

R14D00
St Mary's College of Maryland

Operating Budget Data

(\$ in Thousands)

	FY 05 <u>Actual</u>	FY 06 <u>Working</u>	FY 07 <u>Allowance</u>	FY 06-07 <u>Change</u>	% Change <u>Prior Year</u>
General Funds	\$13,978	\$14,593	\$15,906	\$1,313	9.0%
Other Unrestricted Funds	29,375	36,335	37,730	1,395	3.8%
Total Unrestricted Funds	43,353	50,928	53,636	2,708	5.3%
Restricted Funds	<u>2,767</u>	<u>3,600</u>	<u>3,600</u>	<u>0</u>	
Total Funds	\$46,120	\$54,528	\$57,236	\$2,708	5.0%

- General funds increase 9.0%, or \$1.3 million, which is \$875,000 above the formula funding.

Personnel Data

	FY 05 <u>Actual</u>	FY 06 <u>Working</u>	FY 07 <u>Allowance</u>	FY 06-07 <u>Change</u>
Regular Positions	395.00	410.00	414.00	4.00
Contractual FTEs	<u>24.72</u>	<u>26.66</u>	<u>26.51</u>	<u>-0.15</u>
Total Personnel	419.72	436.66	440.51	3.85

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	4.64	1.12%
Positions Vacant as of 12/31/05	22.00	5.37%

- Regular positions increase by five due to the addition of four new faculty positions with formula funding and an additional faculty position planned with the above-the-formula funding.
- Vacant positions and turnover are for informational purposes only because St. Mary's College of Maryland (SMCM) has its own personnel system separate from the State and, therefore, does not use the same turnover formula as other State agencies.

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

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Analysis in Brief

Major Trends

Second-year Retention Rates Increase: The Managing for Results measures show the second-year retention rate among African American students is estimated at 100% for fiscal 2006; the retention for all students is expected to stay the same.

Issues

Affordability Remains in Spotlight: The total cost for in-state students continues to increase. Total institutional aid also continues to increase. Between fiscal 2005 and 2007, SMCM’s tuition and fees increased at a slower rate than its need-based aid.

Faculty Workload Steady without St. Mary’s Project: Faculty workload remains steady if the St. Mary’s Project is not included.

Personnel: SMCM continues to add instructional personnel per its SMCM’s strategic plan objective to reduce the student:teacher ratio.

Recommended Actions

1. Add budget bill language to reduce unrestricted funds from resident undergraduate student tuition by \$377,418.
2. Add budget bill language to reduce funds for St. Mary's College of Maryland if it raises the in-state tuition rate more than 4.8% for the 2006-2007 academic year.
3. Adopt committee narrative concerning faculty workload reports.
4. Adopt committee narrative concerning institutional aid reports.

Updates

Report on New Academic Building Funding Gap: The 2005 *Joint Chairmen’s Report* requested a report on the \$10.3 million funding gap for the new Academic Building and consequent capital improvement plan impacts. The report states that the primary reason for the gap was underestimated material costs and that capital improvement plan impacts include higher construction costs.

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Anne Arundel Hall Report Forthcoming: The 2005 *Joint Chairmen’s Report* also requested a report providing details about the cost of the Anne Arundel Hall Reconstruction project at each stage of design. SMCM anticipated submitting the initial report in January 2006; however, at the time of this writing, the report has not been submitted.

New Master of Arts in Teaching Degree: A Master of Arts in Teaching program is set to start in July 2006.

Carnegie Re-classification: In December 2005, SMCM’s Carnegie Classification changed from Baccalaureate (Liberal Arts) College I to Baccalaureate – Liberal Arts.

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Operating Budget Analysis

Program Description

St. Mary's College of Maryland (SMCM) is Maryland's public, co-educational, liberal arts honors college. The college offers an array of baccalaureate degrees in the arts and sciences and soon will provide a Master of Arts in Teaching. SMCM has been ranked consistently in the *U.S. News and World Report* as one of the best educational bargains and one of the top regional liberal arts colleges. It was recently ranked among the top 100 liberal arts colleges in the nation and within this group was ranked second among public liberal arts colleges.

