

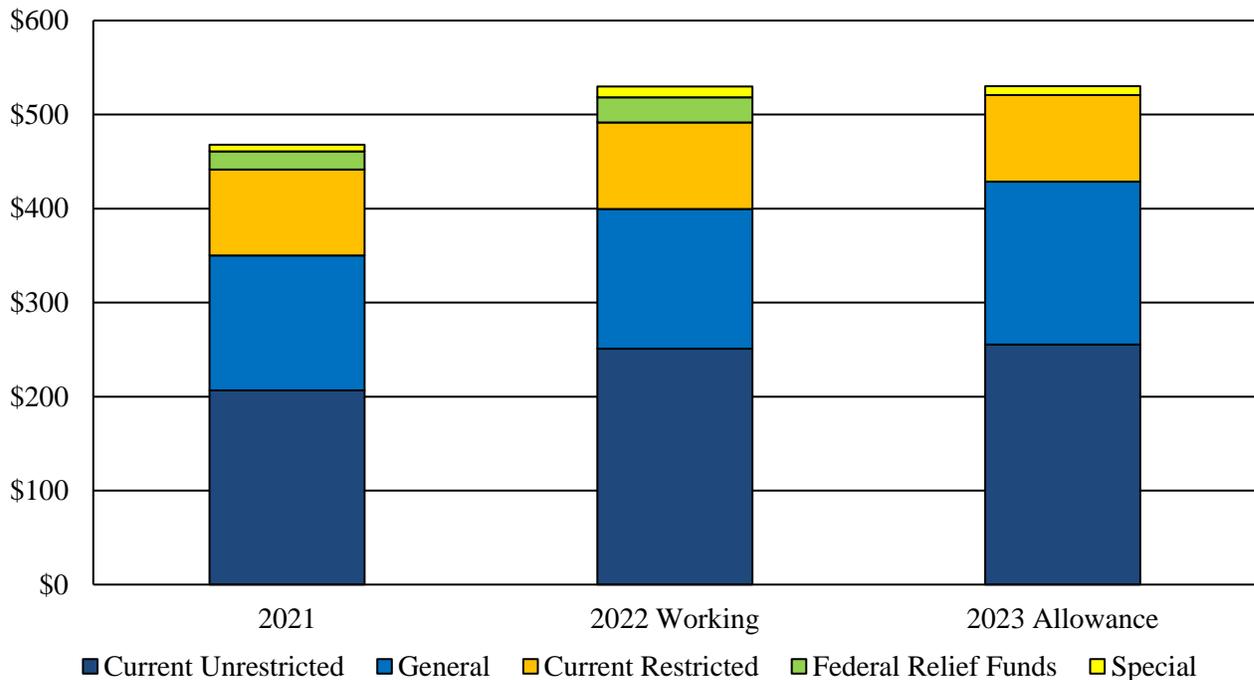
R30B31
University of Maryland Baltimore County

Executive Summary

The University of Maryland Baltimore County (UMBC) is a mid-size public research and doctoral university offering undergraduate, master’s, and doctoral programs in the arts and sciences and engineering and is also an honors university

Operating Budget Summary

**Fiscal 2023 Budget Increases \$0.6 Million, or 0.1%, to \$530.3 Million
(\$ in Millions)**



Note: The fiscal 2022 working appropriation is adjusted to reflect general salary increases, increments, one-time bonuses, and deficiency appropriations. The fiscal 2023 allowance is adjusted to reflect the annualization of fiscal 2022 general salary increases and increments and fiscal 2023 3% general salary increase and increments. The personnel actions are budgeted within the Department of Budget and Management Statewide Expenses.

- The fiscal 2023 budget includes two proposed deficiency appropriations for UMBC: \$0.5 million in general funds to establish the Maryland Institute for Innovative Computing; and another that would replace \$3.9 million in general funds with the Higher Education Investment Fund (HEIF).

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- General funds increase by \$24.7 million, or 16.6%, in the fiscal 2023 allowance compared to fiscal 2022 after adjusting for two proposed deficiency appropriations and statewide salary actions. After adjusting for a proposed deficiency appropriation, the HEIF decreases by 15.1%, or \$1.7 million, in the fiscal 2023 allowance compared to fiscal 2022.
- A portion of the increase in general funds in fiscal 2023 (\$6.1 million) restores the remaining fiscal 2021 Board of Public Works (BPW) reduction.
- As mandated in Chapter 683 of 2021, \$3.0 million is provided to establish the Center for Cybersecurity and \$0.9 million for funding guideline attainment.

Key Observations

- Undergraduate enrollment in fall 2021 declined for a third consecutive year, decreasing by 0.8% (91 students) to 10,835 students, with a decline of 458 in continuing students partly offset by an increase of 377 in the number of first-time students.
- The impact of the pandemic can be seen with a 4 percentage point drop in the second-year retention rate to 83% with the 2021 cohort. Prior to this decrease, the rate had held steady at 87% since fiscal 2017.
- Of the \$28.8 million of institutional aid received through the three federal relief packages, over half the funds (\$15.3 million) were used to cover revenue loss in fiscal 2020 to 2022.

Operating Budget Recommended Actions

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

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Operating Budget Analysis

Program Description

UMBC is a mid-size public research and doctoral university offering undergraduate, master’s, and doctoral programs in the arts and sciences and engineering. It is an honors university, providing academically talented undergraduate students a strong foundation and preparing them for graduate and professional study, entry into the workforce, community service, and leadership. At the graduate level, emphasis is placed on science, engineering, information technology, human service, and public policy.

While a majority of students are from the Baltimore region, an increasing number are coming from other areas of Maryland, states, and foreign countries. UMBC pays special attention to the needs of nontraditional students. Well qualified students are recruited through special scholarship initiatives, such as the Humanities Scholarship Program and the Meyerhoff Scholarship Program for talented high school graduates interested in science and engineering.

UMBC contributes to the economic development of the State and region through the transference of faculty research to the public and industry through the research park, business incubator, and technology transfer program. UMBC also provides workforce training, K-12 partnerships, and technology commercialization with public agencies and the corporate community.

Carnegie Classification: Doctoral Universities: Very High Research Activity

Fall 2021 Undergraduate Enrollment Headcount		Fall 2021 Graduate Enrollment Headcount	
Male	5,895	Male	1,447
Female	4,940	Female	1,356
Total	10,835 (470 at Shady Grove)	Total	2,803 (180 at Shady Grove)
Fall 2021 New Students Headcount		Campus (Main Campus)	
First-time	2,052	Acres	479
Transfers/Others	1,030	Buildings	70
Graduate	894	Average Age	36
Total	3,976	Oldest	63 years old
Programs		Degrees Awarded (2020-2021)	
Bachelor’s	61	Bachelor’s	2,643
Master’s	38	Master’s	730
Doctoral – Research	25	Doctoral – Research	89
		Total Degrees	3,462

Proposed Fiscal 2023 In-state Tuition and Fees*

Undergraduate Tuition	\$9,056
Mandatory Fees	\$3,504

*Contingent on Board of Regents approval.

