

**R30B25**  
**University of Maryland Eastern Shore**  
**University System of Maryland**

***Executive Summary***

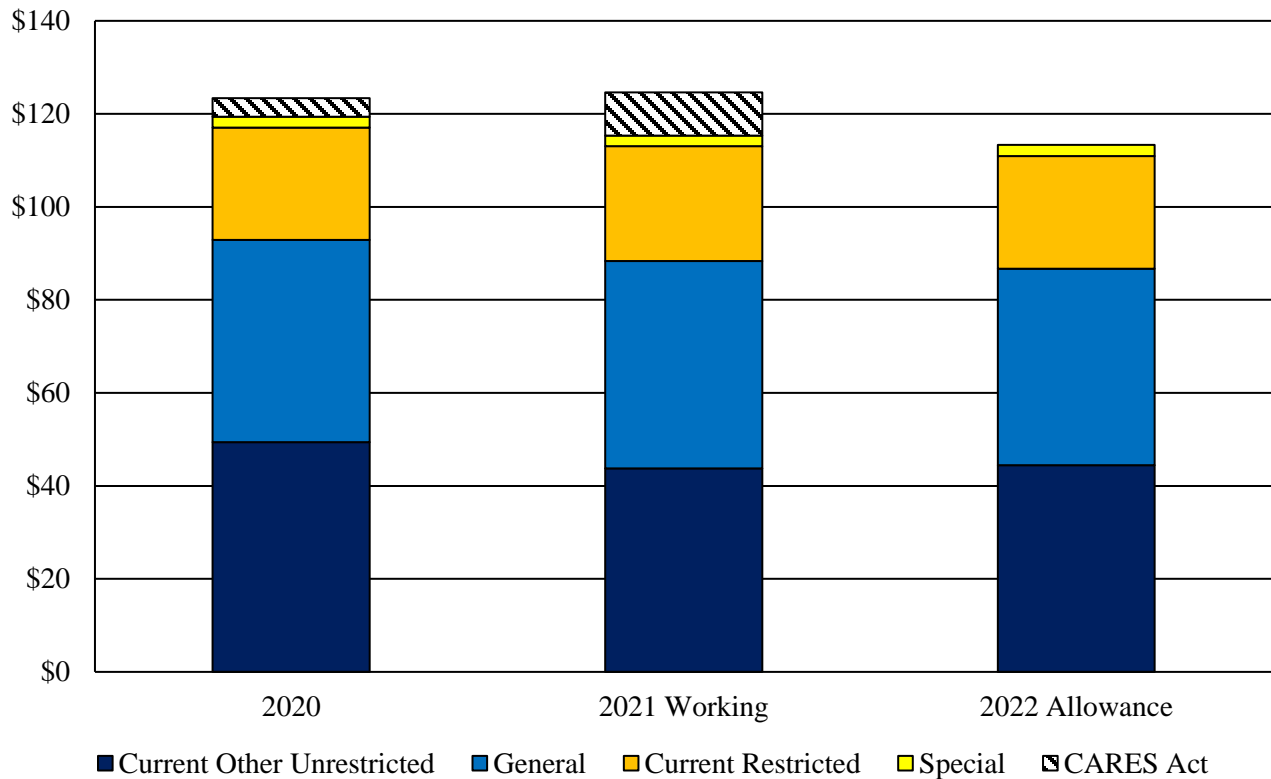
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The University of Maryland Eastern Shore (UMES) is the State’s 1890 land-grant institution and, as such, maintains a legacy of an historically black college and university, offering equal educational opportunities to all students who qualify for admission.

***Operating Budget Summary***

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**Fiscal 2022 Budget Decreases \$10.8 Million, or 8.7%, to \$113.4 Million**  
(\$ in Millions)



CARES: Coronavirus Aid, Relief, and Economic Security

Note: Numbers may not sum due to rounding. The fiscal 2021 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2022 allowance includes annualization of general salary increases.

- There are two proposed deficiencies that would provide \$2.4 million in general funds to reimburse UMES for COVID-19-related expenses and \$0.9 million in reimbursable funds for public safety personnel costs related to COVID-19.
- To date, UMES has received a total of \$11.8 million in federal and State Coronavirus Aid, Relief, and Economic Security (CARES) Act funding in fiscal 2020 and 2021: \$11.4 million in federal funds, of which \$1.8 million was required to be used for emergency student financial aid and the remaining amount to cover revenue losses and COVID-19-related expenses; and \$0.4 million from the State Coronavirus Relief Fund to reimburse UMES for COVID-19 and public safety personnel related expenses.
- Fiscal 2022 State funding decreases 4.5%, or \$2.1 million, compared to fiscal 2021.

## ***Key Observations***

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- Undergraduate enrollment fell for a fourth straight year in fall 2020, 10.6% or 253 students, reflecting the impact of COVID-19 on enrollment. While UMES was successful in attracting students to apply, more than doubling the number of first-time applications, only 9% of those accepted enrolled.
- After the second- and third-year retention rates fell to their lowest levels of 57.9% and 44.1%, respectively, with the 2015 cohort, reflecting the acceptance of students who were not prepared for college, the second-year rate improved to over 60% and the third-year to over 48% with the preceding cohorts but have since fallen.
- The quick pivot to remote learning and the closing of campus during the spring 2020 semester due to the spread of COVID-19 across the State led to revenue losses due to student refunds and unplanned expenditures related to facilitating remote learning and maintaining a safe environment on campus. While UMES received CARES Act funding, it was not enough to cover the revenue loss and increased expenditures. The loss of revenue and increased COVID-19-related costs not previously budgeted continued with the fall 2020 semester.

## **Operating Budget Recommended Actions**

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

**R30B25**  
**University of Maryland Eastern Shore**  
**University System of Maryland**

***Operating Budget Analysis***

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**Program Description**

The University of Maryland Eastern Shore (UMES) is the State’s 1890 land-grant institution and, as such, maintains a legacy of an historically black college and university (HBCU), offering equal educational opportunities to all students who qualify for admission. UMES emphasizes selected baccalaureate programs in liberal arts and sciences and career fields with particular relevance to its land-grant mandate, including agriculture, marine and environmental science, hospitality, and technology.

UMES serves the education and research needs of government agencies, business, and industry while focusing on the economic development needs of the Eastern Shore. UMES aspires to become an educational model of a teaching/research institution and will continue to enhance its interdisciplinary curriculum-sponsored research and outreach to the community and expand its collaborative arrangement within the system and with external agencies and constituencies

**Carnegie Classification:** Doctoral Universities: High Research Activity

|                                                     |                                  |                                                |            |
|-----------------------------------------------------|----------------------------------|------------------------------------------------|------------|
| <b>Fall 2020 Undergraduate Enrollment Headcount</b> |                                  | <b>Fall 2020 Graduate Enrollment Headcount</b> |            |
| Male                                                | 933                              | Male                                           | 195        |
| Female                                              | 1,137                            | Female                                         | 383        |
| <b>Total</b>                                        | <b>2,070</b> (54 at Shady Grove) | <b>Total</b>                                   | <b>578</b> |

|                                         |            |                             |       |
|-----------------------------------------|------------|-----------------------------|-------|
| <b>Fall 2020 New Students Headcount</b> |            | <b>Campus (Main Campus)</b> |       |
| First-time                              | 483        | Acres                       | 1,103 |
| Transfers/Others                        | 78         | Buildings                   | 91    |
| Graduate                                | 144        | Average Age                 | 44    |
| <b>Total</b>                            | <b>705</b> | Oldest                      | 1940  |

|                         |    |                                    |            |
|-------------------------|----|------------------------------------|------------|
| <b>Programs</b>         |    | <b>Degrees Awarded (2019-2020)</b> |            |
| Bachelor’s              | 34 | Bachelor’s                         | 516        |
| Master’s                | 15 | Master’s                           | 50         |
| Doctoral – Research     | 6  | Doctoral – Research                | 20         |
| Doctoral – Professional | 2  | Doctoral – Professional            | 79         |
|                         |    | <b>Total Degrees</b>               | <b>665</b> |

**Proposed Fiscal 2022 In-state Tuition and Fees\***

|                       |         |
|-----------------------|---------|
| Undergraduate Tuition | \$5,526 |
| Mandatory Fees        | \$3,203 |

