

**R30B22**  
**University of Maryland, College Park**  
**University System of Maryland**

***Operating Budget Data***

	(\$ in Thousands)				
	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Working</u>	<u>FY 13</u> <u>Allowance</u>	<u>FY 12-13</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$396,156	\$392,061	\$396,095	\$4,034	1.0%
Contingent & Back of the Bill Reductions	0	0	-230	-230	
<b>Adjusted General Funds</b>	<b>\$396,156</b>	<b>\$392,061</b>	<b>\$395,865</b>	<b>\$3,804</b>	<b>1.0%</b>
Higher Education Investment Funds	\$15,353	\$21,331	\$17,986	-\$3,344	-15.7%
Contingent & Back of the Bill Reductions	0	0	230	\$230	
<b>Adjusted Special Funds</b>	<b>\$15,353</b>	<b>\$21,331</b>	<b>18,216</b>	<b>-\$3,115</b>	<b>-14.6%</b>
Other Unrestricted Funds	\$770,312	\$860,590	\$887,626	\$27,036	3.1%
<b>Adjusted Other Unrestricted Funds</b>	<b>\$770,312</b>	<b>\$860,590</b>	<b>\$887,626</b>	<b>\$27,036</b>	<b>3.1%</b>
Total Unrestricted Funds	\$1,181,821	\$1,273,981	\$1,301,706	\$27,725	2.2%
<b>Adjusted Total Unrestricted Funds</b>	<b>\$1,181,821</b>	<b>\$1,273,981</b>	<b>\$1,301,706</b>	<b>\$27,725</b>	<b>2.2%</b>
Restricted Funds	\$412,261	\$413,978	\$433,222	\$19,244	4.6%
<b>Adjusted Restriced Funds</b>	<b>\$412,261</b>	<b>\$413,978</b>	<b>\$433,222</b>	<b>\$19,244</b>	<b>4.6%</b>
<b>Adjusted Grand Total</b>	<b>\$1,594,082</b>	<b>\$1,687,959</b>	<b>\$1,734,928</b>	<b>\$46,969</b>	<b>2.8%</b>

- General funds for the University of Maryland, College Park (UMCP) increase \$3.8 million, or 1.0%, in the fiscal 2013 allowance after adjusting for \$0.2 million that is contingent on enactment of the Budget Reconciliation and Financing Act of 2012, which would be replaced by the same from the Higher Education Investment Fund (HEIF). The HEIF declines \$3.1 million, or 14.6%, due to the use of fund balance in fiscal 2012. Overall, State funds increase \$0.7 million.
- Other unrestricted funds increase \$27.0 million, or 3.1%, and restricted funds grow \$19.2 million, or 4.6%, in the fiscal 2013 allowance.

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

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***Personnel Data***

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	<b><u>FY 11 Actual</u></b>	<b><u>FY 12 Working</u></b>	<b><u>FY 13 Allowance</u></b>	<b><u>FY 12-13 Change</u></b>
Regular Positions	8,379.68	8,532.00	8,532.00	0.00
Contractual FTEs	<u>1,464.19</u>	<u>1,382.57</u>	<u>1,357.47</u>	<u>-25.10</u>
<b>Total Personnel</b>	<b>9,843.87</b>	<b>9,914.57</b>	<b>9,889.47</b>	<b>-25.10</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	186.85	2.19%
Positions and Percentage Vacant as of 12/31/11	345.85	4.10%

- The fiscal 2013 allowance does not provide any new regular positions.

## ***Analysis in Brief***

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### **Major Trends**

***Slight Decline in Research and Development Expenditures:*** Research and development expenditures per full-time faculty declined by 0.3% in fiscal 2009.

***Second- and Third-year Retention Rates Continue to Grow:*** The second-year rate reached its highest level of 94.8% with the 2009 cohort, which also had the highest third-year rate of 88.3%.

***Four-year Graduation Rates Increase:*** In fiscal 2005, only half of UMCP's students graduated within four years, well below the average of 63.2% of its peers. However, since then, the four-year rate has grown steadily to 63.0% by fiscal 2009.

***Undergraduate Degree Production Remains Stable:*** Degrees per 100 full-time equivalent students for UMCP and its peers remained fairly stable at 25 degrees in fiscal 2009 and 2010.

***Education and Related Expenditures Per Degree:*** UMCP's expenditures per degree were \$35,685 below the mean of its peers, but when excluding those with a medical school, UMCP was, on average, \$5,289 below its peers from fiscal 2004 to 2009.

### **Issues**

***Affordability:*** Nineteen percent of UMCP's students receive Pell awards, and as such, received the highest institutional grant awards, or need-based aid, of \$3,676 in fiscal 2011. However, of the 6,370 Pell-eligible students, 259 students used the more expensive private loans to finance their education, with loans averaging \$11,247 in fiscal 2011.

***Intercollegiate Athletic Program in the Red:*** In 2011, it was disclosed that the intercollegiate athletic program has been operating in a deficit situation since fiscal 2004 and was only able to balance its budget through transfers from a reserve account. A commission proposed four recommendations, with the most controversial being the elimination of eight teams by the end of fiscal 2012.

***Technology Transfer:*** The Office of Technology Commercialization develops and manages a diverse portfolio of technologies, providing a variety of services to faculty seeking to take their research to the next step of potential commercial success. In fiscal 2011, 118 invention disclosures were filed, 35 U.S. patents were issued, and 33 technologies were licensed.

***Audit Discloses Two Repeat Findings:*** In July 2011, the Office of Legislative Audits issued its audit of UMCP citing five findings, two of which were repeat findings from the last audit.

## **Recommended Actions**

1. See the University System of Maryland overview for systemwide recommendations.

## **Updates**

***Reallocation of Resources:*** Fiscal 2013 marks the fourth year of UMCP implementing its 10-year strategic plan of which a key component was the reallocation of 2% of its State-supported unrestricted funds to support initiatives directly linked to the strategic plan. However, in fiscal 2012, a combination of budget reductions and increasing mandatory costs led to only a reallocation of 1% of the funds.

***Closing the Achievement Gap:*** Closing the achievement gap is a University System of Maryland initiative aimed at addressing the challenges associated with the retention and graduation of lower-income and underrepresented students. The gap between the 2004 cohorts of African American and all males narrowed 2.1 percentage points due to a decline of that amount in the graduation rate of all males.

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***Operating Budget Analysis***

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**Program Description**

Designated as the flagship campus of the University System of Maryland (USM), the University of Maryland, College Park (UMCP) aspires to be one of the nation's preeminent public research universities, recognized nationally and internationally for the quality of the faculty and programs. UMCP attracts highly qualified students to undergraduate and graduate programs from the State, the country, and the world. It serves the citizens of Maryland through a mission of teaching, research, and outreach; advancing knowledge; stimulating innovation and creativity; and educating tomorrow's leaders.

UMCP offers baccalaureate, master's, and doctoral programs in liberal arts and sciences, social sciences, the arts, applied areas, and selected professional fields. The university also offers certificates in certain upper-level and graduate courses of study and provides honors, scholars, and departmental honors programs.

One of UMCP's missions as the State's land grant university is to deliver educational programs to the citizens of the State through the Maryland Cooperative Extension (MCE) program and the Maryland Agricultural Experiment Station (MAES) program. The MCE applies practical research-based knowledge to issues facing individuals, families, communities, and the State with offices in every county and Baltimore City. The MAES was established to ensure agricultural research geared to specific geographic locations would be conducted. The MAES is comprised of four research centers: Beltsville, Clarksville, Paint Branch Turfgrass, and Upper Marlboro facilities. These programs are funded by federal, State, and local governments.

**Carnegie Classification:** RU/VH Research University (very high research activity)

**Fall 2011 Undergraduate Enrollment Headcount**

Male	14,231
Female	12,595
<b>Total</b>	<b>26,826 (603 at Shady Grove)</b>

**Fall 2011 Graduate Enrollment Headcount**

Male	5,793
Female	5,012
<b>Total</b>	<b>10,805 (610 at Shady Grove)</b>

**Fall 2011 New Students Headcount**

First-time	3,994
Transfers/Others	2,241
Graduate	3,186
<b>Total</b>	<b>9,421</b>

**Campus (Main Campus)**

Acres	1,250
Buildings	263
Average Age	37 years
Oldest	Rossborough Inn – 1798

**Programs**

Bachelor's	89
Master's	101
Doctoral	80

**Degrees Awarded (2010-2011)**

Bachelor's	6,506
Master's	2,294
Doctoral	576
<b>Total Degrees</b>	<b>9,376</b>

**Proposed Fiscal 2013 In-state Tuition and Fees\***

Tuition	\$7,175
Mandatory Fees	\$1,734
<b>Total</b>	<b>\$8,909</b>

\*Contingent upon Board of Regents approval

**Performance Measures**

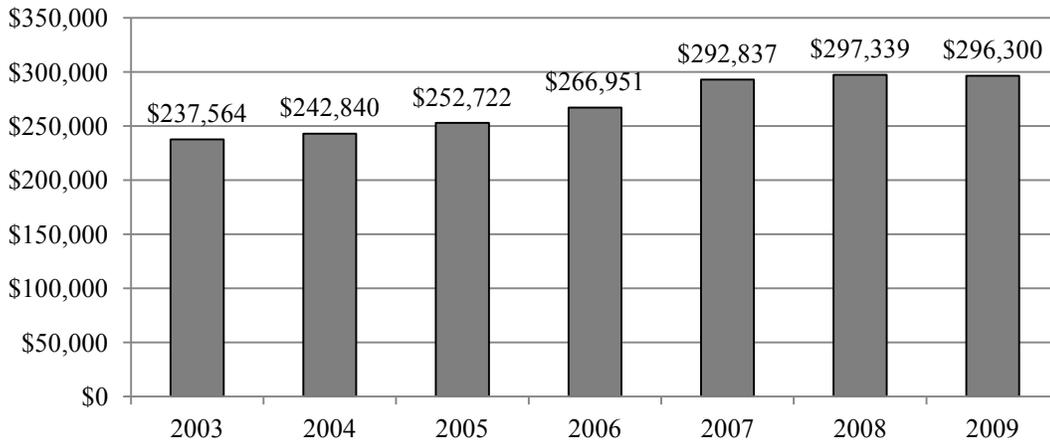
**Slight Decline in Research and Development Expenditures**

As a goal to provide Maryland with a public research university whose programs are nationally and internationally recognized, UMCP tracks research and development (R&D) expenditures per full-time faculty. This not only serves to measure productivity but the capacity to pursue research and attract and retain quality faculty. As shown in **Exhibit 1**, R&D expenditures per full-time faculty decline slightly by 0.3% in fiscal 2009.

