

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

## ***Operating Budget Data***

(\$ in Thousands)

	<b><u>FY 06</u></b> <b><u>Actual</u></b>	<b><u>FY 07</u></b> <b><u>Working</u></b>	<b><u>FY 08</u></b> <b><u>Allowance</u></b>	<b><u>FY 07-08</u></b> <b><u>Change</u></b>	<b><u>% Change</u></b> <b><u>Prior Year</u></b>
General Funds	\$328,810	\$370,689	\$392,199	\$21,511	5.8%
Other Unrestricted Funds	646,477	679,750	693,596	13,845	2.0%
Total Unrestricted Funds	975,286	1,050,439	1,085,795	35,356	3.4%
Restricted Funds	<u>281,198</u>	<u>301,884</u>	<u>308,286</u>	<u>6,402</u>	<u>2.1%</u>
<b>Total Funds</b>	<b>\$1,256,484</b>	<b>\$1,352,323</b>	<b>\$1,394,081</b>	<b>\$41,757</b>	<b>3.1%</b>

- General funds increase \$21.5 million in the fiscal 2008 allowance, an increase of 5.8% over fiscal 2007. Other unrestricted funds increase \$13.8 million, or 2%, mostly due to an increase in sales and services of auxiliary enterprises of \$7.1 million. Tuition and fee revenue increases \$3.3 million, which is 0.9% above fiscal 2007. Total unrestricted funds increase 3.4%.
- Health insurance costs decline due to one-time savings. Adjusting for the one-time savings, the underlying increase in the proposed budget is \$55.2 million, or 4.1% over the fiscal 2007 working appropriation.

## ***Personnel Data***

	<b><u>FY 06</u></b> <b><u>Actual</u></b>	<b><u>FY 07</u></b> <b><u>Working</u></b>	<b><u>FY 08</u></b> <b><u>Allowance</u></b>	<b><u>FY 07-08</u></b> <b><u>Change</u></b>
Regular Positions	7,483.55	7,774.32	8,002.81	228.49
Contractual FTEs	<u>1,374.34</u>	<u>1,412.95</u>	<u>1,434.16</u>	<u>21.21</u>
<b>Total Personnel</b>	<b>8,857.89</b>	<b>9,187.27</b>	<b>9,436.97</b>	<b>249.70</b>

### ***Vacancy Data: Regular Positions***

Turnover, Excluding New Positions	236.08	2.95%
Positions Vacant as of 12/31/06	359.03	4.60%

- The fiscal 2008 allowance provides the University of Maryland, College Park (UMCP) with an additional 228 regular positions and 21 contractual positions.

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

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## ***Analysis in Brief***

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### **Major Trends**

***Research and Development Expenditures Slightly Exceed Expectations:*** Research and development expenditures increased from \$326 million in fiscal 2005 to \$339 million in 2006. This exceeded the target of \$334 million.

***Students Completing Teacher Education Training and Employed in Maryland Increases:*** The number of students completing the teacher education program and employed as teachers in Maryland has increased for the second consecutive year. In fiscal 2006, 306 graduates were employed.

***Retention Gap Shrinks; Graduation Gap Slightly Increases:*** The retention rate of African American students has increased, shrinking the gap with all students to 2.5 percentage points. The graduation rate for all students and African American students increased in fiscal 2006. The gap in graduation rates slightly increased from 8.8 percentage points in fiscal 2005 to 9.7 percentage points in 2006.

### **Issues**

***College of Education Accreditation Status:*** The College of Education at UMCP remains on conditional status. UMCP expects to be reevaluated in fall 2007 and to know the results of the reevaluation in spring 2008.

***Joint School of Public Health with University of Maryland, Baltimore:*** UMCP has hired new faculty and developed new academic programs and degrees. UMCP expects to have an accredited School of Public Health by fall 2009.

***Affordability Remains an Issue:*** The fiscal 2008 allowance includes general funds so that resident undergraduate tuition may be frozen for a second consecutive year. When including tuition and mandatory fees, the cost to a resident undergraduate student has increased 1.9% since fiscal 2006. The institutional aid that is awarded to UMCP students is 33% need-based and 60% merit and mission.

***Personnel Study Continues:*** Research personnel account for a larger share of the total personnel in fiscal 2007 than in fiscal 2002. The majority of new personnel in the fiscal 2008 allowance are State-supported (149), of which 93 are in the instruction program.

## **Recommended Actions**

1. Adopt narrative requesting a report on the reevaluation site visit of the College of Education that is expected to take place in the fall and a report on the final decision.
2. Adopt narrative requesting a report on the progress toward an accredited School of Public Health.

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**University System of Maryland**

## ***Operating Budget Analysis***

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### **Program Description**

The University of Maryland, College Park (UMCP) is the flagship institution of the University System of Maryland (USM). UMCP aspires to be one of the nation's preeminent public research universities with nationally and internationally recognized programs and faculty. As the largest public research university and the original land grant institution in Maryland, UMCP has responsibility for serving as the State's primary center for graduate study and research and extending service to all regions of the State.

The university admits to its undergraduate programs highly qualified students from all parts of Maryland, other states, and the world. It recruits graduate students both nationally and internationally. It aspires to provide students with an enriched educational experience that takes full advantage of the special strengths of a diverse research university that promotes retention and graduation.

The federal government is a primary source of support for sponsored research, namely through the National Science Foundation; the National Aeronautics and Space Administration; and the U.S. Departments of Defense, Commerce, Energy, and Health and Human Services. In addition to federal support, the institution hopes to achieve a network of support among alumni and constituents, which is the hallmark of an outstanding research institution.

Academic programs include baccalaureate, masters, and doctoral degrees in the liberal arts and sciences, social sciences, the arts, applied areas, and selected professional fields. The university offers certificates in certain upper-level and graduate courses of study and provides university honors, scholars, and departmental honors programs. UMCP has over 200 majors/programs including the core arts and sciences, biosciences, engineering, business, journalism, environmental sciences, public policy, and international affairs.

UMCP also aims to promote economic development in Maryland and to prepare graduates to be productive members of the labor force, especially in areas of critical need.

