

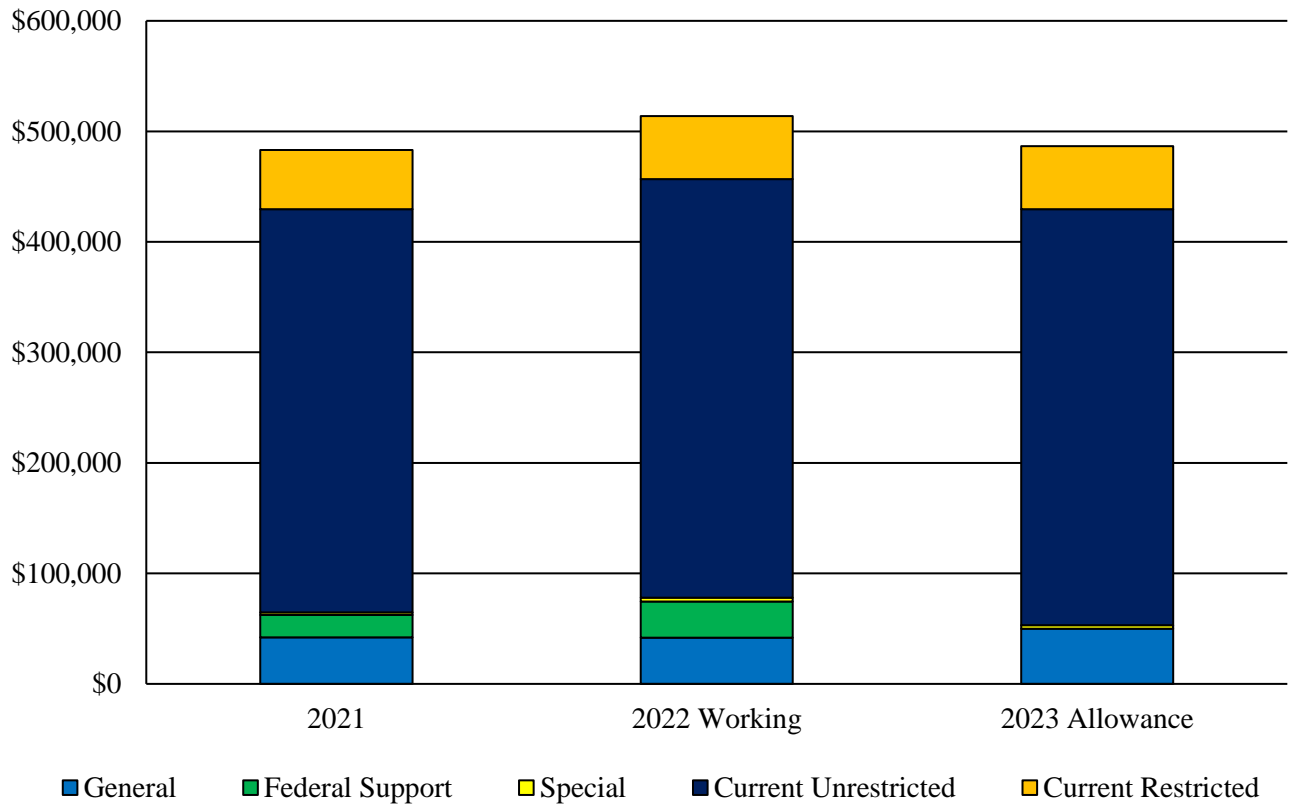
R30B30
University of Maryland Global Campus
University System of Maryland

Executive Summary

The University of Maryland Global Campus (UMGC) is an online State university that offers undergraduate and graduate programs. With locations in Maryland and at military installations around the world, UMGC primarily serves working adults and service members.

Operating Budget Summary

Fiscal 2023 Budget Decreases \$27.2 Million, or 5.3%, to \$486.5 Million
(\$ in Thousands)



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

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- The fiscal 2022 working appropriation for UMGC includes a total of \$32.7 million in direct federal support from various COVID-19-related stimulus legislation. There is no direct federal support from stimulus legislation included in the fiscal 2023 allowance. When excluding these federal funds, the fiscal 2023 allowance for UMGC increases by \$5.5 million, or 1.1%, compared to the fiscal 2022 working appropriation after accounting for statewide personnel adjustments and a proposed deficiency appropriation.
- Total State funds increase by \$7.6 million, or 16.6%, compared to the adjusted 2022 working appropriation.

Key Observations

- ***Enrollment:*** Undergraduate enrollment at UMGC in fall 2021 declined by 1,980 students, or 4.2%, compared to fall 2020. The vast majority of the declines occurred among the continuing student population, as those students returned to in-person instruction at different institutions, and many U.S. Army students were unable to register for courses as a result of a technical problem with the registration portal that has since been resolved.
- ***Revenue Loss:*** UMGC experienced revenue losses of \$8.3 million and \$13.3 million in fiscal 2021 and 2022, respectively, as a result of the COVID-19 pandemic, which were offset utilizing various federal Higher Education Emergency Relief Fund (HEERF) stimulus payments.

Operating Budget Recommended Actions

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

Updates

- National marketing campaign spending has decreased by \$4.2 million in fiscal 2022 and is projected to remain at this lower level in fiscal 2023. UMGC is currently in the process of updating its overall strategy for national marketing.

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Operating Budget Analysis

Program Description

UMGC specializes in providing access to higher education for Maryland’s adult learners. Most UMGC students have career and/or family commitments that lead them to study part time. UMGC serves its students through traditional and innovative delivery of undergraduate and graduate degree programs, noncredit professional development programs, and conference services.

UMGC provides onsite instruction and student services at 25 locations throughout the State of Maryland and the Washington, DC metropolitan area and has offered online education programs since 1994. The institution also offers academic programs and student services in other states (California, Colorado, Florida, Georgia, Hawaii, North Carolina, New York, Virginia, and Washington) and programs overseas for U.S. service members and their families, U.S. citizens, and international students. UMGC’s vision is to be the global university of Maryland.

Academic programs offered by UMGC include Bachelor of Arts and Bachelor of Science degrees with 34 majors and 41 minors. UMGC offers 18 master’s degrees as well as master’s degree specializations in fields including biotechnology, information technology, data analytics, business administration, and teacher education. UMGC also offers a Doctor of Business Administration and a Doctor of Management in Community College Policy and Administration. The university has a role in renewing and upgrading the skills of an experienced workforce.