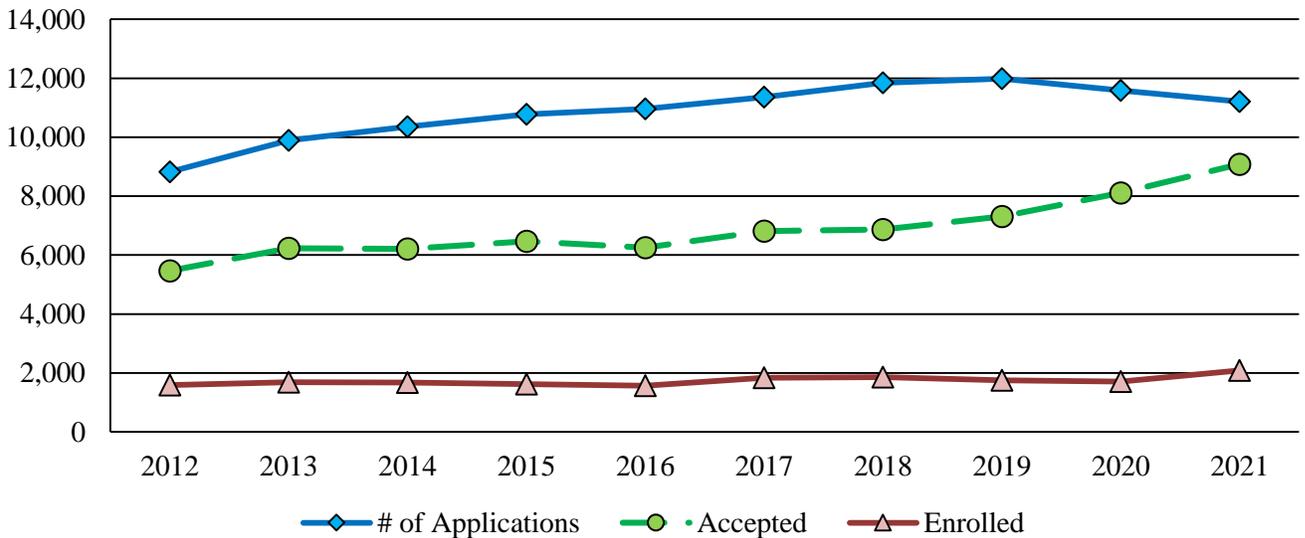
Performance Analysis

1. Undergraduate Enrollment

First-time Applicants

An early indication of whether students would come to campuses in the second year of a pandemic was the number of applications received by an institution. As shown in **Exhibit 1**, after steadily increasing for seven years to a high of 11,981 applications in fall 2019, the number of first-time undergraduate applications declined by 6.4% (770 applications) between fall 2019 and fall 2021. Despite this decline, the number of accepted applicants increased by 10.9% in fall 2020 due to a higher acceptance rate, an increase from an average of 60% from fall 2012 to 2019 to 70% for fall 2020. However, those who enrolled decreased by 51 students despite the higher number of accepted students. For fall 2021, despite a continued decline in applications, the number of students who enrolled grew 22.7%, or 386 students, to its highest level of 2,089 students. This is partly due to UMBC further increasing its acceptance rate to 81% for fall 2021. Even with the substantial increase in enrollments, the yield rate remained below prepandemic levels. In general, COVID-19 led colleges to expect a decline in their yield rate (accepted students who enrolled), so they increased their admittance rate. Additionally, since fall 2020, institutions were allowed to become test-optional without getting an exemption from the admissions policy from the Board of Regents.

Exhibit 1
Undergraduate Applications, Accepted, and Enrolled
Fall 2012-2021

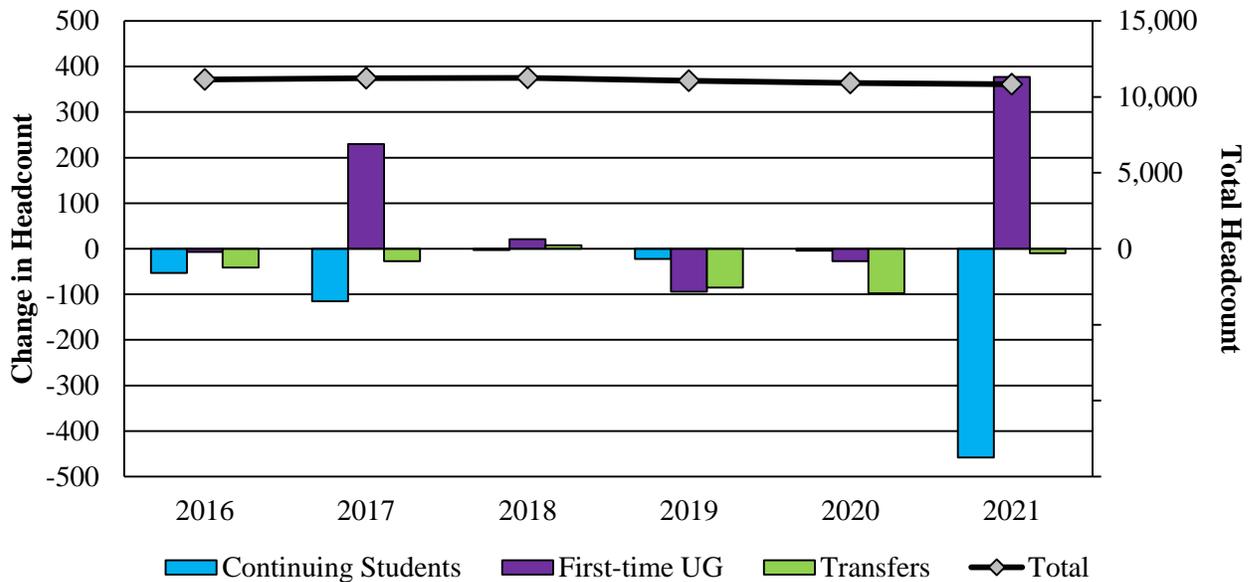


Source: University System of Maryland

Fall Enrollment

Undergraduate enrollment declined for a third consecutive year, decreasing 0.8% (91 students) to 10,835 students, in fall 2021, as shown in **Exhibit 2**. Overall, when including graduate students, enrollment increased 1.1%, or 147 students. After two years of decline, the number of first-time students increased 22.0%, or 377 students, in fall 2021 to 2,093 students, UMBC’s largest incoming class. However, as experienced by other University System of Maryland (USM) institutions, 458 students (5.6%) students did not return to UMBC, a substantially larger decline than prior years. It is unknown if these students who stopped out will return to complete their degrees. Although only a small decline between fall 2020 and 2021, there is also cause for concern in the continuing decline in transfer students, which has fallen 17.9%, or 212 students, since fall 2016. Half of the decline (108 transfers) has occurred since fall 2019. Declines in continuing and transfer students will impact retention and graduation rates.

