

**R30B23**  
**Bowie State University**  
**University System of Maryland**

***Operating Budget Data***

(\$ in Thousands)

	<b>FY 04</b>	<b>FY 05</b>	<b>FY 06</b>	<b>FY 05-06</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	\$20,712	\$21,006	\$21,935	\$929	4.4%
Other Unrestricted Funds	35,705	37,933	39,215	1,282	3.4%
Total Unrestricted Funds	56,417	58,939	61,151	2,212	3.8%
Restricted Funds	<u>13,616</u>	<u>16,500</u>	<u>16,500</u>	<u>0</u>	
<b>Total Funds</b>	<b>\$70,033</b>	<b>\$75,439</b>	<b>\$77,651</b>	<b>\$2,212</b>	<b>2.9%</b>
Contingent & Back of Bill Reductions					
<b>Adjusted Total</b>	<b>\$70,033</b>	<b>\$75,439</b>	<b>\$77,651</b>	<b>\$2,212</b>	<b>2.9%</b>

- General funds increase by \$929,369, or 4.4% over fiscal 2005.
- Other unrestricted funds grow mostly from a tuition and fee revenue increase of \$1.9 million, which is 6.9% above fiscal 2005.

***Personnel Data***

	<b>FY 04</b>	<b>FY 05</b>	<b>FY 06</b>	<b>FY 05-06</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>
Regular Positions	413.00	427.00	427.00	0.00
Contractual FTEs	<u>155.35</u>	<u>136.10</u>	<u>136.10</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>568.35</b>	<b>563.10</b>	<b>563.10</b>	<b>0.00</b>

***Vacancy Data: Regular Positions***

Turnover, Excluding New Positions	10.97	2.57%
Positions Vacant as of 12/31/04	24.00	5.6%

- There were no personnel changes in the fiscal 2006 allowance.

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

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## ***Analysis in Brief***

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### **Major Trends**

***Bowie State University's (BSU) Retention and Graduation Rates Expected to Improve:*** In fiscal 2005 and 2006, BSU expects its second-year retention and six-year graduations rates to increase significantly over fiscal 2004 levels.

***100% Passing Rate for Praxis II Exam Anticipated:*** The estimated passing rate for the Praxis II exam is estimated to be 100% in fiscal 2005 and 2006 up from 73% in fiscal 2004.

### **Issues**

***Plans Set for Achieving Administrative and Academic Efficiencies:*** The University System of Maryland (USM) has begun an ambitious efficiency initiative. BSU's share of the administrative savings in fiscal 2006 is \$477,081. Faculty workload increases are a key part of USM's academic efficiencies, but the workload at BSU was already above the Board of Regents' range in fiscal 2004.

***Affordability in Spotlight at BSU and across USM:*** Tuition increases at BSU are above the USM average in fiscal 2006. BSU institutional aid focuses more on need-based aid than the USM average.

***More Selected Executive Salaries below Median Than Mid-level Administrative Salaries:*** Three of the five executive salaries reported are below the national median. The majority of mid-level administrative salaries are above regional medians.

***Personnel Changes:*** There were no changes in personnel from fiscal 2005. Regular positions have increased by 3% and contractual positions decreased by 12% over fiscal 2004.

***Fund Balance and Facilities Maintenance Put Pressure on Unrestricted Funds:*** USM has begun a plan to improve the institutions' ratio of fund balance to debt after the system's credit rating was downgraded in 2004. At BSU, fund balance has grown from \$3 million in fiscal 1999 to \$4.2 million in fiscal 2004.

### **Recommended Actions**

1. Concur with Governor's allowance.

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***Operating Budget Analysis***

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**Program Description**

Bowie State University (BSU) was established in 1865 as Maryland's first historically black institution (HBI). BSU is a regional comprehensive university offering a broad array of baccalaureate programs, including business, education, social work, nursing, and selected professionally oriented master's programs. BSU also offers doctoral degrees in education and educational leadership. BSU has recommitted itself to becoming the "premier teacher of teachers."

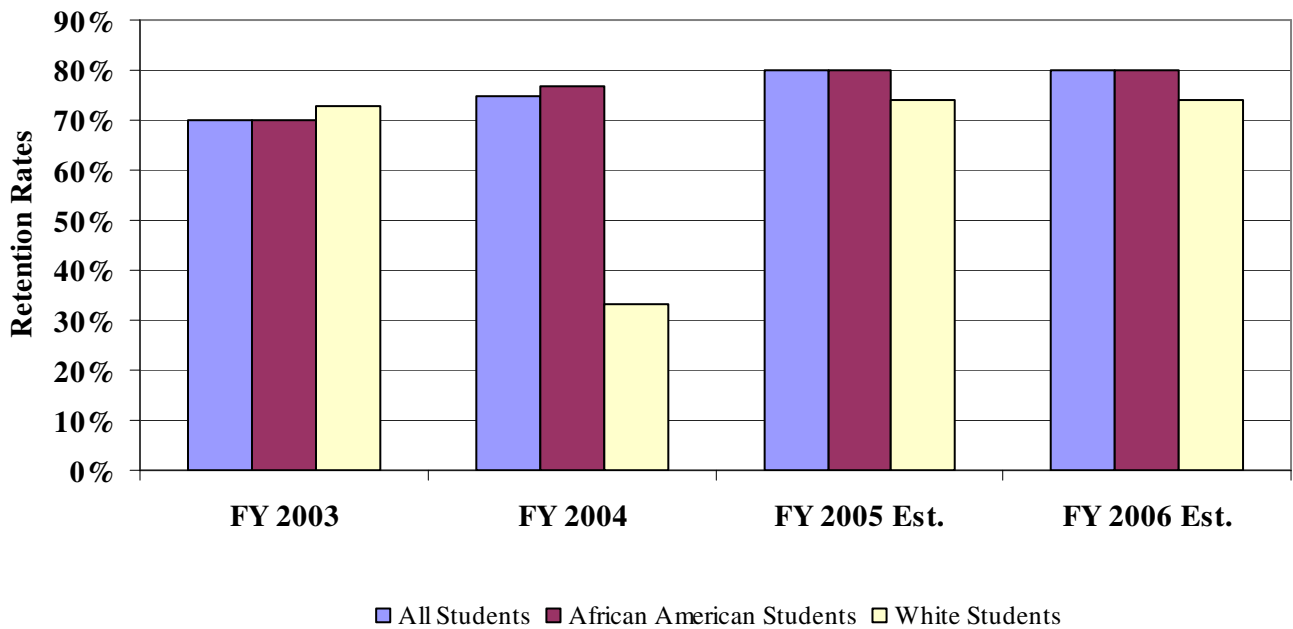
The university is committed to increasing diversity in its student population and providing under-represented minorities with the opportunity to earn advanced degrees in computer science, mathematics, information technology, and education.

BSU's undergraduate programs are designed to serve the top one-half of recent high school graduates from Maryland and nearby states. Selected students who are not in the top one-half of their class but demonstrate leadership qualities, academic potential, and the motivation to learn may be accepted and guided toward the achievement of their goals.