Carnegie Classification: Masters Colleges and Universities: Larger Programs

Fall 2021 Undergraduate Enrollment Headcount		Fall 2021 Graduate Enrollment Headcount	
Male	24,548	Male	4,647
Female	20,552	Female	5,576
Total	45,100	Total	10,223
Number at Regional Centers	659	Number at Regional Centers	41
Fall 2021 New Students Headcount		Campus (Main Campus)	
First-time	660	Acres	12
Transfers/Others	44,440	Buildings	4
Graduate	10,223	Average Age	38.5 years
Total	55,323	Oldest	1964
Programs		Degrees Awarded (2020-2021)	
Bachelor’s	34	Bachelor’s	7,700
Master’s	22	Master’s	4,148
Doctoral	2	Doctoral	54
		Total Degrees	11,902

Proposed Fiscal 2023 In-state Tuition and Fees*

Undergraduate Tuition	\$312 per credit hour
Mandatory Fees	\$15 per credit hour

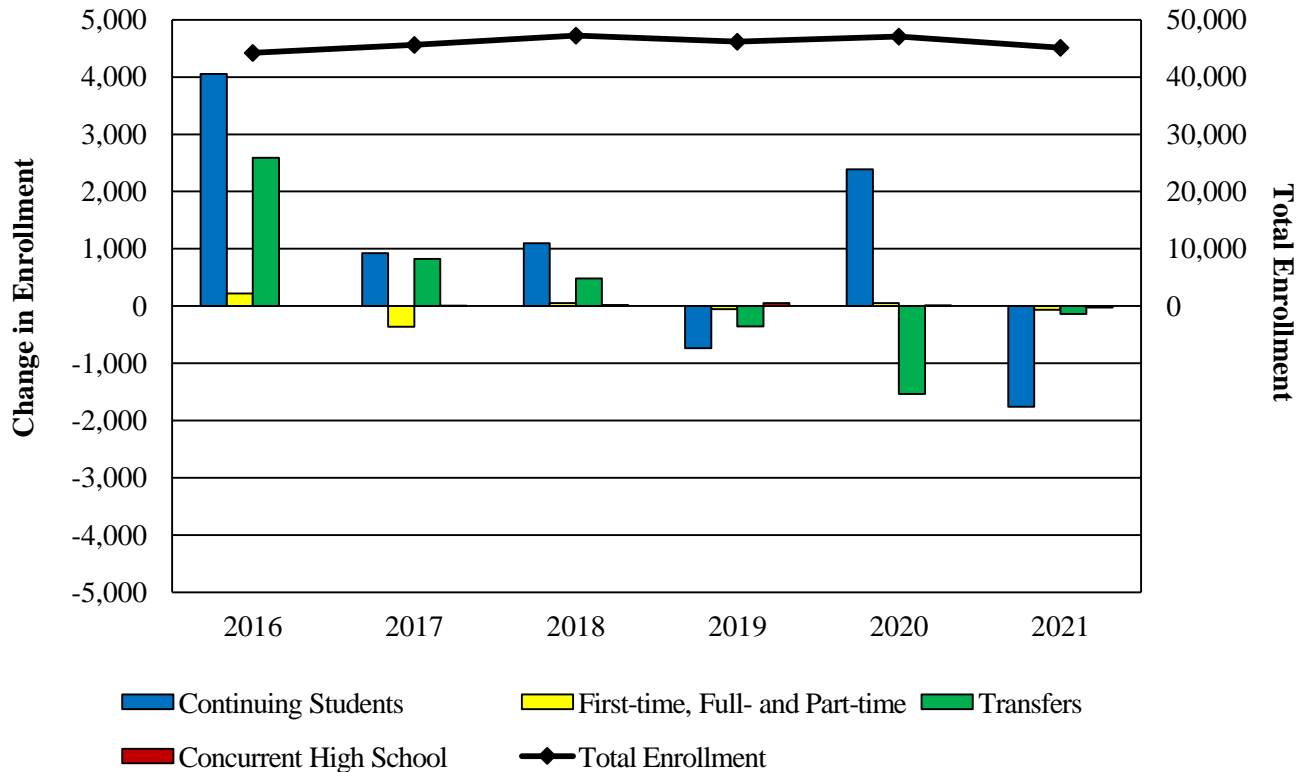
*Contingent on Board of Regents approval.

Performance Analysis

1. Fall Headcount Enrollment

From fall 2014 through 2018, UMGC experienced steady enrollment growth that reached 47,253 students in fall 2018. As shown in **Exhibit 1**, enrollment fell in fall 2019 to 46,162, a decline of 1,091 students, or 2.3%, as a result of the overall softening of the adult education market. In fall 2020, UMGC again experienced enrollment growth, an increase of 2% compared to fall 2019, which was attributed to the impact of the COVID-19 pandemic and a shift in education modality preferences, especially for students already enrolled at UMGC, to online versus in-person education delivery. Enrollment again fell in fall 2021, declining by 1,980 students, or 4.2%, compared to fall 2020 as a result of students returning to in-person options and a technical problem with the U.S. Army’s registration portal that prevented soldiers from registering for courses for almost an entire year, which has since been remediated.

Exhibit 1
Change in Undergraduate Headcount Enrollment
Fall 2016-2021

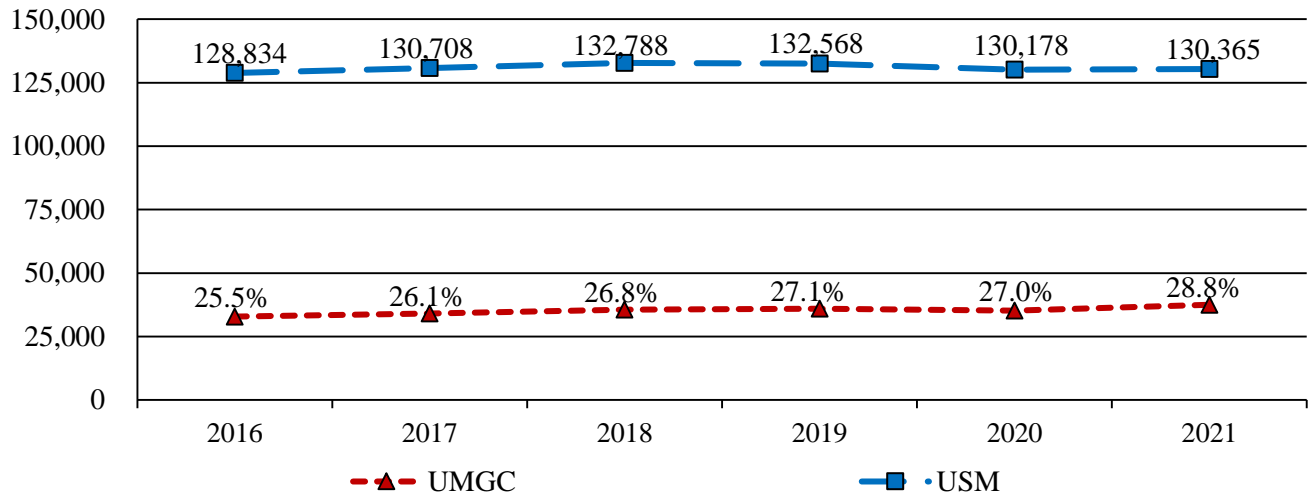


Source: University of Maryland

Overall, when comparing fall 2021 to 2019, the last prepandemic cohort, total undergraduate enrollment has declined by 1,062 students, or 2.3%. The majority of the decline came from the transfer student population, which fell by 1,668 students, or 15.5%, over this period. This decline was partially offset by an increase in the continuing student population, which grew by 633 students, or 1.8%.

