

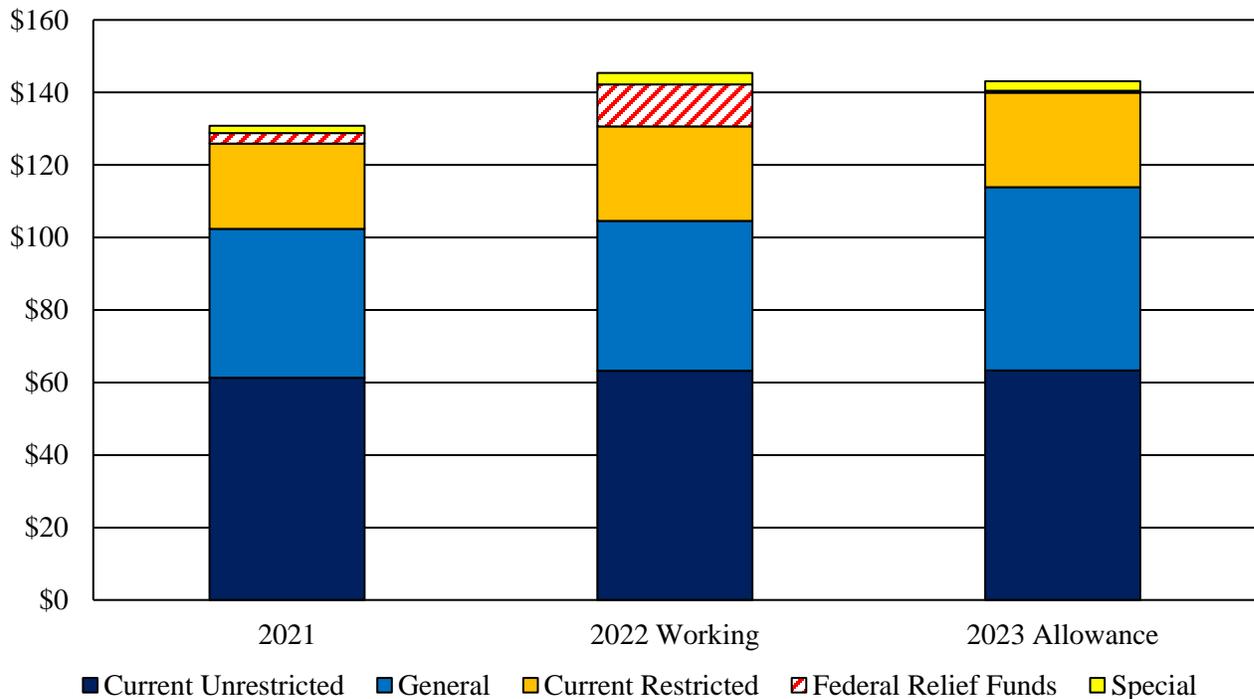
R30B28
University of Baltimore
University System of Maryland

Executive Summary

The University of Baltimore (UBalt) provides career-oriented education at the bachelor’s, master’s, and professional level offering programs in law, business, and liberal arts with an emphasis on applied and professional degrees.

Operating Budget Summary

**Fiscal 2023 Budget Decreases \$2.6 Million, or 1.6%, to \$143.1 Million
(\$ in Thousands)**



Note: The fiscal 2022 working appropriation is adjusted to reflect general salary increases, increments, a one-time bonus, and a deficiency appropriation. 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.

- General funds increase by \$9.3 million, or 22.6%, in the fiscal 2023 allowance after adjusting for a proposed deficiency appropriation that would replace \$1.1 million in general funds with the Higher Education Investment Fund (HEIF) and statewide salary actions. After adjusting for the proposed deficiency appropriation, the HEIF decreases by 15.1%, or \$0.5 million, in the fiscal 2023 allowance compared to fiscal 2022.

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- A portion of the general fund increase in fiscal 2023 (\$3.4 million) restores the remaining fiscal 2021 Board of Public Works (BPW) reduction.
- Restricted funds decrease by \$11.1 million, or 29.5%, in the fiscal 2023 allowance compared to fiscal 2022, due to the drawdown federal relief funds in fiscal 2023. The fiscal 2023 allowance includes the remaining \$0.5 million of federal relief funds available for UBalt.

Key Observations

- Undergraduate enrollment declined for an eighth year, with a decrease of 15.5%, or 294 students, in fall 2021 compared to fall 2020, with continuing students accounting for the majority of the decrease (234 students). Overall, since fall 2014, UBalt has lost over half its undergraduate students.
- The second-year retention rates of the fiscal 2015 to 2020 cohorts exceed 74% but declined to 72% with the fiscal 2021 cohort reflecting the impact of COVID-19.

Operating Budget Recommended Actions

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

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Operating Budget Analysis

Program Description

UBalt provides career-oriented education at the bachelor’s, master’s, and professional level offering programs in law, business, and liberal arts with an emphasis on applied and professional degrees. This emphasis attracts students with clear professional goals. UBalt applies the expertise of faculty, staff, and students to address current economic, social, and political problems in Baltimore City and the State. The student body is a mix of full- and part-time, day and evening, and traditional and returning students, reflecting the racial and ethnic diversity of the metropolitan region.

UBalt places a high priority on the integration of technology enhancements into instruction in all fields and, as such, strives to be a leader in the development and dissemination of knowledge in applied disciplines. A large and growing number of classroom courses provide online components, including syllabi, links to relevant websites, threaded discussions, and electronic library resources. This allows any qualified Marylander to have access to UBalt’s academic programs and services without regard to location, economic means, or other limiting circumstances.

Carnegie Classification: Master’s Colleges and Universities: Larger Programs

Fall 2021 Undergraduate Enrollment Headcount		Fall 2021 Graduate Enrollment Headcount	
Male	634	Male	764
Female	971	Female	1,341
Total	1,605 (105 at Shady Grove)	Total	2,105 (70 at Shady Grove)

Fall 2021 New Students Headcount		Campus (Main Campus)	
First-time	66	Acres	11.3
Transfers/Others	272	Buildings	13
Graduate (Masters)	314	Average Age	64
Graduate (Doctoral)	7	Oldest	124 years old
Advanced Professional	274		
Total	933		

Programs		Degrees Awarded (2020-2021)	
Bachelor’s	19	Bachelor’s	467
Master’s	21	Master’s	413
Doctoral – Research	2	Doctoral	11
Doctoral – Prof. Practice	1	Doctoral – Prof. Practice	216
		Total Degrees	1,107

Proposed Fiscal 2023 In-state Tuition and Fees*

Undergraduate Tuition	\$7,296
Mandatory Fees	\$2,226

*Contingent on Board of Regents approval.

