

R30B21
University of Maryland, Baltimore
University System of Maryland

Operating Budget Data

(\$ in Thousands)

| | <u>FY 09</u> <u>Actual</u> | <u>FY 10</u> <u>Working</u> | <u>FY 11</u> <u>Allowance</u> | <u>FY 10-11</u> <u>Change</u> | <u>% Change</u> <u>Prior Year</u> |
|--|-------------------------------|--------------------------------|----------------------------------|----------------------------------|--------------------------------------|
| General Funds | \$172,833 | \$173,616 | \$181,672 | \$8,056 | 4.6% |
| Contingent & Back of Bill Reductions | 0 | 0 | -3,495 | -3,495 | |
| Adjusted General Fund | \$172,833 | \$173,616 | \$178,177 | \$4,561 | 2.6% |
| Special Funds | 8,133 | 6,858 | 0 | -6,858 | -100.0% |
| Adjusted Special Fund | \$8,133 | \$6,858 | \$0 | -\$6,858 | -100.0% |
| Other Unrestricted Funds | 311,160 | 323,517 | 333,926 | 10,408 | 3.2% |
| Contingent & Back of Bill Reductions | 0 | 0 | -2,580 | -2,580 | |
| Adjusted Other Unrestricted Fund | \$311,160 | \$323,517 | \$331,346 | \$7,829 | 2.4% |
| Total Unrestricted Funds | 492,125 | 503,991 | 515,598 | 11,607 | 2.3% |
| Contingent & Back of Bill Reductions | 0 | 0 | -6,075 | -6,075 | |
| Adjusted Total Unrestricted Funds | \$492,125 | \$503,991 | \$509,523 | \$5,533 | 1.1% |
| Restricted Funds | 416,623 | 430,454 | 430,454 | 0 | |
| Adjusted Restricted Fund | \$416,623 | \$430,454 | \$430,454 | \$0 | 0.0% |
| Adjusted Grand Total | \$908,748 | \$934,445 | \$939,977 | \$5,533 | 0.6% |

Note: For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected across-the-board budget reductions. A portion of the reductions is to be transferred from fund balance. The actual allocations are to be developed by the Administration.

- General funds increase \$8.1 million, or 4.6%, in the fiscal 2011 allowance. However, when adjusting for \$6.9 million of Higher Education Investment Funds in fiscal 2010 that are budgeted as general funds in fiscal 2011 and across-the-board reductions related to employee furloughs and health insurance, State funds actually decrease \$2.3 million, or 1.3%.
- Total unrestricted funds increase \$5.5 million, or 1.1%, after accounting for across-the-board reductions and restricted funds are level funded.

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

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Personnel Data

| | <u>FY 09 Actual</u> | <u>FY 10 Working</u> | <u>FY 11 Allowance</u> | <u>FY 10-11 Change</u> |
|------------------------|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Regular Positions | 4,494.56 | 4,520.56 | 4,520.56 | 0.00 |
| Contractual FTEs | <u>459.65</u> | <u>440.09</u> | <u>430.46</u> | <u>-9.63</u> |
| Total Personnel | 4,954.21 | 4,960.65 | 4,951.02 | -9.63 |

Vacancy Data: Regular Positions

| | | |
|---|-------|-------|
| Turnover and Necessary Vacancies, Excluding New Positions | 83.18 | 1.84% |
| Positions and Percentage Vacant as of 12/31/09 | n/a | n/a |

- The allowance includes a decrease of 9.63 contractual positions due to funding constraints. The bulk of the reduction, 7.28, comes out of the Instruction budget program.
- With the ability to create positions as grants and contracts are received, the University of Maryland, Baltimore (UMB) has more filled positions than the university is budgeted to have.

Analysis in Brief

Major Trends

Average Award Declines in Fiscal 2009: While total extramural funding increased in fiscal 2009, the average award declined by 6.3%, to \$225,398. UMB explains this is because the value of awards increased at a slower rate than the total number of awards received. **The President should comment on the decline in the average value of grant awards to UMB faculty and why 2.0% growth is expected for fiscal 2010.**

Issues

Making College Affordable: The degrees UMB offers are expensive, particularly the law, medical, and dental programs. While UMB reports the institutional aid budget is distributed to students entirely on a need basis, a significant number of awards are made in the form of graduate assistantships to students with no expected family contribution (EFC). **The President should comment on meeting the financial need of students at UMB.**

Federal Funding: As a highly productive research university, UMB is well suited to receive a sizable share of grant awards from the American Recovery and Reinvestment Act (ARRA) of 2009, the government's fiscal stimulus package. The university has won 139 awards totaling \$28.6 million, with more awaiting funding in future fiscal years. **The President should comment on UMB's difficulties and successes in winning funding under the ARRA.**

Recommended Actions

1. See the University System of Maryland Overview for systemwide recommendations.
2. Adopt narrative on special compensation data to be included with the allowance.

R30B21 – USM – University of Maryland, Baltimore

R30B21
University of Maryland, Baltimore
University System of Maryland

Operating Budget Analysis

Program Description

The University of Maryland, Baltimore (UMB) offers primarily graduate and professional degrees in the fields of health, applied health, biomedical science and technology, social work, and law. The professional programs include the Schools of Dentistry, Law, Medicine, Nursing, Pharmacy, and Social Work. Less than 15% of the enrollment at UMB is in baccalaureate programs.

UMB is located in downtown Baltimore and has two clinical partners – the University of Maryland Medical Center and the Veterans Administration Medical Center – as well as one research partner, the University of Maryland Biotechnology Institute (UMBI). It is expected that UMB will absorb component parts of UMBI during fiscal 2011.

The mission of UMB is to:

- continue to evolve and maintain a competitive edge as a center of excellence in the life and health sciences, law, and social work; and
- conduct recognized research and scholarship in the life and health sciences, law, and social work that fosters social and economic development.

The institution aims to respond to the State's critical need for health and human services professionals. Many of the university's programs are designed for full-time students. However, the Schools of Law, Nursing, and Social Work and the Graduate School have a significant number of part-time students. The School of Nursing offers a bachelor's program and graduate coursework at the Universities at Shady Grove.

UMB also aims to provide public service to all citizens in all sectors and geographic regions of Maryland, especially the community surrounding the urban campus. The institution provides legal and dental clinics, community outreach services, support to the Maryland Poison Center, and staff to its clinical partners. The university also strives to increase fundraising to deliver programs more effectively and to encourage entrepreneurial activities that generate economic development.