Despite the decrease in undergraduate enrollment in fall 2021, full-time equivalent student (FTES) enrollment at UMGC increased by 6.5%. UMGC continues to have the highest percentage of the total University System of Maryland (USM) undergraduate FTES enrollment. As shown in **Exhibit 2**, UMGC’s percentage of the total USM FTES enrollment has, with the exception of fall 2020, grown in each year and increased to 28.8% of total USM FTES enrollment in fall 2021.

Exhibit 2
UMGC FTES Undergraduate Enrollment Compared to USM FTES Undergraduate Enrollment
Fall 2016-2021



FTES: full-time equivalent student
 UMGC: University of Maryland Global Campus
 USM: University System of Maryland

Source: Department of Budget and Management

2. Student Performance

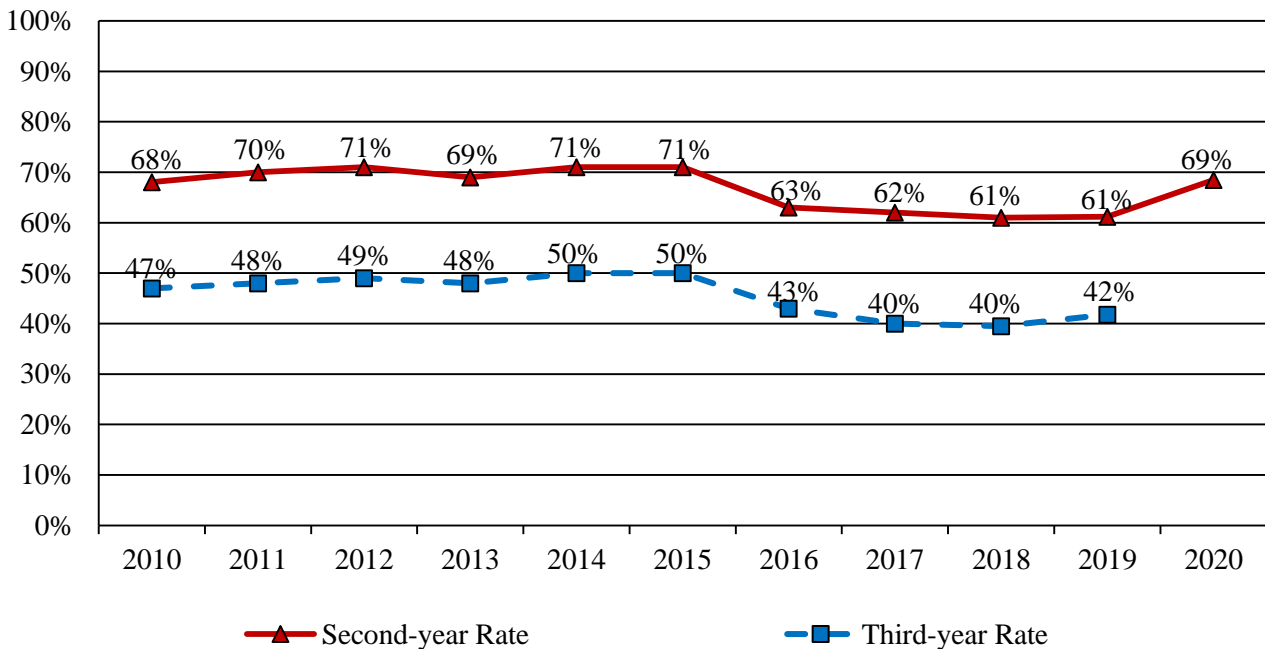
Retention Rates

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.

Exhibit 3 provides the most recent retention rates for UMGC. The second-year retention rate had remained fairly stable between the fiscal 2010 through 2015 cohorts, ranging between 68% and 71%. However, for the 2016 cohort the second-year retention rate decreased by 10 percentage points, to 63%. The second-year retention rate remained at this lower level through the 2019 cohort, before rebounding with the 2020 cohort to 69%. The primary reason for the lower retention rates from the 2016 to 2019 cohorts was the inclusion of overseas military students who tend to move locations or military bases, hampering retention. To address the decline, UMGC adopted several intervention strategies including eliminating developmental education and strengthening math courses with adaptive learning resources. Additionally, in fall 2019, UMGC launched the Professional and Career Exploration for transfer students, a credit-bearing course for a first-term experience that is required for all new students within their first seven credits that provides graded activities to ensure proper mentoring and guidance between faculty and students. These actions have resulted in the increase in retention with the 2020 cohort. The third-year retention rate has generally tracked the second-year retention levels and would, therefore, be expected to increase with upcoming cohorts.

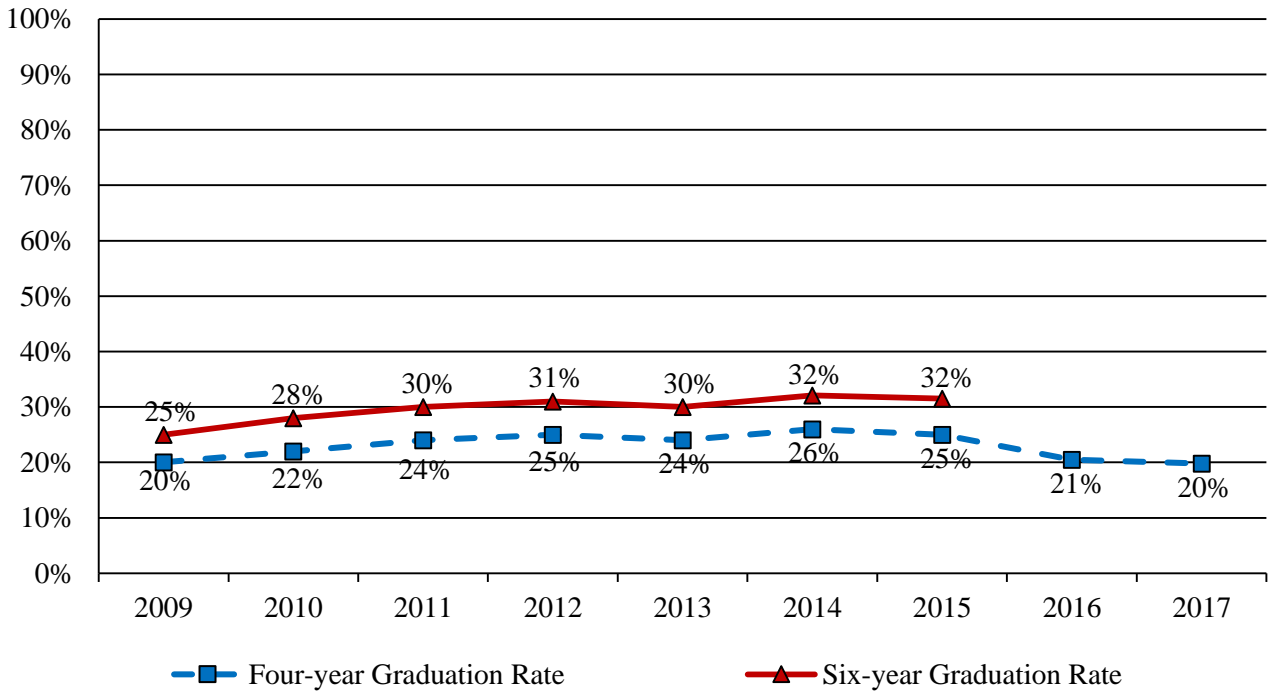
Exhibit 3
Second- and Third-year Retention Rates
Fiscal 2010-2020 Fiscal Cohorts