**Second- and Third-year Retention Rates Continue to Grow**

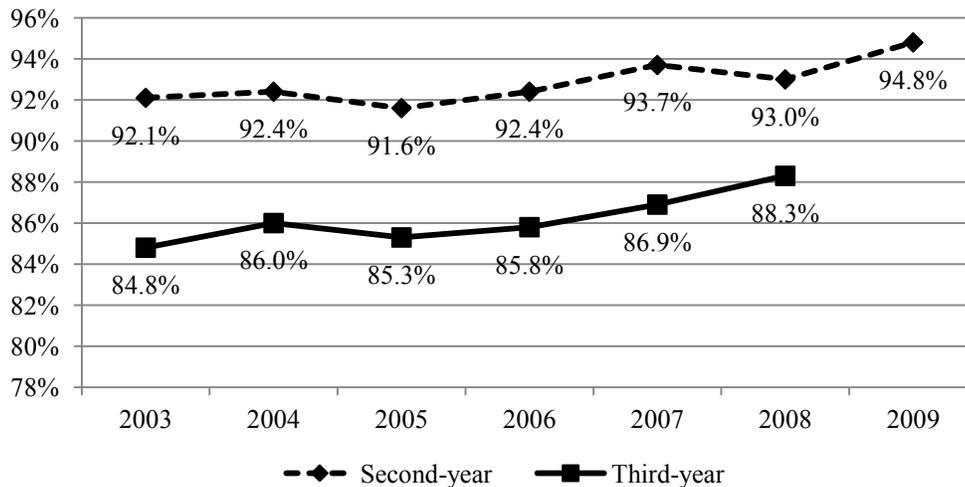
Student persistence, or retention, provides a measure of student success and an indication of an institution's performance, the higher the retention rate, the more likely students will persist and graduate. Overall, UMCP performs well at keeping students in school after the critical first year when they are most likely to drop out with the second-year retention rate for the past six cohorts averaging 92.9%, as illustrated in **Exhibit 2**, reaching the highest rate of 94.8% with the 2009 cohort. The third-year rate mirrors the trend of the second-year rate, and the 2008 cohort achieved the highest rate of 88.3%.

**Exhibit 1**  
**Total Research and Development Expenditures Per Full-time Faculty**  
**Fiscal 2003-2009**



Source: University System of Maryland Dashboard Indicators, 2011

**Exhibit 2**  
**Second- and Third-year Retention Rates – All Students**  
**2003-2009 Cohorts**



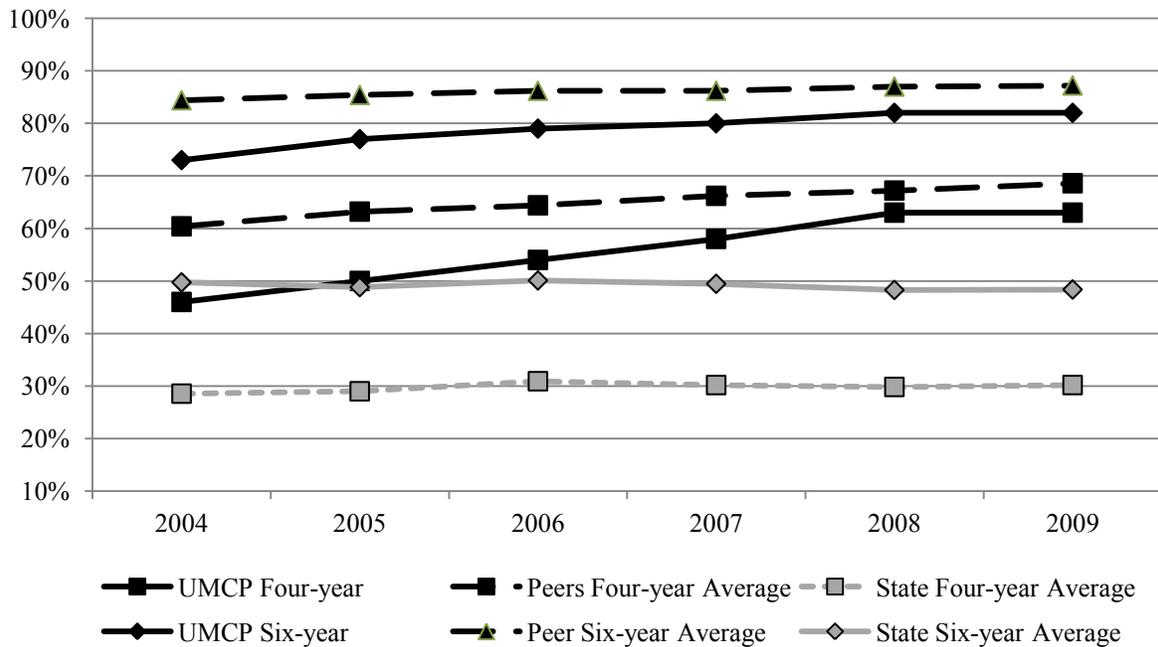
Note: Rates are for all first-time, full-time undergraduate students (includes those entering through advanced placement or other early credit-granting means who accumulated enough college credits to enter with a freshmen standing).

Source: Maryland Higher Education Commission

## Four-year Graduation Rates Increases

**Exhibit 3** compares the four- and six-year graduation rates of UMCP to the average of its aspirational peers and the State’s four-year public institutions. Aspirational peers are those institutions used to benchmark UMCP’s performance in USM’s *Dashboard Indicators – 2011*. In fiscal 2005, only half of UMCP’s students graduated within four years, well below the average of 63.2% of its peers. However, since then, UMCP’s rate has grown steadily to 63.0% by fiscal 2009, putting it 5.6 percentage points below its peers and 32.8 percentage points above the State’s average. Reducing the time to degree lessens a student’s debt burden since they do not need to finance an extra year or more of school and increases student throughput as space is made available to educate more students. According to the *Dashboard Indicators – 2011*, the time to degree at UMCP declined from 8.7 semesters in fiscal 2007 to 8.4 in fiscal 2010.

**Exhibit 3  
Four- and Six-year Graduation Rates  
Fiscal 2004-2009**



UMCP: University of Maryland, College Park

Note: Rates reflect the progress of the cohort of first-time, full-time degree seeking undergraduate students; does not include transfers in or out of the institution.

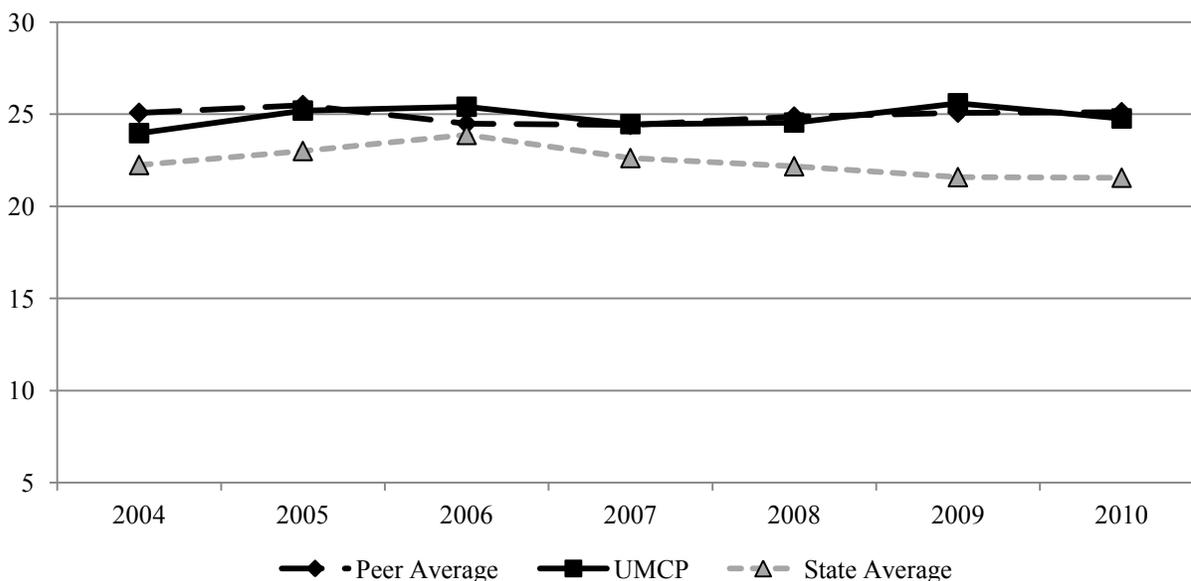
Source: Integrated Postsecondary Education System; Department of Legislative Services

Since increasing 7.0 percentage points from fiscal 2004 to 2007, UMCP’s six-year graduation rate has remained fairly stable at 82%. While UMCP’s rate exceeds that of the State average, it falls below the mean of its peers by 5.2 percentage points.

### Undergraduate Degree Production Remains Stable

Ultimately, how well an institution meets its mission is measured by the number of undergraduate degrees awarded. Trends in the number of undergraduate degrees awarded per 100 undergraduate full-time equivalent students (FTES) shows if an institution is being more or less productive in graduating students. Overall, UMCP’s degrees per 100 FTES are comparable to its aspirational peers and consistently exceed the average of the State’s public four-year institutions, as shown in **Exhibit 4**. In general, degrees per 100 FTES for UMCP and its peers hovers around 25.0 in fiscal 2009 and 2010, with UMCP exceeding the State average by 4.0 and 3.2 degrees, respectively.

**Exhibit 4**  
**Undergraduate Degree Per 100 Full-time Equivalent Students**  
**Fiscal 2004-2010**



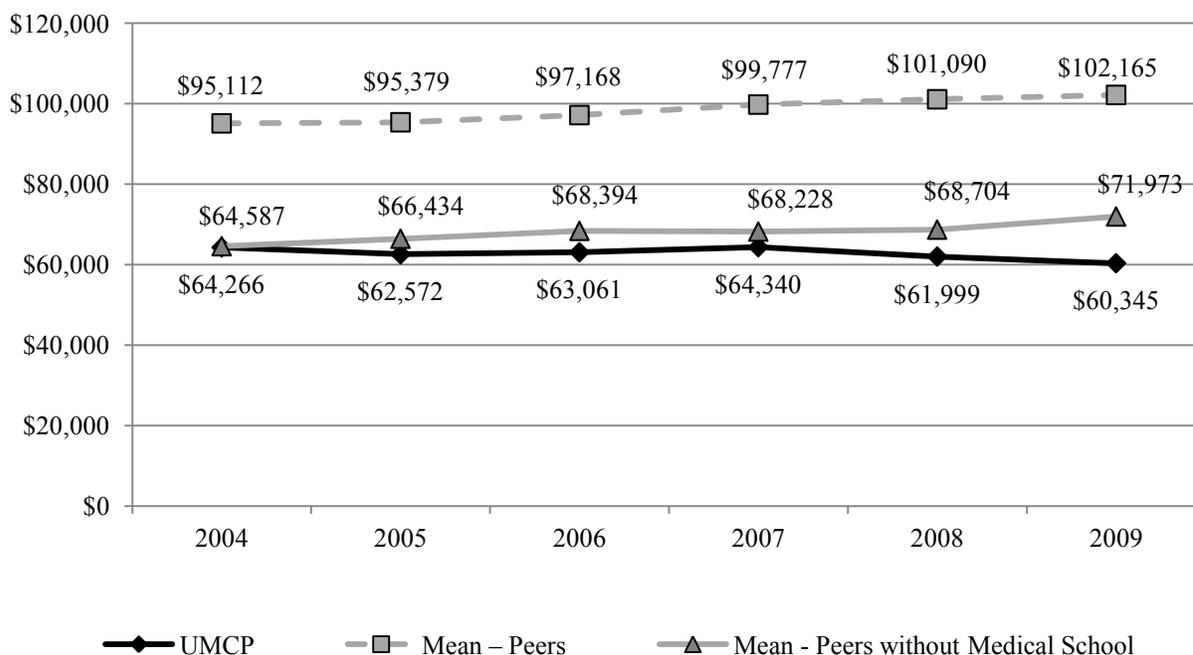
UMCP: University of Maryland, College Park

Source: Integrated Postsecondary Education Data System; Department of Legislative Services

## Education and Related Expenditures Per Degree

Education and related (E&R) expenditures per degree is another means to measure the performance of an institution. This measure shows over time if an institution is becoming more or less productive in using its resources to produce degrees. On average, UMCP's expenditures per degree were \$35,685 below its aspirational peers, as illustrated in **Exhibit 5**. However, three out of the five peer institutions include medical schools which have a higher cost per degree than institutions without a medical school. In fiscal 2009, the mean expenditures per degree for those institutions with a medical school was \$122,293; \$61,948 greater than UMCP's expenditures. When only considering the two institutions that do not have a medical school, UMCP's expenditures per degree consistently fell below the mean of the two institutions with the difference widening to \$11,628 in fiscal 2009. Overall, since 2004, UMCP's E&R spending per degree has declined by \$3,921.