Exhibit 2
Headcount Undergraduate Enrollment
Fall 2016-2021



UG: undergraduate

Source: University System of Maryland

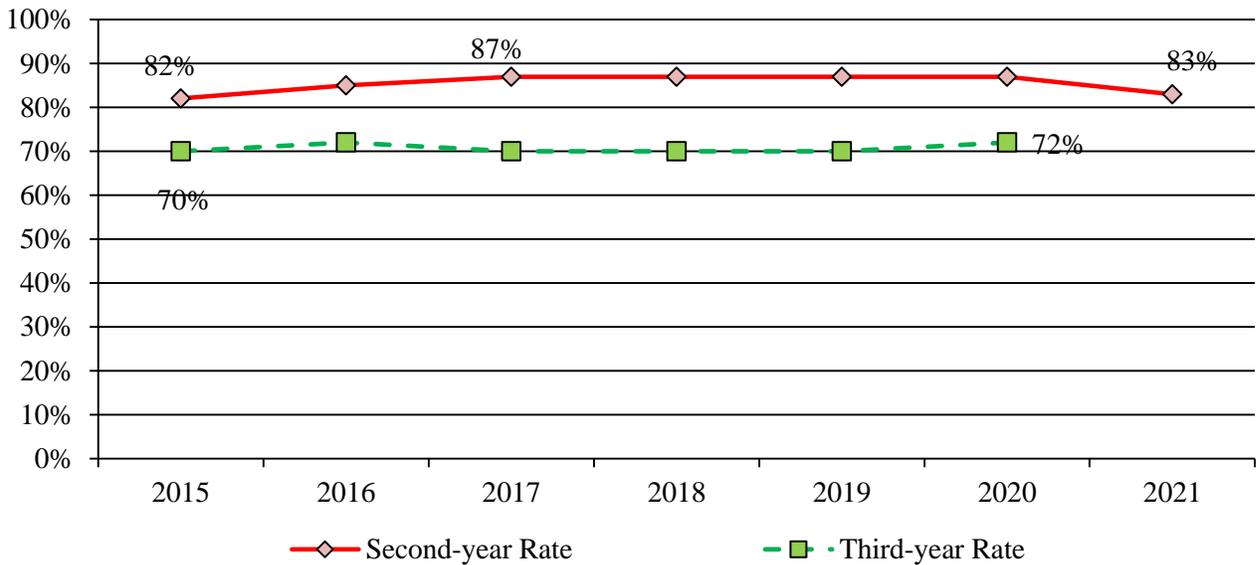
The President should comment on factors leading to the larger than typical decline in the number of continuing students and the efforts being taken to reach out to those students to encourage them to return. The President should also discuss efforts to increase transfer enrollment to near prepandemic levels.

2. Retention Rates

Student retention rates provide a measure of student progress and an institution’s performance: a high retention rate indicates the ability of an institution to keep students and the more likely a student will succeed and graduate. As students are more likely to drop out during their first year, the second-year rate is an indicator of a number of factors from students not being prepared for college to institutional support designed to retain students. However, institutions tend to focus efforts on retaining first-year students and not providing supports needed to keep students beyond their second year, thereby increasing their chances to graduate.

After remaining stable at 87% for the 2017 through 2020 fiscal year cohorts, the second-year retention rate fell 4 percentage points to 83% with the 2021 cohort, as shown in **Exhibit 3**, reflecting the impact of the cohort starting their college career remotely. This level of second-year retention was the lowest since 2015. The third-year rate for the 2015 to 2020 cohorts averaged 70% and increased to 72% with the 2020 cohort. Since the two rates tend to mirror each other, it is expected that the third-year rate will decline with the 2021 cohort. On average there is a 13 percentage point gap between the second- and third-year rates, indicating that there are opportunities for UMBC to target services to students beyond the second year to improve their success to earn a degree.

Exhibit 3
Second- and Third-year Retention Rates
2015-2021 Fiscal Year Cohorts



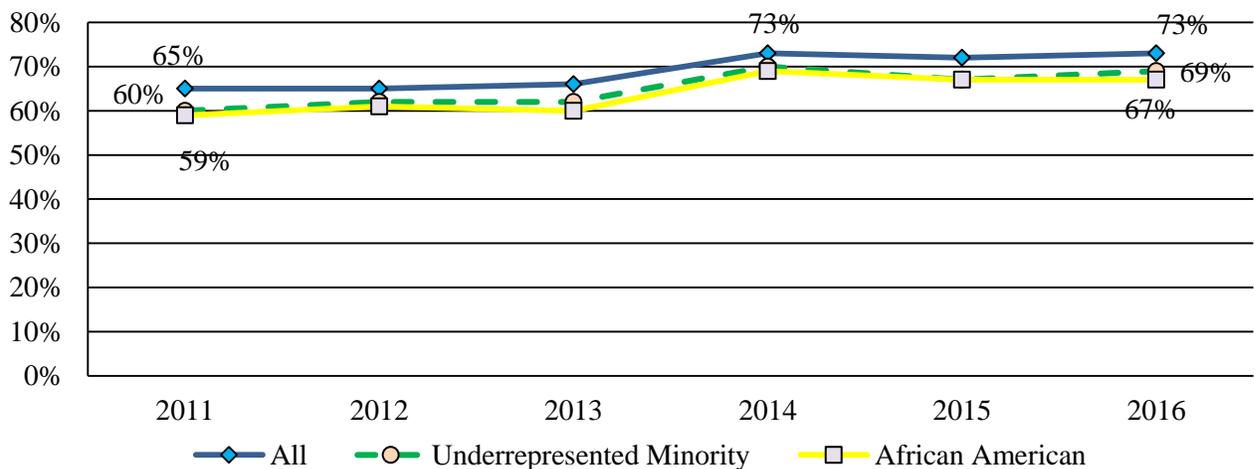
Source: University System of Maryland; University of Maryland Baltimore County

3. Graduation Rates

Graduation rates are, in part, another measure of student retention and efficiency – as more students graduate, it frees up more room, allowing an institution to enroll more students. National data show students of color, low-income, and/or first-generation graduate at a lower rate than their peers, which points to the need to develop strategies and services to support the success of these students and close the achievement gap.

After remaining fairly stable at 65% for the 2011 to 2013 fiscal year cohort of all students, the six-year graduation year increased to 73% with the 2014 cohort, as shown in **Exhibit 4**. There was also a corresponding increase in the rates for underrepresented minorities and African American students. UMBC attributes this increase to its focus on student success and a 2012 Gates Foundation grant for Science, Technology, Engineering, and Mathematics transfer student success initiative, which provided transfer students additional mentoring and advising. However, the University of Maryland System Office notes that the graduation rate includes students who started at UMBC but graduated at another USM institution. Due to the limited program mix, UMBC tends to have more students who transfer and graduate from another USM institution than other universities. Starting in fiscal 2014, improvements were made in the data reporting system that better matched the same students between USM institutions thereby leading to the increase in the graduation rate. Since the 2014 cohort, the graduation rate for all students has remained stable, around 73%, while the rate for underrepresented minorities and African American students declined slightly to 69% and 67%, respectively, resulting in a slight widening of the achievement gap for the 2016 cohort.