Source: University of Maryland Global Campus

Graduation rates are, in part, another measure of student persistence and efficiency. **Exhibit 4** shows the four- and six-year graduation rates for the 2009 through 2017 cohorts. The six-year graduation rate steadily increased from fiscal 2009 (25%) through 2012 (31%), growing by 6 percentage points. Since that time, the six-year graduation rate has remained at approximately the same level. The four-year graduation rate also steadily improved from the 2009 cohort (20%) to the 2012 cohort (25%), increasing by 5 percentage points, and remaining near that level through the 2014 cohort. However, since the 2014 cohort, the four-year graduation rate has fallen. In fact, at 20%, the 2017 cohort four-year graduation rate was the same level as the 2009 cohort. The four- and six-year graduation rates are inclusive of first-time, full-time (FT/FT) students, which account for roughly 2% of the overall student population at UMGC. The vast majority of the UMGC student population is working adults and military personnel who take classes part time and come with prior college experience.

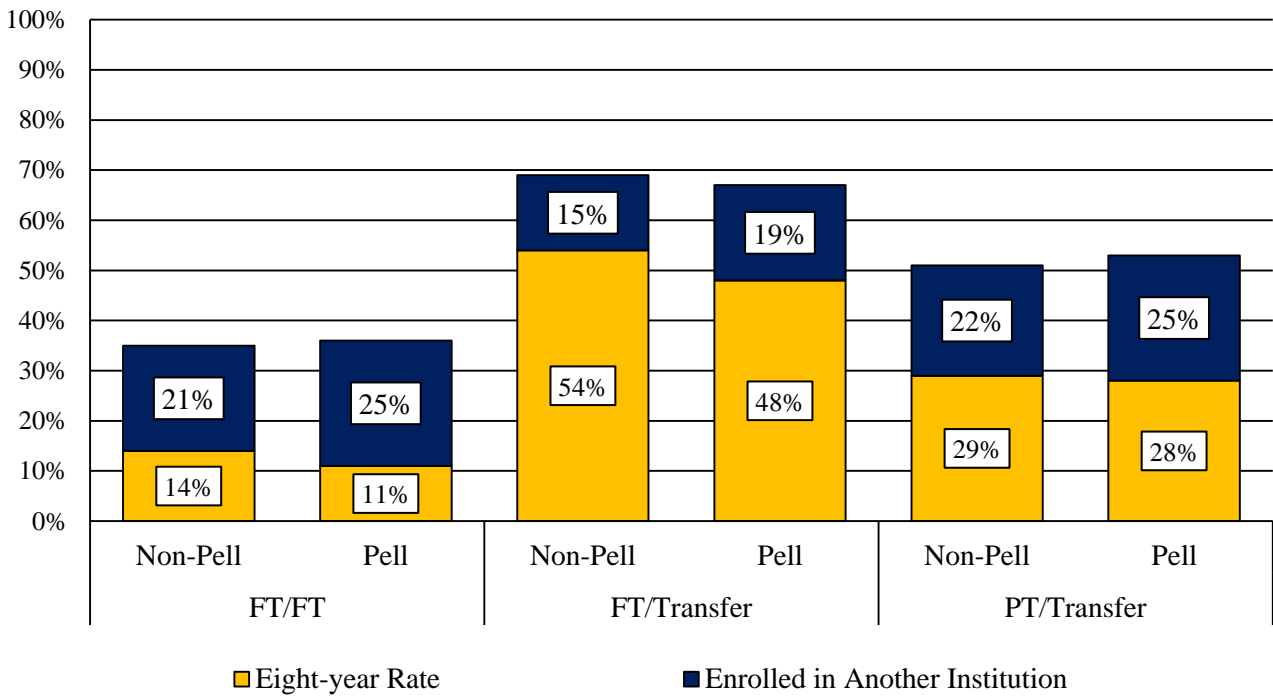
Exhibit 4
Four- and Six-year Graduation Rates
Fiscal 2009-2017 Cohorts



Source: University of Maryland Global Campus

Traditionally, graduation measures only capture the outcomes of the traditional FT/FT students who are increasingly comprising a smaller portion of the student population. In order to have a more inclusive graduation rate that captures the progress of nontraditional students, the Integrated Postsecondary Data System reports on the outcomes of first-time, transfer, and part-time transfer students by Pell and non-Pell recipients. As shown in **Exhibit 5**, full-time transfer students, both Pell- and non-Pell eligible, graduate at a higher percentage rate than any other category. Part-time transfer students, both non-Pell- and Pell-eligible, graduate at similar rates, at 29%, and 28%, respectively. Non-Pell eligible students graduate at higher rates than Pell-eligible students in all categories.

Exhibit 5
Eight-year Graduation Rates for
Students Entering in 2012-2013 Academic Year