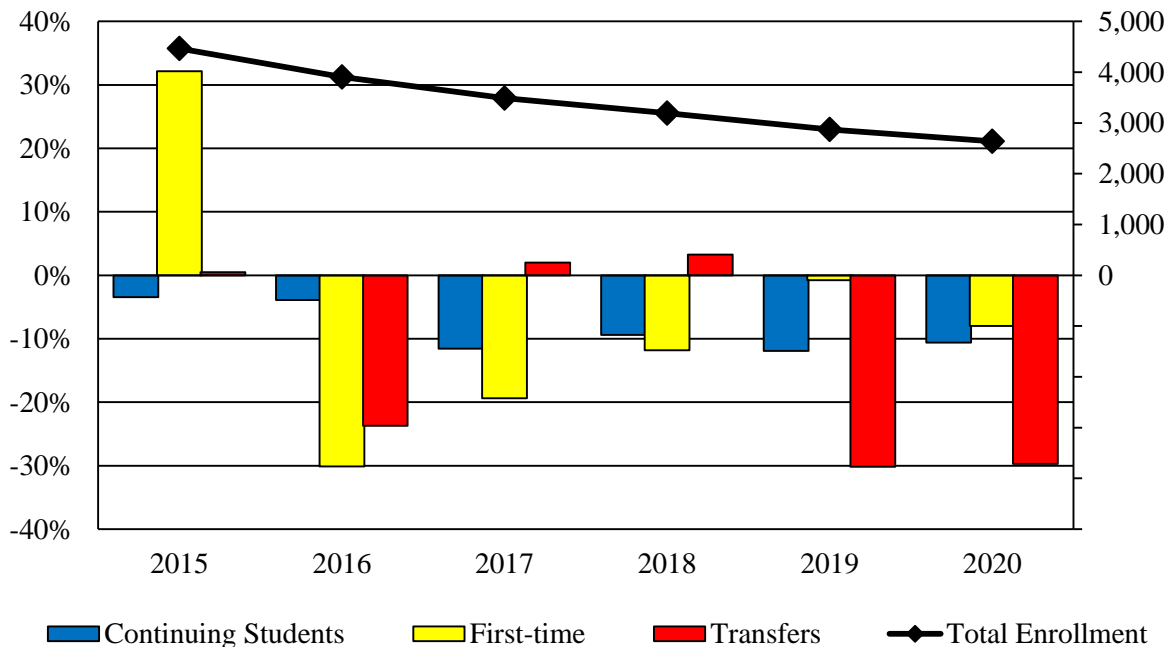
\*Contingent on Board of Regents approval.

## Performance Analysis

### 1. Undergraduate Fall Headcount

Undergraduate enrollment for fall 2020 fell for a fourth straight year by 10.6%, or 253 students, as shown in **Exhibit 1**. Continuing students fell 10.6%, or 178 students. This decline may partly reflect the impact of COVID-19, as some students may have decided to stay closer to home. Transfer students dropped by 29.7%, or 33 students, from 111 in fall 2019 to 78 students in fall 2020. This is of particular concern because one strategy to grow enrollment is to improve the recruitment and retention of these students.

**Exhibit 1**  
**Percentage Change and Total Undergraduate Headcount Enrollment**  
**Fall 2015-2020**

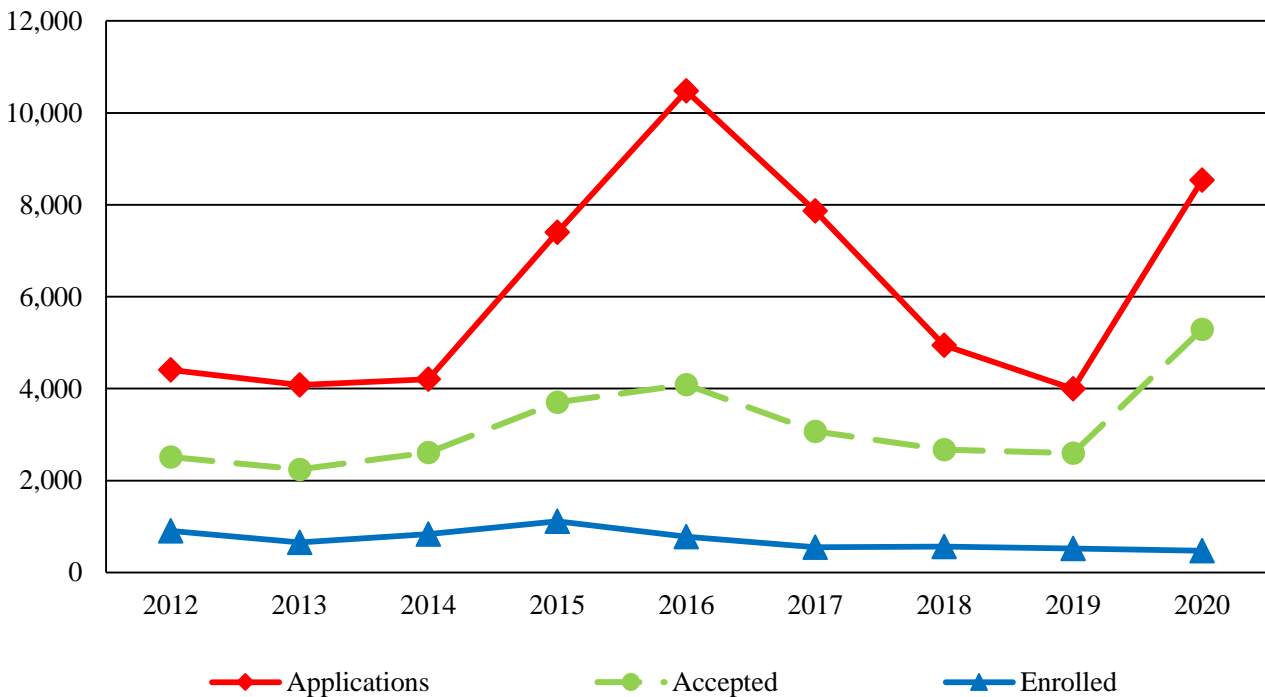


Source: University System of Maryland; Department of Legislative Services

The number of first-time students declined for a fifth year, falling 8.0%, or 42 students, partly reflecting the impact of COVID-19, as students decided for various reasons to put off college. This mirrors the national trend in which first-time students declined 8.1%, according to the National Student Clearinghouse. This raises concerns that these students, who are typically from an underrepresented population, will be “lost,” in that they will not enroll in college at a later date. On the positive side, graduate enrollment increased 4.3%, or 24 students, reflecting the reinstatement of the Physician Assistant program, resulting in an overall 8.0% decline in enrollment.

Over time, UMES has initiated various programs and initiatives to try and stabilize enrollment, including to expand its brand by joining the Common Application and Black Common Application networks to enhance the use of information technology and counselor and student engagement. As shown in **Exhibit 2**, while these efforts seemed to be successful in attracting first-time student applications, with the number more than doubling in fall 2020, the number of students who actually enrolled at UMES declined for a second year, with the yield rate (the percentage of accepted students who enrolled) falling to 9%, and long-term enrollment trends continue to be negative.