**Exhibit 5**  
**Educational and Related Expenditures Per Degree Completed**  
**Academic Years 2004-2009**



UMCP: University of Maryland, College Park

Note: Education and related expenditures includes direct spending on instruction, student services; and education share of spending on academic and institutional support, and operations and maintenance. All dollar amounts are reported in 2009 dollars.

Source: Delta Project, Trends in College Spending Online

## Fiscal 2012 Actions

Section 47 of the fiscal 2012 budget bill required the Governor to abolish 450 regular positions as of January 1, 2012. UMCP's share of the reduction was 22 positions with a corresponding \$0.8 million reduction in general funds.

## Proposed Budget

The general fund allowance for fiscal 2013 is 1.0%, or \$3.8 million, higher than in fiscal 2012 after adjusting for the contingent reduction of \$0.2 million related to replacing the general funds with Higher Education Investment Fund (HEIF), as shown in **Exhibit 6**. When accounting for a 14.6%, or \$3.1 million, decline in the HEIF due to the use of fund balance in fiscal 2012, the overall growth in the State funds is 0.2%, or \$0.7 million. Other unrestricted funds increase \$27.0 million, or 3.1%, due to increases of \$16.7 million and \$9.5 million in tuition and fee and auxiliary revenues, respectively. It should be noted tuition and fee revenues have been understated in fiscal 2011 and 2012 with actual revenues exceeding the allowance by \$30.0 million and \$25.2 million, respectively. Given this trend, new revenues will likely exceed the allowance by approximately \$10 million in fiscal 2013.

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**Exhibit 6**  
**Proposed Budget**  
**University of Maryland, College Park**  
**(\$ in Thousands)**

	<b>FY 11</b>	<b>FY 12</b>	<b>FY 13</b>	<b>FY 12-13</b>	<b>% Change</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Adjusted</u></b>	<b><u>Change</u></b>	<b><u>Prior Year</u></b>
General Funds	\$396,156	\$392,061	\$395,865	\$3,804	1.0%
HEIF	\$15,353	21,331	18,216	-3,115	-14.6%
Total State Funds	411,509	413,391	414,081	690	0.2%
Other Unrestricted Funds	770,312	860,590	887,626	27,036	3.1%
Total Unrestricted Funds	1,181,821	1,273,981	1,301,706	27,725	2.2%
Restricted Funds	412,261	413,978	433,222	19,244	4.6%
<b>Total Funds</b>	<b>\$1,594,082</b>	<b>\$1,687,959</b>	<b>\$1,734,928</b>	<b>\$46,969</b>	<b>2.8%</b>

HEIF: Higher Education Investment Fund

Note: Fiscal 2013 general funds and the HEIF are adjusted by \$0.2 million to reflect a decrease in general funds which is offset by a corresponding increase in the HEIF contingent upon legislation. Numbers may not sum to total due to rounding.

Source: Governor's Budget Book, Fiscal 2013

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The fiscal 2013 allowance provides \$5.5 million in current unrestricted funds for expenses related to the opening of new facilities (\$1.5 million), technology transfer and administrative research support (\$1.5 million), enhancements to undergraduate programs (\$1.2 million), retention of critical faculty (\$0.8 million), and bringing information technology systems into federal and State compliance (\$0.5 million).

Budget changes by program in the allowance are shown in **Exhibit 7**. This data includes unrestricted funds only, the majority of which consist of general funds and tuition and fee revenues. Expenditures on scholarships and fellowships increase at the highest rate of 8.3%, or \$4.5 million, in fiscal 2013. Institutional support grows at the next highest rate of 2.9%, or \$2.8 million, due to increases in fringe benefits and statewide cost allocations related to administrative fees for retirement and personnel systems. Spending on operation and maintenance of plant increases of \$3.7 million, or 2.4%, are related to academic revenue bonds payments, the opening of new facilities, and fringe benefits. Instruction expenditures, which accounts for a majority of expenses, goes up \$3.1 million, or 0.7%, due to anticipated increases in educational services such as conferences and seminars, and summer and winter sessions.

In fiscal 2011, UMCP transferred \$79.0 million to the fund balance in an effort to rebuild its fund balance, particularly, the State-supported portion, after three years of reversions and cash transfers. Through cost containment measures, UMCP was able to transfer \$47.8 million of State-supported funds of which \$22.0 million was due to salary savings from the delayed hiring of approximately 300 positions. Approximately two-thirds of those positions have been filled since fiscal 2011. Utilities savings related to negotiated electrical purchases, improved demand side management, lighting retrofits, and a mild winter resulted in \$12.0 million in savings. An additional \$4.2 million, related to the furloughs, was transferred to the general fund. This action maintained UMCP's base appropriation and enabled the State to maintain its funding of higher education at the fiscal 2009 level, a maintenance of effort requirement of the American Recovery and Reinvestment Act of 2009. The remaining \$26.9 million were non-State-supported funds primarily derived from educational activities.

**Exhibit 7**  
**Budget Changes for Unrestricted Funds by Program**  
**Fiscal 2011-2013**  
**(\$ in Thousands)**

	<u>Actual</u> <u>2011</u>	<u>Working</u> <u>2012</u>	<u>%</u> <u>Change</u> <u>2011-12</u>	<u>Adjusted</u> <u>2013</u>	<u>\$</u> <u>Change</u> <u>2012-13</u>	<u>%</u> <u>Change</u> <u>2012-13</u>
<b>Expenditures</b>						
Instruction	\$376,627	\$411,521	9.3%	\$414,574	\$3,053	0.7%
Research	97,647	108,152	10.8%	109,821	1,669	1.5%
Public Service	26,551	33,511	26.2%	34,059	548	1.6%
Academic Support	131,619	135,851	3.2%	137,268	1,417	1.0%
Student Services	40,920	42,484	3.8%	43,024	540	1.3%
Institutional Support	94,479	95,763	1.4%	98,555	2,792	2.9%
Operation and Maintenance of Plant	143,538	155,610	8.4%	159,342	3,733	2.4%
Scholarships and Fellowships	48,426	54,460	12.5%	58,968	4,508	8.3%
<b>Education and General Total</b>	<b>\$959,807</b>	<b>\$1,037,352</b>	<b>8.1%</b>	<b>\$1,055,612</b>	<b>\$18,260</b>	<b>1.8%</b>
Auxiliary Enterprises	\$222,015	\$236,629	6.6%	\$246,095	\$9,465	4.0%
<b>Grand Total</b>	<b>\$1,181,821</b>	<b>\$1,273,981</b>	<b>7.8%</b>	<b>\$1,301,706</b>	<b>\$27,725</b>	<b>2.2%</b>
<b>Revenues</b>						
Tuition and Fees	\$442,883	\$452,877	2.3%	\$469,538	\$16,661	3.7%
General Funds	396,156	392,061	-1.0%	395,865	3,804	1.0%
Higher Education Investment Fund	15,353	21,331	38.9%	18,216	-3,115	-14.6%
Other Unrestricted Funds	181,972	172,083	-5.4%	172,993	909	0.5%
<b>Subtotal</b>	<b>\$1,036,364</b>	<b>\$1,038,352</b>	<b>0.2%</b>	<b>\$1,056,612</b>	<b>\$18,260</b>	<b>1.8%</b>
Auxiliary Enterprises	\$224,407	\$236,629	5.4%	\$246,095	\$9,465	4.0%
Transfer (to)/from Fund Balance	-78,950	-1,000		-1,000		
<b>Grand Total</b>	<b>\$1,181,821</b>	<b>\$1,273,981</b>	<b>7.8%</b>	<b>\$1,301,706</b>	<b>\$27,725</b>	<b>2.2%</b>

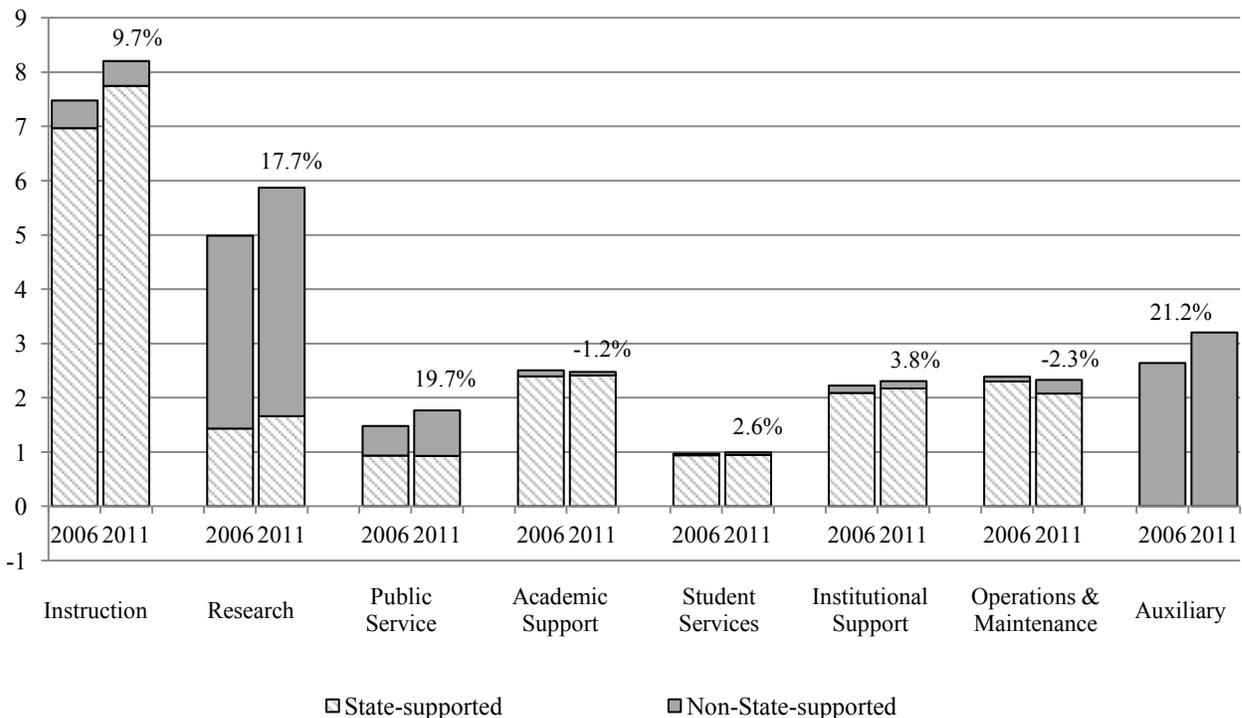
Note: Fiscal 2013 general funds and the Higher Education Investment Fund (HEIF) are adjusted by \$0.2 million to reflect a decrease in general funds which is offset by a corresponding increase in the HEIF contingent upon legislation. Numbers may not sum to total due to rounding.