FT: full time
 FT/FT: first time, full time
 PT: part time

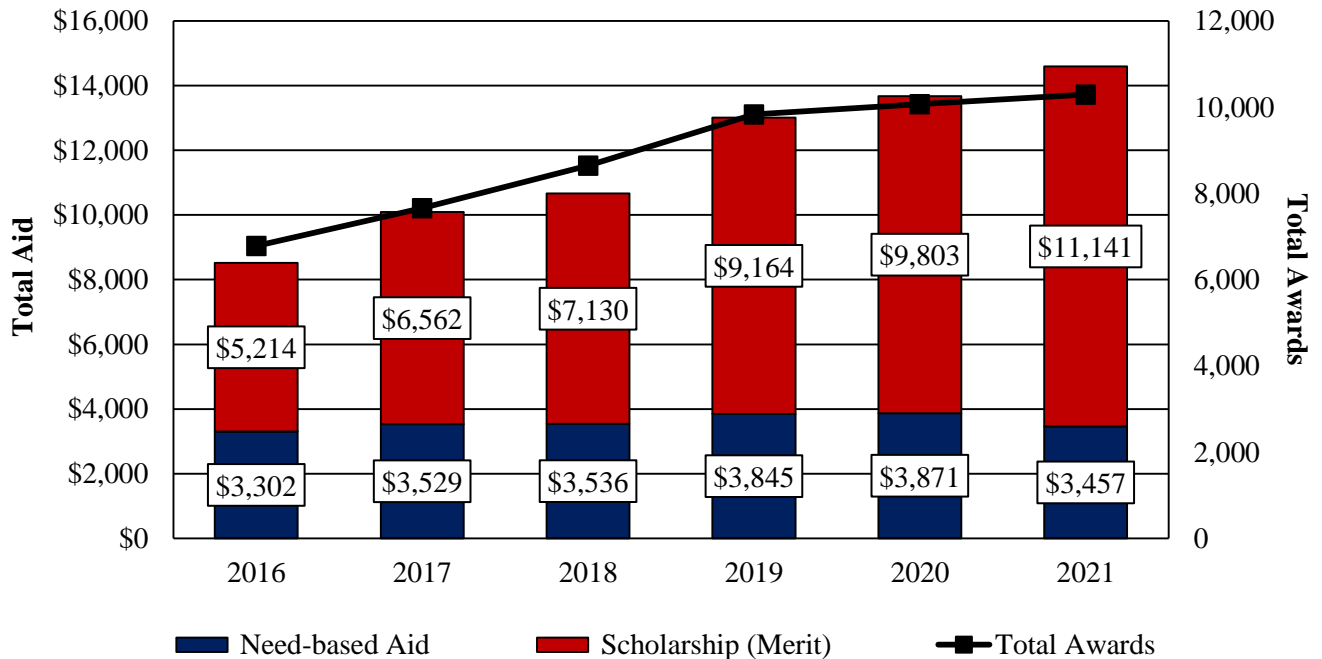
Source: National Center for Education Statistics; College Navigator

3. Affordability and Accessibility

Financial Aid

As shown in **Exhibit 6**, from fiscal 2016 through 2021, the amount spent on institutional aid has increased by 71.4%, from \$8.5 million to \$14.6 million. Since fiscal 2016, spending on need-based aid as a share of all aid decreased, falling from 38.8% of the total aid awarded to 23.7% in 2021; while spending on institutional scholarships has increased over this same period, growing from 61.2% of spending to 76.3%. UMGC attributes the large percentage of the aid going to merit, rather than need-based aid, to the Maryland Completion Scholarship, which allows Maryland community college graduates to transfer to UMGC to complete a bachelor’s degree for under an additional \$12,000 in total costs. The Completion Scholarship began as a pilot program in fiscal 2013 and expanded in fiscal 2017, with a partnership with Prince George’s Community College. This program is not need-based aid and accounts for the large amount of institutional aid going to scholarships. As the aid provided increased, there has been a similar increase in the number of awards provided, an increase of 51.8%, or 3,514 awards, from fiscal 2016 through 2021.

Exhibit 6
Institutional Aid Expenditures and Total Awards by Category
Fiscal 2016-2021
(\$ in Thousands)

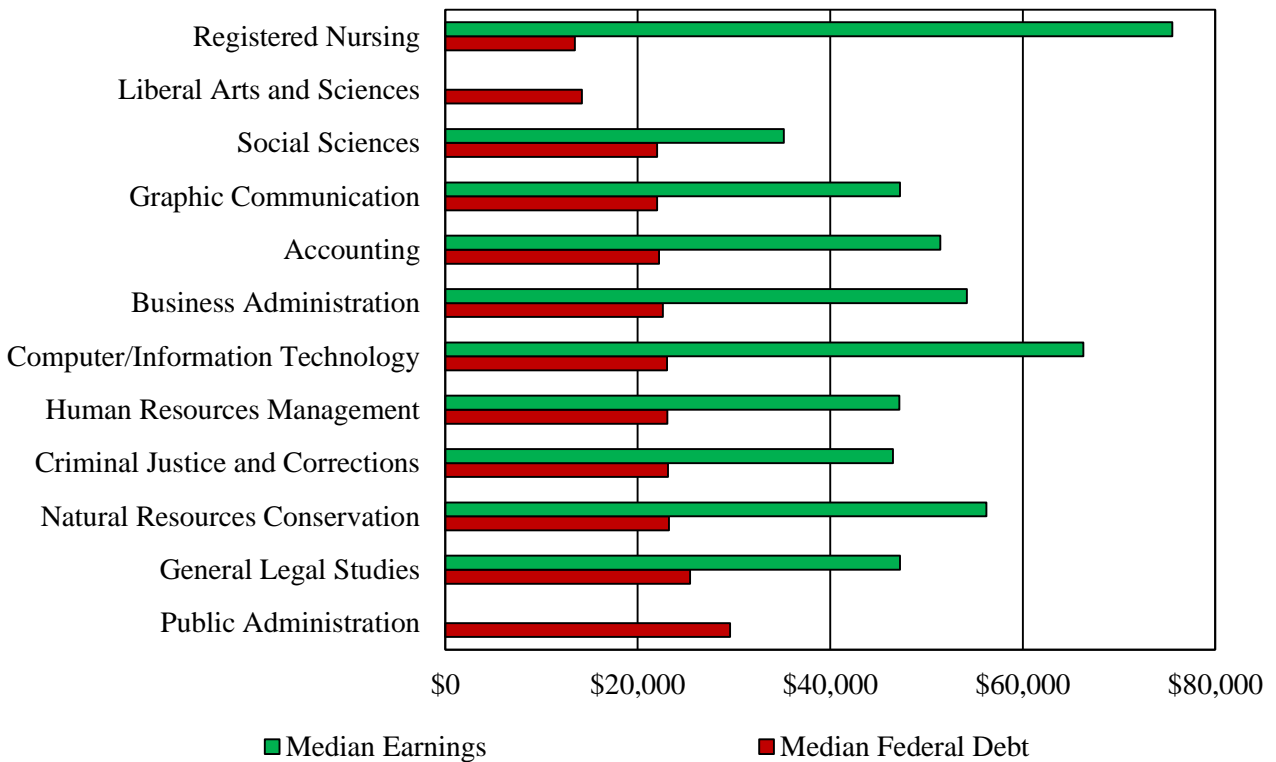


Source: Maryland Higher Education Commission; University of Maryland Global Campus

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 Scorecard reports the median debt (excluding private and Parent PLUS loans) and median earnings two years after graduation, as reported by the institution. This information helps students consider the amount of federal debt that they may incur and their ability to repay the loan after graduating, since repayments are based on salaries. As shown in **Exhibit 7**, the program with the lowest reported median federal debt (\$13,476), Registered Nursing, also has the highest median earnings (\$75,518). Median earnings data was not available for several programs, including for the Public Administration program, which has the highest median federal debt, (\$29,598).