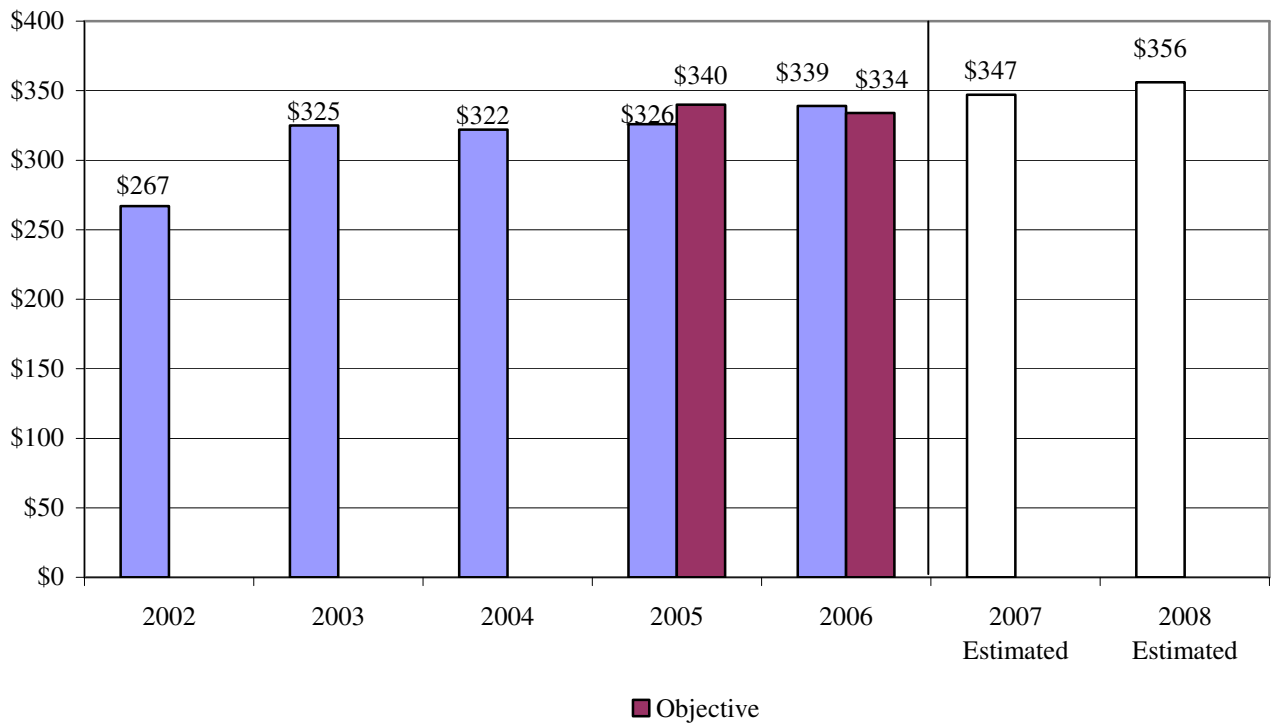
### **Performance Analysis: Managing for Results**

UMCP's first goal is to be a public research university with programs and faculty that are nationally ranked. In fiscal 2006, 60 of UMCP's colleges, programs, or specialty areas are ranked in the nation's top 15 at the graduate level. The rankings are published by the *U.S. News and World Report*, *Financial Times*, *Business Week*, *Success*, and the National Research Council. The primary reason for the increase is that these sources ranked more programs this year. The number of faculty receiving prestigious awards and recognition grew from 41 in fiscal 2005 to 51 in 2006.

## Research and Development Expenditures Slightly Exceed Expectations

UMCP also tracks its research and development expenditures as part of a goal to serve Maryland as a premier research university. **Exhibit 1** shows the research and development expenditures from fiscal 2002 to the estimated 2008 amount. Expenditures rose from \$326 million in fiscal 2005 to \$339 million in 2006. This exceeded the target of \$334 million. In fact, this is the most significant increase in the past four years. Overall, research and development expenditures have increased 27% since fiscal 2002. UMCP hopes to reach \$361 million in expenditures by fiscal 2009 and appears to be on track to do so.

**Exhibit 1**  
**University of Maryland, College Park**  
**Research and Development Expenditures**  
**Fiscal 2002-2008**  
**(\$ in Millions)**

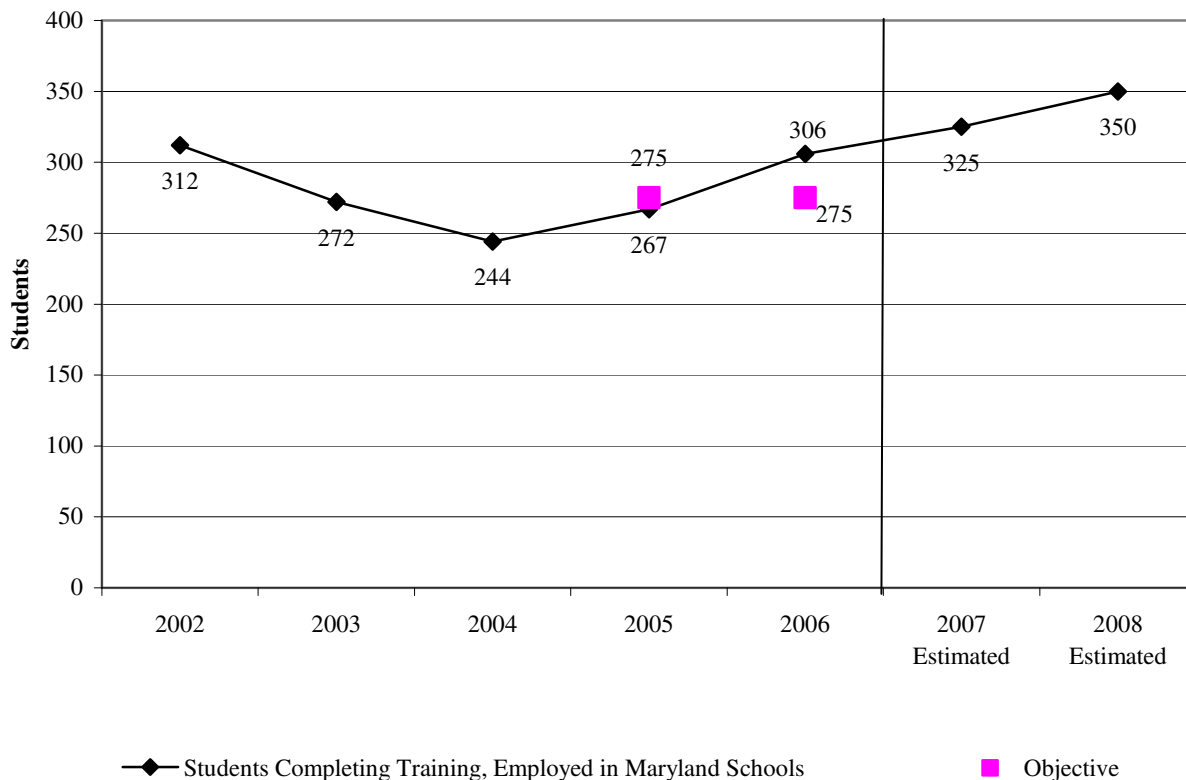


Source: Governor's Budget Books, Fiscal 2008

## Students Completing Teacher Education Training and Employed in Maryland Increases

UMCP also has a goal to prepare students to be productive members of the labor force, particularly in areas considered vital to the economic success of the State. One measure pertaining to this goal is preparing students to be teachers in Maryland. **Exhibit 2** shows the number of students completing teacher training and employed in Maryland schools from fiscal 2002 to 2008. Two years of decline from fiscal 2002 to 2004, have been followed by two years of increase through fiscal 2006. In fiscal 2004, 244 students were employed in Maryland schools and in fiscal 2006, 306 students were employed. This exceeded the target of 275.