Source: Governor's Budget Books, 2013

## Instructional Positions Continue to Grow

**Exhibit 8** shows the number of positions per 100 students, a way to measure whether staffing growth is keeping pace with enrollment growth. The number of filled positions grew 14.3%, or 1,407.5 full-time equivalents (FTE), between 2006 and 2011, relative to enrollment growth of 8.7%. These additional positions were equally distributed between State-supported (707.3 FTEs) and non-State-supported (700.2 FTEs). Instruction, which accounts for approximately 30% of all positions, accounted for 59.7% of growth in State-supported positions with 422.0 positions added since fiscal 2006. This is partly attributed the reallocation of State-supported unrestricted funds within the institution, a key component of UMCP’s strategic plan. Reallocated funds were used on those activities that support the plan which over the last two years focused on hiring “truly outstanding” faculty.

**Exhibit 8**  
**Total State- and Non-State-supported Positions**  
**Per 100 Full-time Equivalent Students**  
**2006 and 2011**



Source: University of Maryland, College Park

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Auxiliary staffing grew at the highest rate of 21.2% due to increased enrollment. Since auxiliary includes self-supporting activities such as food services, residence halls, and intercollegiate athletics, it is expected positions would increase with enrollment growth. Research positions increased 17.7% reflecting an increase in contract and grant activity.

## *Issues*

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### **1. Affordability**

Financial aid is an important component to helping many students succeed in earning a degree. Lack of financial support frequently contributes to a student's decision to stop out or drop out of college. Generally, by combining various types of aid, federal, State and institutional, students are able to effectively lower the cost of college. According the National Center for Education Statistics' *College Navigator*, the total cost for a Maryland student attending UMCP in fiscal 2010 was \$21,677 (total cost was based on tuition, mandatory fees, books and supplies, other expenses, and the weighted average of room and board). However, when accounting for the average amount federal, State, or institutional aid, the average net cost of attendance was \$13,282.

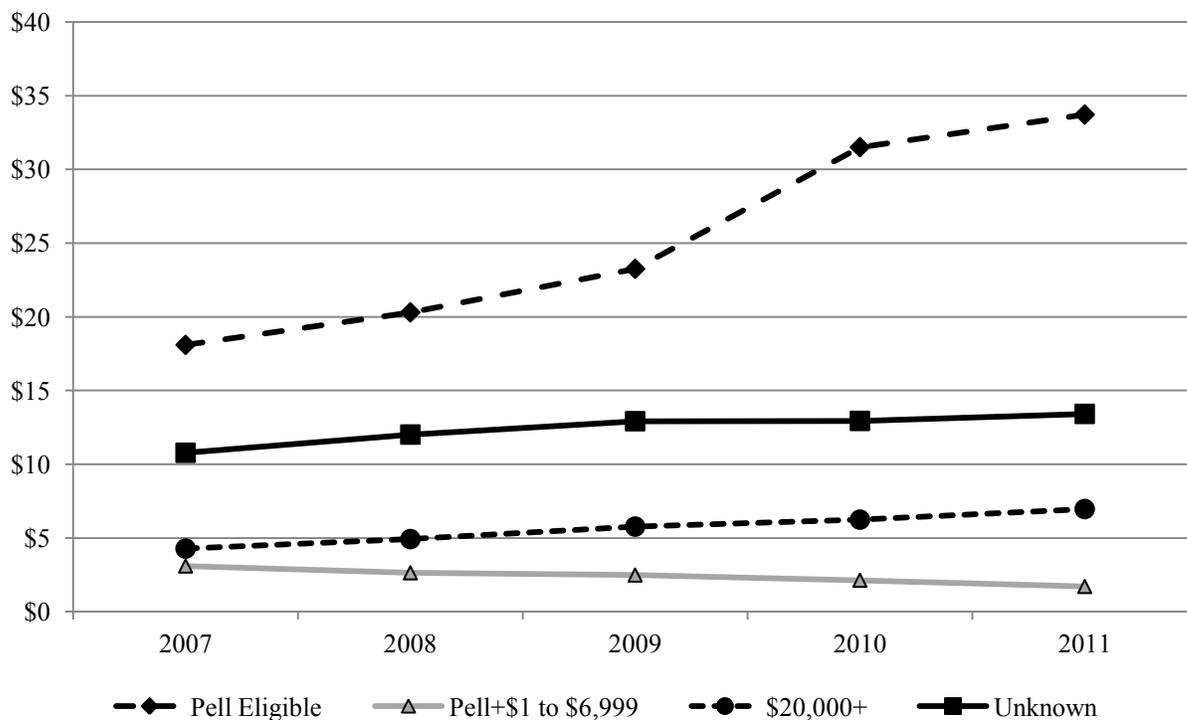
#### **Institutional Aid and Pell Awards**

Nineteen percent of UMCP's students receive Pell awards which are given to those that could not otherwise afford college and have an expected family contribution (EFC) of less than a specified amount, which was \$5,273 in 2011. EFC is an indicator of the amount a family is required to contribute to pay for a student's college education; therefore, the lower the EFC, the greater the financial need. As illustrated in **Exhibit 9**, when accounting for total expenditures on institutional aid and Pell awards, Pell-eligible students received 54.7% of the financial aid in fiscal 2011. The first year that the downturn in the economy impacted a student's financial situation is seen in fiscal 2010, when total aid expenditures for Pell-eligible students rose 35.5%, or \$8.3 million, of which \$6.0 million was due to an increase in Pell grants. During this time, the number of Pell awards grew 30.6% with the average award increasing \$337. While the total number of Pell awards continued to grow by 16.6% in fiscal 2011, the average award declined \$47.

In terms of institutional aid, Pell-eligible students received the highest average institutional grant award (*e.g.*, need-based aid) of \$3,676 in fiscal 2011, as shown in **Exhibit 10**. The average award for institutional scholarships (*e.g.*, merit) progressively increased at higher EFC categories, with the award for those in the unknown category (students who did not file a Free Application for Federal Student Aid (FAFSA)) being on average, \$1,264 higher than those who have an EFC greater than \$20,000. Student athletes, regardless of EFC, received the highest award with an average athletic scholarship of \$15,103. Institutional aid-funded athletic scholarships are used to pay the difference between in- and out-of-state tuition for high-talent, full scholarship nonresident athletes.

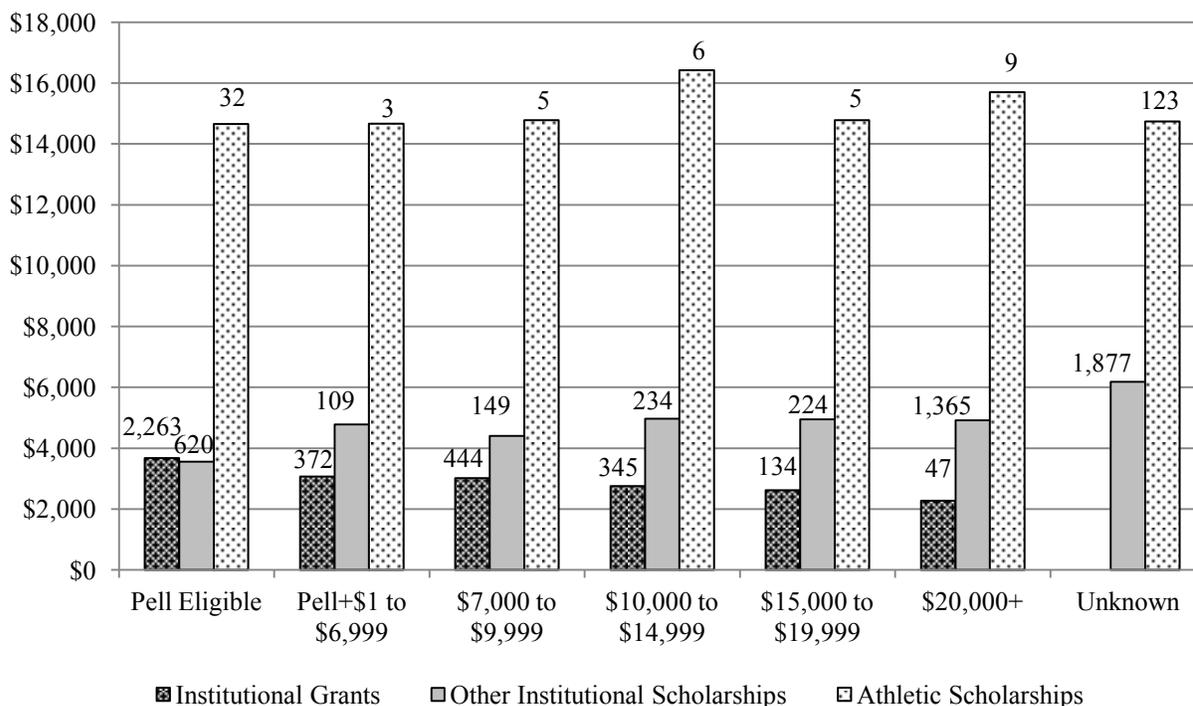
Overall, expenditures on institutional aid increased by \$8.7 million from fiscal 2007 to 2011. Students who did not file a FAFSA, on average, were awarded 35.6%, or \$12.4 million, of institutional aid of which approximately 85.0% was for scholarships. Pell-eligible students received, on average, 27.7% of total institutional aid. In fiscal 2012, UMCP expects to spend an additional \$0.4 million on institutional aid but will increase expenditures by \$2.7 million in fiscal 2013, with \$1.5 million going toward need-based aid.