**Performance Analysis: Managing for Results**

Retention and graduation rates are a critical focus of comprehensive institutions. By fall 2005, BSU's goal is to increase the second-year retention rate for all students and African American students to 80%. In fiscal 2005 and 2006, BSU expects to meet this goal, improving its retention rate 10 percentage points over fiscal 2003, as shown in **Exhibit 1**. Only two of BSU's national peers have a higher second-year retention rate. The retention rate for African American students is expected to improve equally as well as the overall rate. However, after declining 40 percentage points in fiscal 2004, the retention rate for white students is expected to increase only 1 percentage point over fiscal 2003.

**Exhibit 1  
Second-year Retention Rates**

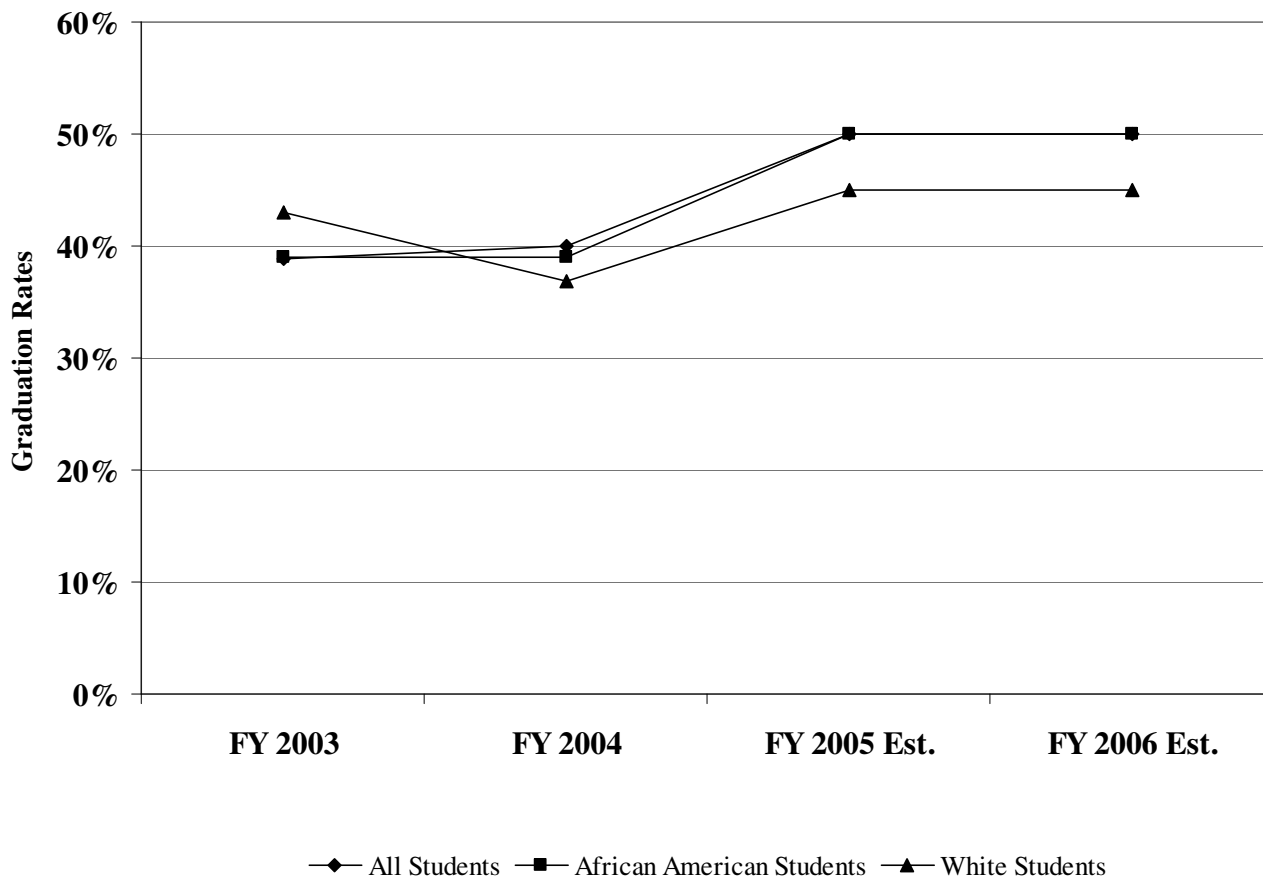


Source: Bowie State University

**Exhibit 2** shows the six-year graduation rate for all students, African American students, and white students since fiscal 2003. The exhibit illustrates that in fiscal 2005, the graduation rate for each category of students is expected to increase significantly and remain at the same level in fiscal 2006. As a result, the rates for all students and African American students would be the same. BSU's six-year graduation rate exceeds the average of its peer institutions in fiscal 2003. **The President should comment on BSU's efforts to significantly increase graduation rates over the most recent actual graduation rates.**

**The President should also comment on the impact of Access and Success funds on retention and graduation rates.**

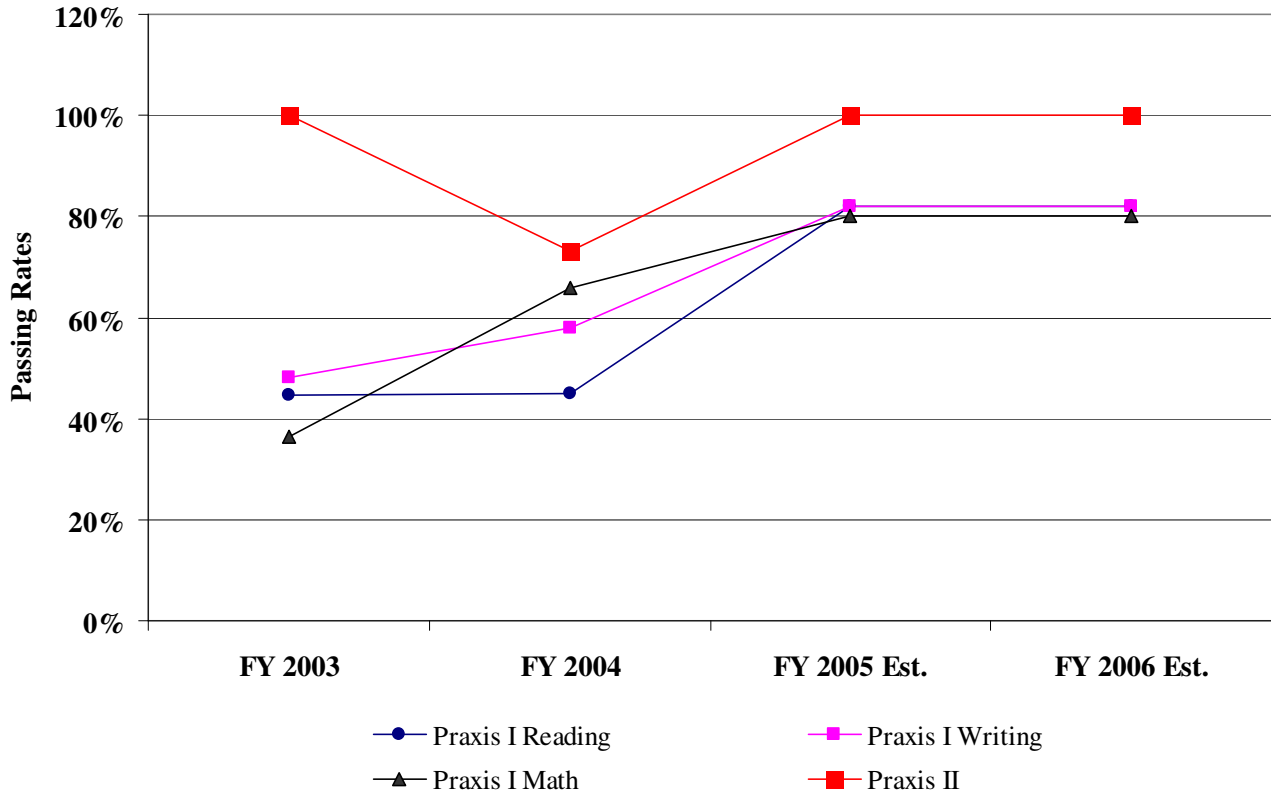
**Exhibit 2  
Six-year Graduation Rates**