**Exhibit 2**  
**Students Completing Teacher Training and Employed**  
**in Maryland Public Schools**  
**Fiscal 2002-2008**



Source: Governor's Budget Books, Fiscal 2008

UMCP has recently redesigned the possible pathways by which students may become certified to teach in Maryland. Examples include accommodating students with interdisciplinary interests and recruiting scientists who have decided to enter the teaching profession. UMCP expects these multiple pathways to result in continuing increases in the number of students who become employed as teachers in Maryland.

The teacher education program at UMCP was placed on conditional status by the National Council of Accreditation of Teacher Education (NCATE) in December 2005. The program remains on conditional status. This will be addressed further in Issue 1 of this analysis.

### **Retention Gap Shrinks; Graduation Gap Slightly Increases**

Another goal of UMCP is to provide an enriched education experience to their students that takes advantage of the strengths of a diverse campus and promotes retention and graduation. **Exhibit 3** shows the two-year retention and six-year graduation rates of all students and African American students at UMCP. The retention rate of all students has remained fairly stable at approximately 92.0% for several years. The retention rate for African American students has been generally increasing from 87.6% in fiscal 2002 to 89.2% in 2006. Thus, the gap in retention rates between all students and African American students has decreased to a five-year low of 2.5 percentage points in fiscal 2006.

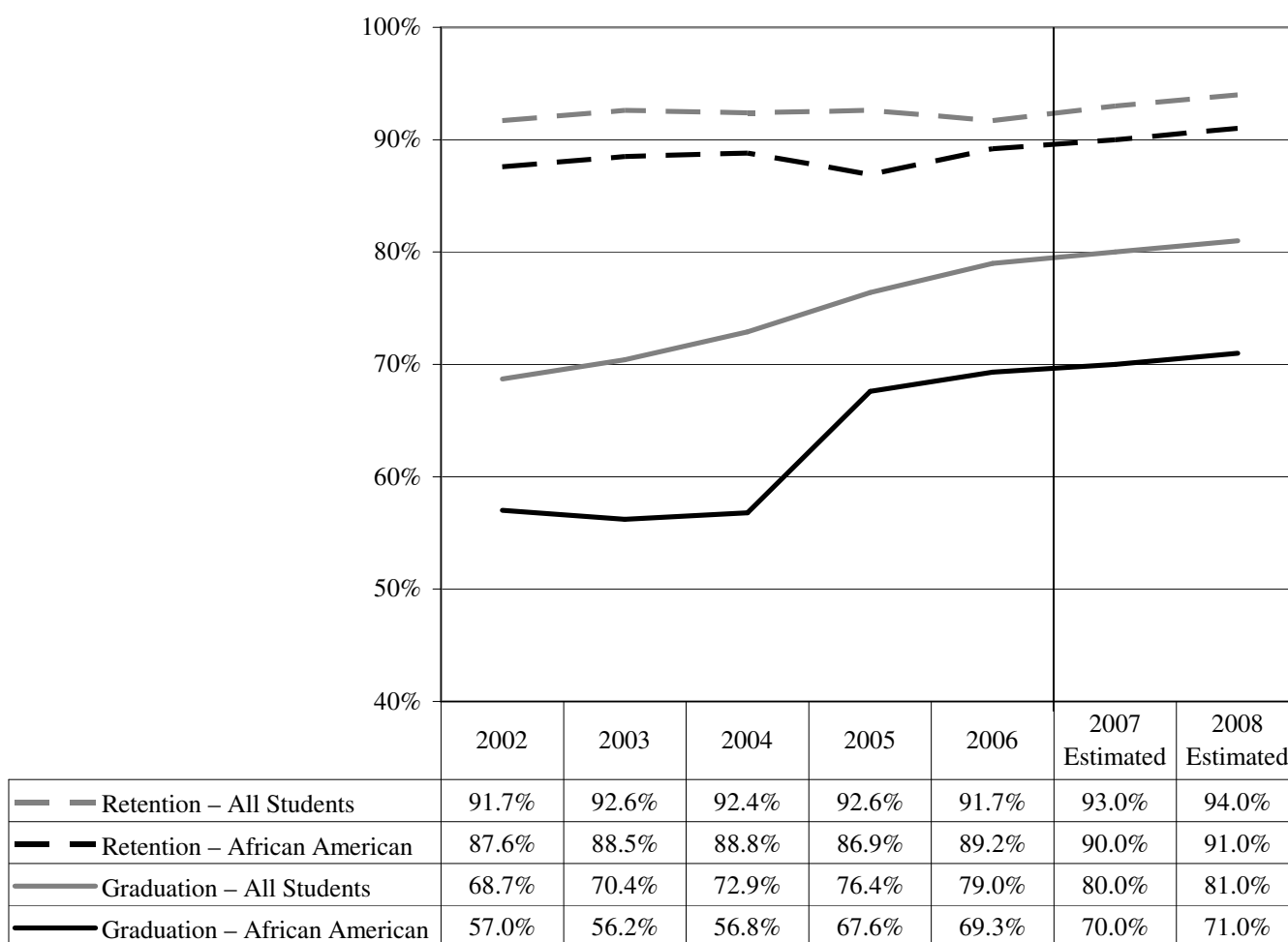
The six-year graduation rate for all students has been steadily increasing from 68.7% in fiscal 2002 to 79% in 2006. The graduation rate for African American students has also increased during this same time period though in a more sporadic manner. Between fiscal 2002 and 2004, the African American rate remained stable at about 57.0%. The graduation rate in fiscal 2005 sharply increased to 67.6% and continued to increase in fiscal 2006 to 69.3%. The gap in graduation rates has slightly increased from 8.8 percentage points in fiscal 2005 to 9.7 percentage points in fiscal 2006. However, this is still a significant improvement over the fiscal 2004 gap which was 16.1 percentage points.

### **Governor's Proposed Budget**

The general fund allowance for fiscal 2008 is \$21.5 million above the fiscal 2007 working appropriation, an increase of 5.8%, as shown in **Exhibit 4**. However, a one-time savings in health insurance frees approximately \$9.1 million in general funds. Therefore, the additional general funds that are available for expenditure in fiscal 2008 are actually \$30.6 million, or an increase of 8.5%.

Other unrestricted funds increase \$13.8 million, or 2.0%. This increase is primarily due to an increase in sales and services of auxiliary enterprises of \$7.1 million, or 3.7%. Tuition and fee revenue increases \$3.3 million, which is 0.9% above fiscal 2007. Total unrestricted funds increase 3.4%. Restricted funds increase 2.1%.