Exhibit 4
Six-year Graduation Rates
2011-2016 Fiscal Year Cohorts

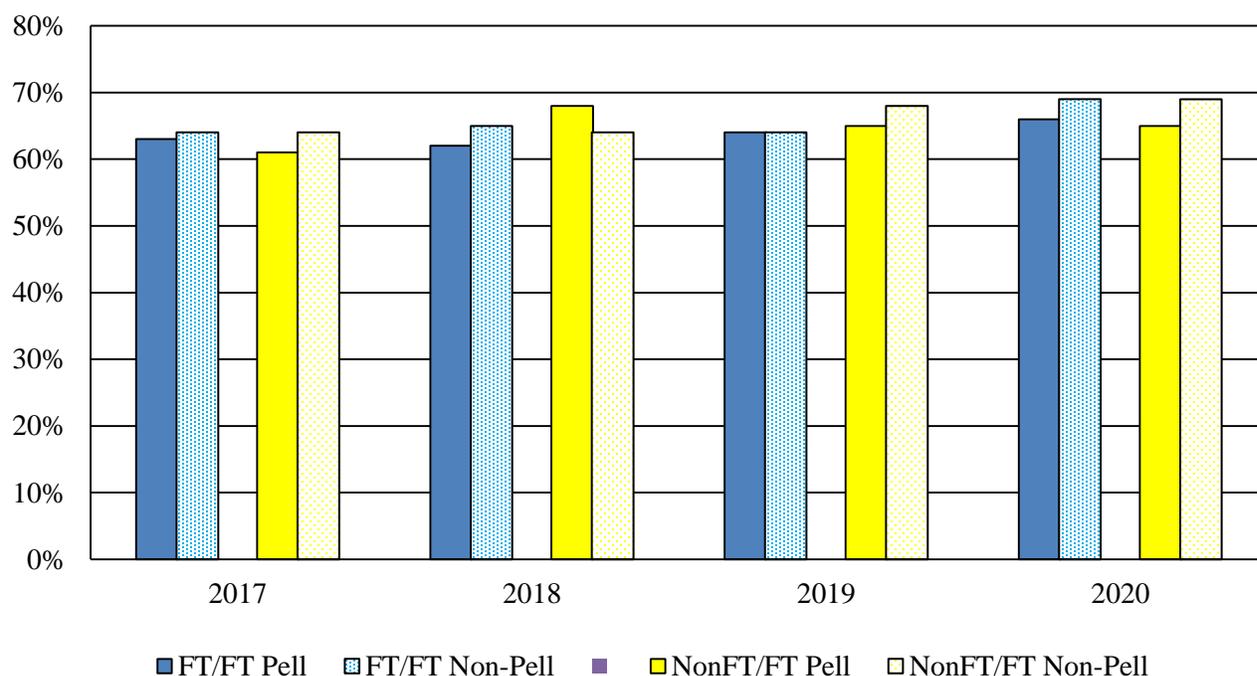


Note: Includes all degree-seeking students (e.g., first-time/full-time, part-time, transfers, spring admits) who enrolled in the fiscal year. Underrepresented minority includes African American/Black, Hispanic/Latino, American Indian/Native American, Native Hawaiian/Pacific Islander

Source: University System of Maryland

While much attention has been paid to the achievement gap between the races, increasingly, attention has turned to the achievement gap between low-income and other students. Nationally, according to the National Center for Education Statistics, the average six-year graduation rate of the 2011-2012 cohort of Pell students at four-year public institutions was 43.6%, compared to 55.5% of all students. In general, non-first-time/full-time (FT/FT) students graduate at higher rates than FT/FT students, as shown in **Exhibit 5**. According to UMBC this reflects a change in the academic quality of their transfer students with a lower percentage having a GPA below 2.5, a decline in the percentage of transfers entering as freshmen, and an increase in the percentage of new transfers entering in the fall term where UMBC has traditionally seen higher academic performance and success. However, of note, in 2020, FT/FT students achieved similar or higher graduate rates than the non-FT/FT students, which last occurred in 2017, though nearly all groups achieved their highest rates in this period.

Exhibit 5
Six-year Graduation Rate by Pell and Non-Pell Students
2017-2020



FT/FT: non-first-time/full-time

Note: Rates as of August each year.

Source: Integrated Postsecondary Education Data System

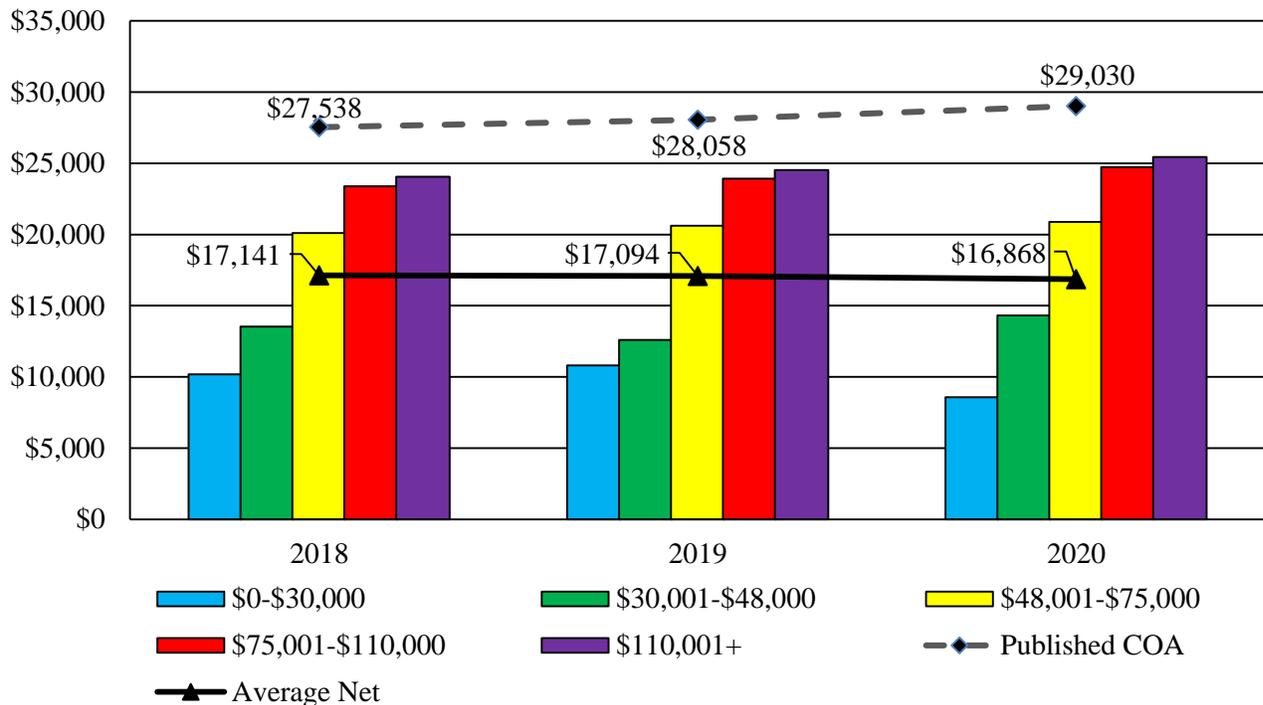
Overall, with limited exception, the six-year graduation rate of Pell students is slightly below that of non-Pell students. However, the six-year graduation rates for all groups of students exceeded 60% with the achievement gap between Pell and non-Pell students averaging 2 percentage points.

4. Affordability

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 UMBC students. As shown in **Exhibit 6**, in fiscal 2020, the average net price for beginning full-time students was \$12,162, or 41.9% lower than the published COA for a 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 decreased by \$2,255 (20.8%) between fiscal 2019 and 2020. At \$8,565 in fiscal 2020, the average net price for these families is \$20,465, or 70.5% below the published price. However, for all other income categories, the average net price increased in fiscal 2020.

Exhibit 6
Estimated In-State COA vs Average Net Price by Income Level
Fiscal 2018-2020