Source: Bowie State University

BSU is committed to serving the State’s need to produce and maintain a qualified workforce in K-12 teacher education. To teach in Maryland public schools, graduates must pass the Praxis I exam, a national exam testing general and communication skills, and the Praxis II exam, which tests specialized teaching skills. **Exhibit 3** shows the passing rates for each category of the Praxis I exam and the Praxis II exam. BSU’s goal was to achieve a 75% passing rate on all three categories of Praxis I by fall 2004. BSU expects passing rates for the reading and writing categories to reach 82% and 80% for math. This would improve the passing rates 14 to 37 percentage points to meet and exceed this goal in fiscal 2005 and 2006. The estimated passing rate for the Praxis II exam is estimated to be 100% in fiscal 2005 and 2006 up from 73% in fiscal 2004. **The President should comment of BSU’s efforts to achieve these goals for the Praxis I and II passing rates.**

**Exhibit 3  
Praxis I and II Rates**



Source: Bowie State University

**Governor's Proposed Budget**

As **Exhibit 4** shows, the general fund allowance for fiscal 2006 is \$21.9 million. This reflects a \$929,369 increase from the 2005 level, or an increase of 4.4%. The additional general funds will support increases in fuel and utility prices and other mandatory costs. Additionally, BSU will increase its institutional aid. Other unrestricted funds grow by 3.4%, or \$1.3 million over fiscal 2005. Tuition and fee revenues account for nearly 77% of other unrestricted funds in fiscal 2006. Overall, the BSU budget increases 2.9%.

**Exhibit 4**  
**Governor’s Proposed Budget**  
**Bowie State University**  
**(\$ in Thousands)**

	<u>FY 04</u> <u>Actual</u>	<u>FY 05</u> <u>Working</u>	<u>FY 06</u> <u>Allowance</u>	<u>FY 05-06</u> <u>\$Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$20,712	\$21,006	\$21,935	\$929	4.4%
Other Unrestricted Funds	35,705	37,933	39,215	1,282	3.4%
Total Unrestricted Funds	56,417	58,939	61,151	2,212	3.8%
Restricted Funds	13,616	16,500	16,500	0	0.0%
<b>Total Funds</b>	<b>\$70,033</b>	<b>\$75,439</b>	<b>\$77,651</b>	<b>\$2,212</b>	<b>2.9%</b>

Source: Maryland State Budget

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Unrestricted fund budget changes in the allowance by program are shown in **Exhibit 5**. This exhibit considers only unrestricted funds, which are comprised mostly of general funds and tuition and fee revenues. Between fiscal 2002 and 2005, academic support expenditures decreased 25.4% at the same time institutional support and scholarships and fellowships increased 30% and 24% respectively. These changes were the result of administrative decisions made in light of reduced State appropriations. BSU decided to redirect resources to the operational units that had the most impact on students. The decreased expenditures, particularly in academic support, reflect the lay-offs and furloughs that came about from the decline in funding. Institutional support expenditures increased during this period due to the cost of implementing PeopleSoft software. And finally increases in scholarship and fellowship expenditures represent additional allocations to help offset tuition increases for students with need.

Tuition and fee revenue increased by 50%, between fiscal 2002 and 2005. During the same period, there was an 8% decline in general fund support. In fiscal 2005, BSU also received a 143% increase in funds earmarked for the State’s HBIs over fiscal 2002. As part of the State’s agreement with the U.S. Department of Education’s Office for Civil Rights, (OCR), BSU received an additional \$2.7 million in funds specific to HBIs. **The President should comment on how the HBI-specific enhancement funds have been utilized in accordance with the OCR agreement.**

**Exhibit 5**  
**Budget Changes for Current Unrestricted Funds by Program**  
**Fiscal 2002, 2005 and 2006**  
**(\$ in Thousands)**

	<u>FY 2002</u>	<u>FY 2005</u> <u>Working</u>	<u>FY 02-05</u> <u>% Change</u>	<u>FY 2006</u> <u>Allowance</u>	<u>FY 05-06</u> <u>\$ Change</u>	<u>FY 05-06</u> <u>% Change</u>
<b><u>Expenditures</u></b>						
Instruction	\$16,684	\$19,908	19.3%	\$20,363	\$455	2.3%
Research	93	16	-82.8%	16	0	0.0%
Public Service	10	0	-100.0%	0	0	0.0%
Academic Support	5,222	3,896	-25.4%	4,056	160	4.1%
Student Services	2,692	3,014	12.0%	2,964	-50	-1.7%
Institutional Support	9,577	12,485	30.4%	13,299	814	6.5%
Operation and Maintenance of Plant	6,897	7,612	10.4%	8,615	1,003	13.2%
Scholarships and Fellowships	2,522	3,131	24.1%	3,444	313	10.0%
<b>Subtotal Education and General</b>	<b>\$43,697</b>	<b>\$50,062</b>	<b>14.6%</b>	<b>\$52,757</b>	<b>\$2,695</b>	<b>5.4%</b>
Auxiliary Enterprises	\$7,176	\$8,876	23.7%	8,394	-482	-5.4%
<b>Total</b>	<b>\$50,873</b>	<b>\$58,938</b>	<b>15.9%</b>	<b>\$61,151</b>	<b>\$2,213</b>	<b>3.8%</b>
Funds Specific to HBIs*	1,125	2,735	143.1%	2,735	0	0.0%
<b>Adjusted Total</b>	<b>\$51,998</b>	<b>\$61,673</b>	<b>18.6%</b>	<b>\$63,886</b>	<b>\$2,213</b>	<b>3.6%</b>
<b><u>Revenues</u></b>						
Tuition and Fees	\$18,712	\$28,127	50.3%	\$30,058	\$1,931	6.9%
General Funds	22,725	21,006	-7.6%	21,935	929	4.4%
Other	1,323	1,315	-0.6%	1,266	-49	-3.7%
<b>Subtotal</b>	<b>\$42,760</b>	<b>\$50,448</b>	<b>18.0%</b>	<b>\$53,259</b>	<b>\$2,811</b>	<b>5.6%</b>
Auxiliary Enterprises	\$7,562	\$9,078	20.0%	\$9,286	\$208	2.3%
Transfers (to) from fund balance	551	-588	-206.7%	-1,394	-806	137.1%
<b>Total</b>	<b>\$50,873</b>	<b>\$58,938</b>	<b>15.9%</b>	<b>\$61,151</b>	<b>\$2,213</b>	<b>3.8%</b>
Funds Specific to HBIs*	\$1,125	\$2,735	143.1%	\$2,735	\$0	0.0%
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\*Funds for Access/Success program, HBI enhancement, and PDIP funds; in Maryland Higher Education Commission budget.