**Exhibit 9**  
**Total Expenditures on Institutional Aid, Athletic Scholarships, and Pell Grants**  
**By Expected Family Contribution**  
**Fiscal 2007-2011**  
**(\$ in Millions)**



Source: University System of Maryland

**Exhibit 10**  
**Average Institutional Aid Award by Type and Expected Family Contribution**  
**Fiscal 2011**



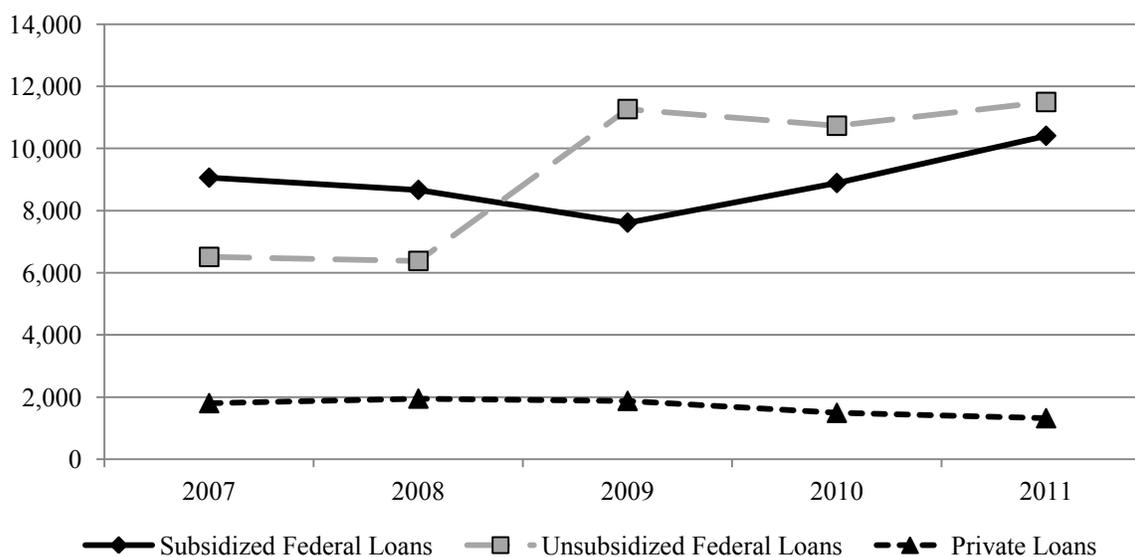
Source: University System of Maryland

**But Financial Aid Does Not Cover All Costs**

In addition to financial aid, students may take out loans to pay for their education. There are three types of loans: federal subsidized (based on financial need; the government pays the interest while the student is enrolled in school); federal unsubsidized (generally for those who do not demonstrate financial need; interest is added to the balance of the loan while the student is enrolled in school); and private sources.

Over the past four years, the number of federal unsubsidized and subsidized loans increased 40.7%, as illustrated in **Exhibit 11**. From fiscal 2007 to 2009, the number of subsidized loans declined 16.0% due to a drop in the number of Perkins loans, from 1,192 in fiscal 2008 to 63 in fiscal 2009. The Perkins loan is a revolving account; as students pay back loans to the university, those funds are used to provide new loans for the next cohort of students. The decline in payments in fiscal 2008 resulted in UMCP only having \$85,727 available for loans in fiscal 2009, compared to a

**Exhibit 11**  
**Total Number of Loans**  
**Fiscal 2007-2011**



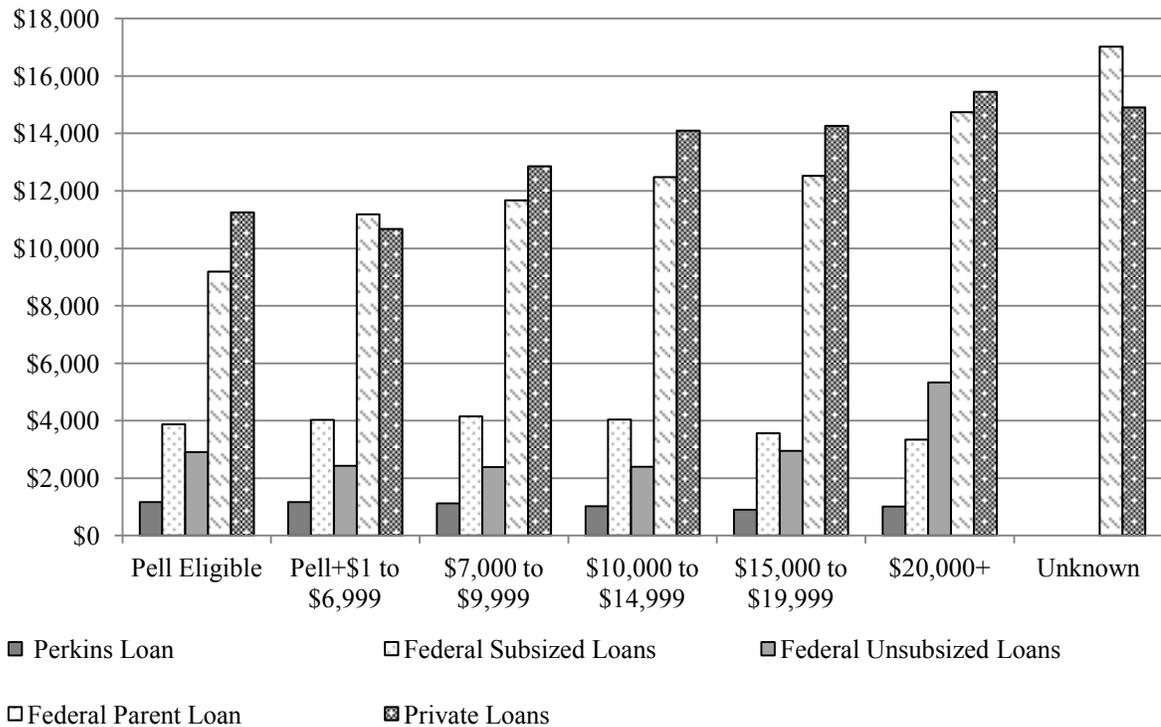
Source: University System of Maryland

total of \$2.1 million in fiscal 2008. UMCP stated this was due to a decline in loan payments resulting from the elimination of the Federal Family Educational Loan (FFEL) program and borrowers not being able to consolidate multiple federal loans into one loan. When federal loans were consolidated, UMCP received the entire balance in one payment, creating a significant cash flow; when loan amount could no longer be consolidated, Perkins loan payments quickly declined. However, in fiscal 2010, the number and total dollar amount of Perkins loans increased by 1,043 and \$1.6 million, respectively. UMCP attributes this to fiscal 2009 being a transition year with payments increasing in fiscal 2010 as students adjusted to the new federal requirements.

The number of federal unsubsidized loans jumped up 76.7% in fiscal 2009 due to a doubling in the number of Stafford loans. UMCP attributes this directly to a change in the federal loan limits. In fiscal 2008, the annual loan limit for dependent undergraduate students increased \$2,000 and by an additional \$1,000 for independent students. Additionally, UMCP notes an increase of families with higher incomes filing the FAFSA, indicating those families that would have historically used home equity or retirement loans are now relying on unsubsidized loans to pay for college.

While students with the greatest financial need typically receive Pell awards and institutional aid, it is still not enough to cover the costs of college. As shown in **Exhibit 12**, students in all EFC categories take out various types of loans to finance their education. In fiscal 2011, of the 6,370 Pell-eligible students, 259 used the more expensive private loans to finance their education with loans averaging \$11,247 in fiscal 2011. In general, federal parent loans and private loans progressively increase at higher EFC categories. Those with EFC over \$20,000 took out the highest average private loan of \$15,444, while those in the unknown category took out an average federal parent loan of \$17,022.

**Exhibit 12**  
**Mean Loan Amount by Type and Expected Family Contribution**  
**Fiscal 2011**



Source: University System of Maryland

**The President should comment on steps being taken to reduce the debt burden of students and on efforts to help make college more affordable for middle class students.**

## **2. Intercollegiate Athletic Program in the Red**

In summer 2011, UMCP disclosed that the intercollegiate athletic (ICA) program has been operating in a deficit situation since fiscal 2004 and was only able to balance its budget through transfers from reserves in an account held by the Terrapin Club foundation. By fiscal 2011, there were insufficient funds in the account to cover ICA expenses. As an auxiliary enterprise, which receives no State funding, the ICA is expected to be a self-supporting program. In response, the President announced the formation of the President's Commission on the ICA, comprised of various stakeholders, to review the finances and operations of the program and make recommendations on securing the financial sustainability of the program.

While the deficit situation at UMCP has garnered much attention, it is not unique among the Football Subdivision (FBS) institutions, and in fact, UMCP's deficit is well below the median deficit of other institutions. According to the National Collegiate Athletics Association (NCAA) *2004 – 2010 Revenues and Expenses NCAA Division I Intercollegiate Athletics Programs Report*, only 22 of the 120 FBS institutions reported a net surplus in 2010 with a median surplus of \$7.4 million (ranging from \$211,000 to \$41.9 million) while the median net deficit at the other 98 institutions was \$11.3 million.

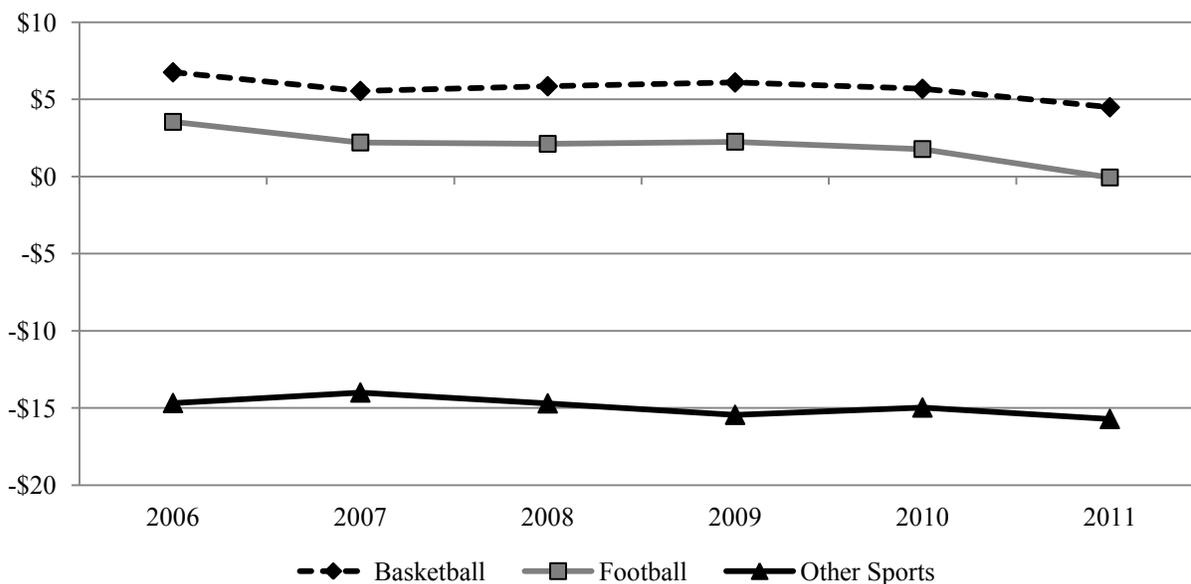
### **Anatomy of a Deficit**

The Board of Regents requires institutions to submit annual reports on its ICA program. In UMCP's May 2011 report, it was stated "The athletics department balanced its budget (FY09-FY10), marking the sixteenth consecutive year of doing so." While technically accurate, the report failed to mention this was achieved by drawing down its reserve funds. However, at the Board of Regents meeting, UMCP stated the budget has historically been balanced from "plant funds" that were annually transferred to make the budget balance to zero.