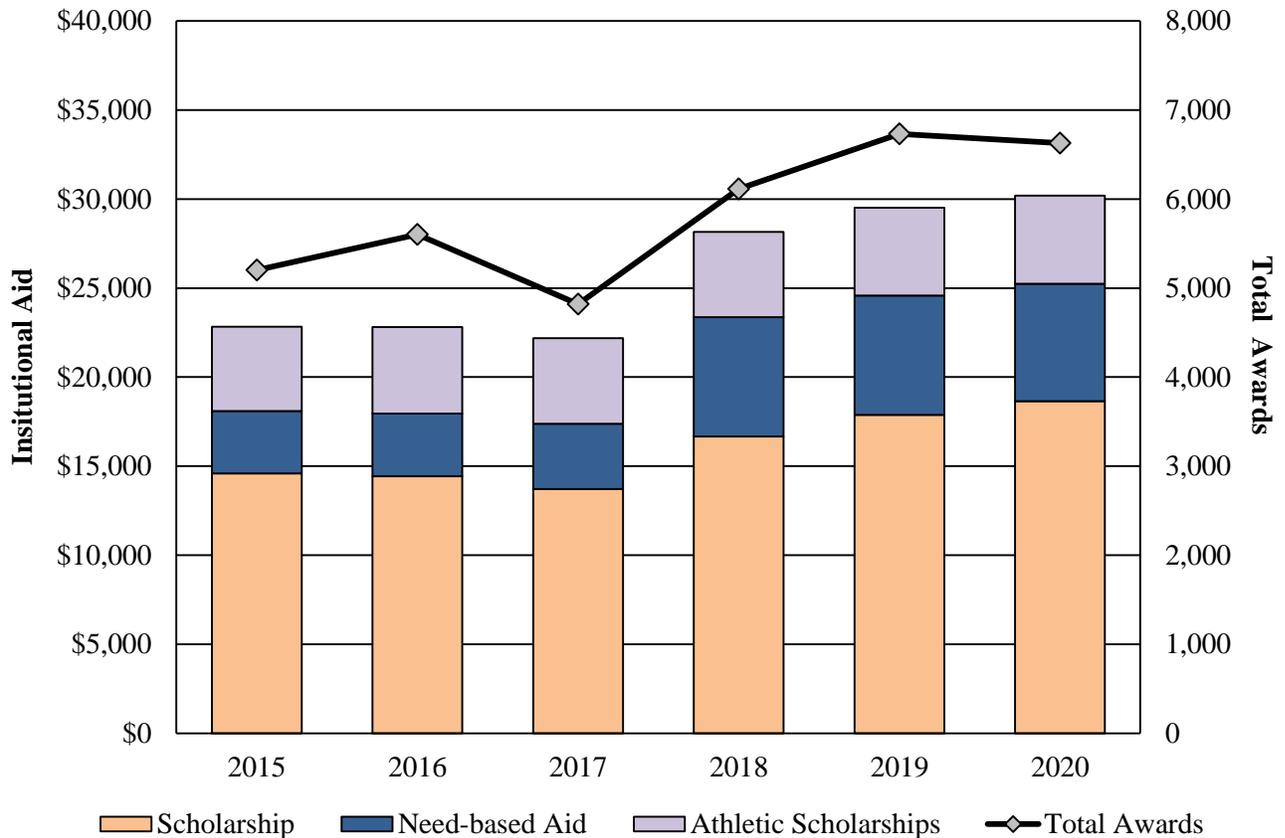
COA: cost of attendance

Source: National Center for Education Statistic's College Navigator

Institutional Aid

As shown in **Exhibit 7**, after two years of slight declines in fiscal 2018 compared to the prior year, spending on institutional aid increased by 26.8%, or \$6.0 million. Need-based aid accounted for half of the growth, with expenditures increasing by 83.4%. Between fiscal 2018 and 2020, total expenditures on institutional aid have increased by 7.3%, to \$30.2 million, with the number of awards increasing 8.4% to 6,627 awards. The overall growth in this period occurred primarily among scholarships, an increase of \$2.0 million, which was slightly offset with a \$93,533 decline in need-based aid. As a result, need-based aid accounted for 21.9% of institutional aid expenditures in fiscal 2020 compared to 23.8% in fiscal 2018, while scholarships increased from 59.2% to 61.7% of total expenditures during this time period.

Exhibit 7
Institutional Aid and Total Awards
Fiscal 2015-2020
(\$ in Thousands)



Source: Maryland Higher Education Commission

Fiscal 2022 Working Budget

Actions Affecting Fiscal 2022 Budget

The fiscal 2023 budget includes two proposed deficiency appropriations impacting UMBC. One of these proposed deficiency appropriations would provide \$500,000 in general funds to establish the Maryland Institute for Innovative Computing and to expand the Maryland Technology Internship Program. Another proposed deficiency of \$45.5 million across institutions, would replace general funds with the HEIF due to higher revenue estimates and availability of HEIF fund balance, of which UMBC’s share is \$3.9 million.

Federal Stimulus Funds

UMBC received a total of \$51.6 million from the three federal relief packages from fiscal 2020 through fiscal 2022, as shown in **Exhibit 8**, of which \$22.8 million was designated for financial aid. A majority of the funds, 52.3%, or \$27.0 million, are to be expended in fiscal 2022. These funds were added through a fiscal 2022 budget amendment.

Exhibit 8
Summary of HEERF
Fiscal 2020-2022
(\$ in Thousands)

	2020	2021		2022	Total
	<u>HEERF I</u>	<u>HEERF I</u>	<u>HEERF II</u>	<u>HEERF III</u>	
Financial Aid	\$2,107	\$2,550	\$4,658	\$13,436	\$22,752
Institutional Aid	4,658		10,542	13,426	28,627
SIP	38		55	97	190
Total	\$6,803	\$2,550	\$15,256	\$26,960	\$51,569

Total by Type

HEERF I	\$9,353
HEERF II	15,256
HEERF III	26,960
Grand Total	\$51,569

HEERF: Higher Education Emergency Relief Fund

HEERF I: Coronavirus Aid, Relief, and Economic Security Act

HEERF II: Coronavirus Response and Relief Supplemental Appropriations Act of 2021

HEERF III: American Rescue Plan

SIP: Strengthening Institution Programs

Source: University System of Maryland

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As shown in **Exhibit 9**, of the funds not required to be used for financial aid, over half (\$15.3 million) were used to cover revenue losses in auxiliary enterprises. In fiscal 2020, \$4.7 million was used to cover auxiliary losses related to providing student refunds for the 2020 spring semester when the campus closed due to the pandemic. In fiscal 2021, funds were used to offset loss of auxiliary revenues related to (1) not charging students for most mandatory fees; (2) reducing the amount for the fees that were charged; and (3) limiting occupancy of resident halls. In fiscal 2022, the majority of funds are used to cover revenue loss in auxiliary.

Exhibit 9
Summary of HEERF Spending
Fiscal 2020-2022
(\$ in Thousands)

	2020		2021		2022		Total
	<u>Institutional</u>		<u>Institutional</u>		<u>Institutional</u>		
	<u>Aid</u>	<u>SIP</u>	<u>Aid</u>	<u>SIP</u>	<u>Aid</u>	<u>SIP</u>	
Revenue Loss	\$4,658	\$38	\$10,542	\$55	10,741	\$97	\$26,035
Testing, PPE, COVID-19 and Other					2,685		2,685
Total Funds	\$4,658	\$38	\$10,542	\$55	\$13,426	\$97	\$28,817

Direct Aid to Students

	<u># Students</u>	<u>Total</u>
HEERF I	4,410	\$2,107
HEERF II	4,719	7,208
HEERF III ¹	7,923	13,436
	17,052	\$22,752

HEERF: Higher Education Emergency Relief Fund

HEERF I: Coronavirus Aid, Relief, and Economic Security Act

HEERF II: Coronavirus Response and Relief Supplemental Appropriations Act of 2021

HEERF III: American Rescue Plan

PPE: personal protective equipment

SIP: Strengthening Institution Programs

¹Number awarded are as of December 2021 with \$9.7 million of \$13.4 million expended; the remaining funds will be used to make awards for the spring semester

Source: University of Maryland Baltimore County

Education and General Expenditures

Since tuition and fee revenues in the allowance are based on enrollment projections, increases and decreases in enrollment can have a significant effect on an institution’s revenues. Therefore, looking at the changes in expenditures by program areas between fiscal 2021 and 2022, when institutions know their fall enrollment, provides a more accurate picture of funding priorities.

Exhibit 10 shows budget changes for unrestricted fund expenditures by program area for fiscal 2021 and 2022. Overall, in fiscal 2022, these expenditures increase by \$52.1 million, or 14.5%. The fiscal 2022 education and general (E&G) expenditures and revenues are adjusted to reflect general salary increases, increments, and one-time bonuses totaling \$5.9 million. Overall, the majority of the spending increases are driven by the atypical spending patterns in fiscal 2021 related to the pandemic. Due to limiting campus activities in fiscal 2021, travel and supply expenses were considerably lower across all program areas. It is assumed that in fiscal 2022, expenses will be more in line with prepandemic levels. In addition, in order to cover the budget shortfall in fiscal 2021, UMBC instituted a hiring freeze and a temporary salary reduction plan. Fiscal 2022 reflects a return to normal salary levels.