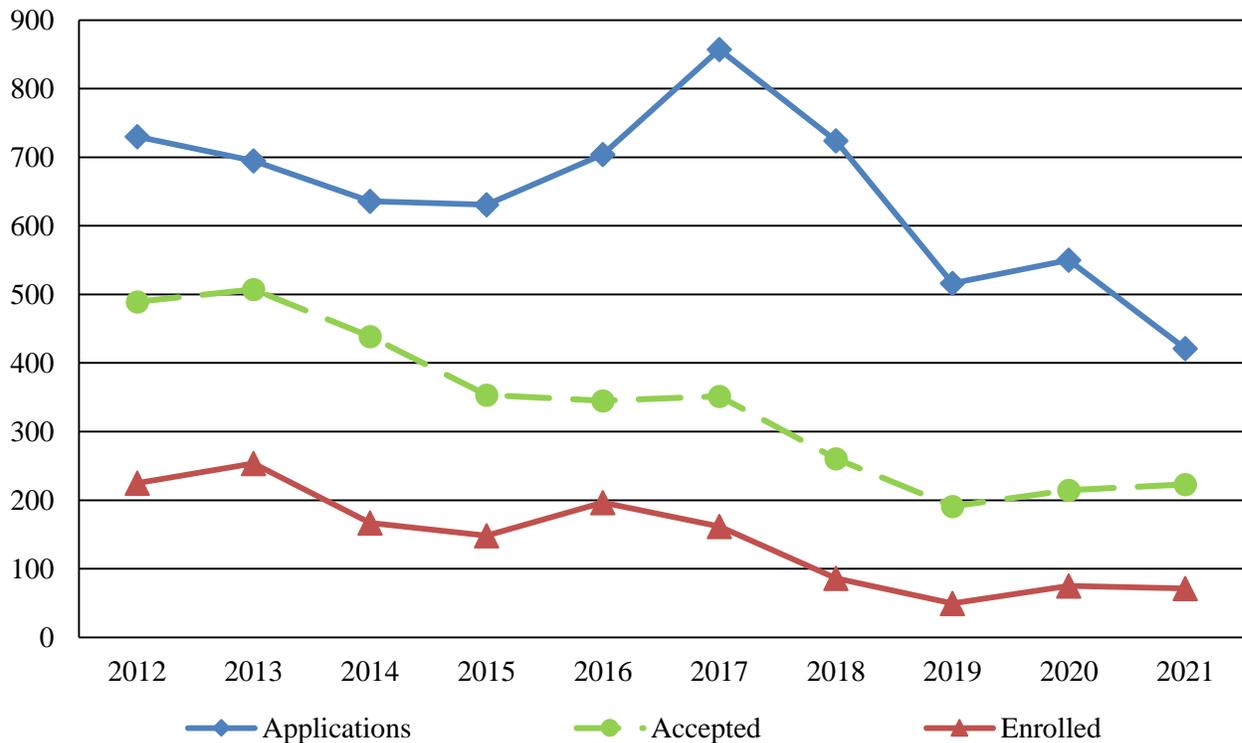
Performance Measures

1. Fall Undergraduate Enrollment

First-time Applications

As shown in **Exhibit 1**, after three years of decline, UBalt received the highest number of first-time applications (857) in fall 2017. According to UBalt, this reflected an increase in the number of high school graduates. After fall 2017, however, the number of applications fell by 39.8% by fall 2019, with the number of applicants who were accepted declining by 45.6%, and the number of students who enrolled dropping by 69.3%, to 50 students. UBalt attributed this steady decline to the uncertainty, both internally and externally, of continuing to have a freshman program.

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



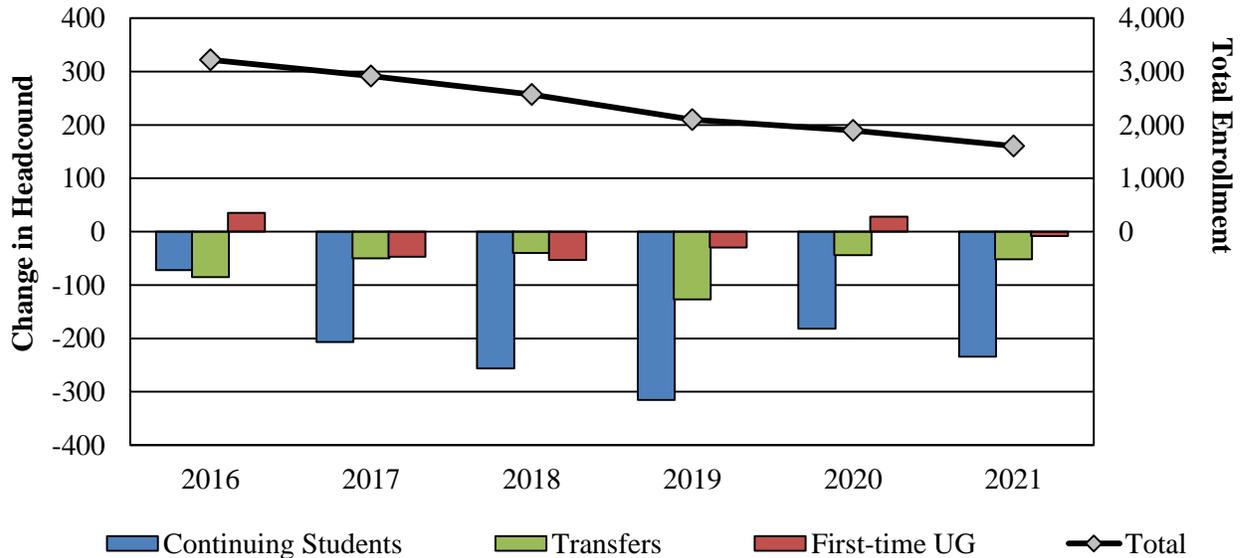
Source: University System of Maryland

In contrast to that trend, in fall 2020, applications increased by 6.6% but remained well below the fall 2017 benchmark. In that year, the number of students enrolling grew 51.2% to 75 students, reflecting the implementation of a new enrollment strategy that is a more tailored approach to recruitment. In prior years, UBalt sought to add traditional freshmen to grow enrollment to 8,000 students. The current freshmen recruitment strategy focuses on students who have higher academic credentials and want to pursue niche programs or pathways at UBalt, including law and graduate school. The effects of the continuing pandemic can be seen in fall 2021, with applications dropping by 129, or 23.5%. Despite this decline, the number of applicants who were accepted increased for a second year to 223, with the highest acceptance rate since fall 2015. However, the number who enrolled declined by 4.9%, or 4 students, in fall 2021.

Fall Headcount Enrollment

Undergraduate enrollment fell for an eighth consecutive year. As shown in **Exhibit 2**, the enrollment in fall 2021 decreased by 15.5%, or 294 students, with continuing students accounting for 234 of the decline. The decline in continuing students has been an ongoing issue, with a decline of 50.8%, or 1,309 students, since fall 2014. While UBalt has struggled to retain students for several years, the pandemic amplified the situation with enrollment of continuing students decreasing by 24.7%, or 416 students, between fall 2019 and fall 2021. This is of concern, as students who stop lose momentum toward working to a degree and may have accumulated debt and no degree.

Exhibit 2
Change in Undergraduate Headcount Enrollment
Fall 2016-2021



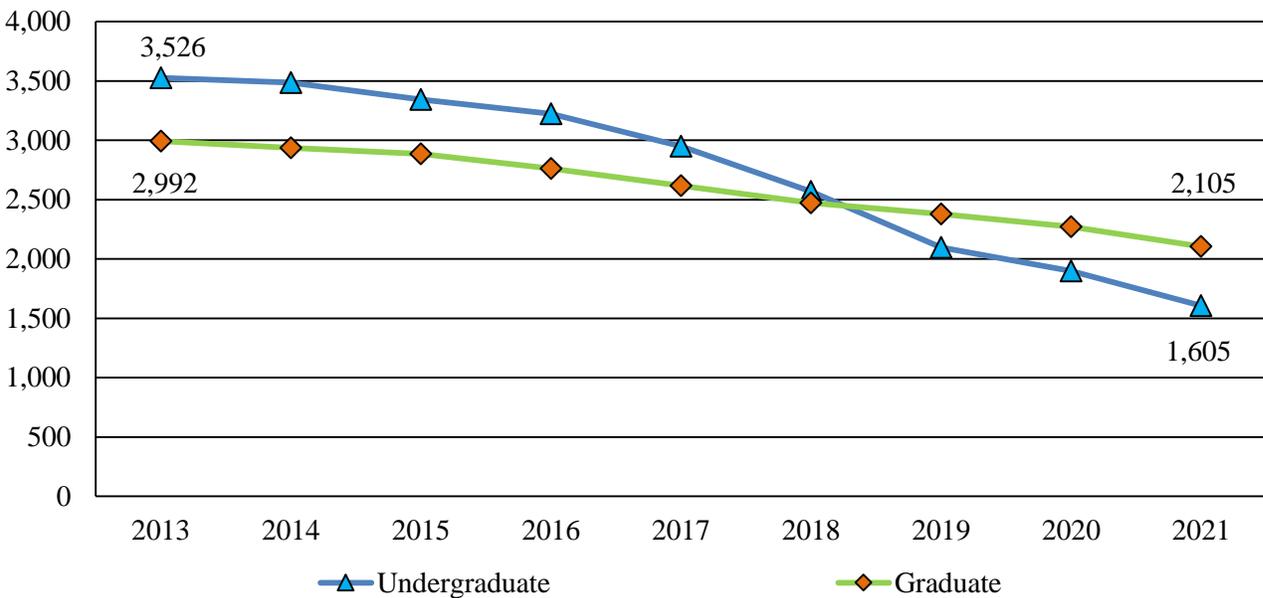
UG: undergraduate

Source: University System of Maryland

Of additional concern is ongoing declines among transfer students, since 2014, when UBalt enrolled its largest class of transfers (670 students), transfer students have declined by 59.2%, or 394 students. Since UBalt offers a majority of upper-level courses, it relies on transfer students for its growth. It should be noted, prior to the pandemic (fall 2020), the rate at which transfers were declining lessened, suggesting that programs and initiatives aimed at recruiting and retaining students were starting to have a positive impact on enrollment.