Carnegie Classification: Research and Special Focus Institution: Medical

| | | | |
|---|--------------|--|--------------------|
| Fall 2009 Undergraduate Enrollment Headcount | | Fall 2009 Graduate Enrollment Headcount | |
| Male | 125 | Male | 1,692 |
| Female | 714 | Female | 3,848 |
| Total | 844 | Total | 5,540 |
| Fall 2009 New Students Headcount | | Campus (Main Campus) | |
| First-time | 0 | Acres | 61 |
| Transfers/Others | 233 | Buildings | 67 |
| Graduate | 1,647 | Average Age | 25 Years |
| Total | 1,880 | Oldest | Davidge Hall, 1812 |
| Programs | | Degrees Awarded (2008-2009) | |
| Bachelor's | 3 | Bachelor's | 349 |
| Master's | 13 | Master's | 693 |
| Doctoral/Professional | 23 | Doctoral/Professional | 806 |
| | | Total Degrees | 1,848 |

Performance Analysis: Managing for Results

UMB strives to be a leading center of education and research in health sciences, law, and social work. Toward that end, the university boasts several highly ranked programs according to *U.S. News & World Report*. Although not all of UMB's colleges are ranked by the publication every year, several were in the most recent update. These can be found in **Exhibit 1**, which shows *U.S. News's* most recent ranking for the Schools of Pharmacy and Social Work and ranked programs at the School of Law. Additionally, the Schools of Medicine and Dentistry are highly ranked in the number of National Institutes of Health awards received. In fiscal 2008, the medical school was ranked twelfth out of all public medical schools and dentistry was ranked thirteenth. Data for fiscal 2009 is not yet available.

Exhibit 1
Ranked Programs of the University of Maryland, Baltimore
Fall 2009

| | <u>Rank</u> |
|---------------------------------------|-------------|
| Ranked Programs: | |
| School of Pharmacy ¹ | 9 |
| School of Social Work ¹ | 18 |
| Ranked School of Law Programs: | |
| Health Law | 2 |
| Clinical Training | 8 |
| Environmental Law | 3 |

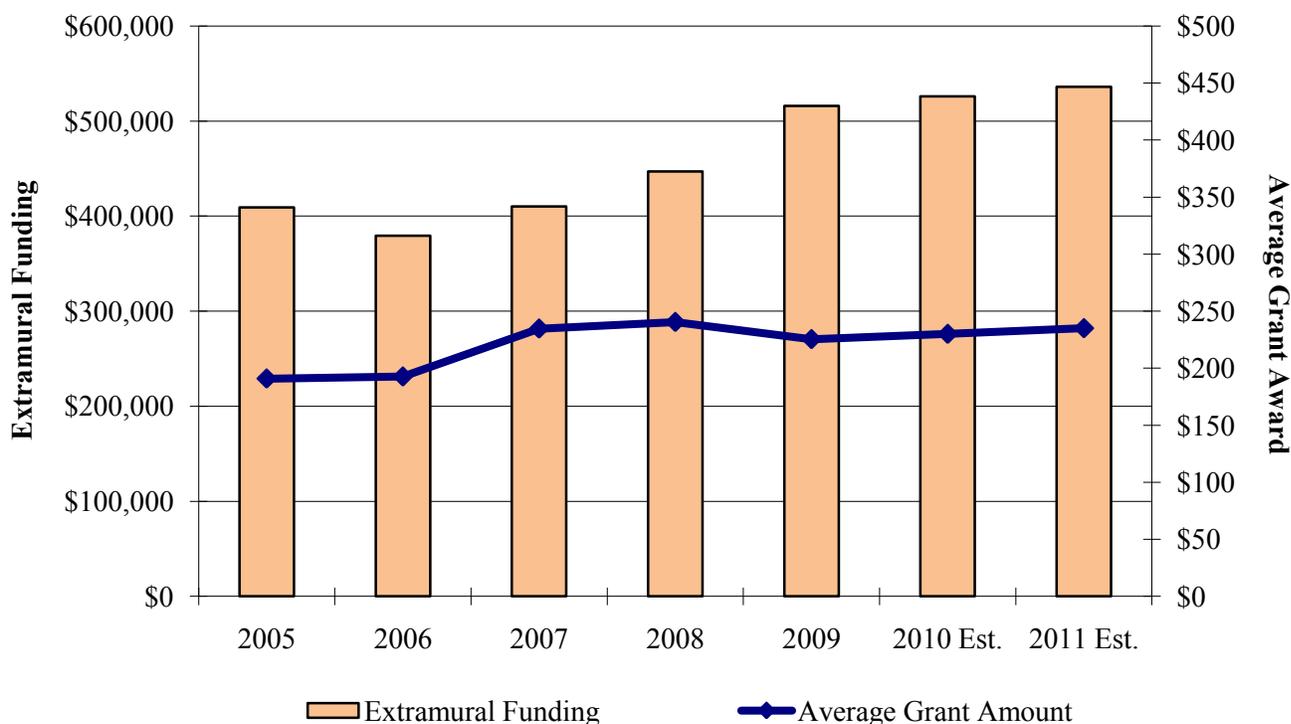
¹ These ranks were not updated in fall 2009 and represent fall 2008 rankings.

Source: *U.S. News and World Report*; University of Maryland, Baltimore

Extramural Funding Jumps

Revenue generated through extramural and faculty grant funding is shown in **Exhibit 2**. Extramural funding includes research and scholarship funds received in the areas of life and health sciences, law, and social work. From the low of \$379.4 million in fiscal 2006, it grew by 36.0% to \$516.0 million in fiscal 2009, aided largely by federal stimulus spending. Modest 1.9% increases are expected in fiscal 2010 and 2011 as the federal stimulus program concludes.

Exhibit 2
Extramural Funding and Average Faculty Grant Award
Fiscal 2005-2011 Estimate
(\$ in Thousands)