**Exhibit 2**  
**Undergraduate Applications, Accepted and Enrolled**  
**Fall 2012-2020**



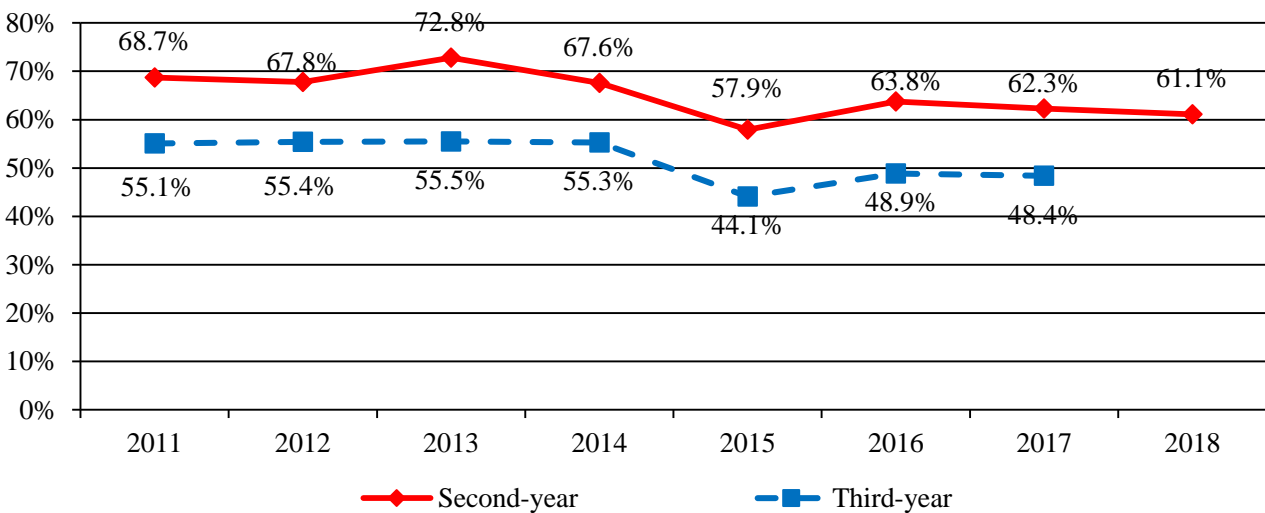
Source: University System of Maryland

## 2. Student Performance

Student persistence, or retention, provides a measure of student progress and an indication of an institution's performance: the higher the retention rate, the more likely students will persist and graduate. As students are most likely to drop out during their first year, the second-year retention rate provides an indication if retention strategies are working or if further investigation is needed to identify

areas of improvement. As shown in **Exhibit 3**, the second- and third-year retention rate fell to its lowest level with the 2015 cohort, reflecting the acceptance of students who were not prepared for college. While the second-year retention rate improved with the proceeding cohort, it has since declined by 2.7 percentage points to 61.1% with the 2018 cohort. Since the third-year rate generally mirrors the trend of the second-year rate, it is expected that the rate will continue to decline. Overall, while the retention rates are higher than that of the 2015 cohort, they have yet to rebound to the levels of the cohorts preceding this cohort.

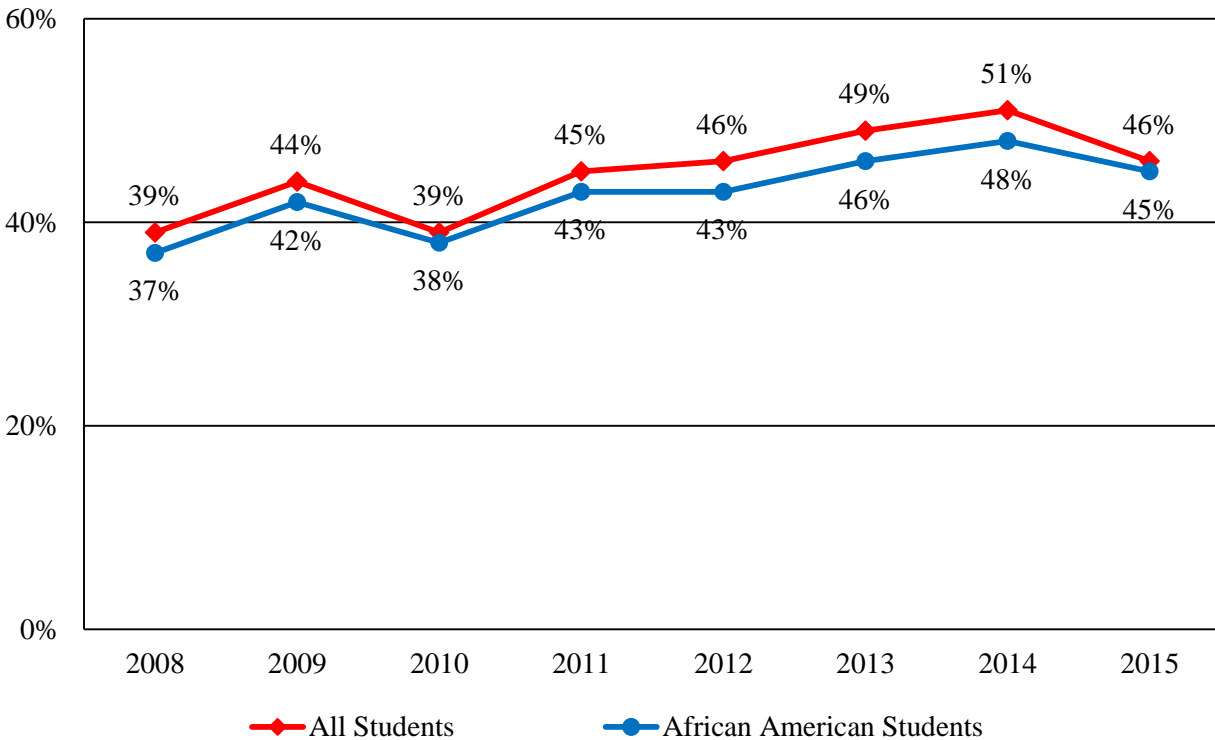
**Exhibit 3**  
**Second- and Third-year Retention Rates**  
**First-time/Full-time 2012-2018 Cohorts**



Source: Maryland Higher Education Commission

Graduation rates are, in part, another measure of student persistence and efficiency – as more students graduate, it frees up more room, allowing an institution to enroll more students. Furthermore, national data shows that students of color, low-income, and first-generation students graduate at a lower rate than their peers. As the student population becomes increasingly more diverse, institutions have to develop strategies and services to support the success of these students and close the achievement gap. **Exhibit 4** shows the six-year graduation rates by ethnicity for the fiscal 2010 through 2015 cohorts. After steadily increasing to 51% with the fiscal 2014 cohort, the graduation rate declined to 46% with the fiscal 2015 cohort. Again, as with retention rate, this reflects the admission of students who were not ready for college.

**Exhibit 4**  
**Six-year Graduation Rate**  
**2010-2015 Fiscal Year Cohorts**

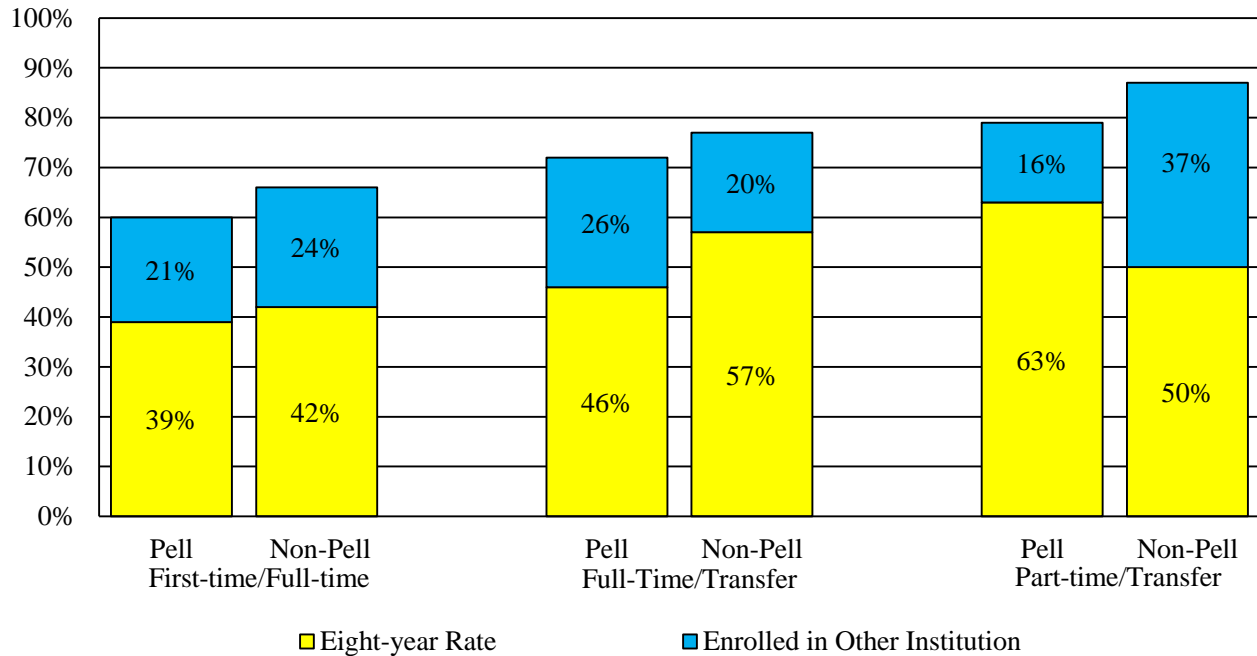


Note: Includes all degree-seeking students (e.g., first-time, full-time; part-time; transfers; spring admits) who enrolled in the fiscal year.