Combined, these factors have led to significant declines in undergraduate enrollment. As shown in **Exhibit 3**, since fall 2013, UBalt has lost over half (1,921 students) of its undergraduate population. Graduate enrollment has also steadily declined with a decrease of 23.8% since fall 2016 and approximately 30% since fall 2012. This loss has been driven by a falling enrollment in the law school, consistent with national trends. Overall, in fall 2021, when including graduate students, enrollment dropped by 11%, or 459 students.

Exhibit 3
Undergraduate and Graduate Fall Headcount Enrollment
Fall 2013-2021



Source: University System of Maryland

The President should comment on the impact of the continual enrollment decline, especially the loss of over half the undergraduate student population and whether some of this decline reflects a change in student population focus and efforts to stem the decline.

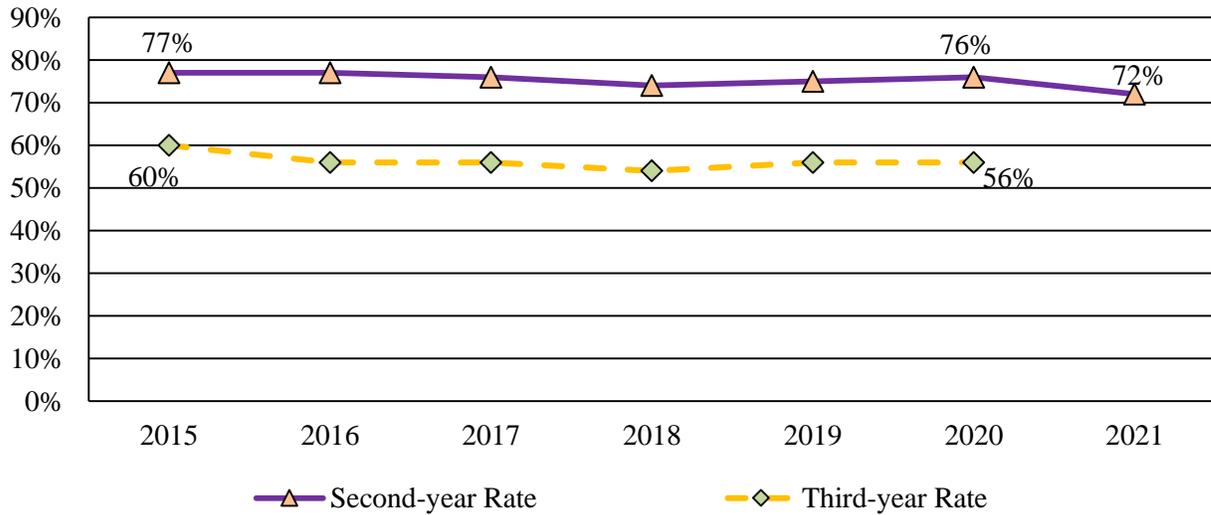
2. Student Performance

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. 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.

As shown in **Exhibit 4**, while the second-year rate has exceeded 70% for the last six fiscal year cohorts, the rate declined by 4 percentage points to 72% with the fiscal 2021 cohort. This is the lowest rate since the fiscal 2015 cohort, reflecting the impact of the pandemic.

Exhibit 4
Second- and Third-year Retention Rates
2015-2021 Fiscal Year Cohorts



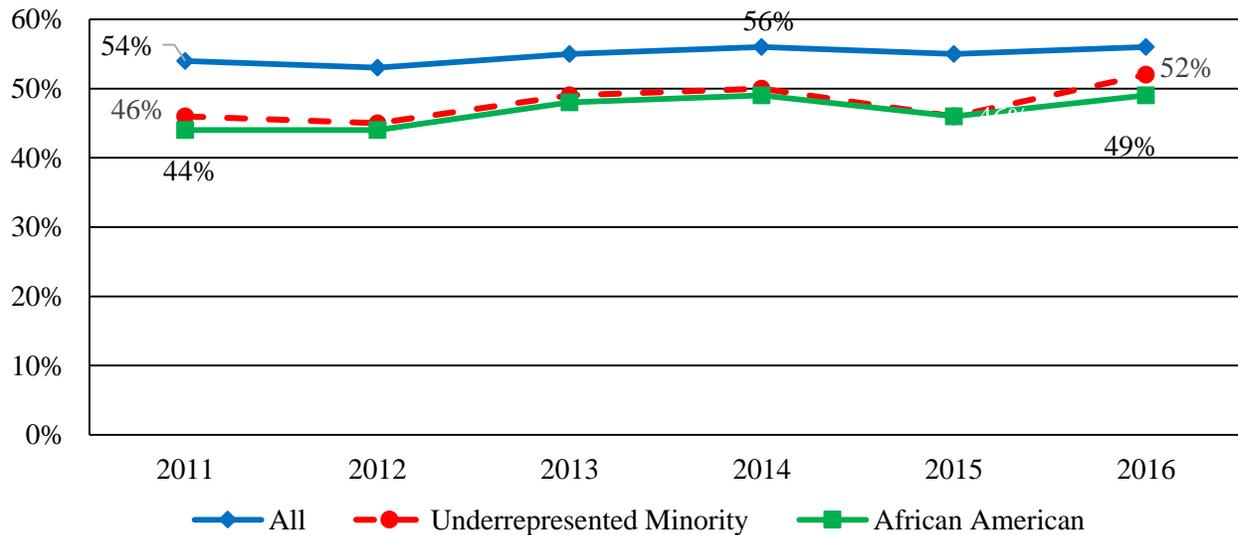
Source: University System of Maryland

After reaching the highest rate of 60% with the fiscal 2015 cohort, the third-year retention rate has remained fairly stable at 56%. Since the third-year rate tends to mirror the second-year rate, it is expected that the third-year rate will decline with the fiscal 2021 cohort. Overall, the gap between the second- and third-year cohort averages 20 percent points, indicating that there are opportunities for UBalt to target programs or initiatives toward retaining students beyond their second year.

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. **Exhibit 5** shows the six-year graduation rate for the fiscal 2011 to 2016 cohorts. The rate for all students has held relatively steady, ranging between 53% with the fiscal 2012 cohort to 56% with the fiscal 2014 and 2016 cohorts. After increasing for several years, the rates for the fiscal 2015 cohorts of Underrepresented Minorities (URM) and African American students decreased slightly. However, the rates for the fiscal 2016 cohorts of URM and African American students increased by 6 and 5 percentage points, respectively, to 52% and 49%. The larger gain, particularly among URM students, resulted in a narrowing of the achievement gap to 4 and 7 percentage points for URM and African American students, respectively.