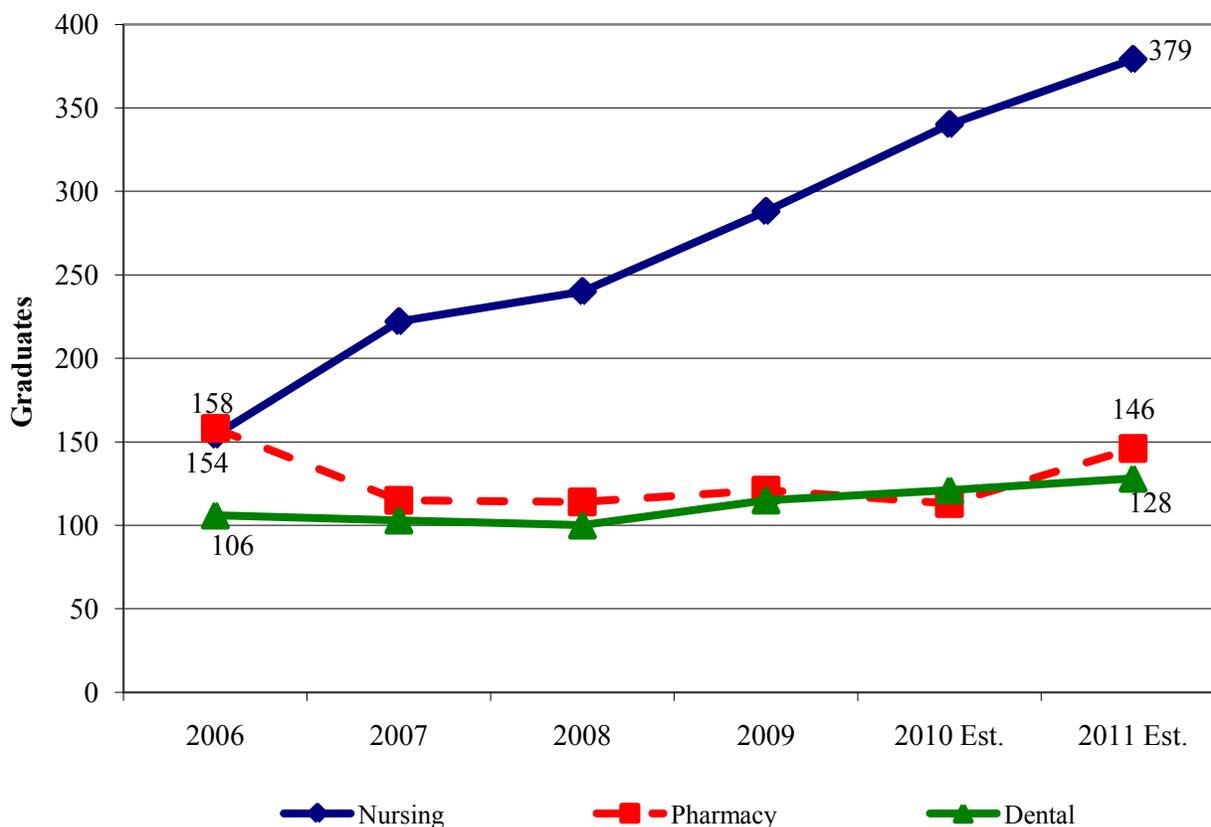
Source: Governor’s Budget Books, Fiscal 2008-2011

While total extramural funding grew in fiscal 2009, the average award received by faculty members declined by \$15,054, or 6.3%. This is the first reduction in several years. UMB explains that this is due to the value of the awards increasing 15.0% while the number of awards increased 24.0%. Similar to extramural funding, UMB’s projects modest growth in coming years – 2.0% in fiscal 2010 and 2.2% in 2011. **The President should comment on the decline in the average value of grant awards to UMB faculty and why 2.0% growth is expected for fiscal 2010.**

Health Field Graduates

As the State’s only public dental school and largest public nursing and pharmacy school, part of UMB’s mission is to meet the State’s critical need for health and human services professionals by improving access to professional careers in those fields. **Exhibit 3** shows UMB’s graduates from the nursing, pharmacy, and dental schools. Nursing graduations continued to show the greatest growth in fiscal 2009, and that is expected to continue as enrollments in the Clinical Nurse Leader and Doctor of Nursing Practice programs grow. After holding steady in fiscal 2008, graduates in both the pharmacy and dental programs increased in fiscal 2009 with further increases expected in fiscal 2011. PharmD degrees in particular are expected to grow 29.2% in fiscal 2011, as the first class from UMB’s pharmacy program at the Universities at Shady Grove graduates.

Exhibit 3
Master’s and Doctoral Nursing, Pharmacy, and Dental Graduates
Fiscal 2006-2011 Estimated



Source: Governor’s Budget Books, Fiscal 2009-2011

Fiscal 2010 Actions

Impact of Cost Containment

The Board of Public Works (BPW) reduced the State's budget three times, and UMB's operating budget and fund balance were affected. The university's operating budget decreased by \$4,045,018. Transferring 34 positions from State support to non-State supported grants and contracts saved \$3,289,634, including \$106,269 of UMB's federal stimulus funds. Deleting 4 positions saved \$350,296, and other operating reductions totaled \$250,000, including State-supported institutional aid.

The fiscal 2010 State employee furlough further reduced UMB's budget in fiscal 2010. It was implemented similar to the previous year's furlough, with higher paid employees required to take more days off than those with lower salaries, up to 10 days for those making over \$120,000. Employees earning less than \$30,000 were required to take only two days off, which were service reduction days on December 23 and 24. Graduate students and public safety employees were exempt.

The University System of Maryland (USM), which handles large budget reductions for the member institutions, set UMB's fiscal 2010 furlough target at \$4,987,995. The remaining federal stimulus funds, \$64,269, were put toward this reduction, in addition to \$90,819 in a general fund reallocation. The remaining amount will be transferred to UMB's fund balance, which will then be transferred to the general fund at the end of the fiscal year.

Other fund balance reductions approved by BPW totaled \$9,986,651, representing 9.5% of UMB's entire fund balance. It should be noted that separate legislation must be adopted to implement the planned fund balance transfers. This language is included in Senate Bill 141 – Budget Reconciliation and Financing Act of 2010 (BRFA).

Proposed Budget

The general fund allowance for fiscal 2011 is \$4.6 million, or 2.6%, higher than the fiscal 2010 working appropriation, as shown in **Exhibit 4**. This includes \$0.5 million of general fund savings from the dissolution of the University of Maryland Biotechnology Institute. After accounting for the Higher Education Investment Funds (HEIF), which is budgeted as general funds in fiscal 2011, and across-the-board reductions specified in the Governor's budget plan, State support to UMB declines by \$2.3 million, or 1.3%. Restricted funds are level funded in the allowance, which the university attributes to conservative growth estimates. Overall, UMB's budget grows \$5.5 million in fiscal 2011, or 0.6% after accounting for the across-the-board reductions.

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

| | <u>2009</u> <u>Actual</u> | <u>2010</u> <u>Working</u> | <u>2011</u> <u>Adjusted</u> | <u>2010-11</u> <u>Change</u> | <u>% Change</u> <u>Prior Year</u> |
|-----------------------------------|------------------------------|-------------------------------|--------------------------------|---------------------------------|--------------------------------------|
| General Funds | \$172,833 | \$173,616 | \$178,177 | \$4,561 | 2.6% |
| Higher Education Investment Fund* | 8,133 | 6,858 | | -6,858 | -100.0% |
| Total State Funds | \$180,965 | \$180,474 | \$178,177 | -\$2,296 | -1.3% |
| Other Unrestricted Funds | 311,160 | 323,517 | 331,346 | 7,829 | 2.4% |
| Total Unrestricted Funds | 492,125 | 503,991 | 509,523 | 5,533 | 1.1% |
| Restricted Funds | 416,623 | 430,454 | 430,454 | 0 | 0.0% |
| Total Funds | \$908,748 | \$934,445 | \$939,977 | \$5,533 | 0.6% |

*The fiscal 2010 working appropriation has been reduced by \$646,772 due to Higher Education Investment Fund underattainment.