Exhibit 7
Undergraduate Programs by 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 Higher Education Investment Funds (HEIF) due to higher revenue estimates and the availability of the HEIF fund balance, of which UMGC’s share is \$1.3 million.

Federal Stimulus Funds

Three federal relief packages included funding that provided institutions across higher education support from the HEERF. Combined, UMGC received a total of \$52.8 million, of which a minimum of \$27.5 million was designated for direct student financial aid, as shown in **Exhibit 8**. A majority of these funds, \$32.7 million, are to be expended in fiscal 2022, of which \$27.1 million was brought in through a fiscal 2022 budget amendment. There are no additional HEERF funds to be expended in fiscal 2023.

Exhibit 8
Summary of HEERF
Fiscal 2021-2022
(\$ in Thousands)

	2021			2022			Total
	<u>HEERF I</u>	<u>HEERF II</u>	<u>HEERF III</u>	<u>HEERF I</u>	<u>HEERF II</u>	<u>HEERF III</u>	
Financial Aid	\$2,605	\$5,391	\$1,063			\$18,457	\$27,516
Institutional Aid	2,600	8,345	79		3,763	10,494	25,281
Total	\$5,205	\$13,737	\$1,141		\$3,763	\$28,950	\$52,797
Total by Type							
HEERF I	\$5,205						
HEERF II	17,500						
HEERF III	30,092						
Grand Total	\$52,797						

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

Note: The University of Maryland Global Campus did not spend \$5,281.00 in HEERF I, which was sub-granted to the Kirwan Center to assist other University System of Maryland institutions with online education.

Source: University System of Maryland

As is shown in **Exhibit 9**, of the funds not required to be used for financial aid over fiscal 2021 and 2022, UMGC plans to allocate a total of \$25.3 million on institutional expenditures including covering revenue losses (\$21.7 million); personal protective equipment, testing, and other COVID-19 work-related expenses (\$0.9 million); and technology costs related to remote working and teaching (\$2.7 million). UMGC expects to have expended its allocation of HEERF at the conclusion of fiscal 2022. **The President should comment on how the institution is planning to return to an operational structure in fiscal 2023 without the assistance of federal emergency relief funding should pandemic-related expenditures/impacts continue into the 2022-2023 academic year.**

Exhibit 9
Spending of Federal Relief Funds
Fiscal 2021-2022
(\$ in Thousands)

	2021		2022		<u>Total</u>
	<u>Institutional</u> <u>Aid</u>	<u>Student</u> <u>Aid</u>	<u>Institutional</u> <u>Aid</u>	<u>Student</u> <u>Aid</u>	
Revenue Loss ¹	\$8,345		\$13,345		\$21,691
Testing, PPE, COVID-19, and Other ²	79		827		905
Academic/Administrative Technology ³	2,600		85		2,685
Student Aid		\$9,059		\$18,457	27,516
Total Funds	\$11,024	\$9,059	\$14,257	\$18,457	\$52,797
Direct Aid to Students	<u>Students</u>	<u>Amount</u>			
2021	13,782	\$9,059			
2022	33,580	18,457			
Total	\$47,362	\$27,516			

PPE: personal protective equipment

¹ Revenue recovery for waived student payment plan fees, lost profits for the University of Maryland Global Campus Inn and Conference Center, and cut State appropriations during the COVID-19 emergency.

² PPE purchases, required financial aid notifications, employee testing, and space planning for hybrid work.

³ Includes evaluation and training related to new technology and remote teaching and working.

Source: University of Maryland Global Campus

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 the changes for unrestricted funds by program area between fiscal 2021 and 2022. Overall, fiscal 2022 spending increases by \$14.7 million, or 3.6%, compared to fiscal 2021. The fiscal 2022 education and general revenues and expenditures are adjusted to reflect a general salary increase, increments, and one-time bonuses totaling \$2.7 million.

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

	<u>Actual</u> <u>2021</u>	<u>Adjusted</u> <u>Working</u> <u>2022</u>	<u>\$ Change</u> <u>2021-2022</u>	<u>% Change</u> <u>2021-2022</u>
Expenditures				
Instruction	\$117,491	\$116,749	-\$742	-0.6%
Public Service		9,900	9,900	
Academic Support	43,984	42,961	-1,023	-2.3%
Student Services	112,802	112,782	-20	0.0%
Institutional Support	103,094	97,096	-5,998	-5.8%
Operation and Maintenance of Plant	11,995	21,264	9,268	77.3%
Scholarships and Fellowships	20,030	20,613	583	2.9%
General Salary Increase		2,721	2,721	
E&G Total Expenditures	\$409,396	\$424,085	\$14,689	3.6%
Revenues				
Tuition and Fees	\$369,045	\$358,640	-\$10,404	-2.8%
State Funds ¹	44,566	45,438	872	2.0%
Other	2,221	4,229	2,008	90.4%
Total E&G Revenues	\$415,832	\$408,307	-\$7,525	-1.8%
Auxiliary Enterprises		\$1	\$1	
Transfer (to)/from Fund Balance	-\$6,436	15,777	22,213	345.2%
Available Unrestricted Revenues	\$409,396	\$424,085	\$14,689	3.6%

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, and one-time bonuses.

Source: Governor’s Fiscal 2023 Budget Books

Public service spending increases by \$9.9 million between fiscal 2021 and 2022 as a result of planned UMGC Inn and Conference Center expenses, in which lost revenues were offset in fiscal 2021 due to receiving Coronavirus Aid, Relief, and Economic Security Act funding and were accounted for as an expense credit. Spending on operation and maintenance of plant increases by \$9.3 million, or 77.3%, as a consequence of the shuttering of buildings in fiscal 2021 due to the COVID-19 pandemic, for which the fiscal 2022 budget assumes normal expenses. Spending on institutional support is expected to decrease by \$6.0 million, or 5.8%, due to a reduction to Enterprise Resource Planning project funds in fiscal 2022 as the projects concludes. Spending on academic support is also expected to decline by \$1.0 million, or 2.3%, as a result of startup costs in fiscal 2021 for military sites that were new that are not needed in fiscal 2022.

Fiscal 2023 Proposed Budget

As shown in **Exhibit 11**, in fiscal 2023, the adjusted State funding increases by 16.6%, or \$7.6 million, compared to the adjusted fiscal 2022 working appropriation. General funds increase by \$8.1 million, or 19.4%, which is slightly offset by a decrease of \$0.6 million in special funds after accounting for the proposed fiscal 2022 deficiency appropriation. The \$15.7 million transfer from fund balance represents spending on enterprise-wide strategies initiatives, inclusive of the national and regional advertising and marketing efforts and product development; this amount has been approved by the USM Board of Regents.