Exhibit 5
Six-year Graduation Rates
Fiscal 2011-2016 Cohorts

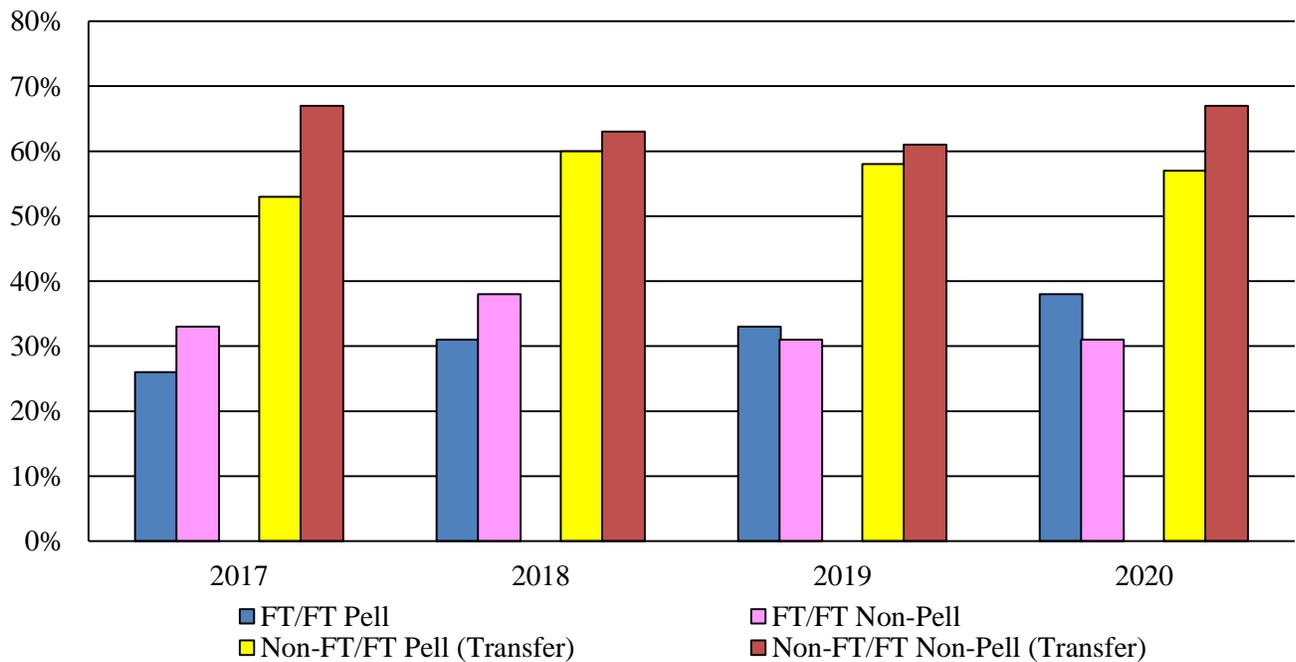


Note: Includes all degree-seeking students (e.g., first-time/full-time, part-time, transfers, and spring admits) who enrolled in the fiscal year. Underrepresented minority includes African American/Black, Hispanic/Latino, American-Indian/Native American, and Native Hawaiian/Pacific Islander.

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 fiscal 2014 cohort of Pell students at four-year public institutions was 47.6%, compared to 60.1% of all students. As shown in **Exhibit 6**, nonfirst-time students (transfers) graduate at a much higher rate than first-time students, which is to be expected, given UBalt’s change in its enrollment strategy, as previously discussed. The results of the new enrollment strategy can be seen with an increase in the graduation rate of first-time/full-time (FT/FT) Pell students from 26% in 2017 to 38% in 2020. However, while strides were made at increasing the success of Pell students, that of FT/FT non-Pell students declined 7 percentage points to 31% between 2018 and 2019 and stayed at that level in 2020. As a result, FT/FT non-Pell students had a lower graduation rate than FT/FT Pell students in 2019 and 2020. The gap in the graduation rate between non-FT/FT, non-Pell and Pell students widened from 3 to 10 percentage points in 2020, the widest gap since 2017. Overall, there are opportunities for UBalt to identify programs and services, targeting not only transfer Pell students but also for FT/FT students.

Exhibit 6
Six-year Graduation Rates of Pell and Non-Pell Students
2017-2020



FT/FT: first-time/full-time

Notes: Rates area as of August each year.

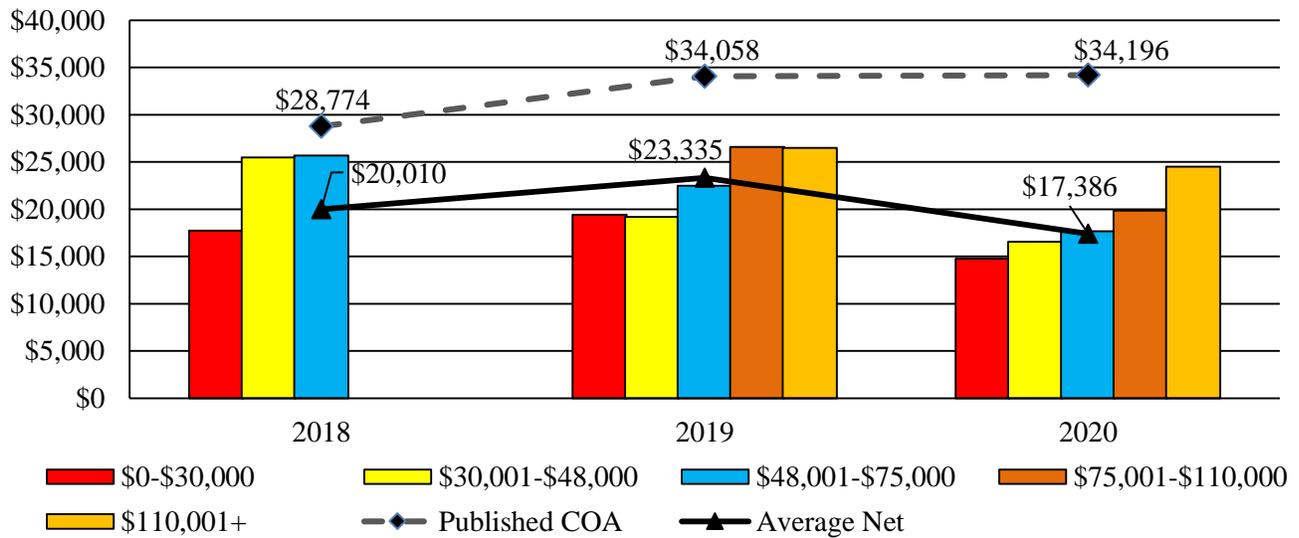
Source: Integrated Postsecondary Education Data System

3. 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 UBalt students. As shown in **Exhibit 7**, in fiscal 2020, the average net price for beginning full-time students was \$16,810, or 49.2% 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 \$4,626, from \$19,413 in fiscal 2019 to \$14,787 in fiscal 2020, which is 56.8%, below the published COA price. Overall, the average net price decreased across all other income categories in fiscal 2020 as well. It should be noted for fiscal 2018, data was not reported for those families with incomes over \$48,001.

Exhibit 7
Estimated In-state Cost of Attendance vs. Average Net Price by Income Level
Fiscal 2018-2020



COA: cost of attendance

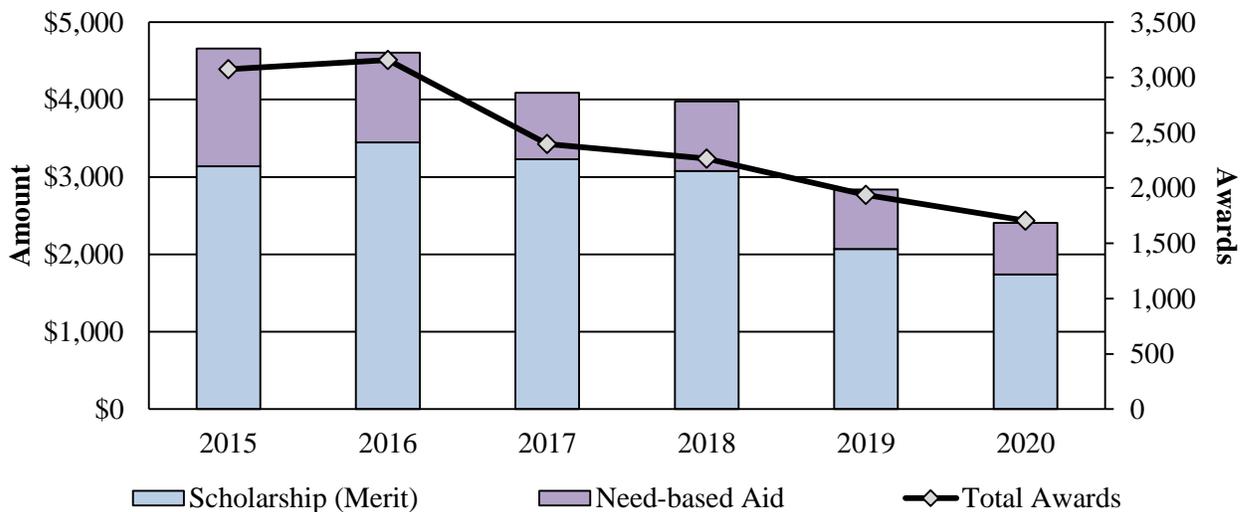
Note: For 2018, data was not reported for families with incomes over \$48,001. COA is based on off-campus housing because UBalt does not have residence halls.