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

Impact of Cost Containment

The Governor's proposed budget assumes a number of contingent and across-the-board reductions. A fiscal 2011 employee furlough totals \$4,987,995 for UMB. To meet this commitment, the university's general funds will be reduced by \$2,745,020 with the remaining amount, \$2,242,975, as part of the fund balance transfer in the BRFA of 2010. An across-the-board reduction in health insurance spending further reduces the budget by an estimated \$1,086,636. Finally, the BRFA includes a USM fund balance transfer of \$40.0 million, with UMB's share of \$7.2 million.

Changes by Program

Changes by program are shown in **Exhibit 5**. The largest change occurs in Instruction, which increases \$5.9 million, or 3.5%, for additional support for the Pharmacy program at the Universities at Shady Grove and from restoring salaries decreased in the fiscal 2010 employee furlough. Operation and Maintenance of Plant increases \$1.9 million, or 2.6%, mainly due to the opening of the Pharmacy Hall addition.

Exhibit 5
Budget Changes for Unrestricted Funds by Program
Fiscal 2009-2011
(\$ in Thousands)

| | <u>2009</u> <u>Actual</u> | <u>2010</u> <u>Working</u> | <u>2009-10</u> <u>% Change</u> | <u>2011</u> <u>Allowance</u> | <u>2010-11</u> <u>\$ Change</u> | <u>2010-11</u> <u>% Change</u> |
|------------------------------------|------------------------------|-------------------------------|-----------------------------------|---------------------------------|------------------------------------|-----------------------------------|
| Expenditures | | | | | | |
| Instruction | \$169,495 | \$169,585 | 0.1% | \$175,477 | \$5,892 | 3.5% |
| Research | 54,224 | 56,805 | 4.8% | 57,123 | 318 | 0.6% |
| Public Service | 4,189 | 4,105 | -2.0% | 4,183 | 79 | 1.9% |
| Academic Support | 51,820 | 53,758 | 3.7% | 55,101 | 1,343 | 2.5% |
| Student Services | 3,268 | 3,373 | 3.2% | 3,444 | 71 | 2.1% |
| Institutional Support | 61,903 | 67,734 | 9.4% | 68,897 | 1,163 | 1.7% |
| Operation and Maintenance of Plant | 73,601 | 74,485 | 1.2% | 76,432 | 1,948 | 2.6% |
| Scholarships and Fellowships | 9,131 | 9,341 | 2.3% | 10,115 | 774 | 8.3% |
| Education and General Total | \$427,631 | \$439,185 | 2.7% | \$450,772 | \$11,587 | 2.6% |
| Hospitals | 39,465 | 38,977 | -1.2% | 38,997 | 20 | 0.1% |
| Auxiliary Enterprises | 25,028 | 25,829 | 3.2% | 25,829 | | 0.0% |
| Pending Reductions | | | | -6,075 | -6,075 | |
| Grand Total | \$492,125 | \$503,991 | 2.4% | \$509,523 | \$5,533 | 1.1% |
| Revenues | | | | | | |
| Tuition and Fees | 92,885 | 97,885 | 5.4% | 103,122 | 5,237 | 5.4% |
| Higher Education Investment Fund | 8,133 | 6,858 | -15.7% | | -6,858 | |
| General Funds | 172,833 | 173,616 | 0.5% | 178,177 | 4,561 | 2.6% |
| Other Unrestricted Funds | 209,258 | 205,126 | -2.0% | 202,885 | -2,241 | -1.1% |
| Subtotal | \$483,108 | \$483,485 | 0.1% | \$484,185 | \$700 | 0.1% |
| Auxiliary Enterprises | 24,919 | 22,728 | -8.8% | 26,470 | 3,742 | 16.5% |
| Transfer (to)/from Fund Balance | -15,902 | -2,222 | -86.0% | -1,131 | 1,091 | -49.1% |
| Grand Total | \$492,125 | \$503,991 | 2.4% | \$509,523 | \$5,533 | 1.1% |

Note: Fiscal 2011 revenues are reduced by \$3,495,099 in general funds and \$2,579,532 in other unrestricted funds to reflect across-the-board reductions; \$2,242,975 will be transferred from fund balance.

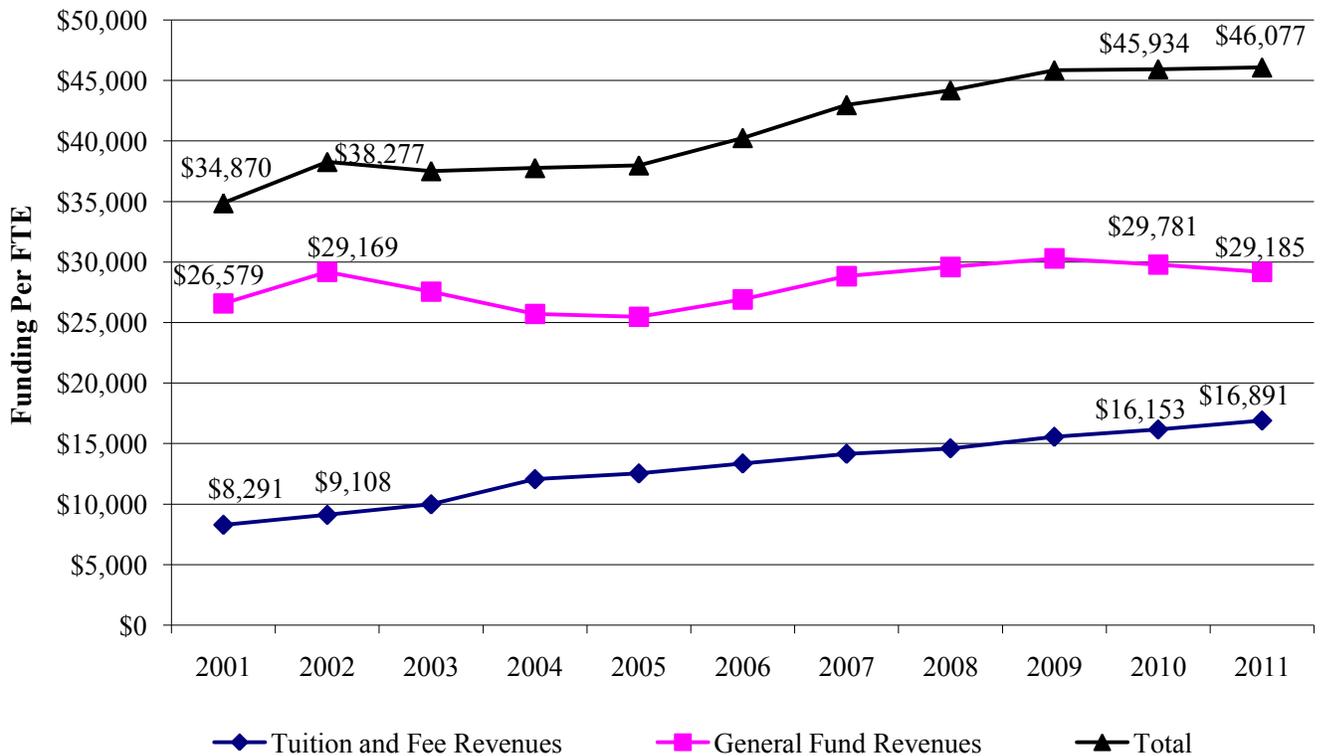
Source: Governor's Budget Books, Fiscal 2011

