

R30B28
University of Baltimore
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Instruction	\$22,666	\$23,324	\$24,041	\$1,375	\$25,376	\$1,335
Research/Public Service	5,467	6,397	6,623	1,156	6,612	-11
Administration/Operations	28,782	30,018	32,040	3,258	33,676	1,636
Auxiliary Enterprises	2,780	2,800	2,981	201	3,103	122
Scholarships & Fellowships	2,683	3,221	3,630	947	3,862	232
Adjusted Grand Total	\$62,378	\$65,760	\$69,315	\$6,937	\$72,629	\$3,314
General Funds	24,474	22,508	20,904	-3,570	20,904	0
Other Unrestricted Funds	31,218	35,424	40,277	9,059	43,575	3,298
Total Unrestricted Funds	55,692	57,932	61,181	5,489	64,479	3,298
Restricted Funds	6,686	7,828	8,134	1,448	8,150	16
Adjusted Grand Total	\$62,378	\$65,760	\$69,315	\$6,937	\$72,629	\$3,314
Annual % Change		5.4%	5.4%		4.8%	

- From fiscal 2002 through 2004, cost containment reduced general funds a total of \$3.6 million, or 14.6%.
- Total unrestricted fund revenues increase \$3.3 million from fiscal 2004 to 2005, and restricted fund revenues increase by only \$16,195.
- The largest increases in expenditures occur in Administration and Operations, \$1.6 million (5.1%), and Instruction, \$1.3 million (5.5%).

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

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Personnel Data

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Regular Positions	551.3	522.3	519.3	-32.0	519.3	0.0
Contractual FTEs	138.1	130.5	141.0	2.9	150.9	9.9
Total Personnel	689.4	652.8	660.3	-29.1	670.2	9.9

Vacancy Data: Regular Positions

Turnover Expectancy	10.90	2.10%
Positions Vacant as of 12/31/03	31.50	6.10%

- Cost containment in fiscal 2003 and 2004 resulted in a reduction of 32 regular positions; 20 were new positions and 12 were vacant.
- Ten contractual positions will be added in fiscal 2005.

Analysis in Brief

Major Trends

Students Express Satisfaction with Opportunities through Education: Consistently, about 95% of the University of Baltimore (UB) graduates find employment in their field within one year of graduation. Approximately 84% of graduates express satisfaction with their education.

Racial Diversity Increases but Economic Diversity Decreases: The percentage of students that are African American continues to increase each year; however, the percentage of economically disadvantaged students served is expected to decrease in fiscal 2004 and is expected to remain at that level in fiscal 2005.

Issues

Composition of Personnel Remains the Same: Since fiscal 2002, despite the 32 position reductions from cost containment, UB has increased its filled regular positions from 467 to 492.

Faculty Salaries: At UB, full professor and associate professor salaries rank at the 100th percentile compared to UB's current peer institutions, but this is probably a result of UB's law faculty salaries.

Faculty Workload: Law faculty comprises one-third of UB's faculty, and law faculty are held to different average workload standards.

Recommended Actions

1. Concur with Governor's allowance.

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Operating Budget Analysis

Program Description

The University of Baltimore (UB) emphasizes career-oriented educational programs in the areas of law, business, public administration, and related professional applications of the liberal arts at the doctoral, master's, and advanced undergraduate levels. UB is located in the Mt. Vernon/Mt. Royal neighborhood of Baltimore and attracts students with professional objectives. 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.

While both basic and applied research are encouraged and supported at UB, applications-oriented research is emphasized. For example, economic and policy analysis is provided as a public service by faculty at such centers as the Schaefer Center for Public Policy and Jacob France Center for Business and Economic Studies, examination of values in professional settings is conducted by the Hoffberger Center for Professional Ethics, and analysis of Maryland and national legal issues is conducted by the law faculty.

Performance Analysis: Managing for Results

Performance measurements for UB reflect the school's unique, professional program focus. Since many of UB's students are nontraditional college-going students, such as graduate level and professional mid-career students, the performance analysis focuses on student satisfaction with their education and employment opportunities and employer satisfaction with their UB graduates.