Source: University System of Maryland

While much attention has been paid to the achievement gap between the races, increasingly, the attention has turned to the graduation gap between low-income and other students. Nationally, according to the National Center for Education Statistics, the average six-year graduation rate of the 2011 to 2012 cohort of Pell students at four-year public institutions was 43.6%, compared to 55.5% of all students. As shown in **Exhibit 5**, the eight-year graduation rate of non-Pell students of 42% exceeds that of Pell students by 3 percentage points. The gap widens by 9 percentage points when looking at full-time transfer students with 57% of the non-Pell students graduating compared to 46% of the Pell students. Part-time transfer Pell students graduate at a higher rate to non-Pell students at 63% compared to 50%, respectively; however, 37% of non-Pell students transfer to another institution.

**Exhibit 5**  
**Eight-year Graduation Rate**  
**Students Entering in Academic Year 2011-2012**



Source: National Center for Education Statistics, College Navigator

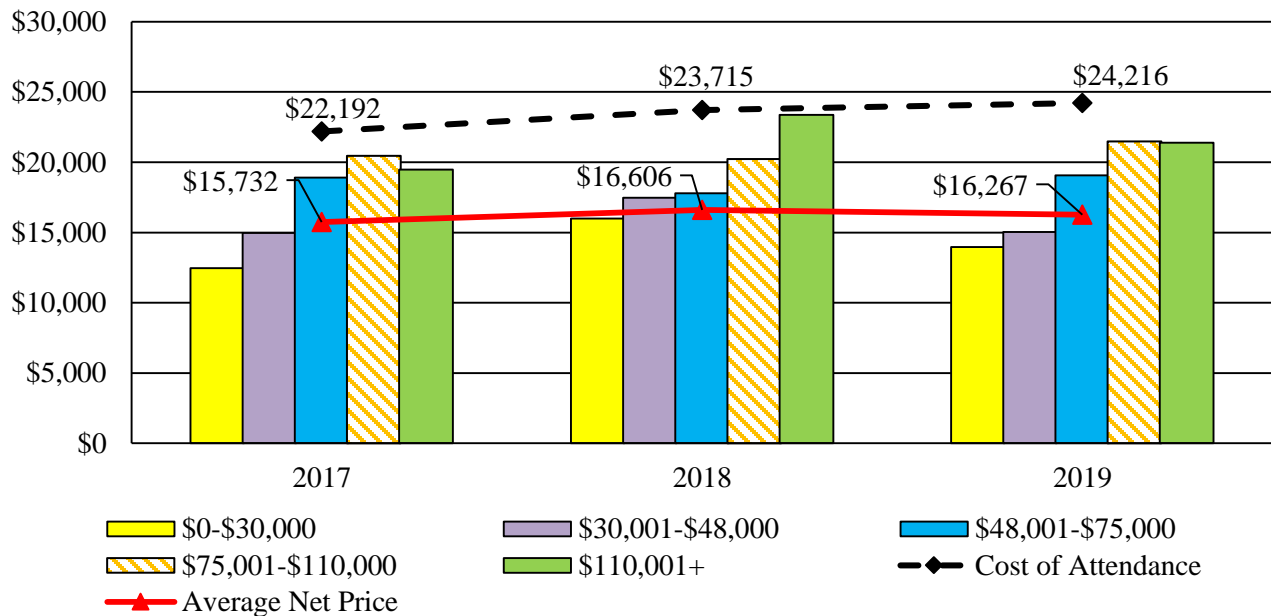
### 3. Affordability and Accessibility

#### Cost of Attendance

When considering the affordability of college, students and families tend to focus on the published cost of attendance (COA) or sticker price. COA is the total cost of attending college for one year including tuition and fees, room and board, books, supplies, and other expenses. However, the focus should be on the average net price, which is the cost to the student after accounting for the average amount of federal, State, and institutional aid awarded to all undergraduate UMES students. As shown in **Exhibit 6**, in fiscal 2019, the average net price was \$7,949, or 32.8%, less than the published COA for a first-time, full-time (FT/FT) student. The average cost to a student varies by income level. Those with a lower family income receive more financial aid, thereby lowering the average price for attending college. The average net price for a family with an income between \$0 and \$30,000 increased by \$1,513, from \$12,460 in fiscal 2017 to \$13,973 in fiscal 2019. However, when compared to fiscal 2018 when the price increased to \$15,997, costs declined by \$2,024. Overall, the average net price increased for all but two income categories in fiscal 2018 but declined in fiscal 2019.



**Exhibit 6**  
**Estimated Cost of Attendance versus Average Net Price for**  
**Full-time In-state Students by Income Level**  
**Fiscal 2017-2019**



Note: The total cost of attendance includes tuition, mandatory fees, books and supplies, and the weighted average for room, board, and other expenses. Average net price is calculated by subtracting the average amount of federal, State, and institutional aid awarded to University of Maryland Eastern Shore students from the total cost of attendance.

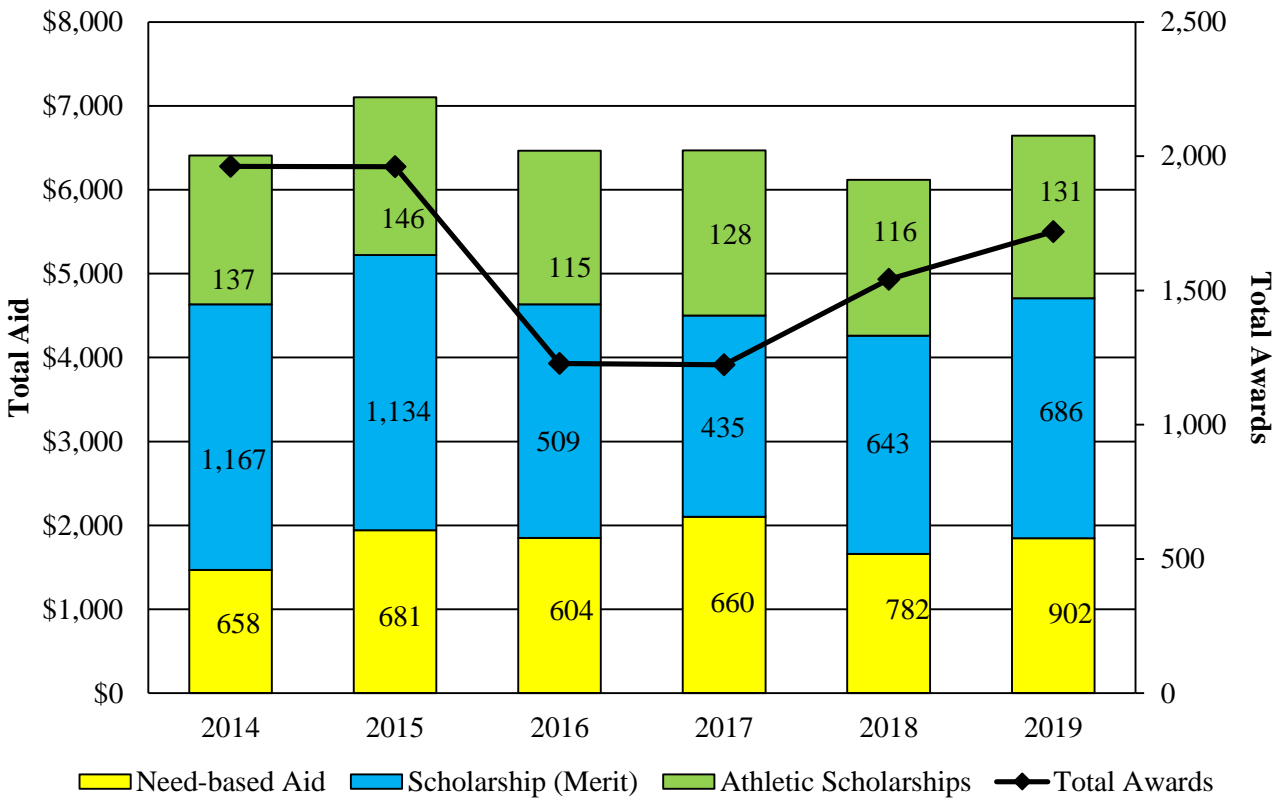
Source: National Center for Education Statistics; College Navigator