On the revenues side, the budget increases by 1.1%, or \$5.5 million, after accounting for the across-the-board reductions. Tuition and fees increase \$5.2 million, or 5.4%, assuming the proposed 3.0% in-state undergraduate tuition rate increase. The overall increase is greater, however, due to out-of-state and graduate tuition increasing at greater rates. General funds increase 2.6%, or \$4.6 million, and other unrestricted funds decline by \$2.2 million. Auxiliary revenue increases by \$3.7 million, or 16.5%, primarily from rising student fees to pay debt service on a new student center.

Funding Per Full-time Equivalent Student

Exhibit 6 shows State funds, as well as tuition and fee revenues, per full-time equivalent student (FTES) from fiscal 2001-2011. Although funding per FTES increases in the allowance, it is due entirely to tuition and fees. General funds decline by 2.0%, or \$596, as tuition and fees increase by 4.6%, or \$739. The overall change is an increase of 0.3%, or \$143.

Exhibit 6
State General Funds and Tuition and Fee Revenues Per FTES
Fiscal 2001-2011



FTES: full-time equivalent student

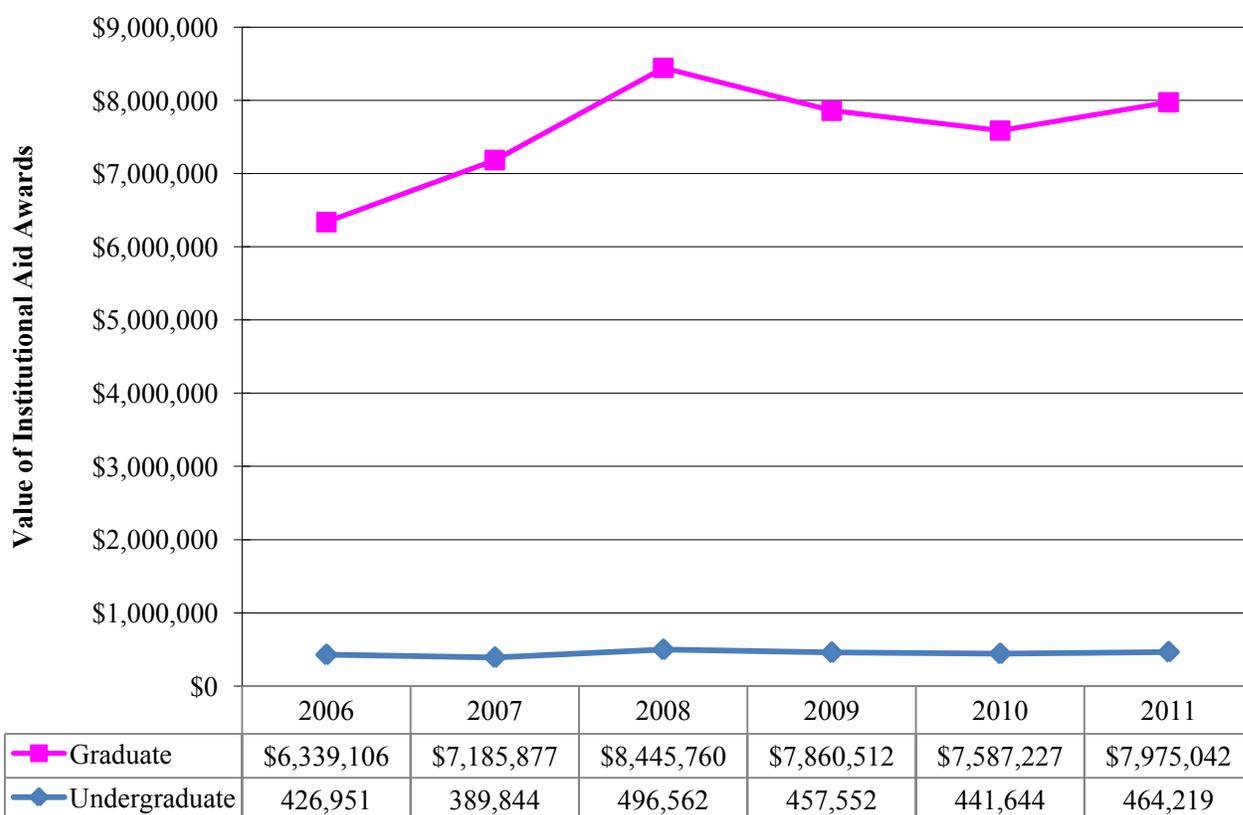
Source: Governor’s Budget Books, Fiscal 2003-2011

Issues

1. Making College Affordable

While higher education is widely recognized to be very costly, the kinds of degrees UMB offers are especially expensive. It is largely a graduate and professional university, so although in-state undergraduate tuition has been frozen for four years, most UMB students did not benefit. To assist students in paying for college, UMB offers institutional aid. Unlike most four-year institutions, however, UMB allocates all aid on a need basis. **Exhibit 7** shows institutional aid for both graduate and undergraduate students between fiscal 2006 and 2011. Both increase by 5.1% in the allowance. Because of UMB’s greater number of graduate students and the comparatively higher cost of tuition, total aid for graduate students is significantly higher than that for undergraduates.