As shown in **Exhibit 1**, UB surveys its students after graduation to find out how many students are employed in their field, if they are satisfied with their employment, and if they feel that their career opportunities were enhanced by the education received at UB. Overall, the percentage of graduates employed in their field within one year of graduation remains in the mid-90s. The percentage of graduates that are satisfied with their education is a bit lower. In fiscal 2004 it is expected that 84% of graduates will express satisfaction with their education received for employment, while the percentage satisfied was closer to 91% in fiscal 2000. **The Department of Legislative Services (DLS) recommends the President comment on the decline in graduate satisfaction rates.**

**Exhibit 1
Program Measurement Data
University of Baltimore
Fiscal 2001 – 2005**

	<u>Actual</u> <u>2001</u>	<u>Actual</u> <u>2002</u>	<u>Actual</u> <u>2003</u>	<u>Est.</u> <u>2004</u>	<u>Est.</u> <u>2005</u>	<u>Ann.</u> <u>Chg.</u> <u>01-03</u>	<u>Ann.</u> <u>Chg.</u> <u>03-05</u>
Percent of graduates employed one year after graduation	*	96.0%	95.1%	94.0%	95.0%	*	-0.1%
Student satisfaction with education received for employment	91.2%	86.7%	*	83.9%	87.0%	*	*
Graduates reporting enhanced career opportunities	n/a	82.0%	*	83.0%	85.0%	*	*
Number of information technology (IT) graduates	25	25	32	35	40	13%	11.8%
Number of undergraduates enrolled in IT	165	165	188	200	225	6.7%	9.4%
Percent African American undergraduates	33%	33%	34%	34%	36%	15%	29%
Percentage of economically disadvantaged students	54%	54%	65%	55%	55%	9.7%	-8%
Percent of UB law graduates who pass the bar exam on the first attempt	74%	69%	74%	70%	70%	0.0%	-2.7%

* Data not available

Source: University of Baltimore

As part of the mission to serve the Baltimore community through its programs and graduates, UB hopes to increase the number of information technology graduates employed in Maryland from 0 in fiscal 1999 to 20 by fiscal 2004. The data show that UB is graduating between 30 and 40 information technology (IT) graduates per year, but there is no data yet available for the number that work in Maryland. In fiscal 2004, the estimate is that 97% of IT graduates will work in Maryland – this would be nearly 34 of the 35 estimated graduates. **The President should comment on the goal of 20 students and provide revised estimates for future years if the number graduating and working in Maryland proves to be as high as expected.**

UB has a prominent law school and measures the percentage of law students who pass the bar exam on their first attempt. This percentage rose to 74% in fiscal 2003 but is estimated to drop to 70% in fiscal 2004 and remain at that level for fiscal 2005. **The President should comment on how UB's performance on this goal compares to its peer law school institutions.**

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UB seeks to serve an economically and racially diverse group of students and expects to see continued progress in the percentage of students that are African American. The percentage of African American undergraduates is expected to continue increasing 1 to 2 percentage points per year. However, the percentage of students that are economically disadvantaged reached a high of 65% in fiscal 2003, but the 2004 and 2005 estimates are closer to 55%. **DLS recommends the President comment on the affordability of an undergraduate education at UB.**

Fiscal 2004 Actions

Impact of Cost Containment

Cost containment between fiscal 2002 and 2004 reduced general funds \$3.6 million. Of this, \$1.17 million was reduced by the Board of Public Works in July 2003. UB met its cost containment reductions, in part, by eliminating 32 positions, for a total savings of \$2.3 million in fiscal 2004. The position reductions were as follows: 5 new faculty, 2 new non-exempt, 12 new exempt, 3 vacant faculty, 4 vacant exempt, and 5 vacant non-exempt.