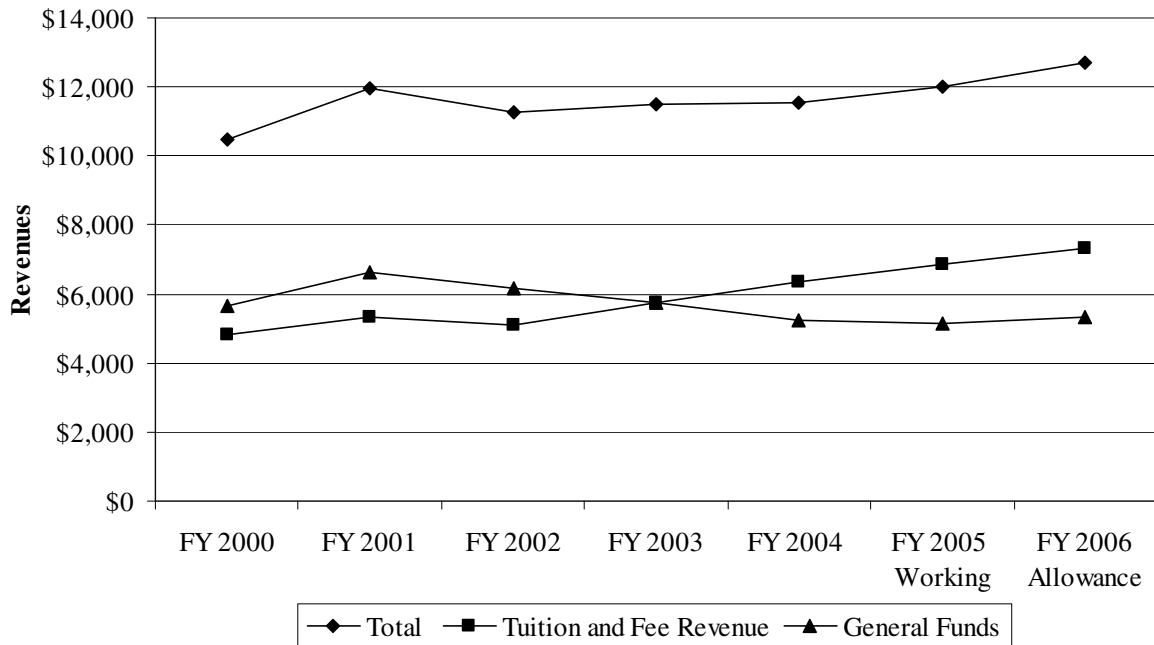
PDIP – Private Donation Incentive Program

Source: Governor's Budget Books, fiscal 2004 – 2006

**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 2000 through 2006. Unlike other Maryland HBIs, tuition and fee revenue at BSU began exceeding general fund support in fiscal 2004. Between fiscal 2000 and 2006, tuition and fee revenue per FTES will have increased by 52% with a 7.2% annual rate of growth. General fund revenue per FTES, on the other hand, will have declined by 5.5% during the same period. In the Governor’s allowance, tuition and fee revenue per FTES will surpass general fund support by nearly \$2 million. BSU will also receive a portion of funds specific to HBIs through the Maryland Higher Education Commission. These funds will reduce the gap between tuition and fees and general fund revenues.

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



Note: Historically black institution enhancements are not included in calculations.

Source: Governor’s Budget Books, fiscal 2003 – 2006; University System of Maryland

## *Issues*

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### **1. Plans Set for Achieving Administrative and Academic Efficiencies**

Given the continuing constrained State fiscal environment, the University System of Maryland (USM) Board of Regents examined how the system can improve its efficiency. After more than a year of study, USM unveiled its efficiency and effectiveness plan in October 2004. The system will pursue more than a dozen initiatives beginning in fiscal 2006, and some of them will continue through 2008.

In its report, USM estimates fiscal effects for administrative and academic efficiency initiatives. Across USM institutions, administrative cost savings are expected to be \$17.1 million in fiscal 2006. These savings are built into the 2006 allowance, meaning estimates of mandatory cost increases would be \$17.1 million higher without the efficiency savings.

BSU's share of the administrative savings is estimated at \$477,081. To achieve these savings, BSU will implement several academic and administrative efficiencies. The academic efficiencies will include consolidating or eliminating low enrollment classes and putting syllabi and grade reports on-line to eliminate printing and mailing costs. The administrative efficiencies will include utilizing student workers instead of filling contingent or regular positions, utilizing current staff for PeopleSoft/Post Go-Live operations and training, and creating on-line monthly reports.

#### **Faculty Workload at High End of Regents' Range**

For the 2003-2004 academic year, the USM Board of Regents' policy called for an expected instructional workload range of seven to eight course units per tenured/tenure-track faculty member at USM comprehensive institutions. BSU faculty workload increased in fiscal 2004 to 8.4 average course units taught, as shown in **Exhibit 7**. This places them well above the comprehensive average of 7.5 and above the workload range recommended by the Board of Regents.

**The President should comment on the challenges and opportunities provided by the efficiency initiatives. The President should also comment on alternative initiatives to achieve academic efficiencies. The President should also discuss the impact of the workload exceeding the range recommended by the Board of Regents on faculty recruitment and retention.**

**Exhibit 7**  
**Average Course Units Taught by Tenured and Tenure-track Faculty**

	<u>1999-2000</u> <u>Courses/FTEF</u>	<u>2000-2001</u> <u>Courses/FTEF</u>	<u>2001-2002</u> <u>Courses/FTEF</u>	<u>2002-2003</u> <u>Courses/FTEF</u>	<u>2003-2004</u> <u>Courses/FTEF</u>
BSU	7.6	8.0	7.3	8.2	8.4
All USM Comprehensives	7.1	7.4	7.0	7.0	7.5

Notes: Tenured and tenure-track faculty include those on sabbatical and exclude department chairs.  
 The Board of Regents standard for instructional workload at comprehensive institutions is seven to eight units annually.