Exhibit 7
Institutional Aid at the University of Maryland, Baltimore
Fiscal 2006-2011



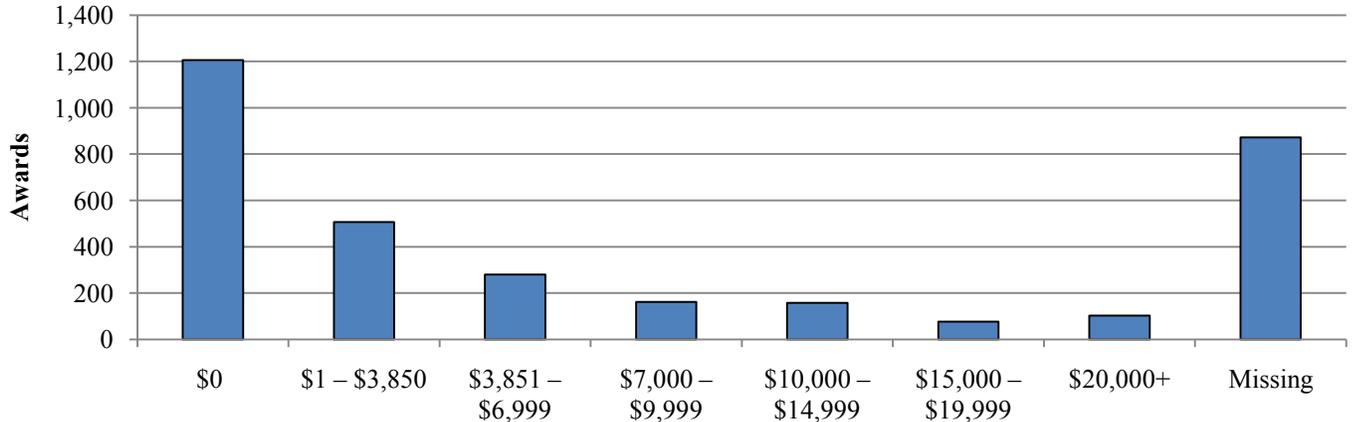
Source: University System of Maryland

There were declines in institutional aid spending between fiscal 2008 and 2010, by \$913,541. UMB reports that in fiscal 2009, the U.S. Department of Education changed the requirements for participation in the School as Lender program. That change caused banks to withdraw from the program, as it was no longer financially viable for them to partner with higher education institutions. With their departure, the availability of institutional aid declined. In fiscal 2010, the portion of institutional aid that is State-supported was reduced in BPW cost containment actions.

For the most part, students enrolling in college complete a Free Application for Federal Student Aid (FAFSA) to determine their eligibility for federal student loan programs. The application determines the expected family contribution (EFC) of each student, and aid is often distributed based on EFC. **Exhibit 8** shows UMB's graduate student aid awards by EFC category, and **Exhibit 9** shows the amount of those awards compared with the State's average of aid to graduate students. On average, UMB students receive less institutional aid than others by \$513. Typically, less aid is available to medical or law school students. When considering other forms of aid, however, UMB students receive much more on average, \$14,285.

Also shown in the two exhibits is data for students whose EFC could not be determined because no FAFSA was filed. This makes up a large portion of UMB's awards, and they receive above average institutional aid award amounts, mainly in the form of graduate assistantships. Graduate assistants receive stipends and tuition remission, which are not awarded on a need basis. **The President should comment on meeting the financial need of students at UMB.**

Exhibit 8
Graduate Institutional Financial Aid Awards by EFC
Fiscal 2008

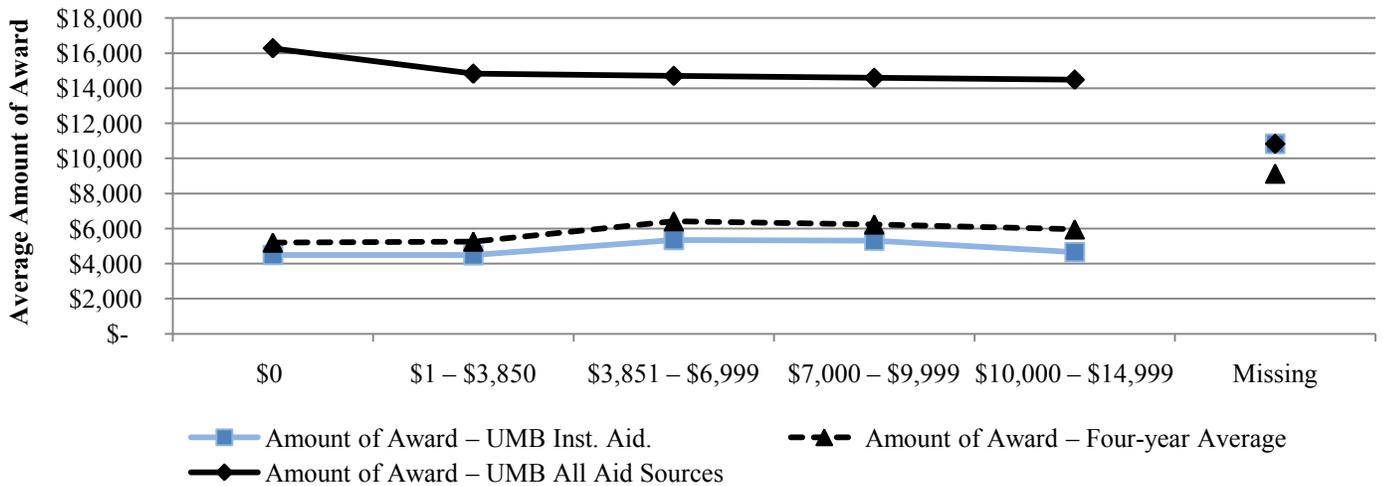


EFC: expected family contribution

Note: Missing category includes students who did not file a Free Federal Application for Student Aid.

Source: University System of Maryland; Maryland Higher Education Commission

Exhibit 9
Graduate Institutional Financial Aid by EFC
Fiscal 2008



EFC: expected family contribution

UMB: University of Maryland, Baltimore

Note: Missing category includes students who did not file a Free Federal Application for Student Aid.

Source: University System of Maryland; Maryland Higher Education Commission

2. Federal Funding

UMB is a high productivity research university with \$516 million in extramural research dollars in fiscal 2009. Between fiscal 2006 and 2009, research income grew by 36%. With this success, UMB is well positioned to receive a sizable share of money made available under the American Recovery and Reinvestment Act (ARRA), the federal government's fiscal stimulus package passed in 2009. Billions of dollars were appropriated to the National Science Foundation, National Institutes of Health, and other institutions with which to award research grants.

UMB has applied for 587 ARRA grants, representing over \$385.4 million. So far, it has won 139 grants worth \$28.6 million. This includes awards to the dental, medical, pharmacy, and nursing schools. An additional 53 grants (\$19.0 million) were won by UMB researchers but await funding in the next fiscal year, although there is no obligation that these grants will be funded. UMB researchers still have several hundred grant proposals outstanding, and the university conservatively estimates it will win 5% or fewer of them. **The President should comment on UMB's difficulties and successes in winning funding under the ARRA.**

Recommended Actions

1. See the University System of Maryland Overview for systemwide recommendations.
2. Adopt the following committee narrative:

Report on Special Compensation: The budget committees request that the University of Maryland, Baltimore (UMB) submit information regarding compensation paid to employees for sabbatical leave, summer research, and bonus payments. This information should list the value of each payment, for what purpose it was made, and the base salary of the employee earning the payment. The information shall be included with the university’s annual budget submission to the General Assembly.

| Information Request | Author | Due Date |
|---|---------------|--------------------------------|
| Information on compensation paid to employees for sabbatical leave, summer research, and bonus payments | UMB | With the fiscal 2012 allowance |