Current Unrestricted Fund Changes

Current unrestricted fund (CUF) changes in each program since fiscal 2002 are shown in **Exhibit 2**. Although there was a 14.6% reduction in general fund support, education and general expenditures growth averaged about 5% per year over the two years. Overall, institutional support increases the most from fiscal 2002 through 2004, nearly 24%. Scholarships and fellowships increased at a higher rate than any other program between fiscal 2002 and 2004, a total of 60%, though they make up only 3.5% of the fiscal 2004 budget. Instruction continues to make up the largest portion of the budget, 39% of CUF, which is consistent with the previous years. Auxiliary revenues comprise 4.9% of total unrestricted funds in fiscal 2004 and have increased modestly each year since fiscal 2002.

The revenues from fiscal 2002 through 2004 are also shown in Exhibit 2. Tuition and fee revenue increased 35% between fiscal 2002 and 2004. General funds decreased 14.6% between fiscal 2002 and 2004. Tuition and fee revenue surpassed general funds as the primary source of operating funds in fiscal 2002. Other revenues include grants and contracts, the sales and services of educational enterprises, and transfers to and from fund balance. Transfers to fund balance were possible in fiscal 2002 because auxiliary revenues exceeded costs and in fiscal 2004 because education and general revenues exceed costs. In addition, \$1.2 million in auxiliary revenues were used to support education and general expenses in fiscal 2002. In fiscal 2003 UB transferred \$2.3 million from fund balance for operating expenses. **The university should comment on the impact of constraining expenditure growth to about 5% per year and the use of auxiliary revenues for educational expenses in fiscal 2002.**

Exhibit 2
Budget Changes for Current Unrestricted Funds by Program
Fiscal 2002 – 2004
(\$ in Thousands)

<u>Expenditures</u>	<u>FY 02 Actual</u>	<u>FY 04 Working</u>	<u>FY 02 - 04 \$ Change</u>	<u>FY 02 - 04 % Change</u>
Instruction	\$22,643	\$23,954	\$1,311	5.8%
Research	392	334	-58	-14.8%
Public Service	0	0	0	0.0%
Academic Support	8,664	8,989	325	3.8%
Student Services	4,225	4,440	215	5.1%
Institutional Support	9,042	11,183	2,141	23.7%
Operation and Maintenance of Plant	6,610	7,160	550	8.3%
Scholarships and Fellowships	1,335	2,139	804	60.2%
Subtotal Education and General	\$52,911	\$58,199	\$5,288	10.0%
Auxiliary Enterprises	\$2,780	\$2,981	\$201	7.2%
Total	\$55,691	\$61,180	\$5,489	9.9%
<u>Revenues</u>				
Tuition and Fees	24,977	33,690	8,713	34.9%
General Funds	24,474	20,904	-3,570	-14.6%
Other	2,223	3,881	1,658	74.6%
Subtotal Education and General	\$51,674	\$58,475	\$6,801	13.2%
Auxiliary Enterprises	\$4,144	\$2,981	-\$1,163	-28.1%
Transfers (to) from fund balance	-127	-275	-148	-116.5%
Total	\$55,691	\$61,181	\$5,490	9.9%

Note: Auxiliary revenues were used for education and general expenditures in fiscal 2002.
Source: Governor's Budget Books, fiscal 2004 and 2005.

Governor's Proposed Budget

For fiscal 2005, current unrestricted funds increase \$3.3 million, or 5.4%. Of this, \$1.6 million, the largest increase is for funds to support operations and maintenance. Instruction increases \$1.3 million (5.6%). Although academic support increases \$197,000, funds for student services decrease \$158,000. Scholarship and fellowship funding increases \$207,000 for a total of \$2.3 million in fiscal 2005. Revenue for the spending increase is entirely attributable to increased tuition and fee

receipts. The changes in current unrestricted funds only are shown in **Exhibit 3. The President should comment on the large increase in plant operations and maintenance.**

