002

In fiscal 2002, statewide cost containment reduced UMBI's budget by \$78,897. An anticipated budget amendment increases unrestricted funds by \$3.3 million due to \$3.2 million in carryforward funds from fiscal 2001 and \$148,519 in educational sales and services. The amendment also increases restricted funds by \$2.3 million due to increased contract and grant activity.

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Appendix 2

Object/Fund Difference Report
University of Maryland Biotechnology Institute

Object/Fund	FY02		FY03 Allowance	FY02 - FY03 Amount Change	Percent Change
	FY01 Actual	Working Appropriation			
Positions					
01 Regular	259.09	351.17	354.17	3.00	0.9%
02 Contractual	63.00	80.00	68.00	(12.00)	(15.0%)
Total Positions	322.09	431.17	422.17	(9.00)	(2.1%)
Objects					
01 Salaries and Wages	\$ 20,229,283	\$ 23,310,089	\$ 23,679,557	\$ 369,468	1.6%
02 Technical & Spec Fees	236,950	373,710	358,710	(15,000)	(4.0%)
03 Communication	444,293	386,520	264,020	(122,500)	(31.7%)
04 Travel	633,006	618,718	508,718	(110,000)	(17.8%)
06 Fuel & Utilities	1,629,451	1,650,300	1,650,300	0	0%
07 Motor Vehicles	727	11,850	10,428	(1,422)	(12.0%)
08 Contractual Services	7,137,208	8,458,404	8,011,220	(447,184)	(5.3%)
09 Supplies & Materials	5,645,002	5,824,012	5,281,961	(542,051)	(9.3%)
10 Equip - Replacement	10,325	348,520	298,520	(50,000)	(14.3%)
11 Equip - Additional	785,174	1,200,595	926,766	(273,829)	(22.8%)
12 Grants, Subsidies, Contr	406,064	347,200	192,975	(154,225)	(44.4%)
13 Fixed Charges	198,737	407,877	404,877	(3,000)	(0.7%)
14 Land & Structures	471,456	25,000	5,000	(20,000)	(80.0%)
Total Objects	\$ 37,827,676	\$ 42,962,795	\$ 41,593,052	(\$ 1,369,743)	(3.2%)
Funds					
40 Unrestricted Fund	\$ 21,109,599	\$ 25,662,795	\$ 24,293,052	(\$ 1,369,743)	(5.3%)
43 Restricted Fund	16,718,077	17,300,000	17,300,000	0	0%
Total Funds	\$ 37,827,676	\$ 42,962,795	\$ 41,593,052	(\$ 1,369,743)	(3.2%)

Note: Full-time and contractual positions and salaries are reflected for operating budget programs only.

Fiscal Summary
University of Maryland Biotechnology Institute

<u>Unit/Program</u>	<u>FY01 Actual</u>	<u>FY02 Legislative Appropriation</u>	<u>FY02 Working Appropriation</u>	<u>FY01 - FY02 % Change</u>	<u>FY03 Allowance</u>	<u>FY02 - FY03 % Change</u>
02 Research	\$ 37,827,676	\$ 37,480,906	\$ 42,962,795	13.6%	\$ 41,593,052	(3.2%)
Total Expenditures	\$ 37,827,676	\$ 37,480,906	\$ 42,962,795	13.6%	\$ 41,593,052	(3.2%)
Unrestricted Fund	\$ 21,109,599	\$ 22,438,479	\$ 25,662,795	21.6%	\$ 24,293,052	(5.3%)
Restricted Fund	16,718,077	15,042,427	17,300,000	3.5%	17,300,000	0%
Total Appropriations	\$ 37,827,676	\$ 37,480,906	\$ 42,962,795	13.6%	\$ 41,593,052	(3.2%)