**Exhibit 3**  
**UMCP Two-year Retention and Six-year Graduation Rates**  
**All Students and African American Students**  
**Fiscal 2002-2008**



UMCP: University of Maryland, College Park

Source: Governor's Budget Books, Fiscal 2008



**Exhibit 4**  
**Governor's Proposed Budget**  
**University of Maryland, College Park**  
**(\$ in Thousands)**

	<b>FY 06</b>	<b>FY 07</b>	<b>FY 08</b>	<b>FY 07-08</b>	<b>% Change</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>	<b><u>Prior Year</u></b>
General Funds	\$328,810	\$370,689	\$392,199	\$21,511	5.8%
Other Unrestricted Funds	646,477	679,750	693,596	13,845	2.0%
Total Unrestricted Funds	975,286	1,050,439	1,085,795	35,356	3.4%
Restricted Funds	281,198	301,884	308,286	6,402	2.1%
Retiree Health Adjustment *		-13,481		13,481	
<b>Total Funds</b>	<b>\$1,256,484</b>	<b>\$1,338,842</b>	<b>\$1,394,081</b>	<b>\$55,238</b>	<b>4.1%</b>

\* The retiree health insurance adjustment in fiscal 2007 amounts to an additional \$13.5 million that is available for expenditure in fiscal 2008.

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

An additional \$13.5 million in total funds is available for expenditure in fiscal 2008 due to one-time savings in health insurance. When considering these savings, the total budget for UMCP increases by \$55.2 million, or 4.1%.

### **How Will the General Funds Be Spent?**

UMCP is expecting to spend \$18.6 million on current services costs. The amount includes merit increases, health inflation, retirement, academic revenue bond debt service, utility inflation, financial aid, and facility renewal. UMCP is also receiving a net \$0.9 million for enrollment growth. This includes \$1.9 million to fund the enrollment growth of 150 students in fiscal 2008. However, this increase is offset by a \$1.0 million deduction for not meeting the enrollment growth target in fiscal 2007. UMCP is also receiving an additional \$4.7 million in general funds that will replace tuition revenue lost as a result of the freeze on resident undergraduate tuition in fiscal 2008.

UMCP is also expected to receive \$6.3 million for enhancements in the fiscal 2008 allowance. The following list provides detail as to these funds.

- **Improvement of Academic Support (\$2.4 Million)** – This includes new instructional and laboratory equipment and computer and communications equipment on campus. This equipment will be used to increase the wireless network on campus as well as to update classroom teaching technology.

- ***Reduction of Class Size and President's Promise Initiative (\$1.4 Million)*** – UMCP would like to reduce the class size of upper level undergraduate courses in two colleges, the College of Behavioral and Social Sciences and the College of Arts and Humanities. This could involve hiring additional faculty and increasing the number of course sections that are available to students. Additionally, some funds will be used for the President's Promise Initiative. This is an effort to provide experiences outside of the classroom for students prior to graduation. This includes study abroad, internships, service opportunities, and other experiences.
- ***School of Public Health (\$1 Million)*** – UMCP is moving toward forming an accredited School of Public Health. These funds will go toward that effort. This is discussed further in Issue 2.
- ***Program Support at Shady Grove (\$0.75 Million)*** – These funds will go toward the additional programs that will be available at Shady Grove and include the expansion of UMCP's undergraduate business program at Shady Grove.
- ***Faculty Recruitment and Retention (\$0.6 Million)*** – These funds will be used to attract additional faculty as well as to keep quality faculty that may be sought after by other universities.
- ***Science, Technology, Engineering, and Math Initiative (\$0.2 Million)*** – This initiative is aimed at recruiting science and math majors to become teachers by creating programs with the science and math departments that collaborate with the College of Education. The funds will be used for faculty and staff that will work with USM to develop this initiative.

Changes in UMCP's budget by program are shown in **Exhibit 5**. The data in this exhibit are unrestricted funds only. The largest expected increase in expenditures is in operation and maintenance of plant, which increases \$11.2 million, or 8.3%. This increase includes utility inflation (\$5.9 million), facility renewal (\$3.2 million), and other miscellaneous expenses (e.g. debt service, construction management fees, and others). The next largest expected increase is in instruction, which increases \$11.1 million, or 3.4%. This increase includes salary increases (\$5.5 million), enhancements of academic programs and facilities (\$4.7 million), increased enrollment (\$0.9 million), and other miscellaneous expenses. The third largest increase is in scholarships and fellowships, which increases \$3.7 million, or 6.1%. Of this increase, \$1.7 million will go to undergraduate students. All other programs increase moderately. In terms of revenue, UMCP is expecting to transfer \$4.0 million to the fund balance, the same amount as in the fiscal 2007 working appropriation.