**Exhibit 3
University of Baltimore
Governor's Proposed Budget
Current Unrestricted Funds**

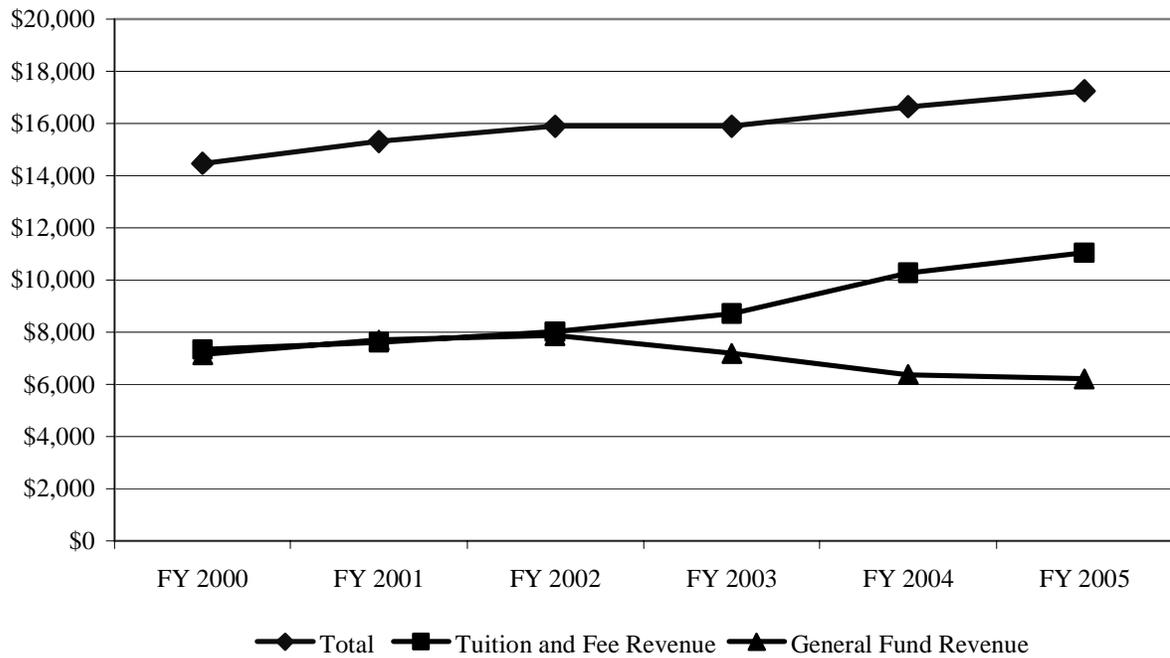
<u>Expenditures</u>	<u>FY 04 Working</u>	<u>FY 05 Allowance</u>	<u>FY 04 - 05 \$ Change</u>	<u>FY 04 - 05 % Change</u>
Instruction	\$23,954	\$25,289	\$1,335	5.6%
Research	334	335	1	0.3%
Academic Support	8,989	9,186	197	2.2%
Student Services	4,440	4,282	-158	-3.6%
Institutional Support	11,183	11,089	-94	-0.8%
Operation and Maintenance of Plant	7,160	8,849	1,689	23.6%
Scholarships and Fellowships	2,139	2,346	207	9.7%
Subtotal Education and General	\$58,199	\$61,376	\$3,177	5.5%
Auxiliary Enterprises	\$2,981	\$3,103	\$122	4.1%
Total	\$61,180	\$64,479	\$3,299	5.4%
Revenues				
Tuition and Fees	33,690	37,122	3,432	10.2%
General Funds	20,904	20,904	0	0.0%
Other	3,881	3,350	-531	-13.7%
Subtotal	\$58,475	\$61,376	\$2,901	4.9%
Auxiliary Enterprises	\$2,981	\$3,103	\$122	4.1%
Transfers (to) from fund balance	-275	0	275	-100%
Total	\$61,181	\$64,479	\$3,298	5.4%

Source: Governor's Budget Books, fiscal 2005

Tuition and Fee Revenues Outpace General Funds Since Fiscal 2002

Exhibit 4 shows tuition and fee and general fund revenues per full-time equivalent student (FTES) since together they comprise over 94% of UB's primary operating revenues. In fiscal 2000, the two revenue sources were nearly equal and came closer together in fiscal 2001. By fiscal 2003 after cost containment, tuition and fee revenue outpaced general fund revenues per FTES. During this time period, FTES enrollment has increased a total of 10%, from 3,048 students in fiscal 2000 to 3,363 students in fiscal 2005.