Exhibit 10
Budget Changes for Unrestricted Funds by Program
Fiscal 2021-2022
(\$ in Thousands)

<u>Expenditures</u>	<u>2021</u> <u>Actual</u>	<u>2022</u> <u>Working</u>	<u>2021-2022</u> <u>Change</u>	<u>2021-2022</u> <u>% Change</u>
Instruction	\$130,012	\$140,385	\$10,373	8.0%
Institutional Support	41,732	47,206	\$5,474	13.1%
Scholarships and Fellowships	29,903	34,535	\$4,632	15.5%
Research	18,954	21,671	\$2,718	14.3%
Student Services	20,785	22,817	\$2,031	9.8%
Public Service	3,713	5,615	\$1,902	51.2%
Academic Support	23,837	24,937	\$1,100	4.6%
Operation and Maintenance of Plant	44,007	43,156	-\$850	-1.9%
General Salary Increase/Increments/Bonus		5,880		
E&G Total	\$312,942	\$346,204	\$33,261	10.6%
Auxiliary Enterprises	\$45,702	\$64,569	\$18,867	41.3%
Total Expenditures	\$358,645	\$410,773	\$52,128	14.5%

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<u>Revenues</u>	<u>2021 Actual</u>	<u>2022 Working</u>	<u>2021-2022 Change</u>	<u>2021-2022 % Change</u>
Tuition and Fees	\$135,883	\$142,693	\$6,810	5.0%
State Funds ¹	150,547	159,750	\$9,203	6.1%
Other	51,809	54,082	\$2,273	4.4%
Total E&G Revenues	\$338,240	\$356,526	\$18,286	5.4%
Auxiliary Enterprises	17,713	71,464	53,750	303.4%
Transfer (to)/from Fund Balance	2,691	-17,217		
Available Unrestricted Revenues	\$358,645	\$410,773	\$52,128	14.5%

E&G: education and general

¹State funds include general funds and Higher Education Investment Funds.

Note: Fiscal 2022 adjusted to reflect general salary increases, increments, one-time bonus and deficiency appropriations.

Source: Governor's Fiscal 2023 Budget Books; Department of Legislative Services

Other major E&G spending include:

- An increase of \$10.4 million, or 8.0%, on instruction, of which \$5.7 million is related to the partial restoration in fiscal 2022 of the reduction taken by BPW in fiscal 2021. The restoration allows UMBC to hire and retain faculty and expand activities in healthcare, public health, and health services programs. In addition, a portion of the increase is attributable to anticipated growth in the self-supported professional programs.
- An increase of \$5.5 million, or 13.1%, in institutional support, of which \$0.4 million is related to the mandate in Chapter 765 of 2019 for the MPowering initiative with other changes related to COVID-19-related expenses.
- An increase of \$2.0 million, or 9.8%, in student services is related to the increase in student activities, primarily due to fewer events and virtual events held in fiscal 2021 by the Student Government Association and the Graduate Student Associations, which are expected to return to pre-pandemic levels of expenses in fiscal 2022.

Expenditures on Operation and Maintenance of Plant decrease by \$0.9 million, or 1.9%, due to deferred maintenance and COVID-19-related facilities expenses that occurred in fiscal 2021.

In terms of revenues, in fiscal 2021, actions taken to reduce expenditures resulted in an E&G surplus of \$25.3 million. However, the de-densification of campus resulted in a \$28.0 million deficit in auxiliary, which was covered by the use of federal funds, E&G surplus, and a transfer from the fund

balance (\$2.7 million). In fiscal 2022, the 303.4%, or \$53.8 million, increase in auxiliary revenues reflects a return to prepandemic activity level with the return to in-person classes and increase in occupancy of resident halls. Due to the \$10.3 million and \$6.9 million surpluses in E&G and auxiliary, respectively, UMBC expects to transfer \$17.2 million to the funds balance.

Fiscal 2023 Proposed Budget

In fiscal 2023, the adjusted State funds increase by 14.4%, or \$23.0 million, compared to the adjusted fiscal 2022 working appropriation, as shown in **Exhibit 11**. General fund support increases by \$24.7 million, or 16.6%, which is slightly offset by a decline of \$1.7 million in the HEIF after accounting for the proposed deficiency.

Exhibit 11
Proposed Budget
University of Maryland Baltimore County
Fiscal 2021-2023
(\$ in Thousands)

	<u>2021</u> <u>Actual</u>	<u>2022</u> <u>Adjusted</u>	<u>2023</u> <u>Adjusted</u>	<u>2022-2023</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$143,477	\$145,930	\$156,776	\$10,846	7.4%
Deficiency – HEIF Swap		-3,874			
Deficiency		500			
Statewide Employee Compensation		5,880	16,340	10,460	
Total General Funds	\$143,477	\$148,436	\$173,116	\$24,680	16.6%
Special Funds					
HEIF	\$7,071	\$7,440	\$9,608	\$2,168	29.1%
Deficiency – HEIF Swap		3,874			
Total HEIF	7,071	11,314	9,608	-1,706	-15.1%
Total State Operating Funds	\$150,547	\$159,750	\$182,724	\$22,974	14.4%
Other Unrestricted Funds	\$203,930	\$268,240	\$259,587	-\$8,653	-3.2%
CARES/CRRSAA/ARPA – Direct Support	1,476				
Transfer (to)/from Fund Balance	2,691	-17,217	-4,131		
Net Unrestricted Funds	\$358,645	\$410,773	\$438,180	\$27,407	6.7%
Restricted Funds	91,491	91,978	92,096	119	0.1%
CARES/CRRSSA/ARPA – Direct Federal Support	17,806	26,960		-26,960	
Total Restricted Funds	\$109,297	\$118,937	\$92,096	-\$26,841	-\$22.6%
Total Funds	\$467,942	\$529,710	\$530,276	\$567	0.1%

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ARPA: American Rescue Plan Act of 2021

CARES: Coronavirus Aid, Relief, and Economic Security Act

CRRSSA: Coronavirus Response and Relief Supplement Appropriation Act

HEIF: Higher Education Investment Fund

Note: The fiscal 2022 working appropriation is adjusted to reflect general salary increases, increments, a one-time bonus, and deficiencies. The fiscal 2023 allowance is adjusted to reflect the annualization of fiscal 2022 general salary increases and increments and fiscal 2023 3% general salary increases and increments. These actions are budgeted within the Department of Budget and Management Statewide Expenses.