Current and Prior Year Budgets

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

| Fiscal 2009 | General Fund | Special Fund | Federal Fund | Other Unrestricted Fund | Total Unrestricted Fund | Restricted Fund | Total |
|----------------------------------|-------------------------|-------------------------|-------------------------|--|--|----------------------------|------------------|
| Legislative Appropriation | \$175,396 | \$4,281 | \$0 | \$295,509 | \$475,186 | \$402,896 | \$878,083 |
| Deficiency Appropriation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Budget Amendments | 3,897 | 3,852 | 0 | 23,814 | 31,562 | 22,206 | 53,768 |
| Cost Containment | -6,461 | 0 | 0 | 0 | -6,461 | 0 | -6,461 |
| Reversions and Cancellations | 0 | 0 | 0 | -8,163 | -8,163 | -8,479 | -16,642 |
| Actual Expenditures | \$172,833 | \$8,133 | \$0 | \$311,159 | \$492,125 | \$416,623 | \$908,748 |
| Fiscal 2010 | | | | | | | |
| Legislative Appropriation | \$177,457 | \$0 | \$170 | \$325,728 | \$503,356 | \$431,661 | \$935,017 |
| Cost Containment | -2,188 | 0 | -170 | -4,833 | -7,192 | 0 | -7,192 |
| Budget Amendments | -1,653 | 6,858 | 0 | 2,622 | 7,826 | -1,207 | 6,620 |
| Working Appropriation | \$173,616 | \$6,858 | \$0 | \$323,517 | \$503,991 | \$430,454 | \$934,445 |

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

Fiscal 2009

The unrestricted fund appropriation for UMB totaled \$475,186,340. This was made up of \$175,396,334 in general funds, \$4,281,018 in HEIF revenue, and \$295,508,988 in other unrestricted funds. A general fund cost-of-living adjustment increased funding by \$3,896,740 while an additional \$4,892,285 in HEIF money was approved for appropriation by budget amendment by the General Assembly during the 2008 session. Two other budget amendments added to UMB's unrestricted funds to reflect higher than projected tuition and contracts revenue, totaling \$23,813,969.

The restricted fund appropriation was \$402,896,445 in fiscal 2009. A budget amendment reflecting higher than budgeted grant and contract revenue increased UMB's restricted fund budget by \$22,205,608.

BPW actions reduced UMB's budget three times during fiscal 2009. The first reduction was for \$983,871 and reflected the university's Other Post Employment Benefits spending for the year. The next reduction totaled \$2,766,530, and a final round decreased the budget by \$2,710,139. Finally, due to lower than anticipated corporate income tax revenue, HEIF income was lower than budgeted. This resulted in a reduction of \$1,040,501 to UMB.

A total of \$8,163,184 in unrestricted funds was cancelled at the end of the fiscal year. State and local gifts and contracts were higher than expected by \$6,211,125, and tuition and fees were higher than budgeted at the Dentistry, Law, and Nursing schools by \$6,002,486. Auxiliary income was up \$1,201,438, and other miscellaneous changes, primarily from interest income, resulted in an increase of \$876,729. An end-of-year fund balance transfer totaled \$11,651,972. Indirect cost recovery income was less than projected by \$4,350,686, and income from the sales and services of education was \$6,452,324 below projected amounts.

Restricted funds totaling \$8,478,679 were cancelled. Although physician services were higher than expected by \$940,218, contract and grant activity was lower than anticipated by \$9,418,897.

Fiscal 2010

The total unrestricted fund appropriation was \$503,355,981. This amount was made up of \$177,457,314 in general funds, \$170,446 in federal funds, and \$325,728,221 in other unrestricted revenues. HEIF money was appropriated by budget amendment as authorized in the fiscal 2010 budget bill and totaled \$6,857,729. In an attempt to make up for lower than expected HEIF revenue in fiscal 2010, USM realigned general funds and added \$33,088 to UMB's budget.

There have been two mid-year BPW reductions to UMB's budget. The first reduction totaled \$2,188,332. The second action decreased spending by \$1,856,686, including reductions in operating budget spending and a part of the university's furlough reduction. This was comprised of the campus's entire federal fund appropriation, \$170,446 and \$1,701,598 in unrestricted funds. The remaining furlough savings was removed by a separate budget amendment, taking \$4,832,907 in

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unrestricted funds. Other changes, including lower than expected payments to doctors and higher than budgeted tuition and fee revenue, yielded an increase of \$2,621,717 in unrestricted funds. Restricted funds were reduced by \$1,206,783 to account for lower than expected contract and grant activity.

Audit Findings

| | |
|------------------------------|--------------------------------------|
| Audit Period for Last Audit: | December 1, 2005 – November 30, 2008 |
| Issue Date: | February 18, 2010 |
| Number of Findings: | 13 |
| Number of Repeat Findings: | 7 |
| % of Repeat Findings: | 53.8% |
| Rating: (if applicable) | N/A |

- Finding 1:** Questionable compensation payments totaling \$410,000 were made to a senior management employee. In addition, these payments were not disclosed to the General Assembly’s budget committees.
- Finding 2:** Certain additional employee compensation payments were made that were not supported by established policies.
- Finding 3:** Adequate internal controls were not established over significant collections received at one department.
- Finding 4:** UMB did not adequately pursue collection of certain outstanding accounts receivable and transfer delinquent accounts to the Department of Budget and Management’s Central Collection Unit. Additionally, sufficient controls were not established over certain non-cash credit adjustments.
- Finding 5:** Annual contracts with the University of Maryland Medical System Corporation were not executed timely, resulting in lost interest income to UMB. Additionally, contractual payments from the corporation and another medical system were not always received timely, and late payment fees were not assessed in accordance with the contracts.
- Finding 6:** UMB did not establish written plans to eliminate deficit balances, totaling \$2.9 million, in certain revolving fund accounts.
- Finding 7:** Proper internal controls were not established over purchasing and disbursement transactions, and Board of Public Works approval was not always obtained for service contracts that exceeded \$500,000, as required.
- Finding 8:** Purchases totaling approximately \$1.2 million were made without a formal written procurement process, as required.

- Finding 9:** Corporate purchasing card transactions made by a former employee who pled guilty to felony theft of approximately \$470,000 from UMB in February 2009 were not always properly reviewed and approved. Additionally, documentation was not maintained to substantiate the disposition of gift cards totaling \$40,700 purchased by another employee.
- Finding 10:** Proper user account and password controls for certain critical systems were not established.
- Finding 11:** Significant security-related events were not always logged and monitored.
- Finding 12:** UMB’s internal computer network, including key administrative systems, was not adequately secured.
- Finding 13:** Internal controls deficiencies existed for UMB’s two working funds.