Exhibit 4
Tuition and Fee and General Fund Revenues Per Full-time Equivalent Student



Source: Governor's Budget Books, fiscal 2002 through 2005

The top line, which shows the combined revenues per FTES remained fairly level between fiscal 2001 and 2003 but increases at a faster pace between fiscal 2003 and 2005. This is primarily due to the increase in tuition and fee revenues since general funds have declined to below the fiscal 2000 level during that same time period.

Issues

1. Composition of Personnel Remains the Same

Due to cost containment in fiscal 2003 and 2004, the General Assembly has expressed concern that savings be met through efficiencies rather than passing costs on to students. Personnel is one area for examination of efficiencies. Since fiscal 2002, despite the 32 position reductions from cost containment, UB has increased its filled regular positions from 467 to 492. Operations and maintenance increased 11 positions, while instruction (5.5 positions) and institutional support (13 positions) also increased. Student services decreased 6 positions, and academic support increased by 3 positions. Instruction positions continue to make up about 44% of total filled positions. **Exhibit 5** shows personnel composition in fiscal 2002 and 2004. There are no new positions for fiscal 2005. **The President should comment on the university's shift in personnel toward institutional support and the increase in filled positions during a period of cost containment.**

Exhibit 5
Personnel Budget Program
Fiscal 2002 – 2004

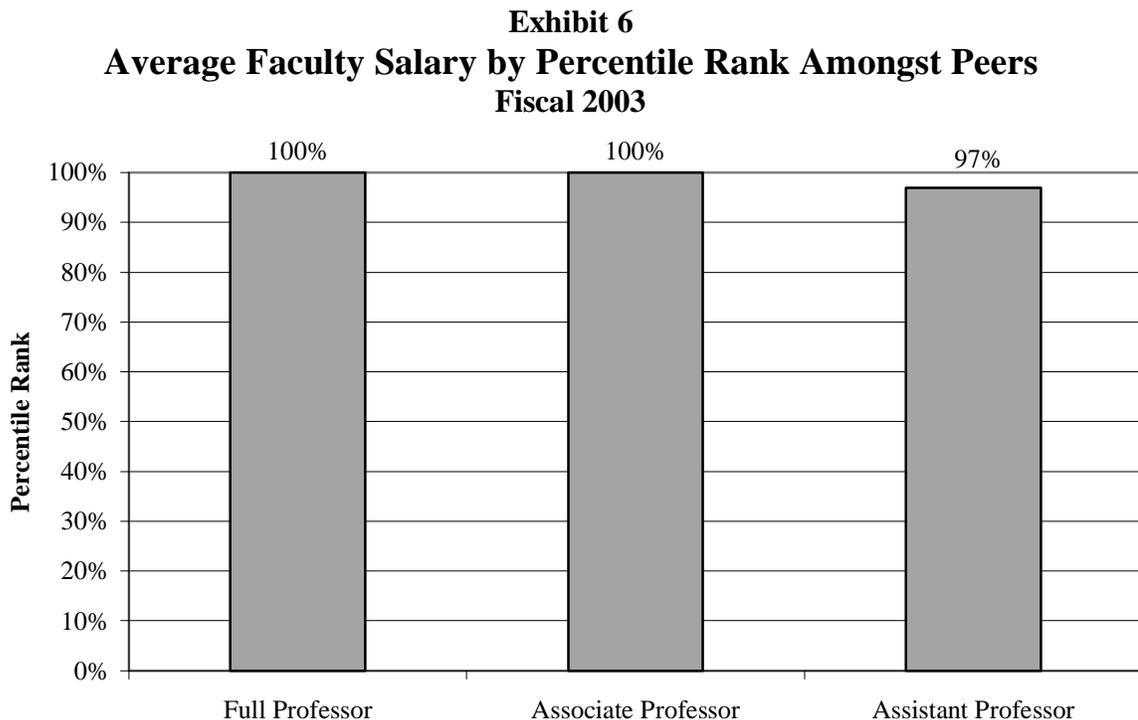
<u>Budget Program</u>	FY 2002		FY 2004	
	<u>FTEs</u>	<u>%FTEs</u>	<u>FTEs</u>	<u>%FTEs</u>
Instruction	209.27	44.8%	214.77	43.6%
Research	2.00	0.4%	1.00	0.2%
Academic Support	79.50	17.0%	82.50	16.8%
Student Services	51.00	10.9%	45.00	9.1%
Institutional Support	82.00	17.6%	95.00	19.3%
Operations and Maintenance of Plant	32.00	6.9%	41.00	8.3%
Auxiliary Enterprises	11.00	2.4%	13.00	2.6%
Scholarships and Fellowships	0.00	0.0%	0.00	0.0%
Hospitals	0.00	0.0%	0.00	0.0%
Total	466.77	100.0%	492.27	100.0%