Exhibit 11
Proposed Budget
University of Maryland Global Campus
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	\$42,057	\$40,305	\$43,814	\$3,509	8.7%
Personnel Adjustments		2,721	6,065	3,344	
Deficiency – HEIF Swap		-1,256			
Total General Funds	\$42,057	\$41,769	\$49,878	\$8,109	19.4%
HEIF	\$2,241	\$2,413	\$3,116	\$703	29.1%
Deficiency – HEIF Swap		1,256			
Total HEIF	2,241	3,669	3,116	-553	-15.1%
CARES Act – State Support	269				
Total State Funds	\$44,566	\$45,438	\$52,994	\$7,556	16.6%
Other Unrestricted Funds	\$371,266	\$362,870	\$368,904	\$6,034	1.7%
Transfer to/from Fund Balance	-6,436	15,777	7,691		
Net Unrestricted Funds	\$409,396	\$424,085	\$429,589	\$5,504	1.3%
Restricted Funds	\$53,627	\$56,917	\$56,917	0	0.0%
Direct Federal Support	20,083	32,714			
Total Restricted Funds	\$73,710	\$89,631	\$56,917	-\$32,714	36.5%
Total Funds	\$483,107	\$513,716	\$486,507	-\$27,210	-5.3%

CARES: Coronavirus Aid, Relief, and Economic Security

HEIF: Higher Education Investment Fund

Note: Personnel adjustments include general salary and merit increases in fiscal 2022 and 2023 and one-time bonuses in fiscal 2022. These actions are budgeted within the Department of Budget and Management Statewide Expenses. Direct Federal Support includes CARES Act, Coronavirus Response and Relief Supplemental Appropriations Act, and American Rescue Plan Act funds.

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

Proposed Increases

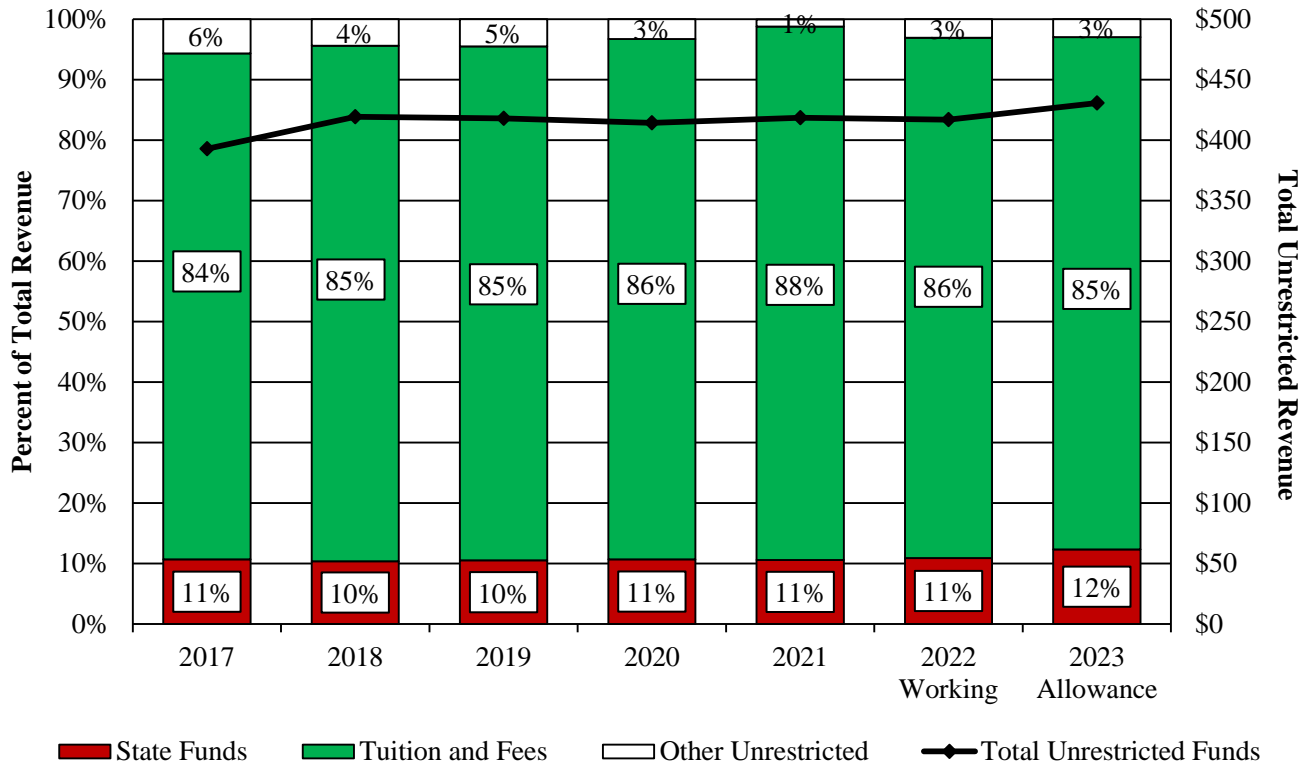
The additional fiscal 2023 State support provides:

- \$3.6 million to restore the reduction taken by the Board of Public Works (BPW) in fiscal 2021;
- \$3.3 million for annualization of fiscal 2022 general salary increases and increments as well as fiscal 2023 general salary increases and increments, partially offset by one-time bonuses in fiscal 2022; and
- \$0.6 million for increases in various operating expenses.

Revenue Sources

As shown in **Exhibit 12**, in the fiscal 2023 allowance, State funds (general and the HEIF) and tuition and fees comprise 12% and 85%, respectively, of UMGC’s current unrestricted revenue. In general, despite pandemic-related impacts, the overall ratios have remained stable over this time period, with the exception of fiscal 2021. In that year, tuition and fees revenue comprised a higher share; in part, as a result of a decrease in revenue from the UMGC Inn and Conference Center as well as tuition and fee revenue growth of \$12.8 million, or 3.6%, over fiscal 2020. The fiscal 2022 working budget anticipates tuition and fee revenue to total \$358.6 million, which would be \$10.4 million, or 2.8%, less than fiscal 2021. The fiscal 2023 allowance anticipates tuition and fee revenue returning to levels experienced in fiscal 2021, totaling \$364.7 million, or 1.7%, greater than the fiscal 2022 working budget, which, outside of an increase in State funding due to general salary and merit increases in fiscal 2023, represents the largest increase in unrestricted revenue (\$6.0 million).

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



Note: The fiscal 2022 appropriation includes general salary and merit increases as well as a one-time bonus, which are budgeted with the Department of Budget and Management (DBM) Statewide Expenses Program. The fiscal 2023 allowance includes annualization of the fiscal 2022 general salary and merit increases as well as fiscal 2023 general salary and merit increases, which are budgeted within the DBM Statewide Expenses Program. The transfers to and from fund/plant balance are excluded from the percentage of other unrestricted totals as well as transfers from other sources. The State Coronavirus Aid, Relief, and Economic Security Act support is included in fiscal 2020 and 2021 but provided negligible overall revenue changes (less than 0.1%).