**Exhibit 5**  
**UMCP Budget Changes for Unrestricted Funds by Program**  
**Fiscal 2006-2008**  
**(\$ in Thousands)**

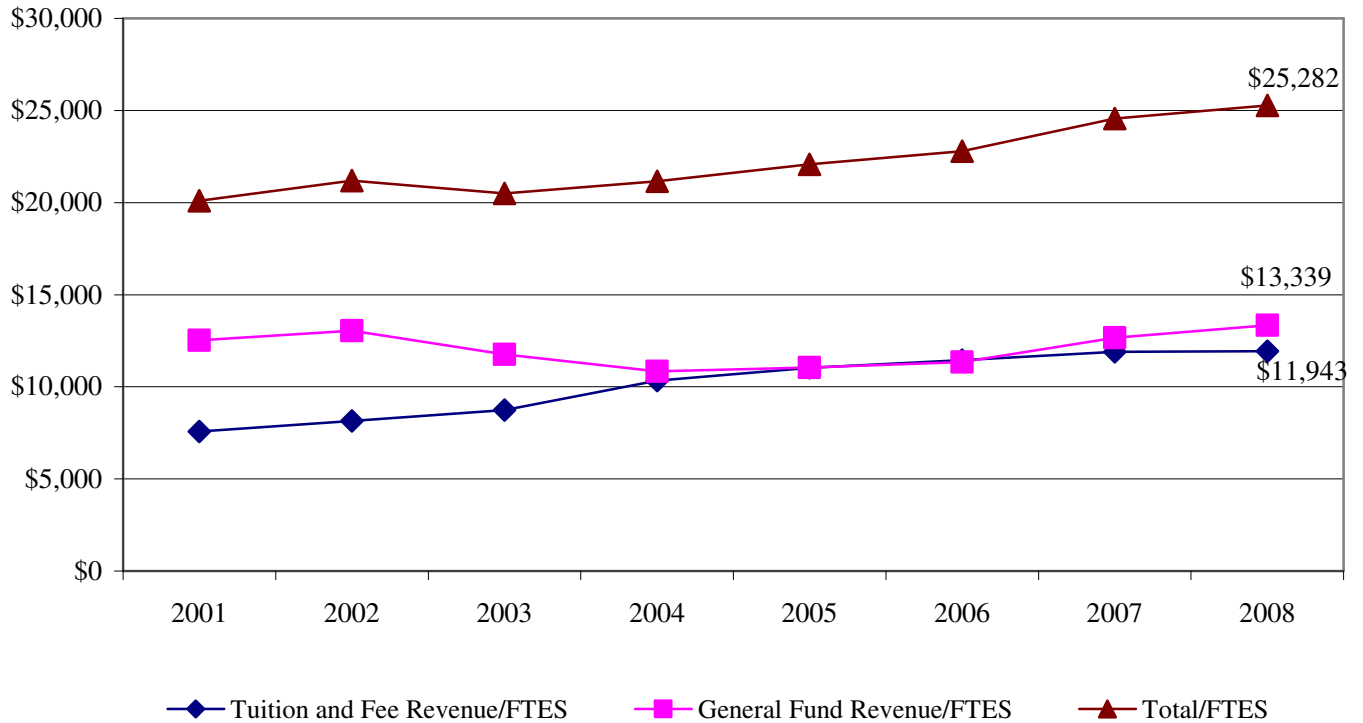
	<b><u>2006</u></b> <b><u>Actual</u></b>	<b><u>2007</u></b> <b><u>Working</u></b>	<b><u>2006-07</u></b> <b><u>% Change</u></b>	<b><u>2008</u></b> <b><u>Allowance</u></b>	<b><u>2007-08</u></b> <b><u>Change</u></b>	<b><u>2007-08</u></b> <b><u>% Change</u></b>
<b>Expenditures</b>						
Instruction	\$299,121	\$327,229	9.4%	\$338,355	\$11,126	3.4%
Research	76,540	79,252	3.5%	80,081	829	1.0%
Public Service	24,900	28,915	16.1%	29,154	239	0.8%
Academic Support	102,430	106,859	4.3%	107,637	777	0.7%
Student Services	31,543	31,161	-1.2%	31,167	6	0.0%
Institutional Support	80,111	87,995	9.8%	88,403	409	0.5%
Operation and Maintenance of Plant	125,053	135,194	8.1%	146,360	11,166	8.3%
Scholarships and Fellowships	53,921	61,517	14.1%	65,258	3,741	6.1%
<b>Education and General Total</b>	<b>\$793,620</b>	<b>\$858,122</b>	<b>8.1%</b>	<b>\$886,416</b>	<b>\$28,293</b>	<b>3.3%</b>
Auxiliary Enterprises	\$181,666	\$192,317	5.9%	\$199,379	\$7,063	3.7%
<b>Grand Total</b>	<b>\$975,286</b>	<b>\$1,050,439</b>	<b>7.7%</b>	<b>\$1,085,795</b>	<b>\$35,356</b>	<b>3.4%</b>
<b>Revenues</b>						
Tuition and Fees	\$332,242	\$347,860	4.7%	\$351,137	\$3,277	0.9%
General Funds	328,810	370,689	12.7%	392,199	21,511	5.8%
Other Unrestricted Funds	164,160	143,574	-12.5%	147,079	3,506	2.4%
<b>Subtotal</b>	<b>\$825,212</b>	<b>\$862,122</b>	<b>4.5%</b>	<b>\$890,416</b>	<b>\$28,293</b>	<b>3.3%</b>
Auxiliary Enterprises	\$180,880	\$192,317	6.3%	\$199,379	\$7,063	3.7%
Transfer (to)/from Fund Balance	-30,806	-4,000	-87.0%	-4,000	0	0.0%
<b>Grand Total</b>	<b>\$975,286</b>	<b>\$1,050,439</b>	<b>7.7%</b>	<b>\$1,085,795</b>	<b>\$35,356</b>	<b>3.4%</b>

Source: Governor's Budget Books, Fiscal 2008

## Tuition and Fee and General Fund Revenues

**Exhibit 6** shows tuition and fee and general fund revenues per full-time equivalent student (FTES) from fiscal 2001 to 2008. At UMCP, general funds per FTES remain higher than tuition and fee revenue per FTES. In fiscal 2008, the general fund revenue per FTES (\$13,339), for the first time, is higher than it was in fiscal 2002 (\$13,046). Tuition and fee revenue per FTES at UMCP has continually increased from fiscal 2001 to 2007. The fiscal 2008 tuition and fee revenue per FTES is \$11,943. Total general fund and tuition and fee revenue per FTES have risen continually since fiscal 2003. In fiscal 2008, the total revenue per FTES is \$25,282.

**Exhibit 6**  
**Tuition and Fee and General Fund Revenues**  
**Per Full-time Equivalent Student**  
**Fiscal 2001-2008**



FTES: Full-time Equivalent Student

Source: Governor's Budget Books, Fiscal 2008

## ***Issues***

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### **1. College of Education Accreditation Status**

The teacher education programs at UMCP are evaluated by the National Council of Accreditation of Teacher Education, an accreditation body. In December 2005, the Maryland State Department of Education issued a letter indicating that NCATE had placed a conditional status on UMCP's accreditation. The conditional status resulted from weaknesses in UMCP's assessment system and the aggregation of data that are then used to improve UMCP's 19 teacher education programs. The conditional status does not relate to the curriculum.

UMCP formed two groups of administrators and faculty to address and correct the conditional status. One group, the Logistics Assessment Team, will review the progress of the NCATE assessment operations. Another group, the College of Education Assessment Committee, will review plans and data providing feedback about the progress. Through these workgroups, UMCP has developed a new assessment system that was implemented in December 2005 and was used for the fall 2005 – spring 2006 school year.

A mock site visit was conducted in June 2006 to review the remedial actions taken by UMCP in an environment similar to an actual NCATE site visit. The team suggested some ways to improve the system during the next year. They also recommended not scheduling the NCATE visit earlier than fall 2007, as this would allow UMCP to use the assessment system to gather a full year of data. The mock site visit team did indicate that UMCP should be successful in achieving full status once again.

The conditional status will remain until NCATE conducts a reevaluation in fall 2007. The results of this revisit will be available by spring 2008. There are two possible decisions. One, return the program to full accreditation without conditions or, two, revoke accreditation.

**The President should comment on the progress of the two task forces that were formed to address the conditional status and what UMCP is doing to ensure a return to full accreditation status.**

**The Department of Legislative Services (DLS) recommends that UMCP submit a report detailing the NCATE reevaluation visit that will occur in the fall. UMCP should also submit a report of NCATE's findings when they become available.**

### **2. Joint School of Public Health with University of Maryland, Baltimore**

The fiscal 2008 allowance includes \$1 million of general funds to support the effort to create a new joint school of public health with the University of Maryland, Baltimore (UMB). UMCP received \$2 million in fiscal 2007 for this purpose. Initially, UMCP and UMB will seek individual accreditation. In March 2007, UMCP intends to send a letter of intent to the Council on Education

for Public Health (CEPH), the accreditation body. Once CEPH accepts the letter of intent, UMCP has two years to satisfy all accreditation criteria. UMCP, therefore, hopes to achieve accreditation by fall 2009.

In the spring, UMCP will request to change the name of the College of Health and Human Performance to the School of Public Health. So far, two new academic departments within the college have been established: (1) epidemiology and biostatistics; and (2) health services administration. Additionally, UMCP has established an Institute for Applied Environmental Health. The college now has the five required course work areas for accreditation: health services, epidemiology, biostatistics, environmental health, and behavioral science. The college also has a maternal and child health program.