Note: Data are for filled regular positions only.

Source: University of Baltimore

2. Faculty Salaries

At UB, full professor and associate professor salaries rank at the 100th percentile compared to UB's current peer institutions, as shown in **Exhibit 6**. The data are compiled from the American Association of University Professors 2002 to 2003 faculty compensation survey. UB's peers are the peer institutions in other states as designated for the funding guidelines. Salary percentile rankings may be affected by a number of factors, including the number of promotions occurring at an institution, a faculty member's time of service, whether faculty members are in high demand, and if certain disciplines are high-paying in the larger marketplace.



Source: American Association of University Professors

Since UB has a law school, and only three of its performance peers do, the competitive salaries of law school faculty affect UB's overall comparison to its peers. Because of UB's distinction from its peers due to the law school, the faculty salaries are expected to be higher; law school faculty comprises one-third of UB's total faculty. **DLS recommends the President comment on UB's non-law faculty salaries in comparison to their peers.**

3. Faculty Workload

USM also examines faculty workload at each of the institutions as another area where efficiencies may be gained. As determined by the Board of Regents, the standard instructional workload for tenured and tenure-track faculty at the comprehensive institutions is 7 to 8 course units annually. (A course unit is equal to one three-credit course). However, for law schools, approved workload for accredited schools of law is four courses per year, and law faculty comprises one-third of UB's faculty. The average workload per full-time tenured or tenure-track professor since fiscal 1999 has ranged from a low of 5.0 to a high of 6.5, as shown in **Exhibit 7. The President should comment on the average workload of faculty excluding the law school.**

Exhibit 7
Course Units Taught by FTE Tenured and Tenure-track Faculty
Fiscal 1999 – 2003

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
University of Baltimore	5.5	5.0	6.5	6.0	5.7
All USM Comprehensive Institutions	7.0	7.1	7.4	7.0	7.0

Note: Tenured and tenure-track faculty includes sabbaticals and excludes department chairs.

Source: University System of Maryland

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Other Unrestricted Fund</u>	<u>Total Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Total</u>
Fiscal 2003					
Legislative Appropriation	\$24,552	\$32,214	\$56,766	\$7,859	\$64,625
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	5,125	5,125	0	5,125
Cost Containment	-2,043	0	-2,043	0	-2,043
Reversions and Cancellations	0	-1,915	-1,915	-31	-1,946
Actual Expenditures	\$22,509	\$35,424	\$57,933	\$7,828	\$65,761
Fiscal 2004					
Legislative Appropriation	\$22,078	\$38,085	\$60,163	\$8,134	\$68,297
Cost Containment	-1,174	0	-1,174	0	-1,174
Budget Amendments	0	2,192	2,192	0	2,192
Working Appropriation	\$20,904	\$40,277	\$61,181	\$8,134	\$69,315

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

Fiscal 2003

The budget amendments totaling \$5.12 million for unrestricted funds included a transfer from fund balance to offset the impact of cost containment (\$2.4 million), increased contractual services for web education (\$1 million), equipment purchases for electronic classrooms (\$875,000), fixed charges for financing PeopleSoft (\$500,000), and an increase in facilities renewal for renovation initiatives for the West Chase Street project (\$275,000).

The reversions in CUF resulted largely from the mandated fund balance transfer to the general fund (\$800,000) and an unnecessary appropriation of funds for the Peoplesoft implementation (\$950,000).