Source: Governor's Fiscal 2023 Budget Books; Department of Legislative Services

The additional fiscal 2023 State support provides:

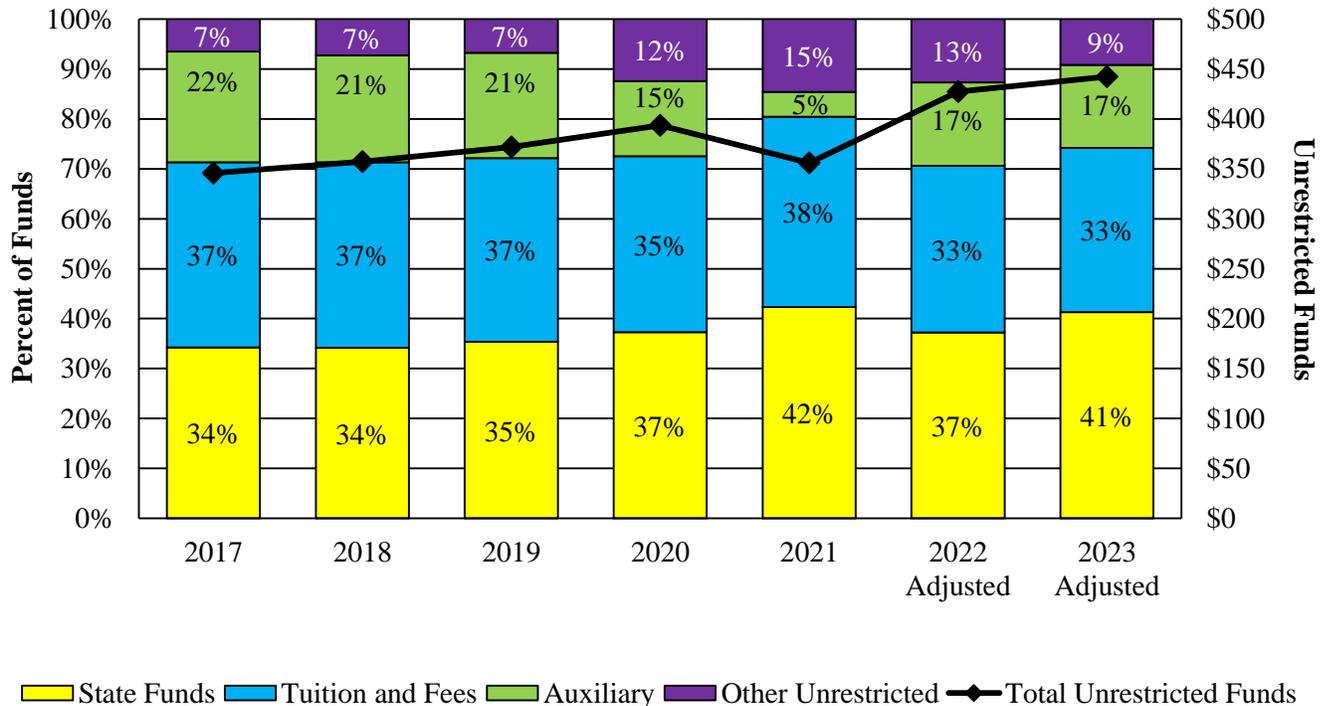
- \$10.5 million for the annualization of the fiscal 2022 general salary increases and increments and the fiscal 2023 general salary increases and increments, partially offset by one-time bonuses in fiscal 2022;
- \$6.1 million to restore the remaining portion of the reduction taken by BPW in fiscal 2021;
- \$3.9 million as mandated in Chapter 683, of which \$3.0 million is to establish the Center for Cybersecurity, and \$0.9 million is for funding guideline attainment;
- \$2.1 million related to various statewide cost allocations with a majority of the increase related to health insurance; and
- \$0.4 million as mandated in Chapter 765 to help further UMBC's research and economic development activities.

Other current unrestricted funds decrease by \$8.7 million, or 3.2%, which is primarily due to the inclusion of \$13.4 million in Higher Education Emergency Relief Fund (HEERF) III in other sources of revenue in fiscal 2022 to offset revenue losses in auxiliary. However, these funds are also included in restricted funds thereby resulting in a double-counting of these funds, which overstates current unrestricted and total revenues in fiscal 2022. When excluding HEERF III from other sources, other unrestricted funds increase by 1.9%, or \$4.8 million, mainly due to increases in tuition and fees and auxiliary revenues of \$2.9 million and \$2.0 million, respectively. The increase in tuition and fee revenues partly reflects a planned 2% increase in resident undergraduate tuition. Restricted funds decrease by \$26.8 million, or 22.6%, due to the elimination of federal relief funds from the budget in fiscal 2023. Excluding this decrease, restricted funds are effectively level between years. Overall, total funds increase 2.7%, or \$14.0 million, in fiscal 2023, after excluding HEERF III that are double-counted in both unrestricted and restricted funds.

Unrestricted Revenues

The impact of COVID-19 on revenues can be seen in the composition of revenues starting in fiscal 2020, as shown in **Exhibit 12**. Prior to the pandemic, total revenues steadily increased, while the proportion of funds remained fairly stable. In fiscal 2020, while total revenues continued to increase, when UMBC closed its campus in spring 2020 and refunds were provided to students, auxiliary revenues declined by \$19.5 million, resulting in these revenues comprising 15% of revenues compared to 21% in prior years. In fiscal 2021, these revenues declined further to \$17.7 million, reflecting the de-densification of campus and reduced occupancy at residence halls, \$60.9 million lower than pre-pandemic levels, comprising only 5% revenues in that year. In fiscal 2022, with the resumption of in-person classes and activities, auxiliary revenues increase \$71.5 million, accounting for 17% of revenues.

Exhibit 12
Unrestricted Revenues by Fund Source
Fiscal 2017-2023
(\$ in Thousands)



Note: State funds include general funds and HEIF

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

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The use of federal relief funds, which were mainly used to offset revenue loss from fiscal 2020 to 2022, resulted in other revenues accounting for an increasing portion of the budget, increasing from 7% pre-pandemic to 15% in fiscal 2021. Overall, State funds have comprised a greater portion of revenues, while declining enrollment has resulted in tuition and fees accounting for less revenues. For example, State funds comprised 34% of revenues in fiscal 2017 and 41% in fiscal 2023, while tuition and fees declined from 37% to 33%, respectively.

Personnel Data

	<u>FY 21 Actual</u>	<u>FY 22 Working</u>	<u>FY 23 Allowance</u>	<u>FY 22-23 Change</u>
Regular Positions	2,085.98	2,083.31	2,083.31	0.00
Contractual FTEs	<u>447.93</u>	<u>477.63</u>	<u>516.13</u>	<u>38.50</u>
Total Personnel	2,533.91	2,560.94	2,599.44	38.50

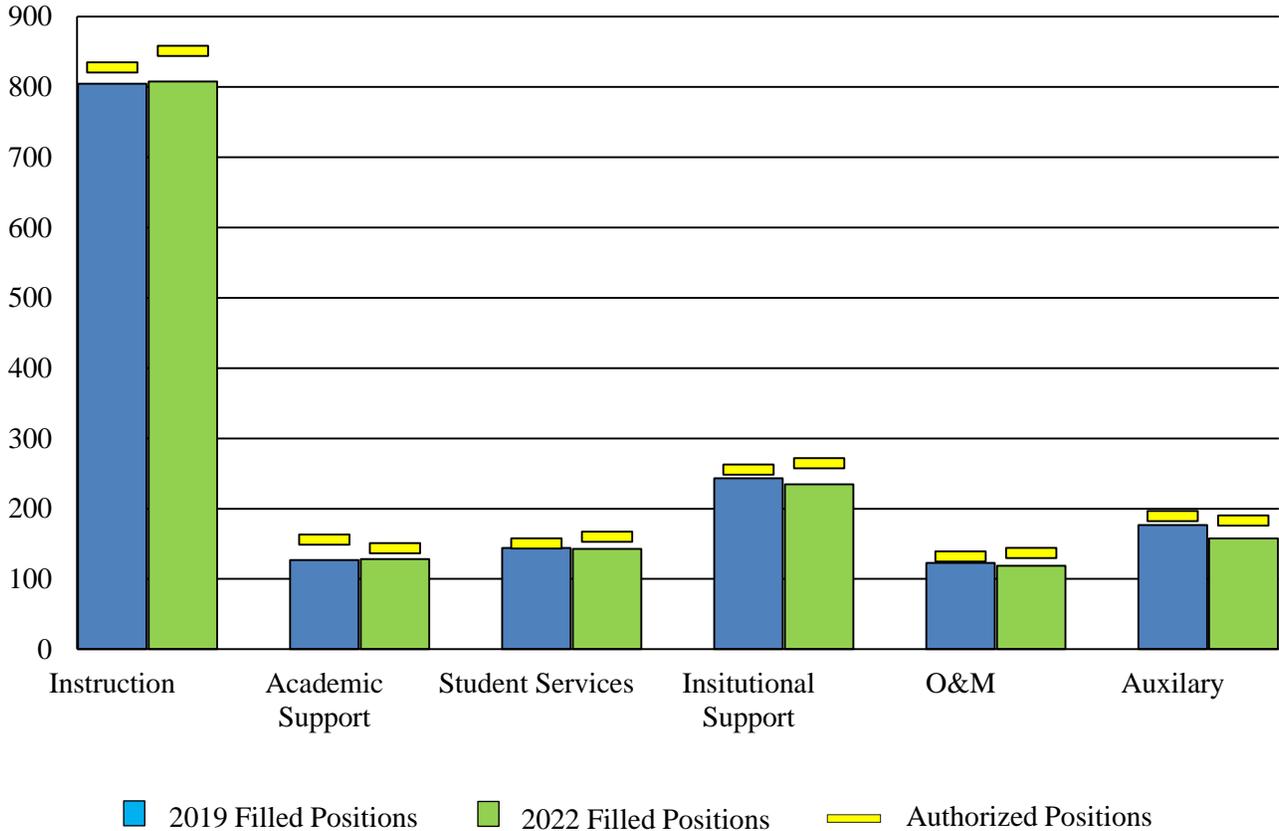
Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	35.21	1.69%
Positions and Percentage Vacant as of 12/31/21	181.16	8.70%
Vacancies Above Turnover	145.95	