**Institutional Aid**

Spending on institutional aid reached its highest level of \$7.1 million in fiscal 2015, increasing 10.8%, or \$0.7 million, over the previous year, as shown in **Exhibit 7**, during a period when FT/FT increased by 32.1%. The total number of awards basically remained unchanged in fiscal 2015, suggesting an increase in the amount awarded. However, the number of need-based awards declined by 33 to 1,134 awards. Expenditures declined from fiscal 2016 to 2018, reflecting a continual decline in enrollment. Expenditures on need-based aid reached its highest level of \$2.1 million in fiscal 2017 but has since declined to \$1.8 million by fiscal 2019. During this time period, the number of need-based aid awards increased from 660 to 902, implying a decrease in the amount awarded. Overall, on average, need-based aid only accounted for 27.7% of the total expenditures on institutional aid.

**The President should comment on the portion of institutional aid going toward need-based aid, considering that over half of the FT/FT students in the 2018 through 2019 cohort received a Pell grant.**

**Exhibit 7**  
**Institutional Aid Expenditure and Number of Awards by Category**  
**Fiscal 2014-2019**  
**(\$ in Thousands)**

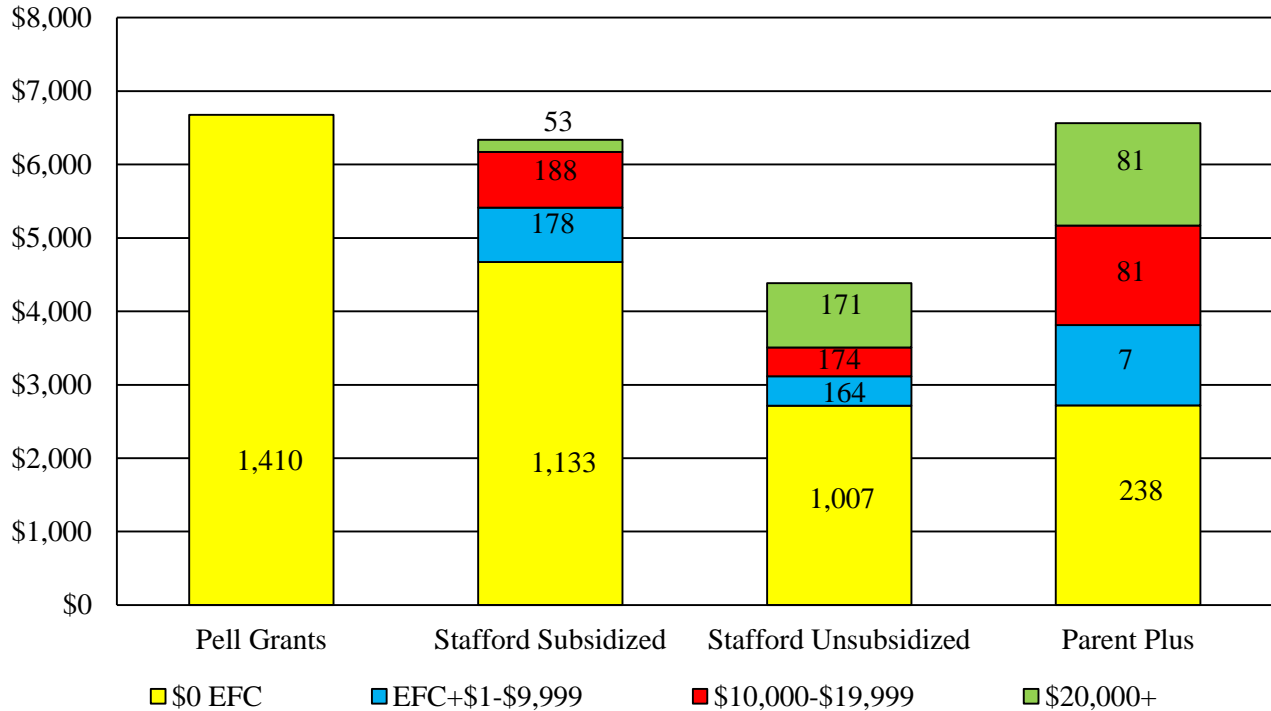


Source: Maryland Higher Education Commission; University System of Maryland

## Loans

In fiscal 2019, 1,410 undergraduate students received a Pell grant, totaling \$6.7 million, as shown in **Exhibit 8**. These grants are given to those students who otherwise could not afford college. These students have an expected family contribution (EFC) of less than a specific amount, which was \$5,140 in fiscal 2019. EFC is an indicator of the amount that a family is expected to contribute for a student’s college education; the lower the EFC, the greater the financial need.

**Exhibit 8**  
**Total Federal Pell and Loans and Number by EFC**  
**Fiscal 2019**  
**(\$ in Thousands)**



EFC: expected family contribution

Source: Maryland Higher Education Commission

While students with the greatest financial need typically receive Pell and institutional aid, it is not enough to cover the cost of attending college. Students in all EFC categories take out other types of federal loans to finance their education including \$4.4 million in subsidized loans that are based on financial need with the government paying the interest while the student is enrolled in school (Stafford subsidized loans) and \$6.6 million in unsubsidized loans that are general loans for those who do not demonstrate financial need with interest added to the balance of the loan while the student is enrolled in school (Stafford unsubsidized and Parent PLUS loans).

### Student Debt

Recently, the U.S. Department of Education’s College Scorecard started reporting the median debt (excluding private and Parent PLUS loans) for 2017 and 2018 graduates by field of study. This is an effort to give students a better picture of outcomes at the program rather than the institutional level.

The median debt of UMES students ranged from \$21,899 for hospitality administration/management majors to \$34,000 for computer and information sciences majors.

## Fiscal Impact of COVID-19

### Fiscal 2020

In March 2020, UMES quickly pivoted to remote learning as COVID-19 spread across the State. UMES sent students home and shifted to teleworking and remote learning. Refunds were made to students for room and board and other student fees, such as parking. The closure resulted in loss of revenue in other auxiliary enterprises, including the bookstore, dining services, conferences, and athletics. As shown in **Exhibit 9**, UMES experienced a \$4.8 million loss in auxiliary revenues and \$0.6 million in tuition and fee revenues for losses of \$5.4 million, and UMES also incurred COVID-19-related expenses.

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### Exhibit 9 COVID-19 Related Expenditure and Revenue Loss Fiscal 2020

|                               |                   |
|-------------------------------|-------------------|
| <b>Shortfalls/Costs</b>       |                   |
| Less Auxiliary Revenue        | \$4,811,013       |
| Less Tuition and Fee Revenues | 614,044           |
| COVID-19 Related Expenses     | 816,919           |
| <b>Total Shortfall</b>        | <b>6,241,976</b>  |
| <b>Revenues</b>               |                   |
| CARES Act <sup>1</sup>        | \$1,771,183       |
| CRF Funds                     | 406,059           |
| Unused funds                  | 106,947           |
| <b>Total Revenues</b>         | <b>2,284,189</b>  |
| <b>Total Deficit</b>          | <b>-3,957,787</b> |

CARES: Coronavirus Aid, Relief, and Economic Security  
CRF: Coronavirus Relief Fund

<sup>1</sup> CARES Act federal funds totaled \$3.5 million, of which \$1.8 million was required to be used for emergency student financial aid.

Note: State CRF funds to reimburse for COVID-19 and public safety personnel related expenses are classified as restricted funds in fiscal 2020.