The \$2.0 million received in fiscal 2007 has gone toward several aspects of creating a new school. This includes new faculty, development of new academic programs, and moving toward accreditation for the new academic departments that have been added to the college. Also, in fiscal 2007, an additional \$0.7 million has been reallocated within UMCP's budget for renovating laboratory space and purchasing equipment. The additional \$1.0 million in the fiscal 2008 allowance will also go toward continued hiring of additional faculty and staff and development of additional degrees.

There will be four new degrees developed. These include a masters in health administration and doctorate degrees for epidemiology, health services, and maternal and child health. These new degree programs will have to go before the Maryland Higher Education Commission for approval, likely by fall 2007.

**The President should comment on the progress toward achieving accreditation. Specifically, he should address how the general funds provided to UMCP in the fiscal 2007 and 2008 budget will be spent.**

**DLS recommends that UMCP submit a report detailing the progress toward an accredited School of Public Health including how the fiscal 2008 funds were actually spent.**

### **3. Affordability Remains an Issue**

Maryland was given another F in affordability in *Measuring Up 2006*, produced by the National Center for Public Policy and Higher Education. The report measures whether students and families can afford to pay for a postsecondary education given income levels, financial aid, and the types of colleges and universities in the State.

#### **Resident Undergraduate Tuition Frozen; Minimal Fee Increase**

A factor that directly affects affordability is tuition and fee rates. The fiscal 2008 allowance provides general funds so that resident undergraduate tuition may be frozen at USM institutions. The resident undergraduate tuition has remained frozen since fiscal 2006. However, fees are part of the

total cost to the student, and they have not been frozen. Mandatory fees increase \$63, or 4.7% in fiscal 2008, mostly due to increased operational costs of auxiliary programs. When including tuition and mandatory fees, the cost to a student at UMCP has increased 1.9% since fiscal 2006. This is lower than the average USM increase of 2.9%.

### **Need-based Aid Increases**

Another factor that affects affordability is financial aid. Categories of financial aid include merit, need, athletic, and mission. Data on funding amounts are available only in categories of need, athletic, and combined merit and mission. Efforts have been made to increase the amount of need-based aid that is available to students.

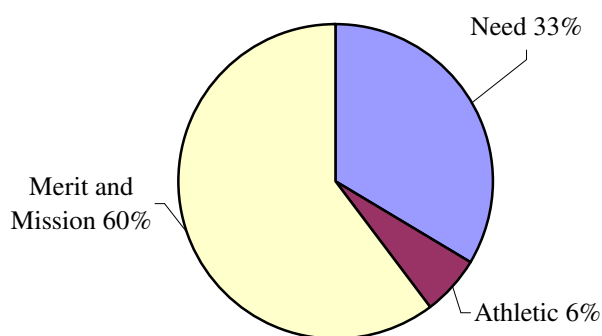
In fiscal 2008, the majority of institutional aid at UMCP continues to be in the merit and mission category (60%), and 33% goes to need, as shown in **Exhibit 7**. Athletic aid is 6% of the total institutional aid awarded at UMCP. UMCP's proportion of need-based aid is lower than it is for USM as a whole (35%). The proportion of athletic aid at UMCP is also less than it is for USM as a whole (11%). In terms of dollars spent on institutional aid, \$12.0 million is expected to be spent in fiscal 2007 for need-based aid, \$2.2 million for athletic aid, and \$21.6 million for merit and mission aid.

The Maryland Higher Education Commission is in the process of developing a Financial Aid Information System (FAIS) database. The FAIS data collected provides a profile of those students receiving financial aid. The FAIS data have information for institutional aid awarded at UMCP in fiscal 2005 for students that filled out a Free Application for Federal Student Aid to determine a student's expected family contribution (EFC). In general, the lower a student's EFC, the greater a student's financial need. Certain students with very low family income automatically qualify for a \$0 EFC, *i.e.* no family contribution. **Exhibit 8** shows the percent of awards through need-based aid and other types of institutional aid by EFC category. Need-based aid awards were distributed fairly evenly between the categories of EFC below \$20,000. This compares favorably with what would be expected based on Pell grant data. UMCP has a relatively low percentage of students who receive federal Pell grants, which are given to students with an EFC of \$3,850 or less. Pell grants are an indicator of the degree of financial need of students. In fiscal 2005, 17.0% of total undergraduate headcount enrollment at UMCP received Pell grants. This is lower than the public four-year institution average of 23.0%. However, students with an EFC of \$20,000 or more accounted for a small share of the students who received need-based aid (1.0%) and almost half (43.2%) of other institutional aid, which represents the majority of aid dollars distributed. Specifically, the average award across all EFC categories for need-based aid was \$2,171 and \$5,368 for other aid.

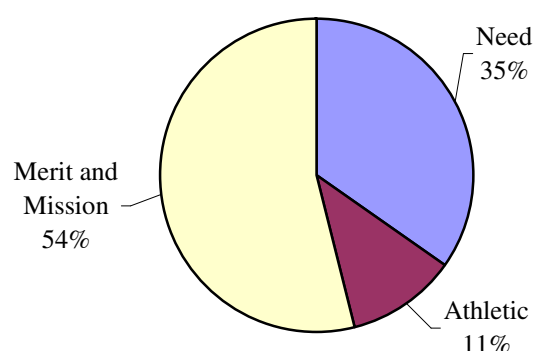
**The President should comment on future plans to award more aid to students with greater financial need as well as whether a student's EFC is a factor in what type of and how much institutional aid is awarded.**

**Exhibit 7**  
**Undergraduate Institutional Financial Aid**  
**Fiscal 2007**

University of Maryland, College Park



University System of Maryland



	<u>Need</u>	<u>Athletic</u>	<u>Merit and Mission</u>
University of Maryland, College Park	\$12,000,000	\$2,230,000	\$21,598,872
University System of Maryland Total	32,589,592	10,654,292	50,592,240

Source: University System of Maryland

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**Exhibit 8**  
**Recipients of Institutional Financial Aid by Expected Family Contribution (EFC)**  
**Fiscal 2005**

<u>EFC</u>	<u>Need-based</u>	<u>Other</u>
\$0	14.7%	3.8%
\$1 – \$2,499	24.6%	8.7%
\$2,500 – \$4,999	19.8%	7.3%
\$5,000 – \$9,999	24.7%	13.4%
\$10,000 – \$19,999	15.2%	23.6%
\$20,000 plus	1.0%	43.2%

Note: Other includes merit and mission, athletic, and other institutional aid. Work study is not included.

Source: Maryland Higher Education Commission, Financial Aid Information System

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#### 4. Personnel Study Continues

The composition of UMCP's personnel has changed since fiscal 2002, as shown in **Exhibit 9**. The data in this exhibit reflect filled regular positions only. In terms of total personnel, UMCP has 7,372 filled positions in fiscal 2007. This is 289 more positions than in fiscal 2002, prior to cost containment measures. In fiscal 2007, instructional personnel – who fulfill one of UMCP's core missions – account for the largest share of the filled positions (30.5%). This has decreased from 31.4% in fiscal 2002. The next largest share in fiscal 2007 is research personnel (19.6%). This category of personnel has increased 1.7 percentage points since fiscal 2002, the largest increase of all the programs. The share of personnel in academic support and auxiliary enterprises also increased since fiscal 2002. The share of personnel in all other programs has decreased since fiscal 2002.