Numerous factors contributed to the deficit situation creating the perfect storm in fiscal 2011 which could no longer be ignored. According to the commission's report, the problem started in fiscal 2006 when declines in several revenue sources coincided with increasing expenses related to scholarships, personnel, and overhead charges. As a result, the deficit escalated 166%, or \$4.9 million, in fiscal 2011, totaling \$7.8 million.

Typically, revenue generating programs, *e.g.*, basketball and football at Division I institutions, subsidize nonrevenue producing sports, such as tennis, soccer, and golf. While, according to the NCAA, most FBS institutions tend to heavily rely on football revenue, this is not the case at UMCP. As shown in **Exhibit 13**, since fiscal 2006, net basketball revenues, on average, exceeded net football revenues by \$3.8 million. However, net revenues from both programs declined \$5.9 million over the past five years while net losses for the other programs held steady at an average of \$14.9 million. Basketball and football, therefore, were able to cover a smaller percentage of the expenses of other sports, declining from 69.1% in fiscal 2006 to 29.5% in fiscal 2011.

**Exhibit 13**  
**Net Revenues for Program**  
**Fiscal 2006-2011**  
**(\$ in Millions)**



Source: *Report of the President’s Commission on Intercollegiate Athletics*, November, 2011

The football program in particular saw a dramatic decline in net revenues from \$3.5 million in fiscal 2006 to a net loss of \$64,891 in fiscal 2011. UMCP states the decline in fiscal 2011, in which the program lost \$2.3 million, was due to a 16% decline in season tickets sales representing a \$2.3 million loss of revenue; one less home game; and an increase in expenses related to staffing transition. These losses were partially offset by a \$1.3 million game guarantee. Also, related to the football program are annual debt service payments for the \$50.8 million renovation of Byrd Stadium, which included the addition of Tyser Tower. UMCP expected the revenues generated from leasing the 63 luxury suites and sales of the 675 mezzanine seats would fully cover the debt payments. However, the opening of the tower coincided with the downturn in the economy and poor performance of the football team. In fiscal 2011, 42 of the suites were leased and 533 of the mezzanine seats were sold, resulting in a shortfall of \$318,000 in the yearly debt service payment of \$2.3 million. If fully leased, UMCP expects revenues from the suites would exceed the debt payment by \$0.5 million.

The financial situation was further exacerbated by a continual decline in ICA’s fundraising revenues, which are used to support athletic scholarships. Over a four-year period, from fiscal 2008 to 2011, revenues dropped 40.4%, from \$15.3 million to \$9.1 million. In fiscal 2011, these revenues

only covered 84% of scholarships with the remaining 16% funded by other ICA revenues including tuition funded institutional aid scholarships.

Furthermore, as part of UMCP's cost containment measures between fiscal 2002 to 2007, the ICA "loaned" \$9.2 million to the university's central budget. Starting in fiscal 2009, repayments from the central budget were made to the ICA with the final \$2.3 million payment made in fiscal 2011 suggesting that the deficit situation from fiscal 2009 to 2011 was understated by \$9.2 million.

### **Deficit Comes to Light**

By fiscal 2011, there were insufficient funds in ICA's reserve account to cover the \$7.8 million operating deficit. The ICA was able to meet its obligations through a \$1.8 million transfer from reserves; \$4.8 million in other one-time revenues including \$2.3 million related to the final cost containment repayment and a \$2.5 million game guarantee; and \$1.2 million loan from the Division of Student Affairs. To address the overall situation, the President established the commission as noted above to review the finances and operations of the program and make recommendations on securing the financial sustainability of the program.

### **Commission Recommendations**

The commission determined that if no actions were taken, the cumulative deficit would grow from \$1.2 million in fiscal 2011 to \$17.2 million in 2017. The commission proposed four recommendations with the most controversial being the elimination of six programs consisting of eight teams by the end of fiscal 2012. As shown in **Exhibit 14**, this would impact 162 student athletes and 13 full-time and 2 part-time coaches. While projected savings from reducing the number of teams from 27 to 19 totals \$3.6 million in fiscal 2013, this amount would not be immediately realized. UMCP plans to honor scholarship commitments to affected students and to fall 2012 recruits who signed letters of intent as well as coaches contracts. This recommendation was accepted with a caveat that the affected teams would not be eliminated if they could raise an amount equivalent to eight years of expenditures by June 30, 2012. Eight years was determined to be a significant amount of time to provide financial stability and build up the endowment to fund the teams with the goal of not revisiting the possibility of eliminating teams in the future.

It should be noted that in fiscal 2011, the student athletic fee accounted for 18% of ICA's budget with revenues totaling \$11.0 million. Of this amount, \$1.5 million goes toward the debt service payment on the Comcast Center with the remaining \$9.5 million supporting ICA's operating budget. While the commission considered raising the athletic fee, it was decided that given the nature of the student fee review process, a significant increase was unlikely to be approved.

**Exhibit 14**  
**Impact of Program Reduction**

	<u>Students</u>	<u>Full-time Coaches</u>	<u>Part-time Coaches</u>	<u>Fiscal 2013 Program Cost</u>	<u>Eight Years of Funding</u>
Acrobatic and Tumbling	42	3	2	\$659,909	\$5,279,277
Men’s Cross Country	13				
Men’s Indoor and Outdoor Track <sup>1</sup>	27	1		522,767	4,182,126
Men’s Tennis	10	2		478,842	3,830,738
Men’s Swimming and Diving <sup>2</sup>	26			629,507	5,036,060
Women’s Swimming and Diving <sup>2</sup>	26	5		816,306	6,530,448
Water Polo	18	2		525,670	4,205,366
<b>Total</b>	<b>162</b>	<b>13</b>	<b>2</b>	<b>\$3,633,001</b>	<b>\$29,064,015</b>

<sup>1</sup> Coaches for men’s track also coach women’s track; only 1 position would be eliminated.

<sup>2</sup> The men’s and women’s team are coached by the same 5 coaches.

Source: Athletic Director's Response to *The President's Commission of Intercollegiate Athletics Report*, November 2011; University of Maryland, College Park

With the implementation of the commission’s recommendations and loans from other auxiliary programs, it is projected the ICA will show a surplus of \$5.5 million in fiscal 2015, as shown in **Exhibit 15**. This is due to a 14.8% increase in revenues related to a \$3.5 million game guarantee and \$3.0 million in television rights based on a planned contract renegotiation related to the addition of two institutions to the Atlantic Coast Conference. It is also projected that in fiscal 2015, the ICA will be able to transfer \$2.8 million to its reserve account. However, the cumulative deficit will persist until 2019.

**Exhibit 15**  
**Projections of the Intercollegiate Athletic Program (ICA) Operating Budget**  
**Based on 19 teams**  
**Fiscal 2011-2020**  
**(\$ in Thousands)**

	<b>Actual</b>	<b>Budget</b>	<b>Projections</b>							
	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Operating Revenue	\$44,253	\$49,067	\$48,319	\$49,627	\$56,984	\$54,626	\$57,126	\$58,691	\$62,353	\$60,224
Gift/Fundraising	9,106	10,054	9,789	9,826	9,979	10,991	10,594	10,598	10,846	12,188
<b>Total Revenues</b>	<b>\$53,358</b>	<b>\$59,121</b>	<b>\$58,108</b>	<b>\$59,453</b>	<b>\$66,963</b>	<b>\$65,617</b>	<b>\$67,720</b>	<b>\$69,289</b>	<b>\$73,199</b>	<b>\$72,413</b>
Total Expenditures <sup>1</sup>	\$61,171	\$61,912	\$59,866	\$60,410	\$61,442	\$63,752	\$65,278	\$67,098	\$69,037	\$71,042
<b>Operating Surplus/Deficit</b>	<b>-\$7,813</b>	<b>-\$2,791</b>	<b>-\$1,758</b>	<b>-\$957</b>	<b>\$5,520</b>	<b>\$1,866</b>	<b>\$2,442</b>	<b>\$2,191</b>	<b>\$4,162</b>	<b>\$1,371</b>
Transfer from ICA Reserves	\$1,778	–	–	–	–	–	–	–	–	–
One-time Revenues <sup>2</sup>	4,793	–	–	–	–	–	–	–	–	–
Non-State Auxiliary Loan	1,245	\$2,791	\$1,758	\$957	–	–	–	–	–	–
<b>Year End Surplus/Deficit</b>	<b>\$3</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,520</b>	<b>\$1,866</b>	<b>\$2,442</b>	<b>\$2,191</b>	<b>\$4,162</b>	<b>\$1,371</b>
Repayment Auxiliary Loan	–	–	–	–	\$2,760	\$933	\$1,221	\$1,095	\$739	–
Transfer to ICA Reserves	–	–	–	–	2,760	933	1,221	1,095	2,081	\$685
Cumulative Surplus/Deficit	-\$1,245	-\$4,036	-\$5,794	-\$6,751	-3,991	-3,058	-1,837	-742	1,342	2,028
<b>Reserves Fund Balance</b>	<b>\$390</b>	<b>\$390</b>	<b>\$390</b>	<b>\$390</b>	<b>\$3,150</b>	<b>\$4,083</b>	<b>\$5,304</b>	<b>\$6,399</b>	<b>\$8,480</b>	<b>\$9,166</b>

<sup>1</sup> Includes debt service expense.

<sup>2</sup> Includes \$2.3 million final repayment from cost containment measures and \$2.5 million game guarantee.

Note: Numbers may not sum due to rounding.

Source: Report of the President's Commission on Intercollegiate Athletics

## **USM Oversight**

While the Board of Regents requires institutions with ICA programs to submit an annual report which includes fiscal matters, the board seems to have been caught unaware about the fiscal situation. However, UMCP could have been more forthcoming in providing information on the situation. This led to concerns among the regents that institutions have not recognized their responsibility to provide a full and complete statement of all revenues and expenditures of ICA programs. Therefore, the Chancellor appointed a University System of Maryland Office task force to review current board policy, process, and practice. The task force will make recommendations to improve transparency of financial disclosures and institutional accountability, and strengthen board oversight over the management and finances of ICA programs.