*Bold denotes item repeated in full or part from preceding audit report

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

| <u>Object/Fund</u> | <u>FY09 Actual</u> | <u>FY10 Working Appropriation</u> | <u>FY11 Allowance</u> | <u>FY10 - FY11 Amount Change</u> | <u>Percent Change</u> |
|---|------------------------|---|---------------------------|--------------------------------------|---------------------------|
| Positions | | | | | |
| 01 Regular | 4,494.56 | 4,520.56 | 4,520.56 | 0 | 0% |
| 02 Contractual | 459.65 | 440.09 | 430.46 | -9.63 | -2.2% |
| Total Positions | 4,954.21 | 4,960.65 | 4,951.02 | -9.63 | -0.2% |
| Objects | | | | | |
| 01 Salaries and Wages | \$ 580,003,169 | \$ 589,492,556 | \$ 602,374,847 | \$ 12,882,291 | 2.2% |
| 02 Technical and Spec. Fees | 3,146,932 | 3,287,992 | 3,287,992 | 0 | 0% |
| 03 Communication | 4,842,526 | 4,765,791 | 4,932,576 | 166,785 | 3.5% |
| 04 Travel | 10,137,966 | 9,954,981 | 9,954,981 | 0 | 0% |
| 06 Fuel and Utilities | 22,161,189 | 24,191,344 | 25,001,915 | 810,571 | 3.4% |
| 07 Motor Vehicles | 2,168,181 | 1,876,809 | 1,892,299 | 15,490 | 0.8% |
| 08 Contractual Services | 165,029,222 | 175,478,627 | 172,011,216 | -3,467,411 | -2.0% |
| 09 Supplies and Materials | 48,081,346 | 50,376,994 | 50,406,194 | 29,200 | 0.1% |
| 10 Equipment – Replacement | 372,160 | 219,488 | 219,488 | 0 | 0% |
| 11 Equipment – Additional | 13,957,666 | 17,703,165 | 17,703,165 | 0 | 0% |
| 12 Grants, Subsidies, and Contributions | 23,726,582 | 23,792,829 | 24,566,709 | 773,880 | 3.3% |
| 13 Fixed Charges | 30,063,436 | 31,246,318 | 31,642,694 | 396,376 | 1.3% |
| 14 Land and Structures | 5,057,835 | 2,057,835 | 2,057,835 | 0 | 0% |
| Total Objects | \$ 908,748,210 | \$ 934,444,729 | \$ 946,051,911 | \$ 11,607,182 | 1.2% |
| Funds | | | | | |
| 40 Unrestricted Fund | \$ 492,124,836 | \$ 503,990,590 | \$ 515,597,772 | \$ 11,607,182 | 2.3% |
| 43 Restricted Fund | 416,623,374 | 430,454,139 | 430,454,139 | 0 | 0% |
| Total Funds | \$ 908,748,210 | \$ 934,444,729 | \$ 946,051,911 | \$ 11,607,182 | 1.2% |

Note: The fiscal 2010 appropriation does not include deficiencies.

Fiscal Summary
USM – University of Maryland, Baltimore

| <u>Program/Unit</u> | <u>FY09 Actual</u> | <u>FY10 Wrk Approp</u> | <u>FY11 Allowance</u> | <u>Change</u> | <u>FY10 - FY11 % Change</u> |
|---------------------------------------|------------------------|----------------------------|---------------------------|----------------------|---------------------------------|
| 01 Instruction | \$ 193,872,967 | \$ 193,918,132 | \$ 199,810,150 | \$ 5,892,018 | 3.0% |
| 02 Research | 350,631,017 | 363,539,052 | 363,857,537 | 318,485 | 0.1% |
| 03 Public Service | 9,726,968 | 9,635,176 | 9,713,864 | 78,688 | 0.8% |
| 04 Academic Support | 51,967,093 | 53,905,361 | 55,248,145 | 1,342,784 | 2.5% |
| 05 Student Services | 3,267,974 | 3,373,255 | 3,444,130 | 70,875 | 2.1% |
| 06 Institutional Support | 61,903,023 | 67,733,929 | 68,896,704 | 1,162,775 | 1.7% |
| 07 Operation and Maintenance of Plant | 73,601,193 | 74,484,792 | 76,432,295 | 1,947,503 | 2.6% |
| 08 Auxiliary Enterprises | 25,028,050 | 25,828,910 | 25,828,910 | 0 | 0% |
| 17 Scholarships and Fellowships | 17,522,033 | 17,752,590 | 18,526,470 | 773,880 | 4.4% |
| 18 Hospitals | 121,227,892 | 124,273,532 | 124,293,706 | 20,174 | 0% |
| Total Expenditures | \$ 908,748,210 | \$ 934,444,729 | \$ 946,051,911 | \$ 11,607,182 | 1.2% |
| Unrestricted Fund | \$ 492,124,836 | \$ 503,990,590 | \$ 515,597,772 | \$ 11,607,182 | 2.3% |
| Restricted Fund | 416,623,374 | 430,454,139 | 430,454,139 | 0 | 0% |
| Total Appropriations | \$ 908,748,210 | \$ 934,444,729 | \$ 946,051,911 | \$ 11,607,182 | 1.2% |

Note: The fiscal 2010 appropriation does not include deficiencies.

**UMB Full-time Equivalent Personnel by Budget Program
Fiscal 2008-2010**

| | <u>2008</u> | | <u>2009</u> | | <u>2010</u> | | Change in Share of Total <u>2007-09</u> |
|----------------------------------|--------------|--------------------------------|--------------|--------------------------------|--------------|--------------------------------|--|
| | <u>FTEs</u> | <u>% of Total FTEs</u> | <u>FTEs</u> | <u>% of Total FTEs</u> | <u>FTEs</u> | <u>% of Total FTEs</u> | |
| Instruction | 1,132 | 25.9% | 1,149 | 25.6% | 1,125 | 24.4% | -0.8 |
| Research | 1,388 | 31.7% | 1,377 | 30.7% | 1,475 | 32.0% | 1.1 |
| Public Service | 65 | 1.5% | 82 | 1.8% | 75 | 1.6% | 0.2 |
| Academic Support | 377 | 8.6% | 408 | 9.1% | 385 | 8.4% | -0.1 |
| Student Services | 34 | 0.8% | 34 | 0.8% | 41 | 0.9% | 0.1 |
| Institutional Support | 541 | 12.4% | 581 | 12.9% | 607 | 13.2% | 1.1 |
| Operations, Maintenance of Plant | 303 | 6.9% | 318 | 7.1% | 333 | 7.2% | 0.5 |
| Auxiliary | 64 | 1.5% | 62 | 1.4% | 64 | 1.4% | 0.0 |
| Hospitals | 470 | 10.7% | 480 | 10.7% | 500 | 10.9% | 0.4 |
| Total | 4,375 | | 4,492 | | 4,604 | | |

FTE: full-time equivalent

Notes: Data is for filled regular positions only.

Source: University of Maryland, Baltimore