FTEF = Full-time equivalent faculty

Source: University System of Maryland

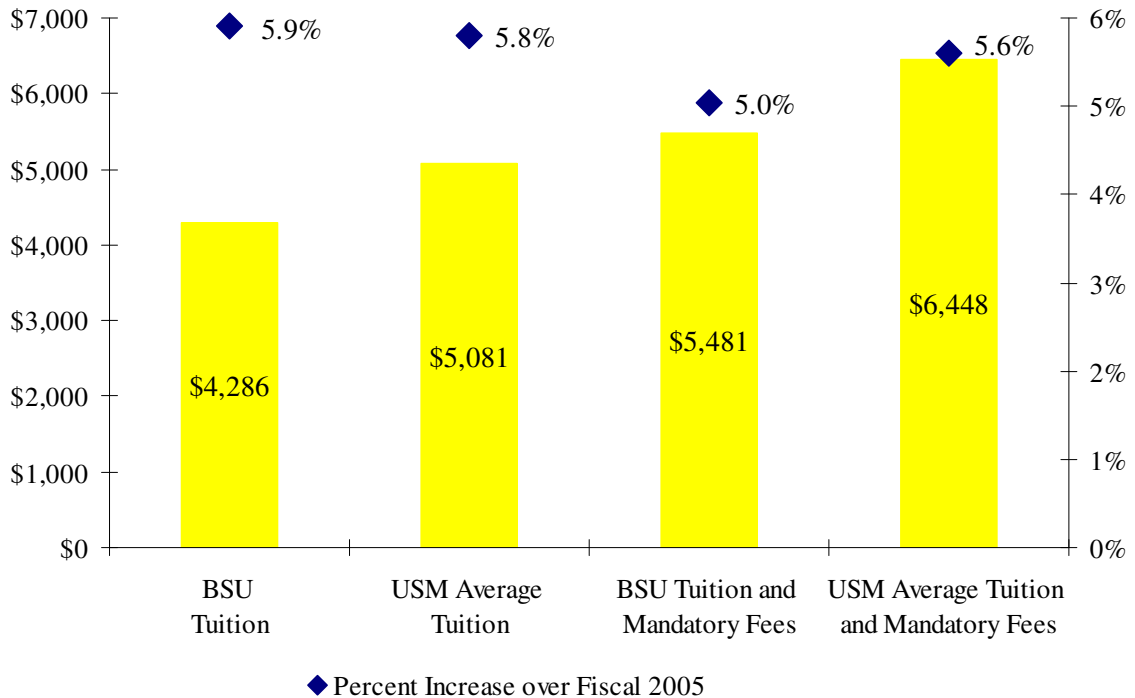
## 2. Affordability in Spotlight at BSU and across USM

Affordability continues to be a concern for Maryland public education. In *Measuring Up 2004*, a national report card for higher education, Maryland's grade dropped from D- to F in the affordability category that 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.

### Tuition and Fee Increases Less Than USM Average

A factor that directly affects affordability is tuition and fee rates. For fiscal 2006, the USM weighted average tuition rate increases 5.8% as shown in **Exhibit 8**. By comparison, BSU's tuition rate increases 5.9%. Considering tuition and mandatory fees combined, the USM weighted average increases 5.6%. BSU tuition and mandatory fees increase 5.0%.

**Exhibit 8  
Bowie State University  
Tuition and Mandatory Fees for Resident Undergraduates  
Fiscal 2006**



Note: University System of Maryland averages are weighted.

Source: University System of Maryland fiscal 2006 Board of Regents budget request

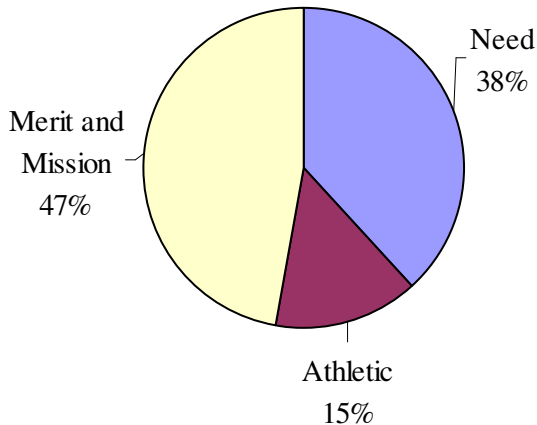
**Institutional Aid Focuses on Non-need**

Another factor that affects affordability is financial aid. Categories of institutional financial aid include merit, need, athletic, and mission. Data on funding amounts is available only in categories of need, athletic, and a combination of merit and mission. In summer 2004, the USM Chancellor convened a task force on financial aid, which found that much more aid should be directed to the need-based category.

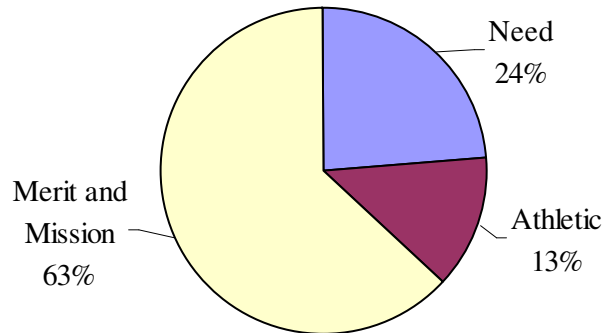
At BSU, less than half (47%) of institutional aid is merit and mission based, 38% is need-based, and 15% is athletic as shown in **Exhibit 9**. Compared to the distribution of institutional aid of USM as a whole, BSU’s need-based share is 14% more than the USM average. Institutional aid is one type of aid students may receive to supplement State and federal aid. **The President should comment on BSU’s future financial aid strategies.**

**Exhibit 9  
Institutional Financial Aid**

**Bowie State University**



**University System of Maryland**



	<u>Need</u>	<u>Athletic</u>	<u>Merit and Mission</u>
BSU	\$921,855	\$351,114	\$1,138,916
USM Total	12,694,130	6,931,735	33,664,525

Source: Maryland Higher Education Commission Financial Aid Information Systems Report, September 2004

**3. More Selected Executive Salaries below Median Than Mid-level Administrative**

An analysis of administrative salaries by the Department of Legislative Services found that average faculty salaries at Maryland’s four-year public higher education institutions vary widely compared to peers in other states. The administrative salary analysis is based on fiscal 2004 data from the College and University Professional Association (CUPA) for Human Resources. USM uses these salary data for benchmarking. About half of the data is from private institutions, which have higher average salaries than public institutions. So USM is likely benchmarking against a higher paid group than its public peers. Salaries for positions at or above the director level are reported with executive-level data, while positions below the director level are reported in mid-level data.