Source: National Center for Education Statistics' College Navigator

Financial Aid

As shown in **Exhibit 8**, between fiscal 2015 to 2020, total spending on institutional aid dropped 48.4%, or \$2.3 million, with need-based aid accounting \$1.4 million of the decline. This decrease reflects the budgetary challenges associated with a continual decline in undergraduate enrollment, which fell 43.2% during this time period. Furthermore, UBalt has been more strategic in its use of financial aid, by focusing aid on not only those with the greatest need but also those who are high academic performers. In fiscal 2020, total spending on aid declined by \$0.4 million, of which \$0.3 million was related to need-based aid. Overall, on average, scholarships accounted for 72.2% of institutional aid.

Exhibit 8
Institutional Aid by Category and Total Awards
Fiscal 2015-2020
(\$ in Thousands)

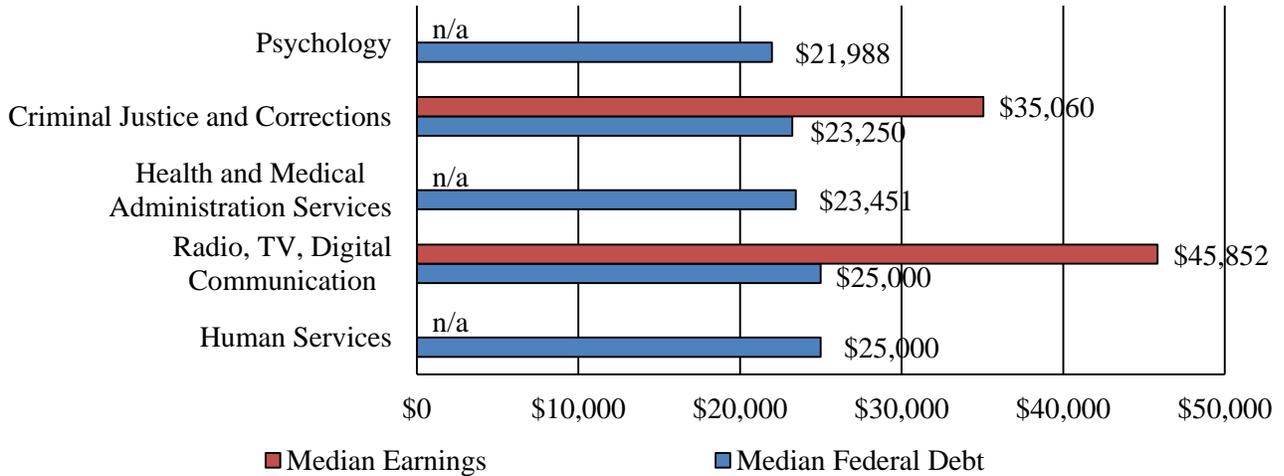


Source: Maryland Higher Education Commission

Student Federal Debt

In an effort to give students a better picture of outcomes at the program rather than the institutional level, the U.S. Department of Education’s College Scoreboard reports the median debt (excluding private and Parent PLUS loans) and median earnings two years after graduation, as reported by the institutions. This information helps students consider the amount of federal debt they may incur and their ability to repay the loan after graduating, since repayments are based on salaries. As shown in **Exhibit 9**, while Radio, TV, Digital Communications has one of the highest median federal debt at \$25,000, this is also the area at UBalt in which graduates have median highest salary (\$45,852).

**Exhibit 9
Undergraduate Program with Highest Median Federal Debt and
Median Earnings**



Note: Data is based on school reported information. Median debt data is based on pooled data of fiscal 2016 through 2018 of undergraduate borrowers who graduated; excludes private loans, parent PLUS loans, and loans for other institutions. Median earnings are for students two years after graduation for only those that received federal financial aid.

Source: U.S. Department of Education; College Scorecard

Fiscal 2022 Working Budget

Actions Affecting Fiscal 2022 Budget

A proposed deficiency of \$45.5 million across institutions would replace general funds with the HEIF due to higher revenue estimates and availability of the HEIF fund balance, of which UBalt’s share is \$2.3 million.

Federal Stimulus Funds

Three federal fund relief packages provided institutions across higher education support through allocations from the Higher Education Emergency Relief Fund (HEERF). Combined, UBalt received a total of \$14.9 million, of which \$6.1 million was designated for direct student financial aid from fiscal 2020 to 2023, as shown in **Exhibit 10**. A majority of these funds, \$11.6 million, are to be expended in fiscal 2022, of which \$8.0 million was brought in through a fiscal 2022 budget amendment. This fiscal 2023 allowance includes \$0.5 million of the HEERF III provided in the American Rescue Plan Act.

Exhibit 10
Summary of HEERF
Fiscal 2020-2023
(\$ in Thousands)

	2020	2021		2022			2023	Total
	<u>HEERF I</u>	<u>HEERF I</u>	<u>HEERF II</u>	<u>HEERF I</u>	<u>HEERF II</u>	<u>HEERF III</u>	<u>HEERF III</u>	
Financial Aid	\$430	\$733	\$385	\$0	\$778	\$3,780	\$0	\$6,106
Institutional Aid	0	1,058	132	105	2,947	3,633	0	7,875
SIP	0	77	2	100	264	0	480	923
Total	\$430	\$1,868	\$519	\$204	\$3,989	\$7,414	\$480	\$14,904
Total by Type								
HEERF I	\$2,503							
HEERF II	4,508							
HEERF III	7,894							
Grand Total	\$14,904							

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 Act

SIP: Strengthening Institution Programs

Note: Numbers may not sum due to rounding.

Source: University System of Maryland

As shown in **Exhibit 11**, in fiscal 2021, of the funds not required to be used for financial aid, the majority (\$0.7 million) were used to cover expenses related to teaching remotely. In fiscal 2022, 76.0% of the funds designated for institutional aid were used to cover tuition and fee revenue loss related to lower-than-expected enrollment. UBalt also received \$6.1 million for direct student aid, of which \$3.3 million had been expended by December 2021. UBalt may not expend the entirety of the remaining \$2.8 million funds by the end of fiscal 2022. As a result, UBalt will be requesting a no-cost extension to use the remaining funds in fiscal 2023.

Exhibit 11
Spending of Federal Relief Funds
Fiscal 2021-2023
(\$ in Thousands)

	2021		2022		2023	<u>Total</u>
	<u>Institutional</u> <u>Aid</u>	<u>SIP</u>	<u>Institutional</u> <u>Aid</u>	<u>SIP</u>	<u>SIP</u>	
Revenue Loss ¹	\$352		\$5,354			\$5,706
Testing, PPE, Covid and Other ²	173	42	329	\$264	\$480	1,288
Academic/Admin Technology ³	666	37	1,000	100		1,803
Total Funds	\$1,191	\$78	\$6,684	\$364	\$480	\$8,797
Direct Aid to Students	<u>Students</u>	<u>Amount</u>				
2020	\$518	\$430				
2021	1,507	1,118				
2022	1,300	1,750				
Total	\$3,325	\$3,298				

PPE: personal protective equipment
SIP: Strengthening Institution Programs

¹ Mandatory fees and/or tuition due to lower than expected enrollments.

² COVID-19 monitoring/reporting, reopening facilities to meet the Centers for Disease Control and Prevention requirements, and nontechnology goods and services needed to deliver remote instruction in fiscal 2021.

³ Includes training and additional staffing related to new technology and remote teaching.

Note: Direct aid to students for fiscal 2022 are as of December 2021, of which \$2.8 million in funds remain unspent. UBalt grants expire in fiscal 2022, and the university will request a no cost extension for the use of the remaining direct aid to students in fiscal 2023.

Source: University of Baltimore

Education and General Expenditures

Since tuition and fee revenue 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 12 shows budget changes for unrestricted funds by program area for fiscal 2021 and 2022, which increase by 2.2 million, or 2.2%, in fiscal 2022. The fiscal 2022 education and general revenues and expenditures are adjusted to reflect a general salary increase, increments, and bonuses totaling \$2.3 million.