**The President should comment on the status of implementing the commission’s recommendations, the likelihood that the teams slated for elimination will be able to raise the required funds, and if the ICA has identified efficiencies that could lead to cost saving or other possible revenue sources. The President should also address what changes have been or will be made to ensure more transparency and accountability of ICA finances.**

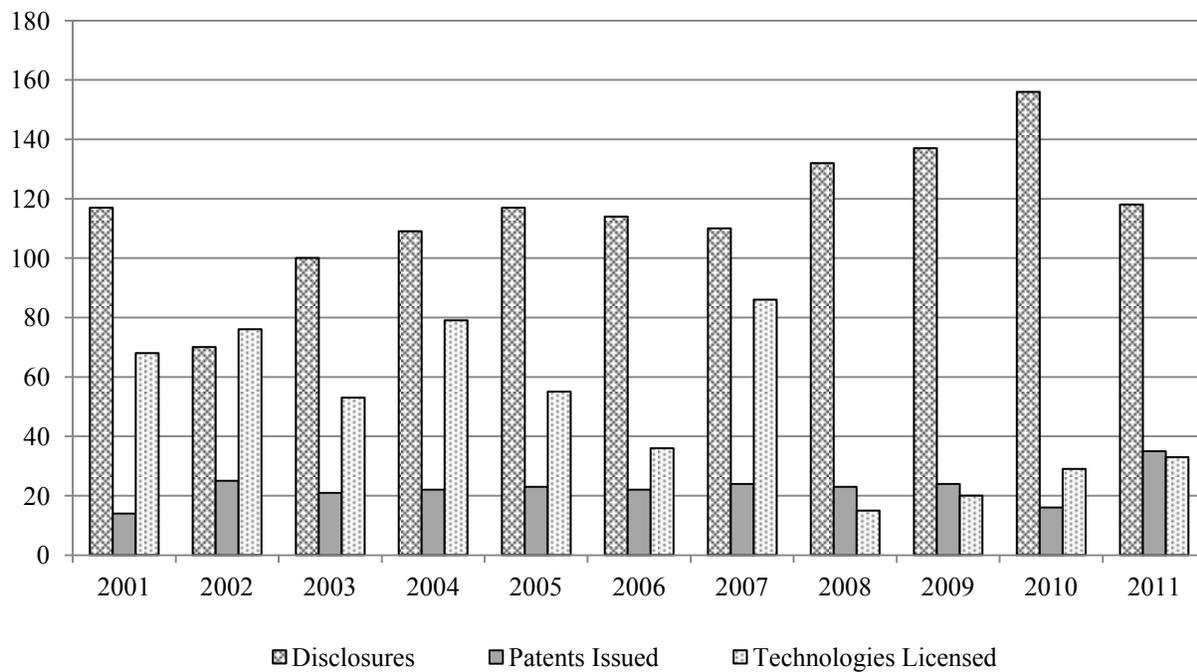
### **3. Technology Transfer**

The Office of Technology Commercialization (OTC) was established in 1986 to facilitate the transfer of technologies developed at UMCP to business and industry. OTC develops and manages a diverse portfolio of technologies, providing a variety of services to faculty seeking to take their research to the next step of potential commercial success. OTC ensures intellectual property rights through patents or copyrights, negotiates and executes licensing agreements, and assists in the formation of start-up companies that utilize university technology.

Once an invention disclosure form is received, a technology manager conducts an assessment to determine preliminary intellectual property protection, technical merit, and commercial potential. This includes filing a provisional patent, if the faculty member will be publishing findings, and limited marketing of the technology to at least 10 companies to obtain feedback to determine interest or marketability of the technology. If the decision is made to proceed, then OTC begins the process of filing for a U.S. patent.

OTC uses a number of indicators to measure success including inventions disclosed, patents issued, licenses, licensing income, and spin-off companies. **Exhibit 16** shows the number of disclosures, patents, and technologies licensed from 2001 to 2011. Between fiscal 2007 and 2010, the number of disclosures continually grew to a high of 156 in fiscal 2010. The number of U.S. patents increased from 16 in fiscal 2010 to 35 in fiscal 2011. Over the past 10 years, the number of licenses has varied reaching a high of 86 in fiscal 2007. While the number dropped to 15 in fiscal 2008, it has since continued to increase to 33 in fiscal 2011. **Exhibit 17** shows the information, life, and physical sciences’ shares of the technologies at these various stages in the commercialization process. While physical sciences accounted for 42% of the disclosures in fiscal 2011, these technologies only comprise 13% of the licensing revenues. At the other end of the spectrum, 26% of the disclosures are related to information sciences which account for 56% of the income.

**Exhibit 16  
Technology Transfer Measures  
Fiscal 2001-2011**



Source: University of Maryland, College Park

**Exhibit 17  
Percentage of Disclosures, Licensing, and Income by Technology Type  
Fiscal 2011**

	<u>Disclosures</u>	<u>Licenses</u>	<u>Licensing Income</u>
Information Sciences	26%	43%	56%
Life Sciences	32%	42%	31%
Physical Sciences	42%	15%	13%

Source: University of Maryland, College Park

Revenues realized from patents, computer programs, and software are shared with the faculty member. The faculty member receives 10% up to a threshold determined by the Chancellor, which for fiscal 2010 is \$12,071; 30% goes toward university administrative fees; and up to 60% is for expenses. After expenses are paid, any remaining revenues are equally distributed to the faculty member and the faculty member's department, where it is reinvested in research.

Over half of OTC's budget of approximately \$1 million (\$540,000) is allocated for patent expenses. The average cost of filing for a U.S. patent is \$25,000; however, there are ongoing costs associated with existing patents.

**The President should comment on the adequacy of funding for its technology transfer activities and how UMCP compares to other comparable research institutions in terms of its funding, staffing, and services offered to faculty. The President should also address if UMCP is collaborating or partnering with other USM technology transfer offices to enhance and strengthen USM's overall technology transfer and commercialization efforts.**

#### **4. Audit Discloses Two Repeat Findings**

In July 2011, the Office of Legislative Audits issued its audit of UMCP citing five findings, two of which were repeat findings from the last audit. The first finding related to UMCP not adequately monitoring faculty workload and leave to ensure compliance with policy, including not investigating conflicts in the faculty workload reports, not submitting required documentation supporting authorized sabbatical leave in a timely manner, and not enforcing its policy on collegially supported sick leave. The second repeat finding pertains to UMCP's equipment policy not meeting the minimum requirements established in USM's Policy for Capitalization and Inventory Control. UMCP's policy excludes computers with an acquisition value of than \$1,000 from the definition of non-capital equipment which must be recorded.

**The President should comment on the status of steps to address the repeat findings.**

## ***Recommended Actions***

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1. See the University System of Maryland overview for systemwide recommendations.

## *Updates*

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### 1. Reallocation of Resources

In fiscal 2013, UMCP will enter the fourth year of implementing its 10-year strategic plan. In order to implement the plan and ensure resources are used efficiently, effectively, and in line with the plan, a process to reallocate resources was implemented in fiscal 2009. In fiscal 2010 and 2011, 2% of UMCP's State-supported unrestricted funds were reallocated within the institution with the Provost retaining half, or 1% of the funds, and the rest reallocated within the college or division of where the funds originated, with deans having complete discretion over how reductions and reallocations are made within their colleges.

In fiscal 2012, a combination of budget reductions and increasing mandatory costs led to UMCP reallocating 1.0% of the State-supported unrestricted funds, of which 0.5% was reallocated to cover mandatory costs. The remaining 0.5% went into the reallocation pool to cover costs for initiatives begun in prior years, for which the Provost committed funds, and for the implementation of the newly revamped general education courses. There is some amount of flexibility for the Provost to fund new opportunities that may arise throughout the year. It is noted that efficiencies achieved by the Provost throughout the year may result in additional funds to support new initiatives. **Exhibit 18** shows the reallocation of funds by college.

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**Exhibit 18**  
**Academic Affairs**  
**1.0% Reallocation of Funds by College**  
**Fiscal 2012**

<u>College/School/Unit</u>	<u>0.5% Mandatory Cost</u>	<u>0.5% Strategic Initiatives</u>
Agriculture and Natural Resources	\$172,636	\$170,870
Architecture	29,089	28,791
Arts and Humanities	241,065	238,598
Behavioral and Social Sciences	176,566	174,759
Business and Management	269,156	266,401
Chemical and Life Sciences	112,762	111,608
Information Studies	13,364	13,228
Computer, Mathematical, and Physical Sciences	224,721	222,421
Education	80,440	79,617
Engineering	199,426	197,385
Journalism	16,956	16,783

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<u>College/School/Unit</u>	<u>0.5% Mandatory Cost</u>	<u>0.5% Strategic Initiatives</u>
Public Policy	32,122	31,794
Public Health	43,976	43,526
Graduate	7,684	7,606
Undergraduate	36,673	36,298
Libraries	83,450	82,596
<b>Total</b>	<b>\$1,740,086</b>	<b>1,722,281</b>

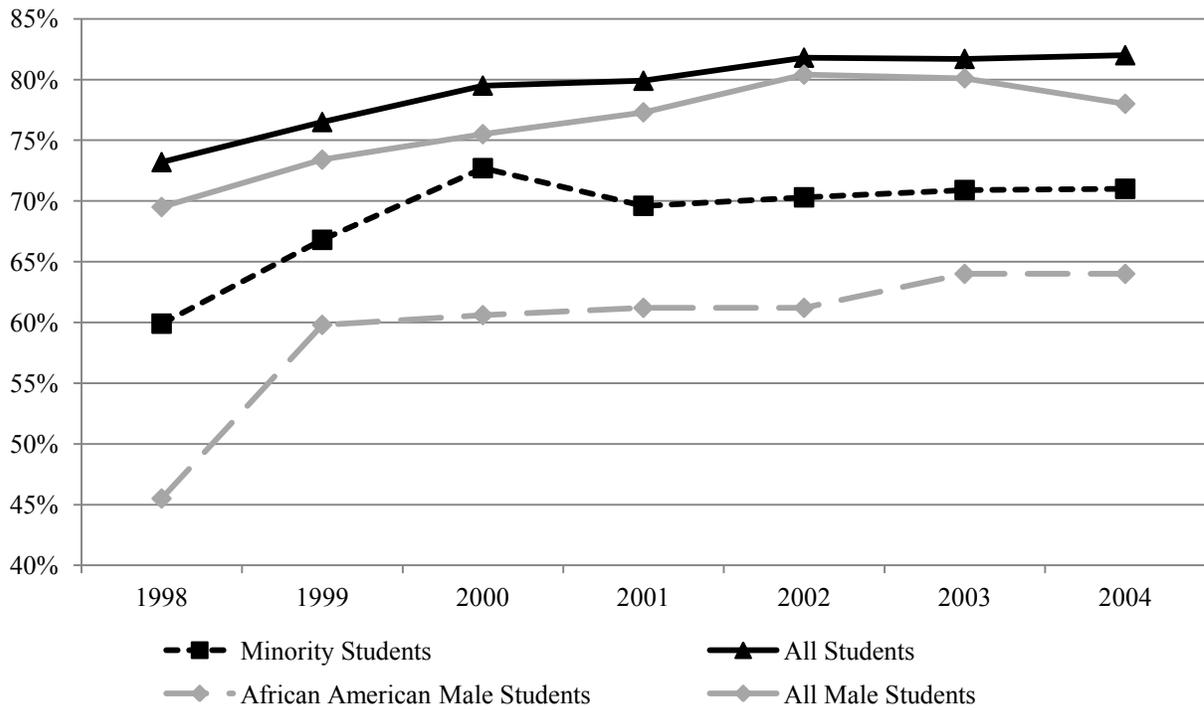
Source: University of Maryland, College Park

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## **2. Closing the Achievement Gap**

Closing the achievement gap is a USM initiative aimed at addressing the challenges associated with the retention and graduation of lower-income and underrepresented students. It is also key to helping USM and the State meet degree completion targets. UMCP defines its achievement gap as the difference in the six-year graduation rates for minority and all students, and African American male and all male students. As shown in **Exhibit 19**, the gap between the 2004 cohort of minority and all students narrowed by 0.4 percentage points with the 2004 cohort. Since the 1998 minority cohort, which has the lowest rate of 59.9%, the graduation rate has risen 11.1 percentage points. Meanwhile, the gap between the 2004 cohort of African American and all males narrowed due to a 1.8 percentage points decline in the graduation rate of all males.