Source: University of Maryland Eastern Shore

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In fiscal 2020, UMES received a total of \$3.5 million of Coronavirus Aid, Relief, and Economic Security (CARES) Act funding, of which \$1.75 million was designated for emergency financial aid grants that was used to provide grants to 1,985 students. The remaining \$1.75 million was used to partially cover the revenue losses. In addition, UMES received \$0.4 million from the State’s Coronavirus Relief Fund to offset additional COVID-19 related expenses. When taking into account \$0.1 million in other unused funds, UMES faced a \$3.9 million shortfall. While other University System of Maryland (USM) institutions were able to use fund balance to help cover revenue losses related to student refunds, due to prior years of budgetary challenges related to continuing enrollment declines, UMES had depleted its fund balance. Having no other sources of fund, the University System of Maryland Office (USMO) loaned UMES \$3.9 million to cover expenses.

### **Fiscal 2021**

In fall 2020 (fiscal 2021), UMES reopened with half of the classes delivered remotely and reduced occupancy of resident halls, resulting in revenue loss. As previously mentioned, the negative impact of COVID-19 on enrollment, along with freezing tuition for both in-state and out-of-state students at the fiscal 2020 level, resulted in a \$3.5 million loss in tuition and fee revenues, as shown in **Exhibit 10**. Reduced occupancy lead to a \$3.5 million loss in auxiliary revenues. In addition, the July Board of Public Works action reduced UMES’ general funds by \$3.7 million, resulting in an overall shortfall of \$10.9 million. UMES also projects \$4.9 million in unbudgeted COVID-19-related expenses. UMES plans to cover the revenue losses and expenditure increases through a combination of expenditure reductions (\$4.6 million), federal CARES Act revenues (\$7.8 million), and two fiscal 2021 CRF deficiency appropriation (\$3.4 million).

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### **Exhibit 10 Impact of COVID-19 on Fiscal 2021**

|                                        |                    |
|----------------------------------------|--------------------|
| <b>Revenue Losses and Expenditures</b> |                    |
| Auxiliary Revenue                      | -\$3,510,334       |
| Tuition and Fee Revenues               | -3,553,635         |
| Other Revenues                         | -166,793           |
| BPW Reduction                          | -3,667,435         |
| COVID-19 Related Expenses              | -4,896,308         |
| <b>Total Shortfall</b>                 | <b>-15,794,505</b> |
| <b>Actions to Cover Shortfall</b>      |                    |
| <b>Expenditure Reduction</b>           |                    |
| Part-time Workers                      | \$1,844,904        |
| Travel                                 | 800,000            |
| Facility Renewal                       | 641,360            |
| Contractual Services                   | \$587,627          |
| Grants/Subsidy                         | 474,000            |
| Debt deferment                         | 232,918            |
| <b>Total Reductions</b>                | <b>\$4,580,809</b> |

|                        |                     |
|------------------------|---------------------|
| <b>Cares Act Funds</b> |                     |
| Direct Federal         | \$7,840,808         |
| CRF Deficiency         | 3,372,888           |
| <b>Total CARES Act</b> | <b>\$11,213,696</b> |
| <br>                   |                     |
| <b>Total Actions</b>   | <b>\$15,794,505</b> |

BPW: Board of Public Works  
CARES: Coronavirus Aid, Relief, and Economic Security  
CRF: Coronavirus Relief Funds

Source: University of Maryland Eastern Shore

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## **Fiscal 2021 Working Budget**

### **Actions Affecting Fiscal 2021 Budget**

There are two proposed deficiencies: \$2.4 million in general funds to reimburse UMES for expenditures related to COVID-19; and \$0.9 million in reimbursable funds to compensate UMES for public safety personnel cost incurred during the first six months of the fiscal year. Additionally, UMES could be allocated a portion of a proposed deficiency that would provide USMO \$21.2 million in bond premiums to fund qualified capital maintenance projects at institutions.

## **Fiscal 2022 Proposed Budget**

As shown in **Exhibit 11**, the adjusted fiscal 2022 allowance for State funds is \$2.1 million, or 4.5%, lower than the adjusted fiscal 2021 working appropriation.

**Exhibit 11**  
**Proposed Budget**  
**University of Maryland Eastern Shore**  
**Fiscal 2020-2022**  
**(\$ in Thousands)**

|                                                                   | <u>2020</u><br><u>Actual</u> | <u>2021</u><br><u>Adjusted</u> | <u>2022</u><br><u>Adjusted</u> | <u>2021-2022</u><br><u>Change</u> | <u>% Change</u><br><u>Prior Year</u> |
|-------------------------------------------------------------------|------------------------------|--------------------------------|--------------------------------|-----------------------------------|--------------------------------------|
| General Funds                                                     | \$43,547                     | \$41,666                       | \$41,358                       |                                   |                                      |
| Deficiency – CRF                                                  |                              | 2,428                          |                                |                                   |                                      |
| General Salary Increase/Annualization                             |                              | 469                            | 938                            |                                   |                                      |
| <b>Total General Funds</b>                                        | <b>\$43,547</b>              | <b>\$44,563</b>                | <b>\$42,296</b>                | <b>-\$2,267</b>                   | <b>-5.1%</b>                         |
| HEIF                                                              | \$2,339                      | \$2,299                        | \$2,467                        | \$168                             | 7.3%                                 |
| <b>Total State Funds</b>                                          | <b>\$45,886</b>              | <b>\$46,862</b>                | <b>\$44,763</b>                | <b>-\$2,098</b>                   | <b>-4.5%</b>                         |
| Other Unrestricted Funds                                          | \$49,378                     | \$43,785                       | \$44,421                       | \$636                             | 1.5%                                 |
| Deficiency – CRF                                                  | 0                            | 945                            | 0                              | -945                              |                                      |
| CARES Act – Direct Federal Support                                | 0                            | 7,841                          | 0                              | -7,841                            |                                      |
| Transfer to Fund Balance                                          | 0                            | 0                              | 0                              |                                   |                                      |
| <b>Net Unrestricted Funds</b>                                     | <b>\$95,264</b>              | <b>\$99,432</b>                | <b>\$89,184</b>                | <b>-\$10,248</b>                  | <b>-10.3%</b>                        |
| Restricted Funds                                                  | \$24,137                     | \$24,693                       | \$24,175                       | -\$518                            | 2.1%                                 |
| CARES Act – Direct Federal Support                                | 3,542                        |                                | 0                              |                                   |                                      |
| CARES Act – State Support                                         | 406                          | 0                              | 0                              | 0                                 |                                      |
| <b>Total Restricted Funds</b>                                     | <b>\$28,085</b>              | <b>\$24,693</b>                | <b>\$24,175</b>                | <b>-\$518</b>                     |                                      |
| <b>Total Funds</b>                                                | <b>\$123,349</b>             | <b>\$124,125</b>               | <b>\$113,359</b>               | <b>-\$10,766</b>                  | <b>-8.7%</b>                         |
| Consolidated Appropriation Act – Institutional Funds <sup>1</sup> |                              | \$3,705                        |                                |                                   |                                      |
| Consolidated Appropriation – Financial Aid <sup>1</sup>           |                              | 1,771                          |                                |                                   |                                      |

CARES: Coronavirus Aid, Relief, and Economic Security

CRF: Coronavirus Relief Fund

HEIF: Higher Education Investment Fund

<sup>1</sup>Consolidated Appropriations Act funding that has not yet been utilized. This funding does not include distribution of funds to Historically Black Colleges and Universities, allocations of which have not been made. Institutions have until September 30, 2022, to expend the funds, and therefore may carry over funds to fiscal 2023.

Source: Governor’s Fiscal 2022 Budget Books; Department of Legislative Services

Other current unrestricted funds increase 1.5%, or \$0.6 million. Tuition and fee revenue increases \$0.7 million, partly due to a planned 2% increase in resident undergraduate tuition, which is partly offset by a decrease of \$0.1 million in auxiliary revenues. Overall, unrestricted funds decrease \$10.3 million, or 10.3%, due to the use of \$7.8 million in federal CARES Act funding in fiscal 2021 and a proposed \$0.9 million deficiency. It should be noted that UMES will receive a total of \$5.5 million in Consolidated Appropriations Act funds in fiscal 2021, of which \$1.8 million are required to be used for financial aid. Funds designated specifically for HBCUs have yet to be allocated

by the U.S. Department of Education. Institutions have until fiscal 2023 to expend these funds. Currently, UMES plans to use these funds in fiscal 2022. It should be noted that, as the vaccine becomes more available, some expenditures related to COVID-19 in fiscal 2020 and 2021 may decrease or not be applicable in fiscal 2022.