Exhibit 12
Budget Changes for Unrestricted Funds by Program
Fiscal 2021-2022
(\$ in Thousands)

	<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>
Expenditures				
Instruction	\$34,616	\$36,820	\$2,205	6.4%
Scholarships and Fellowships	9,753	10,938	1,184	12.1%
Institutional Support	16,618	17,371	753	4.5%
Academic Support	12,081	12,543	461	3.8%
Student Services	10,053	10,278	225	2.2%
Research	1,673	721	-952	-56.9%
Operation and Maintenance of Plant	15,197	11,230	-3,967	-26.1%
General Salary Increase/Bonus		2,258		
Education and General Total	\$99,992	\$102,159	\$2,167	2.2%
Auxiliary Enterprises	\$4,374	\$5,550	\$1,176	26.9%
Total Expenditures	\$104,366	\$107,709	\$3,343	3.2%
Revenues				
Tuition and Fees	\$52,981	\$53,943	\$961	1.8%
State Funds ¹	43,059	44,442	1,383	3.2%
Other	4,075	4,828	753	18.5%
Total Education and General Revenues	\$100,115	\$103,213	\$3,097	3.1%
Auxiliary Enterprises	\$4,379	\$5,559	\$1,180	27.0%
Transfer from Fund Balance	-128	-1,063		
Available Unrestricted Revenues	\$104,366	107,709	\$1,085	1.0%

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

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

Source: Governor's Fiscal 2023 Budget Books

Excluding scholarships and fellowships, spending increases between fiscal 2021 and 2022, totaling \$3.6 million, occurred in four program areas (instruction, institutional support, academic support, and student services). In fiscal 2021, in order to cover revenue loss and increased COVID-19-related expenditures, UBalt reduced expenditures in institutional support, academic support, and instruction by not filling positions. UBalt expects to fill these positions in fiscal 2022, accounting for most of the increase in expenditures. In addition, part of the \$2.2 million increase in instruction is related to an anticipated increase in faculty travel due to a return to in-person classes and the resumption of the study aboard program. The increase of 2.2%, or \$0.2 million, in student services reflects an increase in mandatory fees.

The largest area of decrease in expenditures in fiscal 2022 is Operations and Maintenance of Plant, a decrease of 26.1%, or \$4.0 million, which is attributed to a transfer to the plant fund in fiscal 2021 in anticipation of spending related to the recently acquired U.S. postal site.

In terms of revenue, in fiscal 2021, UBalt reduced the original appropriation by \$10.2 million, of which \$7.1 million was related to tuition and fee revenue. For fiscal 2022, the original tuition and fee revenue appropriation was adjusted downward by \$1.5 million; despite the revision, tuition and fee revenue increases slightly over fiscal 2021. In June 2021, UBalt identified \$6.1 million of spending that could be eliminated, of which \$4.3 million is in the area of personnel and \$1.8 million relates to general and administrative (G&A) costs. These reductions will be achieved with the operating units (President's Office, Administration and Finance, and Academic Affairs) reducing their budgets, on average, by 11.1%. These reductions were determined after divisions conducted a review of their operations ensuring alignment with UBalt's strategic plan. The reductions will be taken over two years: \$4.6 million in fiscal 2022 (\$2.9 million in personnel and \$1.7 million in G&A); and \$1.5 million in fiscal 2023 (\$1.4 million in personnel and \$89,000 in G&A). According to UBalt, these reductions will enable them to absorb the year-over-year budgeted reduction in tuition and fee revenues and increase in expenses without growing the structural deficit.

Fiscal 2023 Proposed Budget

In fiscal 2023, the adjusted State funding increases by 19.9%, or \$8.8 million, compared to the adjusted fiscal 2022 working appropriation, as shown in **Exhibit 13**. The general fund increases \$9.3 million, or 22.6%, which is slightly offset by \$0.5 million decline in the HEIF after accounting for the proposed deficiency.

Exhibit 13
Proposed Budget
University of Baltimore
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	\$41,065	\$40,092	\$44,271	\$4,179	10.4%
Deficiency – HEIF Swap		-1,089			
General Salary Increase		2,258	6,307	4,049	
Total General Funds	\$41,065	\$41,261	\$50,577	\$9,317	22.6%
Special Funds					
HEIF	\$1,995	\$2,092	\$2,702		
Deficiency – HEIF Swap		1,089			
Total HEIF	1,995	3,181	2,702	-\$480	-15.1%
Total State Operating Funds	\$43,059	\$44,442	\$53,279	\$8,837	19.9%
Other Unrestricted Funds	\$61,435	\$64,330	\$64,369	\$39	0.1%
Transfer from Fund Balance	-128	-1,063	-1,070		
Net Unrestricted Funds	\$104,366	\$107,709	\$116,578	\$8,869	8.2%
Restricted Funds	\$23,538	\$26,082	\$26,082	\$0	0.0%
CARES/CRRSSA/ARPA – Direct					
Federal Support	2,387	11,606	480		
CARES Act – Indirect	502	0	0		
Total Restricted Funds	\$26,427	\$37,689	\$26,562	-\$11,126	-29.5%
Total Funds	\$130,793	\$145,398	\$143,141	-\$2,257	-1.6%

ARPA: American Rescue Plan Act

CARES: Coronavirus Aid, Relief, and Economic Security Act

CRRSSA: Coronavirus Response and Relief Supplemental Appropriations 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

The additional fiscal 2023 State support provides:

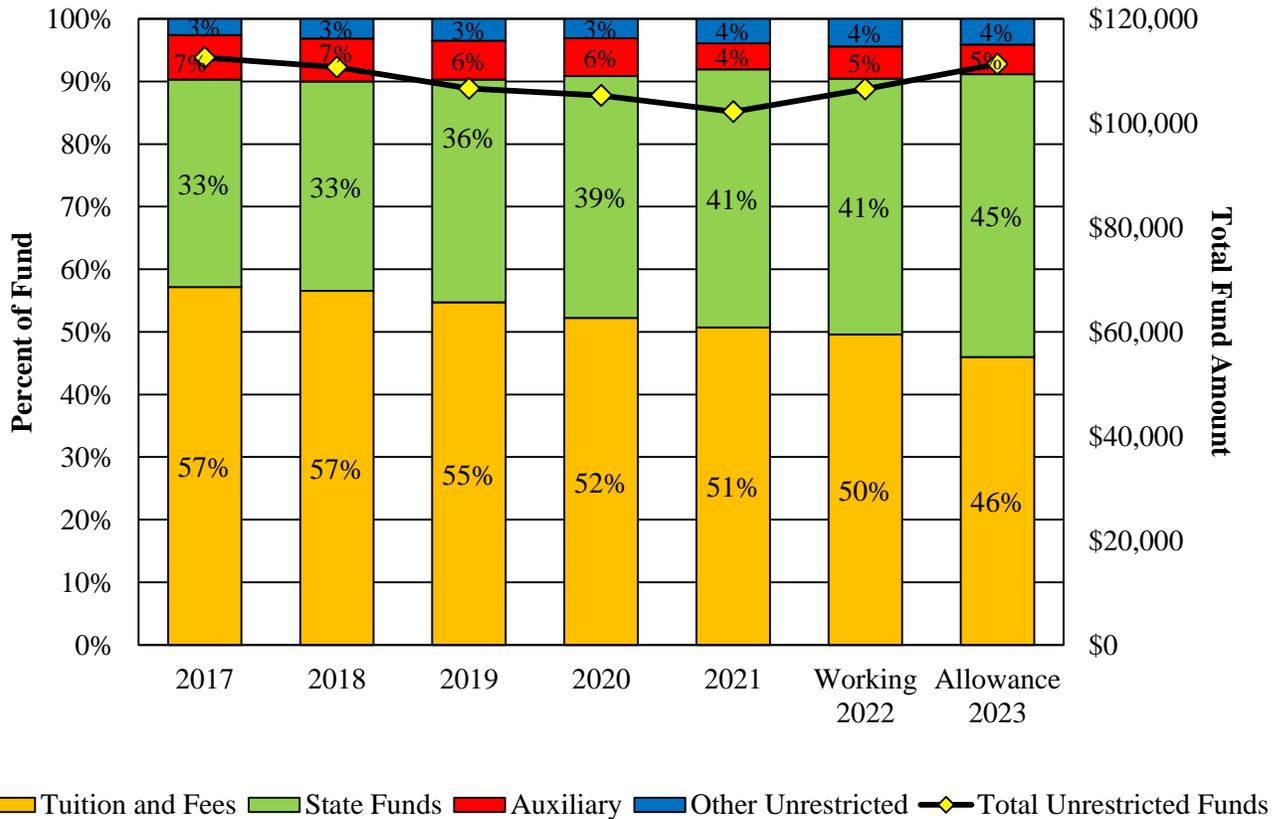
- \$4.0 million for annualization of fiscal 2022 general salary increases and increments as well as fiscal 2023 general salary increase and increments;
- \$3.4 million to restore the fiscal 2021 BPW reduction;
- \$0.9 million for increases in various operating expenses;
- \$0.4 million to expand the operations of the Schaefer Center; and
- \$0.1 million as mandated by Chapter 213 of 2021 for the Legal Education Success Collaboration with University of Maryland, Baltimore.