**Exhibit 9**  
**UMCP Full-time Equivalent Personnel by Budget Program**  
**Filled Regular Positions Only**  
**Fiscal 2002, 2006, and 2007**

	2002		2006		2007		Change in
		% of		% of		% of	Share of
	<u>FTEs</u>	<u>Total</u>	<u>FTEs</u>	<u>Total</u>	<u>FTEs</u>	<u>Total</u>	<u>Total</u>
		<u>FTEs</u>		<u>FTEs</u>		<u>FTEs</u>	<u>2002-07</u>
Instruction	2,226	31.4%	2,168	30.3%	2,247	30.5%	-0.9
Research	1,265	17.9%	1,446	20.2%	1,442	19.6%	1.7
Public Service	482	6.8%	429	6.0%	470	6.4%	-0.4
Academic Support	741	10.5%	727	10.2%	792	10.7%	0.2
Student Services	304	4.3%	281	3.9%	281	3.8%	-0.5
Institutional Support	672	9.5%	645	9.0%	648	8.8%	-0.7
Operations, Maintenance of Plant	707	10.0%	693	9.7%	694	9.4%	-0.6
Auxiliary Enterprises	686	9.7%	766	10.7%	799	10.8%	1.1
<b>Total</b>	<b>7,083</b>		<b>7,155</b>		<b>7,372</b>		

FTEs: Full-time Equivalents

UMCP: University of Maryland, College Park

Source: University of Maryland, College Park

DLS also reviewed personnel by faculty, exempt, and non-exempt categories. At UMCP, filled regular faculty positions account for 41.2% of the total filled regular positions. This is higher than it is for USM as a whole, or 38.1%. Exempt personnel make up 32.6% of the total, which is lower than it is for USM as a whole, or 34.6%. Non-exempt personnel at UMCP make up 26.2% of the total. This is slightly lower than it is for USM as a whole, which is 27.3%.

## UMCP Grows by 228 Regular Positions

The fiscal 2008 allowance provides an additional 228 regular positions at UMCP. **Exhibit 10** shows the new regular positions by program as well as the corresponding increase over the number of filled positions in the program in fiscal 2007. The exhibit also shows which regular positions are State-supported and which are supported by auxiliary or grant revenue. In terms of the number of new positions, instruction is expected to grow by 93 new State-supported positions, of which 56 are faculty. Operation and maintenance of plant is expected to grow by 21 new positions, the second highest number of new State-supported positions. Non-State-supported positions in auxiliary are expected to increase by 79 regular positions. In terms of the percent growth, auxiliary enterprises are the highest (9.9%), followed by instruction (4.4%).

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### Exhibit 10 Summary of UMCP's Additional Regular Positions Fiscal 2008

	<u>New 2008 Positions</u>	<u>% Increase</u>
<b>State-supported Positions</b>		
Instruction	93	4.4%
Research	6	1.4%
Public Service	0	0.0%
Academic Support	7	0.9%
Student Services	10	3.6%
Institutional Support	12	2.0%
Operations, Maintenance of Plant	21	3.2%
<b>Total State-supported</b>	<b>149</b>	
<b>Non-State-supported Positions*</b>		
Research	0	0.0%
Auxiliary	79	9.9%
<b>Total Non-State-supported</b>	<b>79</b>	
<b>UMCP Total New Positions</b>	<b>228</b>	

\*Funded by auxiliary revenue and grants.

UMCP: University of Maryland, College Park

Source: University System of Maryland

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UMCP also receives a net additional 21.21 contractual positions. State-supported contractual positions are expected to decrease by 31.48 positions. Non-State-supported positions are expected to increase by 52.69 positions.

The fiscal 2008 budget calls for a vacancy rate of 2.95%, or 236 positions. The fiscal 2007 budget allows for a vacancy rate of 4.5%. UMCP has a vacancy rate of 4.6%, or 359 positions, as of December 31, 2006.

## ***Recommended Actions***

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1. Adopt the following narrative:

**Accreditation Status Report:** The University of Maryland, College Park's (UMCP) College of Education is currently on conditional status with the National Council of Accreditation of Teacher Education (NCATE). UMCP is expecting NCATE to reevaluate the college in fall 2007 to determine whether the conditional status should be removed. The committees request that UMCP submit a report on the reevaluation site visit. The report should include UMCP's impressions as to the success of the reevaluation and any preliminary feedback from NCATE. An additional report should be submitted when NCATE finalizes its decision regarding the accreditation of the program.

Information Request	Author	Due Date
Report on the success of the reevaluation visit in fall 2007	UMCP	December 15, 2007
Report on the final decision of the accreditation body	UMCP	Within three weeks of UMCP's receipt of the final decision from NCATE

2. Adopt the following narrative:

**Report on School of Public Health:** The University of Maryland, College Park (UMCP) is expecting to develop an accredited School of Public Health. The fiscal 2008 allowance includes \$1 million that will be used toward this effort. UMCP should submit a report detailing the overall progress toward becoming accredited including the actual use of fiscal 2007 funds, the expected use of fiscal 2008 funds, and any new degree programs that have been through or are expected to go through the approval process.

Information Request	Author	Due Date
Report on the progress toward an accredited School of Public Health	UMCP	December 1, 2007

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

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

	<b><u>General Fund</u></b>	<b><u>Other Unrestricted Fund</u></b>	<b><u>Total Unrestricted Fund</u></b>	<b><u>Restricted Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2006</b>					
Legislative Appropriation	\$323,155	\$606,701	\$929,857	\$263,669	\$1,193,526
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	5,654	46,332	51,986	26,658	78,644
Reversions and Cancellations	0	-6,557	-6,557	-9,129	-15,685
<b>Actual Expenditures</b>	<b>\$328,810</b>	<b>\$646,477</b>	<b>\$975,286</b>	<b>\$281,198</b>	<b>\$1,256,484</b>
<b>Fiscal 2007</b>					
Legislative Appropriation	\$363,975	\$672,454	\$1,036,429	\$302,082	\$1,338,511
Budget Amendments	6,714	7,296	14,010	-198	13,812
<b>Working Appropriation</b>	<b>\$370,689</b>	<b>\$679,750</b>	<b>\$1,050,439</b>	<b>\$301,884</b>	<b>\$1,352,323</b>

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

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## **Fiscal 2006**

For fiscal 2006, UMCP had a net increase of \$5.7 million in general funds through budget amendment. This amount included an increase of \$4.4 million for a State employee cost-of-living adjustment (COLA), an increase of \$1.9 million reallocated for health insurance from the Department of Budget and Management, an increase of \$0.2 million for the Maryland Cooperative Extension, and a decrease of \$0.7 million for realigning health expenditures with projections. Other unrestricted funds increased by a net of \$46.3 million through budget amendment. Increases included \$18.4 million in auxiliary enterprises, \$17.2 million in sales and services of educational activities, \$9.5 million in revenue reclassifications and investment income, \$8.2 million from indirect cost recovery from grant and contract activity, and \$0.4 million due to use of the fund balance. There was a decrease of \$7.3 million in tuition revenue related to a decrease in enrollment.