**Exhibit 19**  
**Six-year Graduation Rate**  
**Minority and All Students; African American Males and All Male Students**  
**Fall 1998-2004 Cohorts**



Source: University of Maryland, College Park

## ***Current and Prior Year Budgets***

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### **Current and Prior Year Budgets University of Maryland, College Park (\$ in Thousands)**

<b>Fiscal 2011</b>	<b>General Fund</b>	<b>Special Fund</b>	<b>Federal Fund</b>	<b>Other Unrestricted Fund</b>	<b>Total Unrestricted Fund</b>	<b>Restricted Fund</b>	<b>Total</b>
Legislative Appropriation	\$388,513	\$0	\$0	\$802,898	\$1,191,411	\$409,255	\$1,600,666
Deficiency Appropriation	0	0	0	0	0	0	0
Budget Amendments	7,643	15,353	0	-1,858	21,138	14,053	35,191
Reversions and Cancellations	0	0	0	-30,728	-30,728	-11,047	-41,775
<b>Actual Expenditures</b>	<b>\$396,156</b>	<b>\$15,353</b>	<b>\$0</b>	<b>\$770,312</b>	<b>\$1,181,821</b>	<b>\$412,261</b>	<b>\$1,594,082</b>
<b>Fiscal 2012</b>							
Legislative Appropriation	\$387,426	\$21,331	\$0	\$823,997	\$1,232,753	\$446,748	\$1,679,502
Budget Amendments	4,635	0	0	36,593	41,228	-32,771	8,457
<b>Working Appropriation</b>	<b>\$392,061</b>	<b>\$21,331</b>	<b>\$0</b>	<b>\$860,590</b>	<b>\$1,273,981</b>	<b>\$413,978</b>	<b>\$1,687,959</b>

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

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## **Fiscal 2011**

For fiscal 2011, general funds for UMCP increased \$7.6 million through a budget amendment related to the reorganization of the University of Maryland Biotechnology Institute (UMBI). Special funds, comprised of the HEIF, increased \$15.4 million through a budget amendment as authorized in the fiscal 2011 budget bill. Other unrestricted funds decreased by a total of \$1.9 million through a budget amendment. Increases included:

- \$14.2 million from tuition and fee revenues due higher than expected enrollment;
- \$4.6 million from the sales and services of auxiliary enterprises;
- \$4.1 million from indirect cost recovery; and
- \$3.3 million from miscellaneous income.

There was a \$28.2 million decrease in the sales and services of auxiliary enterprises to realign revenue with expenditures.

Cancellations of unrestricted funds amounted to \$30.7 million due to lower than anticipated expenditures in fuel and utilities, sales and services of educational services, Designated Research Initiative Funds, and fellowships.

Restricted funds increased \$14.1 million through budget amendments which included funds related to the reorganization of UMBI. Increases included:

- \$17.4 million from federal grants and contracts primarily due to stimulus grants; and
- \$2.1 million in State and local grants and contracts to realign the budget with actual activity.

There was a decrease of \$5.4 million to realign the budget with actual private grants and contracts activities.

Cancellations of restricted funds totaled \$11.0 million due to lower than anticipated expenditures of State and private grants and contracts.

## **Fiscal 2012**

For fiscal 2012, general funds increased \$4.6 million through a budget amendment related to \$750 employee bonus. Other unrestricted funds increased \$36.6 million through budget amendment. Increases included:

- \$21.1 million in tuition and fee revenue due to additional enrollment of 200 FTES;

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- \$6.7 million in miscellaneous income;
- \$4.8 million in the sales and services of auxiliary enterprises to realign revenue with projections;
- \$4.3 million in indirect cost recovery; and
- \$3.2 million in investment and endowment income.

There was a decrease of \$3.6 million in the sales and services of educational activities.

Restricted funds decreased \$32.8 million by a budget amendment. This was mainly due to a \$23.8 million decline in federal grants and contracts to realign budget with actual activity primarily related to the end of American Recovery and Reinvestment Act of 2009 funding. Private, State, and local grants and contracts decreased \$8.9 million in order to realign the budget with actual activity.

## ***Audit Findings***

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Audit Period for Last Audit:	January 2008 – July 2010
Issue Date:	July 2011
Number of Findings:	5
Number of Repeat Findings:	2
% of Repeat Findings:	40%
Rating: (if applicable)	

***Finding 1:*** **UMCP did not adequately monitor faculty workload and leave to ensure compliance with certain policies.**

***Finding 2:*** UMCP lacked a written contract with a vendor it continued to use after the original contract expired and did not submit the decision to continuing using the vendor to the Board of Regents for approval.

***Finding 3:*** UMCP did not adequately monitor a revenue contract which resulted in uncollected revenue.

***Finding 4:*** Monitoring and operational controls over the Payroll and Human Resources production database needs improvement.

***Finding 5:*** **UMCP did not comply with USM policy regarding accountability over certain non-capital equipment.**

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

**UMCP Full-time Equivalent Personnel by Budget Program  
Fiscal 2006, 2011, and 2012**

	<u>2006</u>		<u>2011</u>		<u>2012</u>		<u>2006-2012</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>	<u>Change of Share</u>
Instruction	2,168.2	30.3%	2,349.9	29.4%	2,586.4	30.2%	-0.1%
Research	1,446.3	20.2%	1,690.8	21.1%	1,851.0	21.6%	1.4%
Public Service	428.7	6.0%	516.8	6.5%	557.9	6.5%	0.5%
Academic Support	726.9	10.2%	752.8	9.4%	780.5	9.1%	-1.0%
Student Services	281.2	3.9%	294.0	3.7%	313.5	3.7%	-0.3%
Institutional Support	645.0	9.0%	703.0	8.8%	728.1	8.5%	-0.5%
Operations, Maintenance of Plant	692.5	9.7%	743.9	9.3%	735.4	8.6%	-1.1%
Auxiliary Enterprises	766.2	10.7%	949.3	11.9%	1,009.7	11.8%	1.1%
<b>Total</b>	<b>7,155.0</b>		<b>8,000.5</b>		<b>8,562.5</b>		

FTE: full-time equivalent

UMCP: University of Maryland, College Park

Note: Data are for filled regular positions only. All data are self-reported and unaudited. Numbers may not sum to total due to rounding.

Source: University of Maryland, College Park

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

<u>Object/Fund</u>	<u>FY 11 Actual</u>	<u>FY 12 Working Appropriation</u>	<u>FY 13 Allowance</u>	<u>FY 12 - FY 13 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	8,379.68	8,532.00	8,532.00	0.00	0%
02 Contractual	1,464.19	1,382.57	1,357.47	-25.10	-1.8%
<b>Total Positions</b>	<b>9,843.87</b>	<b>9,914.57</b>	<b>9,889.47</b>	<b>-25.10</b>	<b>-0.3%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 980,153,443	\$ 1,047,908,213	\$ 1,054,663,005	\$ 6,754,792	0.6%
02 Technical and Spec. Fees	8,420,544	10,418,089	10,418,089	0	0%
03 Communication	18,573,767	15,467,403	15,470,214	2,811	0%
04 Travel	36,135,715	30,206,689	30,206,689	0	0%
06 Fuel and Utilities	58,541,418	69,648,583	69,947,479	298,896	0.4%
07 Motor Vehicles	4,521,696	3,720,660	3,720,660	0	0%
08 Contractual Services	152,073,377	160,191,732	180,936,705	20,744,973	13.0%
09 Supplies and Materials	78,714,686	67,075,527	76,626,076	9,550,549	14.2%
11 Equipment – Additional	36,151,696	45,928,213	46,413,943	485,730	1.1%
12 Grants, Subsidies, and Contributions	114,768,311	128,336,795	136,107,203	7,770,408	6.1%
13 Fixed Charges	47,227,956	61,163,454	62,524,647	1,361,193	2.2%
14 Land and Structures	58,799,178	47,893,728	47,893,728	0	0%
<b>Total Objects</b>	<b>\$ 1,594,081,787</b>	<b>\$ 1,687,959,086</b>	<b>\$ 1,734,928,438</b>	<b>\$ 46,969,352</b>	<b>2.8%</b>
<b>Funds</b>					
40 Unrestricted Fund	\$ 1,181,821,232	\$ 1,273,981,186	\$ 1,301,706,325	\$ 27,725,139	2.2%
43 Restricted Fund	412,260,555	413,977,900	433,222,113	19,244,213	4.6%
<b>Total Funds</b>	<b>\$ 1,594,081,787</b>	<b>\$ 1,687,959,086</b>	<b>\$ 1,734,928,438</b>	<b>\$ 46,969,352</b>	<b>2.8%</b>

Note: The fiscal 2012 appropriation does not include deficiencies.

**Fiscal Summary**  
**USM – University of Maryland, College Park**

<u>Program/Unit</u>	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Wrk Approp</u>	<u>FY 13</u> <u>Allowance</u>	<u>Change</u>	<u>FY 12 - FY 13</u> <u>% Change</u>
01 Instruction	\$ 394,454,564	\$ 428,495,207	\$ 431,550,776	\$ 3,055,569	0.7%
02 Research	388,853,197	404,917,792	419,518,260	14,600,468	3.6%
03 Public Service	91,914,480	92,441,966	96,028,802	3,586,836	3.9%
04 Academic Support	132,319,553	136,847,833	138,264,806	1,416,973	1.0%
05 Student Services	41,599,650	43,124,048	43,664,271	540,223	1.3%
06 Institutional Support	94,590,366	95,763,104	98,555,085	2,791,981	2.9%
07 Operation and Maintenance of Plant	143,555,555	155,609,504	159,342,479	3,732,975	2.4%
08 Auxiliary Enterprises	222,016,836	236,629,383	246,094,557	9,465,174	4.0%
17 Scholarships And Fellowships	84,777,586	94,130,249	101,909,402	7,779,153	8.3%
<b>Total Expenditures</b>	<b>\$ 1,594,081,787</b>	<b>\$ 1,687,959,086</b>	<b>\$ 1,734,928,438</b>	<b>\$ 46,969,352</b>	<b>2.8%</b>
Unrestricted Fund	\$ 1,181,821,232	\$ 1,273,981,186	\$ 1,301,706,325	\$ 27,725,139	2.2%
Restricted Fund	412,260,555	413,977,900	433,222,113	19,244,213	4.6%
<b>Total Appropriations</b>	<b>\$ 1,594,081,787</b>	<b>\$ 1,687,959,086</b>	<b>\$ 1,734,928,438</b>	<b>\$ 46,969,352</b>	<b>2.8%</b>

Note: The fiscal 2012 appropriation does not include deficiencies.