Other current unrestricted funds increase by 0.06%, or \$39,050, due to a slight increase in tuition and fee revenue. While this estimate is based on a planned 2% increase in resident tuition, it also accounts for enrollment levels including a projected decrease of 13.5% in undergraduate enrollment, graduate enrollment being unchanged, and a slight increase in law school enrollment. Restricted funds decrease by \$11.1 million, or 29.5%, due to of the reduction in availability of federal relief funds.

Revenue Sources

Overall, **Exhibit 14** shows the impact that declining enrollment has had on the composition of unrestricted revenues in recent years, with State funds comprising an increasing larger portion of revenues, an increase of 12 percentage points between fiscal 2017 and 2023 and tuition and fee revenues comprising less, a decrease of 11 percentage points. Even with this decrease, UBalt's reliance on tuition and fee revenue remains higher than other institutions, in which these revenues typically comprise around 40% revenues. This partially reflects another distinction between UBalt and residential institutions in which auxiliary enterprises can account for 30% or more of revenues, providing a cushion to cover shortfalls in the academic enterprise.

Exhibit 14
Unrestricted Revenues by Fund Source
Fiscal 2017-2023
(\$ in Thousands)



Note: State funds include general funds and the Higher Education Investment Fund.

Source: Governor’s Budget Books

Revenues declined to the lowest amount (\$104.5 million) in fiscal 2021, reflecting the additional financial stress of the pandemic with tuition and fee and auxiliary revenues decreasing \$2.0 million and \$1.9 million, respectively. The portion of revenues derived from tuition and fees declined to 51% in fiscal 2021 and auxiliary to 4% of revenues. In fiscal 2022, tuition and fee revenue increases by approximately \$1.0 million compared to fiscal 2021, to \$53.9 million; however, this is \$4.4 million below the prepandemic level of fiscal 2019 (\$58.4 million).

The President should comment on if there is a breakeven point for enrollment and revenues and, if so, what will happen when enrollment drops below the breakeven point.

Personnel Data

	<u>FY 21</u>	<u>FY 22</u>	<u>FY 23</u>	<u>FY 22-23</u>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	638.00	628.00	628.00	0.00
Contractual FTEs	<u>74.48</u>	<u>95.78</u>	<u>95.78</u>	<u>0.00</u>
Total Personnel	712.48	723.78	723.78	0.00

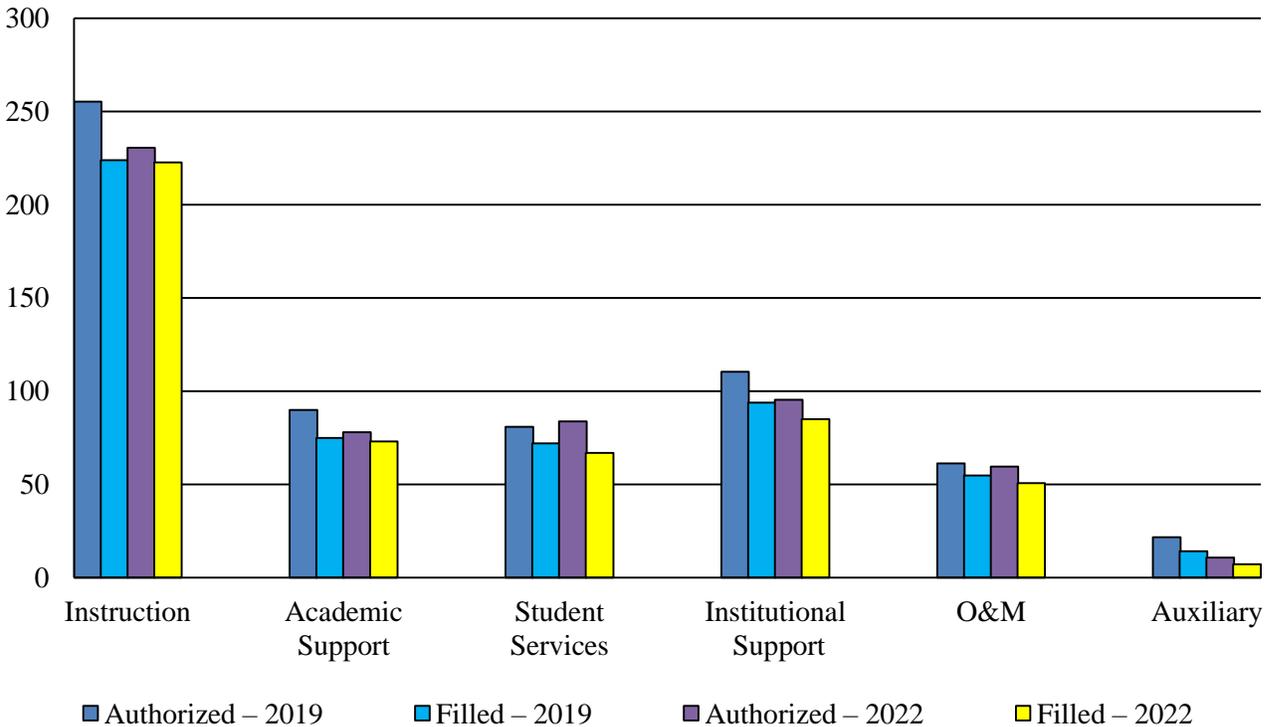
Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	23.86	3.80%
Positions and Percentage Vacant as of 12/31/21	62.00	9.87%
Vacancies Above Turnover	38.14	

- The fiscal 2023 allowance does not provide for any new regular positions. However, the University System of Maryland (USM) institutions have personnel autonomy and may create new positions during the year. In fiscal 2022 year to date, 10.0 vacant positions were abolished.

In order to help address budget shortfalls brought about from continuing enrollment declines and the COVID-19 pandemic, UBalt eliminated 61.3 full-time equivalent (FTE) positions from fiscal 2019 and 2022. Auxiliary accounted for 10.94 FTEs of the eliminated positions, representing over half of the authorized positions in this area in fiscal 2019. Instruction-related positions accounted for 24.72 of these abolished positions. Combined, these two areas accounted for more than half of the abolitions. **Exhibit 15** shows the impact of these abolitions on authorized and filled positions in fiscal 2022. Despite the position abolitions, the number of filled instruction-related positions was nearly the same in fiscal 2022 as in fiscal 2019.

**Exhibit 15
Authorized and Filled Positions
Fiscal 2019 and 2022**



O&M: operations and maintenance

Note: Filled positions as of October 15.

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

In fiscal 2022, the vacancy rates for student services and operations and maintenance increases, while the rate declined in the other program areas. The vacancy rate for student services increased from 11.1% in fiscal 2019 to 20.3% in fiscal 2022, highlighting the challenges that institutions are having in filling these frontline positions that work directly with students whose needs have increased during the pandemic.