**Executive-level Salaries**

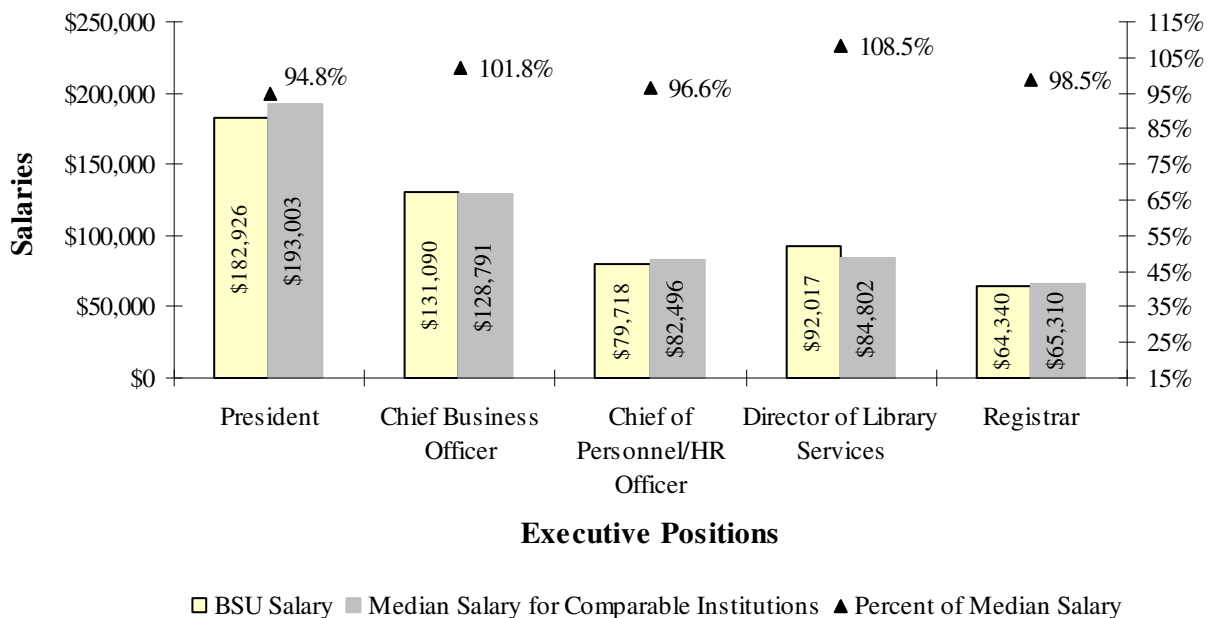
Five executive positions (president, chief business officer, chief of personnel, director of library services, and registrar) were selected for the comparison to represent several functional administrative areas. For executive-level positions, CUPA categorizes institutions according to their operating budget size and compares them on a national level since institutions draw from a nationwide pool to fill top-level vacancies. The fiscal 2004 data represents 1,379 institutions, of which 52% are public and 48% are private.

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A comparison of the fiscal 2004 salaries of five executive positions at BSU and median salaries at similar-size institutions is shown in **Exhibit 10**. As the exhibit shows, three of the five reported positions are below the median salaries for comparable institutions. This includes the salary of the president of BSU, which is approximately \$10,000 less than the median comparable salary placing it at 95% of the median. The salary for the chief of personnel position is also below comparable median salaries, earning \$79,718 compared to \$82,496.

The chief business officer and the director of library services each earn above the comparable median salaries. The chief business officer earns nearly \$2,300 above the median, and the director of library services earns more than \$7,200 above the median. All of these salaries are within the Board of Regents’ target range of the fiftieth to seventy-fifth percentile rank for executive positions.

**Exhibit 10  
Executive Salaries  
Fiscal 2004**



Source: College and University Professional Association for Human Resources; Department of Legislative Services

**Mid-level Salaries**

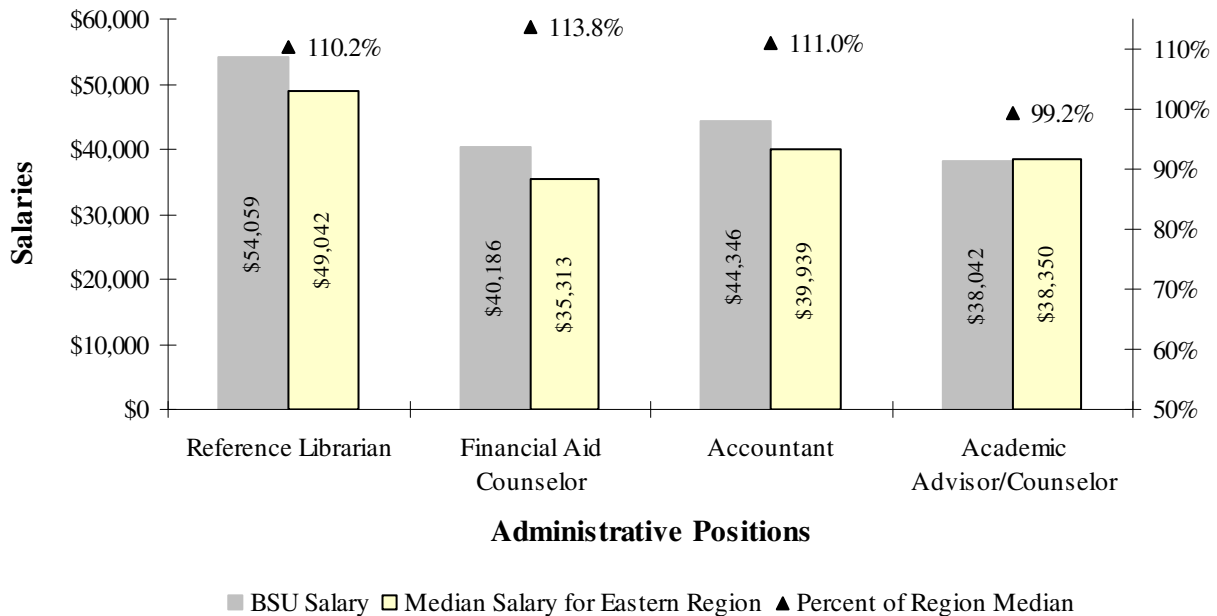
For mid-level administrative positions, five positions were selected for comparison – financial aid counselor, accountant, academic advisor, senior accountant, and security guard. Like the executive positions, they represent several functional areas. CUPA data for mid-level comparisons are condensed into a regional median since recruitment for these positions is usually regional.

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The regional medians reported by CUPA for each position apply to all institutions in the region regardless of their budget sizes. The mid-level salary survey had 1,131 institutions responding, and public and private institutions each accounted for approximately 50% of the sample. For purposes of the survey, the eastern region includes Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

The mid-level administrative data, as shown in **Exhibit 11**, reveals a different pattern than that of executive salaries. Three of the four positions reported salaries are above the median for the region. Only the academic advisor salary is below the median, but only by \$308.00. The other three positions are between \$4,400 and \$5,000 above the median salaries. All of these salaries are within the Regents’ target range of the fiftieth to seventy-fifth percentile rank for mid-level positions. **The President should comment on the impact of average salaries at BSU on executive position recruitment and retention.**

**Exhibit 11**  
**Mid-level Administrative Salaries**  
**Fiscal 2004**



Source: College and University Professional Association for Human Resources; Department of Legislative Services

#### 4. Personnel Changes

The total BSU workforce, regular and contractual, is 563 in the fiscal 2006 allowance. There is no change from fiscal 2005. In the allowance, regular positions increase by 3% and contractual positions decrease by 12% over fiscal 2004. These numbers include filled and unfilled positions.

BSU, as of December 2004, has a vacancy rate of 5.6% for regular positions. This is among the higher vacancy rates of the USM institutions. The system average is 4.8%. There are 6 vacancies among State-supported faculty, and more vacancies among exempt positions than non-exempt.