**Object/Fund Difference Report
USM - University of Baltimore**

<u>Object/Fund</u>	<u>FY03 Actual</u>	<u>FY04 Working Appropriation</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	522.27	519.27	519.27	0	0%
02 Contractual	130.54	140.99	150.93	9.94	7.1%
Total Positions	652.81	660.26	670.20	9.94	1.5%
Objects					
01 Salaries and Wages	\$ 38,204,177	\$ 38,871,035	\$ 41,063,895	\$ 2,192,860	5.6%
02 Technical & Spec Fees	7,553,038	9,054,837	9,159,100	104,263	1.2%
03 Communication	477,664	544,762	485,595	-59,167	-10.9%
04 Travel	229,877	354,692	314,992	-39,700	-11.2%
06 Fuel & Utilities	1,122,504	1,068,953	1,190,349	121,396	11.4%
07 Motor Vehicles	84,133	58,259	84,796	26,537	45.6%
08 Contractual Services	5,366,432	5,706,889	5,063,089	-643,800	-11.3%
09 Supplies & Materials	1,537,478	1,669,752	1,693,165	23,413	1.4%
10 Equip - Replacement	346,883	400,943	310,117	-90,826	-22.7%
11 Equip - Additional	1,031,612	1,377,859	1,489,359	111,500	8.1%
12 Grants, Subsidies, Contr.	3,345,720	3,629,786	3,862,409	232,623	6.4%
13 Fixed Charges	5,020,484	5,559,013	6,105,841	546,828	9.8%
14 Land & Structures	1,439,753	1,018,216	1,806,086	787,870	77.4%
Total Objects	\$ 65,759,755	\$ 69,314,996	\$ 72,628,793	\$ 3,313,797	4.8%
Funds					
40 Unrestricted Fund	\$ 57,932,164	\$ 61,181,191	\$ 64,478,793	\$ 3,297,602	5.4%
43 Restricted Fund	7,827,591	8,133,805	8,150,000	16,195	0.2%
Total Funds	\$ 65,759,755	\$ 69,314,996	\$ 72,628,793	\$ 3,313,797	4.8%

Note: The fiscal 2004 appropriation does not include deficiencies, and the fiscal 2005 allowance does not reflect contingent reductions.

**Fiscal Summary
USM - University of Baltimore**

<u>Unit/Program</u>	<u>FY03 Actual</u>	<u>FY04 Legislative Appropriation</u>	<u>FY04 Working Appropriation</u>	<u>FY03 - FY04 % Change</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 % Change</u>
01 Instruction	\$ 23,323,594	\$ 23,804,765	\$ 24,041,402	3.1%	\$ 25,376,203	5.6%
02 Research	6,397,141	6,685,496	6,623,186	3.5%	6,611,625	-0.2%
04 Academic Support	8,856,081	9,172,359	9,101,812	2.8%	9,298,777	2.2%
05 Student Services	4,065,726	4,567,483	4,587,685	12.8%	4,431,820	-3.4%
06 Institutional Support	9,887,415	11,053,339	11,190,154	13.2%	11,096,484	-0.8%
07 Operation and Maintenance of Plant	7,209,214	7,029,795	7,160,225	-0.7%	8,848,570	23.6%
08 Auxiliary Enterprises	2,800,030	2,980,746	2,980,746	6.5%	3,102,905	4.1%
17 Scholarships And Fellowships	3,220,554	3,002,755	3,629,786	12.7%	3,862,409	6.4%
Total Expenditures	\$ 65,759,755	\$ 68,296,738	\$ 69,314,996	5.4%	\$ 72,628,793	4.8%
Unrestricted Fund	\$ 57,932,164	\$ 60,162,933	\$ 61,181,191	5.6%	\$ 64,478,793	5.4%
Restricted Fund	7,827,591	8,133,805	8,133,805	3.9%	8,150,000	0.2%
Total Appropriations	\$ 65,759,755	\$ 68,296,738	\$ 69,314,996	5.4%	\$ 72,628,793	4.8%

Note: The fiscal 2004 appropriation does not include deficiencies, and the fiscal 2005 allowance does not reflect contingent reductions.