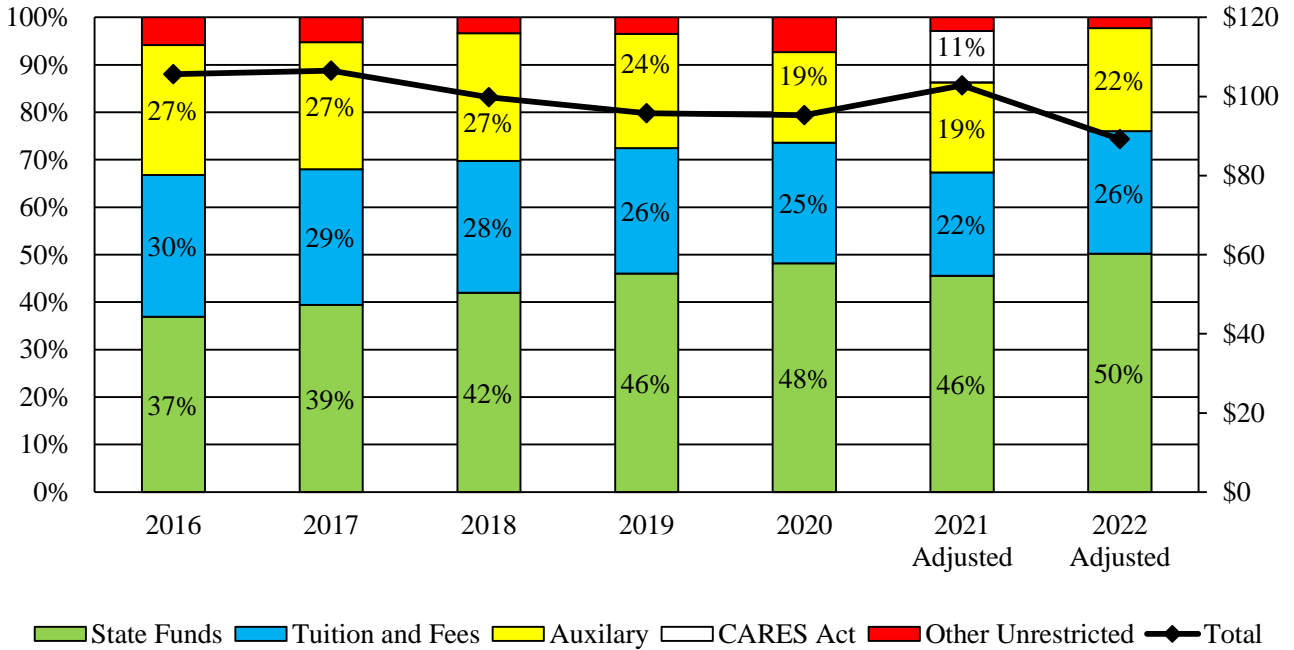
It should be noted that, in December 2020, UMES received a \$20 million unrestricted gift from MacKenzie Scott, the largest gift from a donor in the school's history. **The President should comment on how UMES plans to the use this gift.**

## **Revenue Sources**

In the fiscal 2022 allowance, State funds (general funds and the Higher Education Investment Fund) and tuition and fee revenues comprise 50% and 26% of UMES' State-supported revenues, respectively, as shown in **Exhibit 12**. Between fiscal 2017 and 2020, unrestricted revenues dropped \$11.3 million, or 10.6%, reflecting a continual decline in enrollment. During this time, State funds comprised an increasingly larger share of revenue growing from 39% to 48%, while the portion of tuition and fee revenues declined from 29% to 25% of revenues. In fiscal 2020, other unrestricted revenue comprised 7% compared to 3% in prior years, reflecting a \$3.9 million loan from USMO to help cover a budget shortfall related loss of revenues and expenses related to COVID-19. In fiscal 2021, revenues increased \$7.5 million, or 7.9 %, due to CARES Act funding that comprised 11% for revenues. In fiscal 2022, total revenues dropped by \$13.6 million, which results in State funding comprising 50% of UMES' unrestricted revenues.



**Exhibit 12**  
**Unrestricted Revenues by Fund Source**  
**Fiscal 2016-2022**  
**(\$ in Millions)**



CARES: Coronavirus Aid, Relief, and Economic Security

Source: Governor’s 2016-2020 Budget Books; Department of Legislative Services

***Personnel Data***

|                        | <b><u>FY 20</u></b><br><b><u>Actual</u></b> | <b><u>FY 21</u></b><br><b><u>Working</u></b> | <b><u>FY 22</u></b><br><b><u>Allowance</u></b> | <b><u>FY 21-22</u></b><br><b><u>Change</u></b> |
|------------------------|---------------------------------------------|----------------------------------------------|------------------------------------------------|------------------------------------------------|
| Regular Positions      | 772.87                                      | 772.87                                       | 772.87                                         | 0.00                                           |
| Contractual FTEs       | <u>133.00</u>                               | <u>132.00</u>                                | <u>131.00</u>                                  | <u>-1.00</u>                                   |
| <b>Total Personnel</b> | <b>905.87</b>                               | <b>904.87</b>                                | <b>903.87</b>                                  | <b>-1.00</b>                                   |

***Vacancy Data: Regular Positions***

|                                                           |       |        |
|-----------------------------------------------------------|-------|--------|
| Turnover and Necessary Vacancies, Excluding New Positions | 69.87 | 9.04%  |
| Positions and Percentage Vacant as of 12/31/20            | 83.00 | 10.74% |
| Vacancies Above (Below) Turnover                          | 13.13 | 18.79% |

- The fiscal 2022 allowance does not provide for any new regular positions. However, USM institutions have personnel autonomy and may create or abolish positions during the year. In fiscal 2021 year-to-date, UMES did not add or eliminate any positions.
- The allowance abolishes 1.0 contractual full-time equivalent position.

## ***Issues***

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### **1. Quick Pivot to Remote Learning**

In March 2020, UMES had to quickly pivot to remote learning, or emergency remote learning. Challenges UMES encountered with this sudden transition included:

- helping students understand how to learn remotely;
- helping faculty learn how to teach remotely under a tight timeframe;
- maintaining the connection between on- and off-campus networks for students, faculty, and staff due to bandwidth issues on the Eastern Shore;
- inadequate integration of multiple platforms that need regular tweaking to maintain smooth flow of registrations and enrollments; and
- inadequate learning management support (LMS) at the vendor and institutional level.

One issue that surprised UMES was that some students did not feel safe, supported, or encouraged at their homes.

Overall, UMES deemed that the spring transition was a success, in that:

- all courses were transitioned to remote delivery, and all faculty were assisted in moving their courses to a remote platform;
- additional LMS support was provided through an improved Help Desk process, Blackboard consultation, and faculty mentoring;
- additional online workshops and virtual office hours were added to support faculty and assist students; and
- courses requiring face-to-face interactions were either postponed or refashioned to use online tools, such as lab software or using social media platforms for performances.

Lessons learned with this quick transition included:

- students learn better in face-to-face courses;
- lack of appropriate bandwidth is a major impediment to teaching and learning;

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- more faculty development is needed in remote, hybrid, and online teaching; and
- adjunct faculty need material support (*i.e.*, equipment, access, and office space) and transitional support.

UMES incorporated these lessons learned into their preparation for the fall 2020 semester, including:

- purchasing and making equipment available to adjuncts and provided workshops and tutorials;
- expanding faculty development opportunities offered by UMES' Center for Instructional Technology and Online Learning (CITOL) and Center for Teaching Excellence (CTE) expanded faculty development opportunities over the summer; and
- instituting a course for students on how to learn on Blackboard.