- USM institutions have personnel autonomy and may create or abolish positions during the fiscal year. In the year-to-date, UMBC eliminated 2.0 positions and converted 2.0 contractual full-time equivalents (FTE) to regular positions.
- The fiscal 2023 allowance includes 38.50 additional contractual FTE that are related to the funding received for the Center for Cyber Security and funding guideline attainment, \$2.0 million is budgeted for these FTEs.

When excluding research and public service, the vacancy rate increased from 5.4% in fiscal 2019 to 8.6% in fiscal 2022. As shown in **Exhibit 13**, three program areas – Student Services, Institutional Support, and Operation and Maintenance – experienced, on average, a 7.6 percentage point increase in their vacancy rates. The vacancy rate in auxiliary increased by 9 percentage points to 16.2%. In fiscal 2022, there are 26 unfilled positions in auxiliary, 13 more than in fiscal 2019. As with other institutions, auxiliary tends to have a higher vacancy rate than other program areas given reductions in student services and the current hiring challenges.

**Exhibit 13
Authorized and Filled Positions
Fiscal 2019 and 2022**



O&M: Operations and Maintenance of Plant

Note: Filled positions as of October 15 each year

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

Since fiscal 2019, 10 positions were added to student services, however, the number of vacancies increased by 11, resulting an increase in the vacancy rate from 4.5% in fiscal 2019 to 12.0% in fiscal 2022. This may indicate the challenges of hiring and retaining personnel with the increase in pressure stemming from the growth of student needs during the pandemic.

The only program area to experience a decline in its vacancy rate between fiscal 2019 and 2022 is academic support. The vacancy rate improved by 10.7 percentage points, decreasing from 22.6% (29) in fiscal 2019 to 11.9% (15) in fiscal 2022. The decrease is partly attributable to a decline of 12 authorized positions.

Operating Budget Recommended Actions

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

Appendix 1
Object/Fund Difference Report
University of Maryland Baltimore County

<u>Object/Fund</u>	<u>FY 21</u> <u>Actual</u>	<u>FY 22</u> <u>Working</u> <u>Appropriation</u>	<u>FY 23</u> <u>Allowance</u>	<u>FY 22 - FY 23</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	2,085.98	2,083.31	2,083.31	0.00	0%
02 Contractual	447.93	477.63	516.13	38.50	8.1%
Total Positions	2,533.91	2,560.94	2,599.44	38.50	1.5%
Objects					
01 Salaries and Wages	\$ 278,489,140	\$ 288,238,762	\$ 293,857,426	\$ 5,618,664	1.9%
02 Technical and Special Fees	2,745,535	3,371,686	3,380,911	9,225	0.3%
03 Communication	847,278	664,379	664,379	0	0%
04 Travel	753,354	5,062,140	5,062,140	0	0%
06 Fuel and Utilities	8,906,027	12,092,286	12,092,286	0	0%
07 Motor Vehicles	727,033	986,344	995,878	9,534	1.0%
08 Contractual Services	48,401,499	62,397,708	70,222,293	7,824,585	12.5%
09 Supplies and Materials	12,287,799	14,437,433	13,907,161	-530,272	-3.7%
11 Equipment – Additional	7,638,304	7,499,216	7,499,216	0	0%
12 Grants, Subsidies, and Contributions	77,853,746	91,832,561	66,079,177	-25,753,384	-28.0%
13 Fixed Charges	18,084,723	24,602,135	24,189,489	-412,646	-1.7%
14 Land and Structures	11,207,598	12,145,162	15,986,029	3,840,867	31.6%
Total Objects	\$ 467,942,036	\$ 523,329,812	\$ 513,936,385	-\$ 9,393,427	-1.8%
Funds					
40 Unrestricted Fund	\$ 358,644,728	\$ 404,392,562	\$ 421,839,976	\$ 17,447,414	4.3%
43 Restricted Fund	109,297,308	118,937,250	92,096,409	-26,840,841	-22.6%
Total Funds	\$ 467,942,036	\$ 523,329,812	\$ 513,936,385	-\$ 9,393,427	-1.8%

Note: The fiscal 2022 working appropriation does not include deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses and may include annual salary review adjustments.

Appendix 2
Fiscal Summary
University of Maryland Baltimore County

<u>Program/Unit</u>	<u>FY 21</u> <u>Actual</u>	<u>FY 22</u> <u>Wrk Approp</u>	<u>FY 23</u> <u>Allowance</u>	<u>Change</u>	<u>FY 22 - FY 23</u> <u>% Change</u>
01 Instruction	\$ 132,011,976	\$ 140,571,797	\$ 145,321,316	\$ 4,749,519	3.4%
02 Research	65,170,173	68,411,808	69,906,959	1,495,151	2.2%
03 Public Service	21,071,184	23,522,405	23,770,585	248,180	1.1%
04 Academic Support	23,836,624	24,936,798	25,106,497	169,699	0.7%
05 Student Services	20,785,329	22,816,564	23,286,990	470,426	2.1%
06 Institutional Support	41,731,789	47,206,272	52,316,100	5,109,828	10.8%
07 Operation and Maintenance of Plant	44,006,773	43,156,490	45,407,577	2,251,087	5.2%
08 Auxiliary Enterprises	45,702,294	64,569,004	66,435,071	1,866,067	2.9%
17 Scholarships and Fellowships	73,625,894	88,138,674	62,385,290	-25,753,384	-29.2%
Total Expenditures	\$ 467,942,036	\$ 523,329,812	\$ 513,936,385	-\$ 9,393,427	-1.8%
Unrestricted Fund	\$ 358,644,728	\$ 404,392,562	\$ 421,839,976	\$ 17,447,414	4.3%
Restricted Fund	109,297,308	118,937,250	92,096,409	-26,840,841	-22.6%
Total Appropriations	\$ 467,942,036	\$ 523,329,812	\$ 513,936,385	-\$ 9,393,427	-1.8%

Note: The fiscal 2022 working appropriation does not include deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses and may include annual salary review adjustments.