Resource Needs

The proposed FY07 budget request for the General Fund appropriation and the 4.5% tuition increase will begin to close the funding gap. If the budget is fully funded, the deficit per student is expected to decrease from $3,573 in FY06 to $2,425 in FY07, which results in a $75 million shortfall. Our intent should be to eliminate the remaining shortfall to provide peer average funding over a four-year transition period. That would provide the appropriate resources to offer affordable access for resident students, and attain national academic eminence and a top-10 ranking for the Flagship University simultaneously. It also would fulfill the State’s mandate established two decades earlier.

The University also undertakes responsibility to raise resources through research and entrepreneurial initiatives, and to save resources by continuous attention to increased effectiveness and efficiency.

Investment for Eminence and Access

The budget provides a significant increase in funding for enhancement. When combined with entrepreneurial income and internal reallocation, it will allow the University to take the next important steps towards meeting the State's goal for national eminence. We have defined our priorities, assessed opportunities, and set a course for investment that will take us forward.

Creating a Culture of Gift-Giving

Though many generous friends and alumni have long supported Maryland, most alumni and friends have not viewed the University as needing philanthropic support until recently. As the University’s reputation for excellence has grown, we have reaped the benefits of growing pride and interest from our friends and stakeholders. The contribution of private donors becomes ever more crucial as the State decreases its share of support. The University has worked on many fronts to nurture external support, with some exciting results.
The University Launches a Booming Maryland Enterprise Campus

The launch of the University of Maryland Research Park, Maryland Enterprise Campus, or M-Square, represents a milestone for the University, the County, and the State. We are taking full advantage of our strengths in expertise and location by developing a research park that will be the largest in Maryland, located on a 115-acre site adjacent to the University of Maryland/College Park Metro with 3 million square feet of development potential. In 2003-2004, with the support of the State and County, the University successfully completed purchase of land M-Square and recruited tenants.

The University Promotes Effectiveness and Efficiency Projects

The University is participating fully in the Effectiveness and Efficiency initiative of the System.

Through strategic use of available resources, we have managed to move close to the top rank of universities in spite of the major funding gaps between us and the public universities at the top.

The primary emphasis of the University has been to maintain and improve the quality of our educational and research programs. The number of tenure/tenure track faculty is about right for our number of students, with the number of students per faculty member, 21.5, that is about equal to the peer mean 22.1. The number of staff, however, is 70% too small. While Maryland has 6.4 students per staff member, the peer group average is 3.8. And while Maryland has 3.3 staff members per faculty member, the peer group average has 5.9. The shortfall in staff is reflected in the operating expenditures that are about 15% below the peer average. The number of Maryland’s vice presidents (6) is on par with peers and the number of assistant vice presidents (19) is 20% fewer than our peer average. The average salary for all UM vice presidents is lower than average among peers.

From 1996 to 2002, the campus funding, consisting of State general fund appropriations plus tuition support per student, has been $3,000 to $4,000 per student below the average of the peer group. As a consequence, the operating budget has been at least $80 million short of the average of our peers every year. The operating budget reduction in FY04 of $81 million ($54 million in cuts plus $27 million in mandatory increases) was partially offset
by the tuition increases ($39 million) but it will result in a substantially
greater comparative shortfall because other universities have not
experienced reductions of this magnitude.

**Funding Comparisons: UM and Peers**

A comparison of funding resources available to UM and to its peers shows
that the University has achieved its remarkable success with less support and
greater efficiency than any of its peers.

**Making It into the Top Echelon**

The University of Maryland is closing the gap, but we must have the State's
commitment to go the full distance. The comparison with our peers above
allows us all to gauge our needs and to identify areas in which we fall short.
If we are to be competitive in quality, we must be competitive in resources
for faculty, for students, and for programs. Our gains are threatened by
severe reductions in funding. We are now fighting to maintain the quality
education we have pledged not to compromise.

**The Path Forward**

The pathway forward that will preserve access and affordability and
simultaneously provide the quality needed to build the great university will
be lighted by a partnership in funding of the State, the students and the
university. With the peer average funding as the guide for the expected
quality and performance, the partnership needs to distribute the
responsibility for providing these funds in a responsible manner.

- The University needs to assume responsibility for raising a substantial
  fraction of its budget through research grants, fund raising and its
  auxiliary enterprises. That amount needs to be consistent with the
  quality and standard of its peer group. The University stands ready to
take on this challenge.

- The students and their families will also have to support their
  education through tuition. To balance increasing tuition and keep
  access open for all qualified applicants, we must balance aid available.
  Overall, more scholarship support is needed.

- The State will have to play a significant role if both access and quality
  are going to be sustained. For FY 05 the state general fund is expected
to be 26% of the operating budget. (For FY 04, it is 27% or $306
  million out of $1.13 billion, down from 34% in 1998.) Whether the
State supports the students directly through financial aid or the University or both, a substantial infusion of resources is needed now to maintain the momentum of achievement that has been created.

To build a university as good as any in the country costs money and takes time. After the 1988 commitment, the University leadership and faculty moved forward as energetically as they could, going on the inspiration and hope generated by a spurt in funding. However, after the State's 1990 economic recession and its consequences, the University was able to make only incremental advances. In 1998, the State began again to pursue in earnest a university of national caliber as Figure 1 illustrates. By FY02, funding levels had just returned to the level of support of FY90. The University put the State's funding to good use. Its rapid rise into the top echelon of public research universities in the last five years is clearly tied to the increasing State support.

As our reputation for academic excellence increases, we have identified several steps that are critical to continue our momentum, and development of the biosciences is at the top of this list. Excellence in the biosciences is a hallmark of all great U.S. universities, it is essential to foster the growth of the biotechnology industry in the State, and it is the first priority for federal research dollars. The University has already laid the foundation for development of the biosciences, and our efforts are paying off. We have incubated new biotech companies, we have developed substantial collaborations in both graduate education and research with NIH, FDA and other members of the University System, and we have hired outstanding faculty. The proposed biosciences research building is absolutely essential to bringing to fruition the substantial investments we have made.