Issues

1. Status of Task Force Recommendations

In response to the continuing enrollment and budgetary challenges facing the institution, UBalt released a plan in February 2020 to realign the institution based on the 2018 to 2023 strategic plans. Actions were categorized into one of four goals:

- positioning UBalt as the region’s premier professional, career-focused university by consolidating programs and focusing on signature program areas; achieving a student mix of 60% graduate professional and 40% undergraduates;
- fostering greater student success, increasing degree completion, and shortening the time to degree;
- solidifying the commitment to community engagement and public service; and
- organizing for long-term financial stability including budgeting assuming an annual enrollment of 4,000 and moving all schools to a responsibility centered management budget model.

After the plan was released, the President requested clarification from the Chancellor on how the Board of Regents (BOR) views UBalt in the context of the rest of the USM institutions. In response, BOR established a task force in June 2020. The task force was comprised of various representatives from BOR, University System of Maryland Office, UBalt, and stakeholders. The task force was to provide recommendations about UBalt’s future operations and mission and was charged to:

- assess UBalt’s position among higher education institutions in the State and region;
- review educational and administrative programs and consider their financial health, status, and future;
- consider the current and future needs of UBalt’s physical environment including facilities, security, and implications for expanding/remote learning; and
- assess the value of lower division courses as it relates to supporting upper division courses or programs.

The task force submitted a report to BOR in October 2020 that addressed many of the actions identified in UBalt’s realignment plan and affirmed the strategic direction of UBalt. Recommendations focused on the following eight key areas:

- ***Identity:*** Clearly communicate UBalt’s mission and vision to all audiences.

- ***Enrollment Management:*** Focused actions are urgently required to increase enrollment including setting targets for enrollment and net tuition revenue, improving student retention, growing enrollment at Universities at Shady Grove, and improving the enrollment process and technology.
- ***Lower Division/Upper Division:*** Recruit and retain a modest number of high-performing freshmen and lower division students fitting the profile of upper division programs.
- ***Academic Portfolio:*** Determine high-priority and growth potential programs and evaluate low-enrollment programs for market relevance and sustainability determining those to sunset.
- ***Student Experience:*** Focus on building a seamless student-centric culture dedicated to seamless student-centric services.
- ***Marketing and Branding:*** Restructure and refocus marketing, branding, and public relations efforts with a holistic approach showcasing the university to key audiences.
- ***Financial Responsibility:*** Right size UBalt by making decisions to balance and align the budget with fiscal realities and institutional priorities.
- ***Physical Environment:*** Utilize space more efficiently and invest in technology to meet institutional need.

While progress has been made in implementing the task force recommendations, such as evaluating low enrollment programs and discontinuing those determined not sustainable, and developing enrollment targets and plans to improve results, the financial impact of the continual enrollment declines limits the available resources. UBalt acknowledges that this means that it will take even longer to reverse the downward trend. UBalt is strategically using its funds to invest in priority projects including developing a new website; a request for proposals is being developed and a contract is expected to be signed by the end of the year for this website.

UBalt also acknowledges the lack of consistent leadership in enrollment management is part of the reason that they have not been able to reverse the enrollment trend. In 2020, UBalt hired a new Vice President for Enrollment Management who has stabilized enrollment management and completed a reorganization plan to realign staff for more efficient operations.

The President should comment on the challenges to implementing the task force’s recommendations, the impacts the pandemic, and if it resulted in changes to the academic and business models.

Operating Budget Recommended Actions

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

Appendix 1
Audit Findings

Audit Period for Last Audit:	September 13, 2016 – November 15, 2020
Issue Date:	December 2021
Number of Findings:	7
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

Finding 1: UBalt did not require or obtain a sufficient independent review of the automated system used by its vendor responsible for collecting student online payments to ensure that sensitive student information residing on the system was properly safeguarded.

Finding 2: UBalt did not adequately verify student financial aid application data and adjustments made to student cost of attendance budgets.

Finding 3: UBalt did not adequately monitor changes to unpaid student accounts to allow, deny, or defer critical activity, such as registering for classes, receiving transcripts, or submitting unpaid accounts to the State’s Central Collection unit.

Finding 4: UBalt did not have procedures for ensuring that access to perform certain critical functions on its financial management system was adequately restricted and controlled.

Finding 5: Remote access to the internal UBalt network by employees and authorized contractor used a single authentication measure rather than a more secure multi-factor authentication.

Finding 6: UBalt obtained travel-related services totaling \$59,767 from a company operated by a UBalt employee when these services were available from existing vendors. In addition, UBalt did not have a detailed written contract for certain service and did not obtain support for all amounts paid to the company, certain of which appeared questionable.

Finding 7: Supervisory reviews of adjustments to leave balances were not performed.

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

Appendix 2
Object/Fund Difference Report
University System of Maryland – University of Baltimore

<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	638.00	628.00	628.00	0.00	0%
02 Contractual	74.48	95.78	95.78	0.00	0%
Total Positions	712.48	723.78	723.78	0.00	0%
Objects					
01 Salaries and Wages	\$ 72,554,921	\$ 73,937,663	\$ 74,644,336	\$ 706,673	1.0%
02 Technical and Special Fees	5,854,001	7,742,809	7,744,000	1,191	0%
03 Communication	379,474	358,933	358,759	-174	0%
04 Travel	152,459	638,611	638,611	0	0%
06 Fuel and Utilities	2,378,999	2,005,019	2,005,019	0	0%
07 Motor Vehicles	33,933	31,698	31,698	0	0%
08 Contractual Services	8,778,861	11,726,441	13,428,940	1,702,499	14.5%
09 Supplies and Materials	2,541,970	3,487,743	2,603,591	-884,152	-25.4%
10 Equipment – Replacement	649,662	2,269,350	246,927	-2,022,423	-89.1%
11 Equipment – Additional	558,796	3,674,938	1,674,938	-2,000,000	-54.4%
12 Grants, Subsidies, and Contributions	18,423,668	23,551,470	19,209,851	-4,341,619	-18.4%
13 Fixed Charges	8,995,868	9,411,229	9,078,898	-332,331	-3.5%
14 Land and Structures	9,490,086	4,303,756	5,168,495	864,739	20.1%
Total Objects	\$ 130,792,698	\$ 143,139,660	\$ 136,834,063	-\$ 6,305,597	-4.4%
Funds					
40 Unrestricted Fund	\$ 104,366,187	\$ 105,451,151	\$ 110,271,779	\$ 4,820,628	4.6%
43 Restricted Fund	26,426,511	37,688,509	26,562,284	-11,126,225	-29.5%
Total Funds	\$ 130,792,698	\$ 143,139,660	\$ 136,834,063	-\$ 6,305,597	-4.4%

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 3
Fiscal Summary
University System of Maryland – University of Baltimore

<u>Program/Unit</u>	FY22		FY 23	Change	FY 22 - FY 23
	<u>FY 21</u>	<u>Working</u>			
	<u>Actual</u>	<u>Appropriation</u>			
01 Instruction	\$ 36,841,589	\$ 40,116,159	\$ 39,794,900	-\$ 321,259	-0.8%
02 Research	15,439,864	13,199,021	10,105,550	-3,093,471	-23.4%
03 Public Service	0	4,627,428	4,871,663	244,235	5.3%
04 Academic Support	12,992,004	16,856,183	14,500,628	-2,355,555	-14.0%
05 Student Services	10,387,072	10,717,338	10,646,935	-70,403	-0.7%
06 Institutional Support	16,965,127	17,579,791	20,421,881	2,842,090	16.2%
07 Operation and Maintenance of Plant	15,897,430	11,409,963	12,200,192	790,229	6.9%
08 Auxiliary Enterprises	4,374,206	5,550,253	5,550,409	156	0%
17 Scholarships and Fellowships	17,895,406	23,083,524	18,741,905	-4,341,619	-18.8%
Total Expenditures	\$ 130,792,698	\$ 143,139,660	\$ 136,834,063	-\$ 6,305,597	-4.4%
Unrestricted Fund	\$ 104,366,187	\$ 105,451,151	\$ 110,271,779	\$ 4,820,628	4.6%
Restricted Fund	26,426,511	37,688,509	26,562,284	-11,126,225	-29.5%
Total Appropriations	\$ 130,792,698	\$ 143,139,660	\$ 136,834,063	-\$ 6,305,597	-4.4%

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.