The composition of BSU personnel has changed somewhat since fiscal 2002, as shown in **Exhibit 12** (the data in this exhibit are for filled regular positions only). Instructional personnel – who fulfill the institution’s core mission – account for the largest share of total personnel, and this share has increased from 41.7% in fiscal 2002 to 47.2% in fiscal 2005. On the other hand, the number of filled positions for most other budget programs is lower in fiscal 2005 than in fiscal 2002. BSU’s proportion of instructional personnel (47%) is larger than the USM average (33%) in fiscal 2005. **The President should comment on BSU’s ability to hold the instructional share of personnel steady.**

**Exhibit 12**  
**Personnel by Budget Program**  
**Bowie State University**  
**Fiscal 2002, 2004 and 2005**

<u>Budget Program</u>	<u>FY 2002</u>		<u>FY 2004</u>		<u>FY 2005</u>		<u>Change in Share of Total FY 02-05</u>
	<u>FTEs</u>	<u>%FTEs</u>	<u>FTEs</u>	<u>%FTEs</u>	<u>FTEs</u>	<u>%FTEs</u>	
Instruction	166.00	41.7%	158.00	38.9%	189.00	47.2%	5.5%
Research	5.00	1.3%	8.00	2.0%	4.75	1.2%	-0.1%
Public Service	0.00	0.0%	1.00	0.2%	0.00	0.0%	0.0%
Academic Support	40.00	10.1%	47.00	11.6%	34.75	8.7%	-1.4%
Student Services	32.00	8.0%	38.00	9.4%	34.00	8.5%	0.4%
Institutional Support	107.00	26.9%	110.00	27.1%	102.00	25.5%	-1.4%
Operations and Maintenance of Plant	28.00	7.0%	29.00	7.1%	23.00	5.7%	-1.3%
Auxiliary Enterprises	20.00	5.0%	15.00	3.7%	13.00	3.2%	-1.8%
Scholarships and Fellowships	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.0%
<b>Total</b>	<b>398.00</b>	<b>100.0%</b>	<b>406.00</b>	<b>100.0%</b>	<b>400.50</b>	<b>100%</b>	

Source: Bowie State University

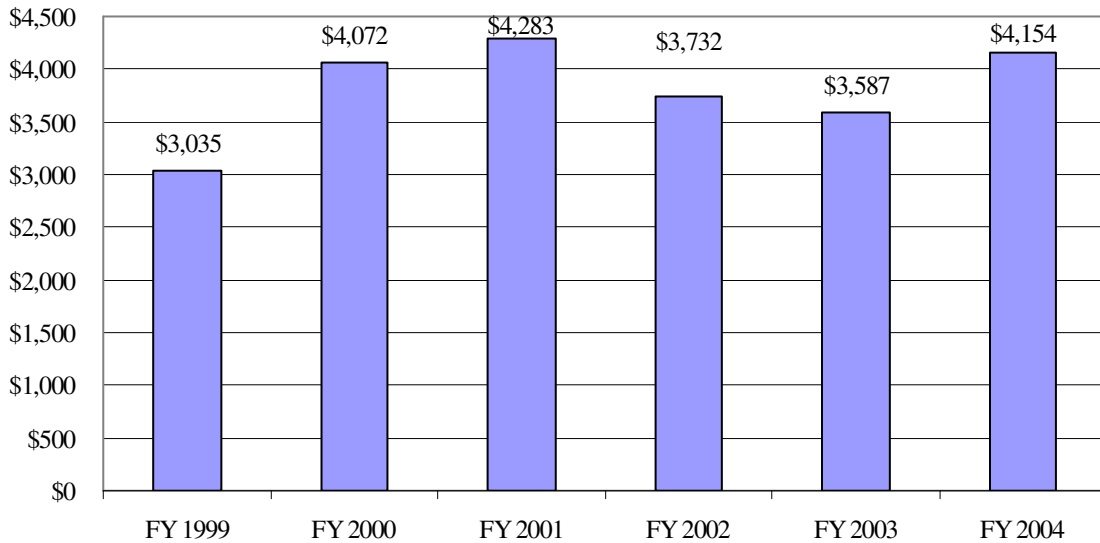
## 5. Fund Balance and Facilities Maintenance Put Pressure on Unrestricted Funds

Fund balance is an important part of the assets against which debt is issued. In May 2004, Standard & Poor’s Rating Services lowered the rating on USM debt from AA+ to AA. In response, USM has a systemwide program to improve the ratio of fund balance to debt. As shown in **Exhibit 13**, BSU’s fund balance has increased from \$3 million in fiscal 1999 to \$4.2 million in 2004. Institutions can build up fund balance by not spending all of their unrestricted funds.

Facilities maintenance needs also are putting pressure on unrestricted funds. Systemwide, the backlog for facilities maintenance and renewal projects is estimated at \$1.7 billion. At BSU, projects that need to be addressed within the next five years are estimated at another \$6 million, the subsequent five years, 2011 through 2016, are estimated at \$48 million. These projects include structural repairs to two academic buildings and roof repairs to the administration building.

A 1992 Regents’ policy states that each year system institutions are supposed to set aside funds for maintenance in their operating budgets equal to 2% of the replacement value of all capital assets. Systemwide, the spending is about 0.63%, including operating funds and capital funds channeled through the USM office. **The President should comment on the outlook for contributing unrestricted funds to fund balance and facilities maintenance.**

**Exhibit 13**  
**Unrestricted Fund Balance**  
**Fiscal 1999 – 2004**  
**(\$ in Thousands)**



	<u>Fiscal</u> <u>1999</u>	<u>Fiscal</u> <u>2000</u>	<u>Fiscal</u> <u>2001</u>	<u>Fiscal</u> <u>2002</u>	<u>Fiscal</u> <u>2003</u>	<u>Fiscal</u> <u>2004</u>
Fund Balance	\$3,035,250	\$4,072,075	\$4,283,179	\$3,732,239	\$3,586,531	\$4,153,644
Change		1,036,825	211,104	-550,940	-145,708	567,113

Note: Amounts reflect ending fund balances.

Source: Maryland State Budget Books

***Recommended Actions***

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1. Concur with Governor's allowance.

## *Current and Prior Year Budgets*

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<b>Current and Prior Year Budgets</b>					
<b>Bowie State University</b>					
(\$ in Thousands)					
	<b><u>General</u></b>	<b><u>Other</u></b>	<b><u>Total</u></b>	<b><u>Restricted</u></b>	<b><u>Total</u></b>
<b>Fiscal 2004</b>	<b><u>Fund</u></b>	<b><u>Unrestricted</u></b>	<b><u>Unrestricted</u></b>	<b><u>Fund</u></b>	
Legislative Appropriation	\$21,595	\$35,047	\$56,642	\$13,650	\$70,292
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	990	990	2,850	3,840
Cost Containment	-883	0	-883	0	-883
Reversions and Cancellations	0	-333	-333	-2,884	-3,217
<b>Actual Expenditures</b>	<b>\$20,712</b>	<b>\$35,704</b>	<b>\$56,416</b>	<b>\$13,616</b>	<b>\$70,032</b>
<b>Fiscal 2005</b>					
Legislative Appropriation	\$20,706	\$37,906	\$58,612	\$13,650	\$72,262
Budget Amendments	300	27	327	2,850	3,177
<b>Working Appropriation</b>	<b>\$21,006</b>	<b>\$37,933</b>	<b>\$58,939</b>	<b>\$16,500</b>	<b>\$75,439</b>

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

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## **Fiscal 2004**

BSU's general funds were reduced \$883,122 in fiscal 2004 through the Governor's July 2003 cost containment action. Other unrestricted funds increased \$990,379 through budget amendments primarily due to:

- an increase of \$420,001 due to an increase in auxiliary enterprise activity, which includes residence halls, food services, and parking;
- an increase of \$1.4 million in tuition and fee revenue;
- a decrease of \$200,000 due to the discontinuation of some federal contracts and grants;
- a decrease of \$262,909 due to a transfer to fund balance; and
- a decrease of \$198,109 to represent the amount of the General Assembly's general fund reduction in fiscal 2004 that was not originally deducted from the total unrestricted fund appropriation.