Source: Governor’s 2017-2023 Budget Books; Department of Legislative Services

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	1,032.71	1,032.71	1,032.71	0.00
Contractual FTEs	<u>2,318.35</u>	<u>2,315.35</u>	<u>2,369.89</u>	<u>54.54</u>
Total Personnel	3,351.06	3,348.06	3,402.60	54.54

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	99.45	9.63%
Positions and Percentage Vacant as of 12/31/21	16.00	1.50%
Vacancies Below Turnover	83.45	8.13%

- In fiscal 2023, the number of contractual full-time equivalents increase by 54.54 to align with estimated enrollment/revenue growth. If the planned growth in fiscal 2023 is achieved, UMGC would need additional instruction and student support to accommodate that level of enrollments.
- The low vacancy rate is common at UMGC, and the institution has indicated that it is currently on track to meet its budget.

Operating Budget Recommended Actions

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

Updates

1. National Marketing Campaign

UMGC’s business model is based on a modest level of State support and enrollment growth to produce economies of scale. Given the increasingly competitive online education market, future growth for UMGC is constrained by its reliance on the Washington, DC; Maryland; and Virginia (DMV) region and the military. According to UMGC, the market share of adult students in the DMV region has reached near maximum levels, while competing institutions have made inroads into the region. The market saturation that has been attained by UMGC in the DMV region has resulted in it now being prohibitively expensive to continue to rely heavily on this location to enroll students. Given these market realities, in fiscal 2019, UMGC began to implement a national marketing campaign to increase enrollment from outside the DMV region and the military.

UMGC has been authorized by the USM Board of Regents and approved by BPW to spend up to \$500 million in advertising costs over six years, beginning in fiscal 2019, to attract students. The national campaign has been authorized to spend up to \$289 million, while regional advertising spending has been authorized to spend up to \$211 million. The funding of the advertising campaign involves UMGC using \$89 million of fund balance with the remaining amount (\$411 million) coming from the expected tuition and fees revenue associated with increased enrollment. The \$500 million in funding will be split equally between online advertising and offline marketing strategies. **Exhibit 13** shows the funds spent or budgeted for the campaign to date.

Exhibit 13
Advertising Spend
Fiscal 2019-2023
(in Millions)

	<u>Regional Spending</u>	<u>National Spending</u>
2019	\$38.0	\$18.0
2020	34.0	13.0
2021	36.0	13.0
Budgeted 2022	36.2	8.8
Budgeted 2023	36.2	8.8
Total	\$180.4	\$61.6
 Remaining Authorization	 \$30.6	 \$227.4

Source: University of Maryland Global Campus

R30B30 – USM – University of Maryland Global Campus

In the first year of the program, Philadelphia was selected as the test market. UMGC spent \$18 million of the \$21.5 million approved for funding and yielded only 212 students; after these lackluster results, the university reduced national spending and reviewed alternatives to meet enrollment growth goals. During fiscal 2021, the administration of the university also transitioned, which resulted in the national spending being further lowered while the institution determines the appropriate national advertising campaign strategies best suited to meet the goal of increasing student enrollment. UMGC is currently working on updating its overall marketing strategy to align with the new USM strategic plan. At the end of the term for the marketing contract (August 1, 2024), any remaining authorization will not be expended unless the contract is extended.

Appendix 1
Object/Fund Difference Report
University of Maryland Global Campus

<u>Object/Fund</u>	<u>FY 21 Actual</u>	<u>FY 22 Working Appropriation</u>	<u>FY 23 Allowance</u>	<u>FY 22 - FY 23 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1,032.71	1,032.71	1,032.71	0.00	0%
02 Contractual	2,318.35	2,315.35	2,369.89	54.54	2.4%
Total Positions	3,351.06	3,348.06	3,402.60	54.54	1.6%
Objects					
01 Salaries and Wages	\$ 242,903,730	\$ 236,800,286	\$ 236,515,812	-\$ 284,474	-0.1%
02 Technical and Special Fees	2,409,926	1,287,847	1,366,689	78,842	6.1%
03 Communication	1,012,353	1,126,085	1,126,085	0	0%
04 Travel	352,551	2,114,780	2,114,780	0	0%
06 Fuel and Utilities	1,908,332	706,982	706,982	0	0%
07 Motor Vehicles	71,025	112,380	112,380	0	0%
08 Contractual Services	135,463,332	135,817,981	137,984,226	2,166,245	1.6%
09 Supplies and Materials	3,167,866	3,986,653	3,986,653	0	0%
11 Equipment – Additional	621,463	145,589	145,589	0	0%
12 Grants, Subsidies, and Contributions	80,080,484	76,821,707	76,821,707	0	0%
13 Fixed Charges	9,910,990	7,137,913	7,173,904	35,991	0.5%
14 Land and Structures	5,204,491	44,937,435	12,387,214	-32,550,221	-72.4%
Total Objects	\$ 483,106,543	\$ 510,995,638	\$ 480,442,021	-\$ 30,553,617	-6.0%
Funds					
40 Unrestricted Fund	\$ 409,396,340	\$ 421,364,603	\$ 423,524,643	\$ 2,160,040	0.5%
43 Restricted Fund	73,710,203	89,631,035	56,917,378	-32,713,657	-36.5%
Total Funds	\$ 483,106,543	\$ 510,995,638	\$ 480,442,021	-\$ 30,553,617	-6.0%

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, and bonuses.

Appendix 2
Fiscal Summary
University of Maryland Global Campus

<u>Program/Unit</u>	<u>FY 21 Actual</u>	<u>FY 22 Wrk Approp</u>	<u>FY 23 Allowance</u>	<u>Change</u>	<u>FY 22 - FY 23 % Change</u>
01 Instruction	\$ 117,704,590	\$ 116,982,555	\$ 118,022,507	\$ 1,039,952	0.9%
03 Public Service	0	9,900,000	8,487,007	-1,412,993	-14.3%
04 Academic Support	43,984,184	42,961,098	43,237,140	276,042	0.6%
05 Student Services	112,802,292	113,033,856	112,410,377	-623,479	-0.6%
06 Institutional Support	103,335,897	97,355,311	100,071,354	2,716,043	2.8%
07 Operation and Maintenance of Plant	11,995,289	21,263,550	21,428,025	164,475	0.8%
17 Scholarships and Fellowships	93,284,291	109,499,268	76,785,611	-32,713,657	-29.9%
Total Expenditures	\$ 483,106,543	\$ 510,995,638	\$ 480,442,021	-\$ 30,553,617	-6.0%
Unrestricted Fund	\$ 409,396,340	\$ 421,364,603	\$ 423,524,643	\$ 2,160,040	0.5%
Restricted Fund	73,710,203	89,631,035	56,917,378	-32,713,657	-36.5%
Total Appropriations	\$ 483,106,543	\$ 510,995,638	\$ 480,442,021	-\$ 30,553,617	-6.0%

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, and bonuses.