Restricted funds increased a net \$26.8 million through budget amendments. Increases included \$17.1 million from federal grants and contracts, \$7.7 million from private grants and contracts, and \$6 million from State and local grants and contracts. There was a decrease of \$4.1 million in State and local grants and contracts.

Cancellations of unrestricted funds amounted to \$6.6 million due to facility management fee reimbursements and less than expected fuel and utility costs. Cancellation of restricted funds amounted to \$9.1 million due to less than anticipated federal and private grants and contracts.

## **Fiscal 2007**

For fiscal 2007, general funds increased \$6.7 million through budget amendments. This amount included an increase of \$8.4 million for the State employee COLA and a decrease of \$1.7 million to realign tuition revenue reductions with a savings in health costs.

Other unrestricted funds increased \$7.3 million through budget amendment. Increases included \$3.2 million in tuition revenue and \$4.2 million in sales and services of educational activities. Decreases included \$73,918 from indirect cost recovery primarily from private grants and contracts and a slight decrease in miscellaneous income of \$12,932.

Restricted funds decreased by approximately \$198,000. Decreases included \$10.9 million in federal grants and contracts. Increases included \$7.0 million in State and local grants and contracts and \$3.6 million in private grants and contracts. All of these adjustments aligned the budget with actual activity. Restricted funds also increased \$0.1 million for a COLA increase for the Maryland Fire and Rescue Institute. The funds were transferred to UMCP from the Maryland Emergency Medical System.

## ***Audit Findings***

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Audit Period for Last Audit:	March 16, 2002 – January 4, 2005
Issue Date:	January 2006
Number of Findings:	6
Number of Repeat Findings:	2
% of Repeat Findings:	33%
Rating: (if applicable)	n/a

**Finding 1:** Purchases – Adequate internal controls were not established over the processing of purchasing transactions.

**Finding 2:** Payroll – Controls were not adequate over payroll processing.

**Finding 3:** Potential Conflicts of Interest – Two faculty members violated UMCP policy by not reporting outside professional activities to enable evaluation of potential conflicts of interest.

**Finding 4:** Grants – Federal fund reimbursement requests were not always submitted timely, resulting in approximately \$48,000 in lost interest income.

**Finding 5:** Student Accounts Receivable – Some students with debts from prior semesters were permitted to register and attend classes, contrary to existing payment policies.

**Finding 6:** Revenue Contracts – UMCP did not adequately monitor vendor contracts to ensure that the appropriate amount of rental payments were received.

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

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

<u>Object/Fund</u>	<u>FY06 Actual</u>	<u>FY07 Working Appropriation</u>	<u>FY08 Allowance</u>	<u>FY07-FY08 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	7,483.55	7,774.32	8,002.81	228.49	2.9%
02 Contractual	1,374.34	1,412.95	1,434.16	21.21	1.5%
<b>Total Positions</b>	<b>8,857.89</b>	<b>9,187.27</b>	<b>9,436.97</b>	<b>249.70</b>	<b>2.7%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 781,204,423	\$ 846,243,180	\$ 867,559,534	\$ 21,316,354	2.5%
02 Technical and Spec. Fees	8,449,744	8,753,038	8,753,038	0	0%
03 Communication	18,130,461	18,465,375	18,458,680	-6,695	0%
04 Travel	25,512,904	21,158,336	21,158,336	0	0%
06 Fuel and Utilities	55,472,942	62,791,809	70,999,786	8,207,977	13.1%
07 Motor Vehicles	3,733,012	3,161,825	3,213,670	51,845	1.6%
08 Contractual Services	87,612,768	109,527,144	109,514,927	-12,217	0%
09 Supplies and Materials	63,111,431	66,450,236	66,450,236	0	0%
10 Equipment – Replacement	-485	0	0	0	0.0%
11 Equipment – Additional	17,984,340	20,807,292	22,234,726	1,427,434	6.9%
12 Grants, Subsidies, and Contributions	92,428,937	105,766,971	109,771,158	4,004,187	3.8%
13 Fixed Charges	45,738,061	51,330,757	52,701,168	1,370,411	2.7%
14 Land and Structures	57,105,824	37,867,348	43,265,468	5,398,120	14.3%
<b>Total Objects</b>	<b>\$ 1,256,484,362</b>	<b>\$ 1,352,323,311</b>	<b>\$ 1,394,080,727</b>	<b>\$ 41,757,416</b>	<b>3.1%</b>
<b>Funds</b>					
40 Unrestricted Fund	\$ 975,286,201	\$ 1,050,439,051	\$ 1,085,794,887	\$ 35,355,836	3.4%
43 Restricted Fund	281,198,161	301,884,260	308,285,840	6,401,580	2.1%
<b>Total Funds</b>	<b>\$ 1,256,484,362</b>	<b>\$ 1,352,323,311</b>	<b>\$ 1,394,080,727</b>	<b>\$ 41,757,416</b>	<b>3.1%</b>

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.



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

<u>Program/Unit</u>	<u>FY06 Actual</u>	<u>FY07 Wrk Approp</u>	<u>FY08 Allowance</u>	<u>Change</u>	<u>FY07-FY08 % Change</u>
01 Instruction	\$ 319,871,370	\$ 349,727,382	\$ 361,224,504	\$ 11,497,122	3.3%
02 Research	279,527,968	298,187,225	304,529,654	6,342,429	2.1%
03 Public Service	60,880,518	65,082,424	65,817,760	735,336	1.1%
04 Academic Support	103,382,989	108,021,983	108,820,018	798,035	0.7%
05 Student Services	31,994,697	31,586,750	31,592,359	5,609	0%
06 Institutional Support	80,277,194	87,994,668	88,403,293	408,625	0.5%
07 Operation and Maintenance of Plant	125,074,958	135,194,008	146,360,247	11,166,239	8.3%
08 Auxiliary Enterprises	181,676,077	192,316,631	199,379,307	7,062,676	3.7%
17 Scholarships and Fellowships	73,798,591	84,212,240	87,953,585	3,741,345	4.4%
<b>Total Expenditures</b>	<b>\$ 1,256,484,362</b>	<b>\$ 1,352,323,311</b>	<b>\$ 1,394,080,727</b>	<b>\$ 41,757,416</b>	<b>3.1%</b>
Unrestricted Fund	\$ 975,286,201	\$ 1,050,439,051	\$ 1,085,794,887	\$ 35,355,836	3.4%
Restricted Fund	281,198,161	301,884,260	308,285,840	6,401,580	2.1%
<b>Total Appropriations</b>	<b>\$ 1,256,484,362</b>	<b>\$ 1,352,323,311</b>	<b>\$ 1,394,080,727</b>	<b>\$ 41,757,416</b>	<b>3.1%</b>

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.