In order to maintain quality of its remote courses, UMES has undertaken numerous actions, including:

- restructuring its student evaluation of teaching to obtain more accurate data about their experiences, which will be piloted in the spring 2021 semester;
- surveying students about their learning experiences and making adjustments to courses based on responses;
- partnering with Quality Matters and other vendors to train faculty, deans, and chairs in self-review of courses and implementation of quality standards;
- implementing a Quality Online Instruction curriculum promoting ongoing course review and revision process; and
- investing in professional development for CITOL and CTE teams to continue to revise and review curriculum and standards.

Not only did UMES have to transition its courses online, but it also needed to be able to continue to provide services to students to ensure that they would be able to succeed. When UMES pivoted to online learning, they purchased Zoom licenses for student services departments to ensure that students had access to their services and provided virtual:

- mentoring and tutoring;
- academic advising;

- counseling services; and
- online orientation.

In order to let students know how to obtain these online services, UMES launched social media and marketing campaigns informing them how to find these services. In addition, one of UMES' primary goals in 2021 is to enhance its student outreach, which includes:

- creating a set of organizations for student outreach and services;
- creating a student orientation that will be offered in a hybrid format in spring 2021 to help students succeed in an online environment;
- training student mentors to address student support issues; and
- increasing outreach to students with more telephone support hours, desk hours, number of tool workshops, and study guide and learning center tutorials.

**The President should comment on efforts to provide mental health services remotely and if there has been an increase in demand. The President should also comment on whether the shift to providing courses and services online shifted the thinking of how UMES can deliver programs to students, opportunities to expand its reach, and the impact on UMES' future business model.**

## ***Operating Budget Recommended Actions***

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

**Appendix 1**  
**Object/Fund Difference Report**  
**University of Maryland Eastern Shore**

| <u>Object/Fund</u>                      | <u>FY 20</u><br><u>Actual</u> | <u>FY 21</u><br><u>Working</u><br><u>Appropriation</u> | <u>FY 22</u><br><u>Allowance</u> | <u>FY 21 - FY 22</u><br><u>Amount Change</u> | <u>Percent</u><br><u>Change</u> |
|-----------------------------------------|-------------------------------|--------------------------------------------------------|----------------------------------|----------------------------------------------|---------------------------------|
| <b>Positions</b>                        |                               |                                                        |                                  |                                              |                                 |
| 01 Regular                              | 772.87                        | 772.87                                                 | 772.87                           | 0.00                                         | 0%                              |
| 02 Contractual                          | 266.00                        | 132.00                                                 | 131.00                           | -1.00                                        | -0.8%                           |
| <b>Total Positions</b>                  | <b>1,038.87</b>               | <b>904.87</b>                                          | <b>903.87</b>                    | <b>-1.00</b>                                 | <b>-0.1%</b>                    |
| <b>Objects</b>                          |                               |                                                        |                                  |                                              |                                 |
| 01 Salaries and Wages                   | \$ 73,398,706                 | \$ 77,655,082                                          | \$ 69,970,661                    | -\$ 7,684,421                                | -9.9%                           |
| 02 Technical and Spec. Fees             | 506,241                       | 193,568                                                | 198,576                          | 5,008                                        | 2.6%                            |
| 03 Communication                        | 366,757                       | 99,727                                                 | 99,727                           | 0                                            | 0%                              |
| 04 Travel                               | 2,313,093                     | 1,650,367                                              | 1,650,367                        | 0                                            | 0%                              |
| 06 Fuel and Utilities                   | 3,633,324                     | 4,519,027                                              | 4,519,027                        | 0                                            | 0%                              |
| 07 Motor Vehicles                       | 197,543                       | 298,509                                                | 298,509                          | 0                                            | 0%                              |
| 08 Contractual Services                 | 14,586,425                    | 15,647,885                                             | 13,849,983                       | -1,797,902                                   | -11.5%                          |
| 09 Supplies and Materials               | 3,020,426                     | 3,843,264                                              | 3,843,264                        | 0                                            | 0%                              |
| 10 Equipment – Replacement              | 25,028                        | 136,601                                                | 136,601                          | 0                                            | 0%                              |
| 11 Equipment – Additional               | 3,709,128                     | 1,152,328                                              | 1,152,328                        | 0                                            | 0%                              |
| 12 Grants, Subsidies, and Contributions | 15,551,654                    | 12,849,116                                             | 12,304,184                       | -544,932                                     | -4.2%                           |
| 13 Fixed Charges                        | 5,993,359                     | 5,599,012                                              | 3,948,258                        | -1,650,754                                   | -29.5%                          |
| 14 Land and Structures                  | 47,486                        | 11,857                                                 | 450,000                          | 438,143                                      | 3695.2%                         |
| <b>Total Objects</b>                    | <b>\$ 123,349,170</b>         | <b>\$ 123,656,343</b>                                  | <b>\$ 112,421,485</b>            | <b>-\$ 11,234,858</b>                        | <b>-9.1%</b>                    |
| <b>Funds</b>                            |                               |                                                        |                                  |                                              |                                 |
| 40 Unrestricted Fund                    | \$ 95,264,034                 | \$ 98,963,422                                          | \$ 88,246,617                    | -\$ 10,716,805                               | -10.8%                          |
| 43 Restricted Fund                      | 28,085,136                    | 24,692,921                                             | 24,174,868                       | -518,053                                     | -2.1%                           |
| <b>Total Funds</b>                      | <b>\$ 123,349,170</b>         | <b>\$ 123,656,343</b>                                  | <b>\$ 112,421,485</b>            | <b>-\$ 11,234,858</b>                        | <b>-9.1%</b>                    |

Note: The fiscal 2021 appropriation does not include deficiencies, targeted revenues, or across-the-board reductions. The fiscal 2022 allowance does not include contingent reductions or cost-of-living adjustments.

**Appendix 2  
Fiscal Summary  
University of Maryland Eastern Shore**

| <u>Program/Unit</u>                   | <u>FY 20<br/>Actual</u> | <u>FY 21<br/>Wrk Approp</u> | <u>FY 22<br/>Allowance</u> | <u>Change</u>         | <u>FY 21 - FY 22<br/>% Change</u> |
|---------------------------------------|-------------------------|-----------------------------|----------------------------|-----------------------|-----------------------------------|
| 01 Instruction                        | \$ 34,848,697           | \$ 36,216,319               | \$ 35,310,818              | -\$ 905,501           | -2.5%                             |
| 02 Research                           | 10,220,808              | 9,804,063                   | 8,790,282                  | -1,013,781            | -10.3%                            |
| 03 Public Service                     | 3,189,575               | 4,178,877                   | 3,687,934                  | -490,943              | -11.7%                            |
| 04 Academic Support                   | 8,123,232               | 8,338,932                   | 7,830,393                  | -508,539              | -6.1%                             |
| 05 Student Services                   | 4,279,868               | 4,353,135                   | 3,850,637                  | -502,498              | -11.5%                            |
| 06 Institutional Support              | 12,535,031              | 14,064,316                  | 11,029,547                 | -3,034,769            | -21.6%                            |
| 07 Operation and Maintenance of Plant | 11,880,360              | 13,052,681                  | 10,649,009                 | -2,403,672            | -18.4%                            |
| 08 Auxiliary Enterprises              | 23,490,063              | 21,069,555                  | 19,239,332                 | -1,830,223            | -8.7%                             |
| 17 Scholarships And Fellowships       | 14,781,536              | 12,578,465                  | 12,033,533                 | -544,932              | -4.3%                             |
| <b>Total Expenditures</b>             | <b>\$ 123,349,170</b>   | <b>\$ 123,656,343</b>       | <b>\$ 112,421,485</b>      | <b>-\$ 11,234,858</b> | <b>-9.1%</b>                      |
| Unrestricted Fund                     | \$ 95,264,034           | \$ 98,963,422               | \$ 88,246,617              | -\$ 10,716,805        | -10.8%                            |
| Restricted Fund                       | 28,085,136              | 24,692,921                  | 24,174,868                 | -518,053              | -2.1%                             |
| <b>Total Appropriations</b>           | <b>\$ 123,349,170</b>   | <b>\$ 123,656,343</b>       | <b>\$ 112,421,485</b>      | <b>-\$ 11,234,858</b> | <b>-9.1%</b>                      |

Note: The fiscal 2021 appropriation does not include deficiencies, targeted revenues, or across-the-board reductions. The fiscal 2022 allowance does not include contingent reductions or cost-of-living adjustments.