Other unrestricted funds were further reduced by \$332,641 in cancellations because enrollment was less than budget projections estimated.

A budget amendment increased restricted funds by \$2.9 million due to an increase in contracts and grants, an increase in federal Pell grants, and enhancement funds from the Maryland Higher Education Commission.

Restricted funds were reduced by \$2.9 million in cancellations due to over-estimates of federal contracts and grants.

## **Fiscal 2005**

Additional general funds cover costs associated with the fiscal 2005 general salary increase for State employees.

Budget amendments added a net increase of \$26,406 in other unrestricted funds. Significant changes include:

- a decrease of \$615,606 in revenue from tuition and fees and auxiliary sales and services because the number of students attending a mini session was overestimated;
- a decrease of \$202,453 in grants and contracts for the Prince George's County Teacher Program; and
- an increase of \$754,529 due to a transfer from fund balance.

A budget amendment increased restricted funds by \$2.9 million due to increased federal and State contracts and grants.

## ***Audit Findings***

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Audit Period for Last Audit:	January 8, 2001 – January 12, 2004
Issue Date:	December 2004
Number of Findings:	15
Number of Repeat Findings:	5
% of Repeat Findings:	33%
Rating: (if applicable)	

- Finding 1:** BSU had not established procedures to ensure that collections initially received and recorded at various campus locations were adequately controlled prior to deposit and deposited timely.
- Finding 2:** BSU did not always take appropriate action to collect outstanding student account balances, and periodic reconciliations of student accounts receivable records were not performed.
- Finding 3:** Independent verifications of the propriety of financial aid awards and student residency status determinations recorded in the student records were not performed.
- Finding 4:** Proper internal controls were not established over the processing of certain purchasing and disbursement transactions.
- Finding 5:** BSU did not always procure goods and services, including bus purchases totaling \$750,000, in accordance with established policies.
- Finding 6:** The computer network was not adequately secured.
- Finding 7:** BSU did not have adequate procedures addressing information systems security and disaster recovery.
- Finding 8:** Certain critical operating aspects of BSU’s financial system were not sufficiently controlled.
- Finding 9:** System accounts, system password, and services were not adequately controlled.
- Finding 10:** Account, password, and monitoring controls over critical applications were inadequate.
- Finding 11:** The internal computer network was not adequately protected because of numerous software vulnerabilities.

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**Finding 12:** BSU had not established adequate control over corporate purchasing card usage, and had not always complied with purchasing card policies and procedures.

**Finding 13:** Proper internal control was not established over BSU's payroll.

**Finding 14:** **Equipment was not adequately controlled and equipment balances were not accurately reported to the USM office.**

**Finding 15:** Internal controls over BSU working funds were inadequate and a cash shortage was not reported to appropriate authorities as required.

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

**Object/Fund Difference Report  
USM – Bowie State University**

<u>Object/Fund</u>	<u>FY04 Actual</u>	<u>FY05 Working Appropriation</u>	<u>FY06 Allowance</u>	<u>FY05 - FY06 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	413.00	427.00	427.00	0	0%
02 Contractual	155.35	136.10	136.10	0	0%
<b>Total Positions</b>	<b>568.35</b>	<b>563.10</b>	<b>563.10</b>	<b>0</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 28,602,747	\$ 30,752,412	\$ 31,381,849	\$ 629,437	2.0%
02 Technical & Spec Fees	11,244,118	10,212,192	10,456,276	244,084	2.4%
03 Communication	594,127	670,609	615,480	-55,129	-8.2%
04 Travel	819,331	770,971	1,046,893	275,922	35.8%
06 Fuel & Utilities	2,562,549	2,779,312	3,139,186	359,874	12.9%
07 Motor Vehicles	11,749	82,622	79,069	-3,553	-4.3%
08 Contractual Services	8,694,653	10,058,588	10,539,305	480,717	4.8%
09 Supplies & Materials	1,399,237	1,766,257	1,733,225	-33,032	-1.9%
10 Equip - Replacement	286,154	174,615	154,615	-20,000	-11.5%
11 Equip - Additional	1,366,320	1,346,266	1,338,091	-8,175	-0.6%
12 Grants, Subsidies, and Contributions	8,486,960	9,361,419	9,701,932	340,513	3.6%
13 Fixed Charges	5,316,917	6,072,797	6,641,825	569,028	9.4%
14 Land & Structures	648,393	1,390,962	823,000	-567,962	-40.8%
<b>Total Objects</b>	<b>\$ 70,033,255</b>	<b>\$ 75,439,022</b>	<b>\$ 77,650,746</b>	<b>\$ 2,211,724</b>	<b>2.9%</b>
<b>Funds</b>					
40 Unrestricted Fund	\$ 56,417,249	\$ 58,939,022	\$ 61,150,746	\$ 2,211,724	3.8%
43 Restricted Fund	13,616,006	16,500,000	16,500,000	0	0%
<b>Total Funds</b>	<b>\$ 70,033,255</b>	<b>\$ 75,439,022</b>	<b>\$ 77,650,746</b>	<b>\$ 2,211,724</b>	<b>2.9%</b>

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

**Fiscal Summary  
USM – Bowie State University**

<u>Program/Unit</u>	<u>FY04 Actual</u>	<u>FY05 Wrk Approp</u>	<u>FY06 Allowance</u>	<u>Change</u>	<u>FY05 - FY06 % Change</u>
01 Instruction	\$ 20,927,659	\$ 22,750,109	\$ 23,204,413	\$ 454,304	2.0%
02 Research	2,208,778	3,872,503	3,872,835	332	0%
03 Public Service	665,800	519,077	519,077	0	0%
04 Academic Support	6,269,883	5,610,138	5,769,987	159,849	2.8%
05 Student Services	3,499,541	3,742,806	3,692,426	-50,380	-1.3%
06 Institutional Support	12,986,432	14,961,438	15,775,341	813,903	5.4%
07 Operation and Maintenance of Plant	7,313,068	7,968,560	8,971,900	1,003,340	12.6%
08 Auxiliary Enterprises	8,859,816	8,876,387	8,393,629	-482,758	-5.4%
17 Scholarships and Fellowships	7,302,278	7,138,004	7,451,138	313,134	4.4%
<b>Total Expenditures</b>	<b>\$ 70,033,255</b>	<b>\$ 75,439,022</b>	<b>\$ 77,650,746</b>	<b>\$ 2,211,724</b>	<b>2.9%</b>
Unrestricted Fund	\$ 56,417,249	\$ 58,939,022	\$ 61,150,746	\$ 2,211,724	3.8%
Restricted Fund	13,616,006	16,500,000	16,500,000	0	0%
<b>Total Appropriations</b>	<b>\$ 70,033,255</b>	<b>\$ 75,439,022</b>	<b>\$ 77,650,746</b>	<b>\$ 2,211,724</b>	<b>2.9%</b>

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.