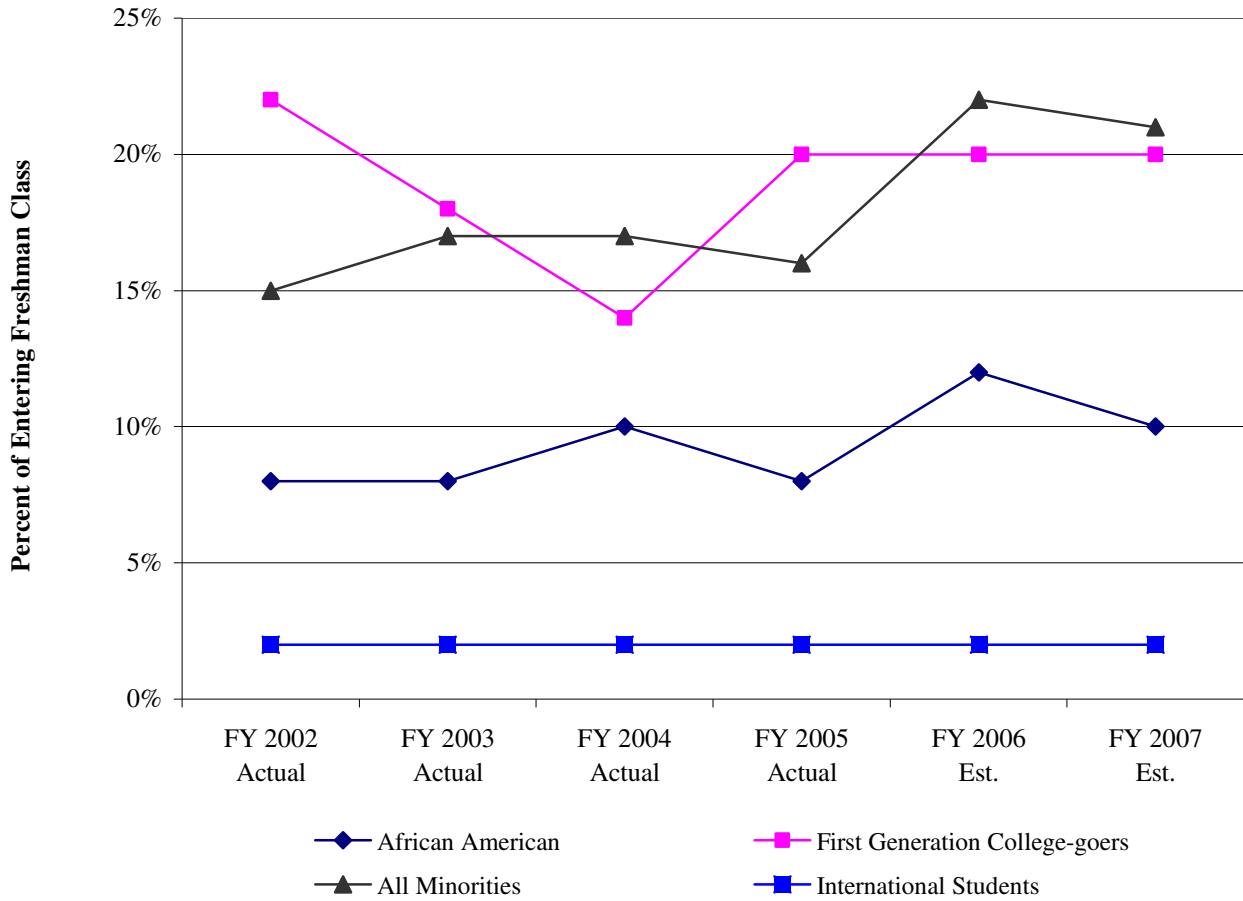
As an honors college, SMCM strives to offer its students an educational experience that goes beyond traditional course-based study to foster independent learning and a link between curricular and extra-curricular activities and interests. SMCM includes civic responsibility as a cornerstone of its academic and extra-curricular programs. The capstone SMCM experience is the St. Mary's Project.

Performance Analysis: Managing for Results

As an honors institution, it is important that SMCM have a diverse population that contributes to Maryland's educated workforce. **Exhibit 1** looks at the percent of each entering freshman class that is African American, first generation college-goer, and international as measures of diversity. Overall, the percentages of African Americans and all minorities have been rising slowly since fiscal 2002. In fiscal 2005 the percentages declined for African Americans and all minorities. These percentages are estimated to increase in fiscal 2006 and then to decline again in fiscal 2007. SMCM reports that the small number of African Americans and all minorities lends itself to year-to-year fluctuations such as these. For instance, between fiscal 2005 and 2006, the number of all minorities (African Americans, Native Americans, Asians, and Hispanics) increased from 64 to 102, which are the lowest and highest number, respectively since fiscal 2002. After declining steadily between fiscal 2002 and 2004, the percent of first generation college-goers increased in fiscal 2005 and is expected to stay at this level for fiscal 2006 and 2007. The percent of international students has remained stable since at least fiscal 2002.

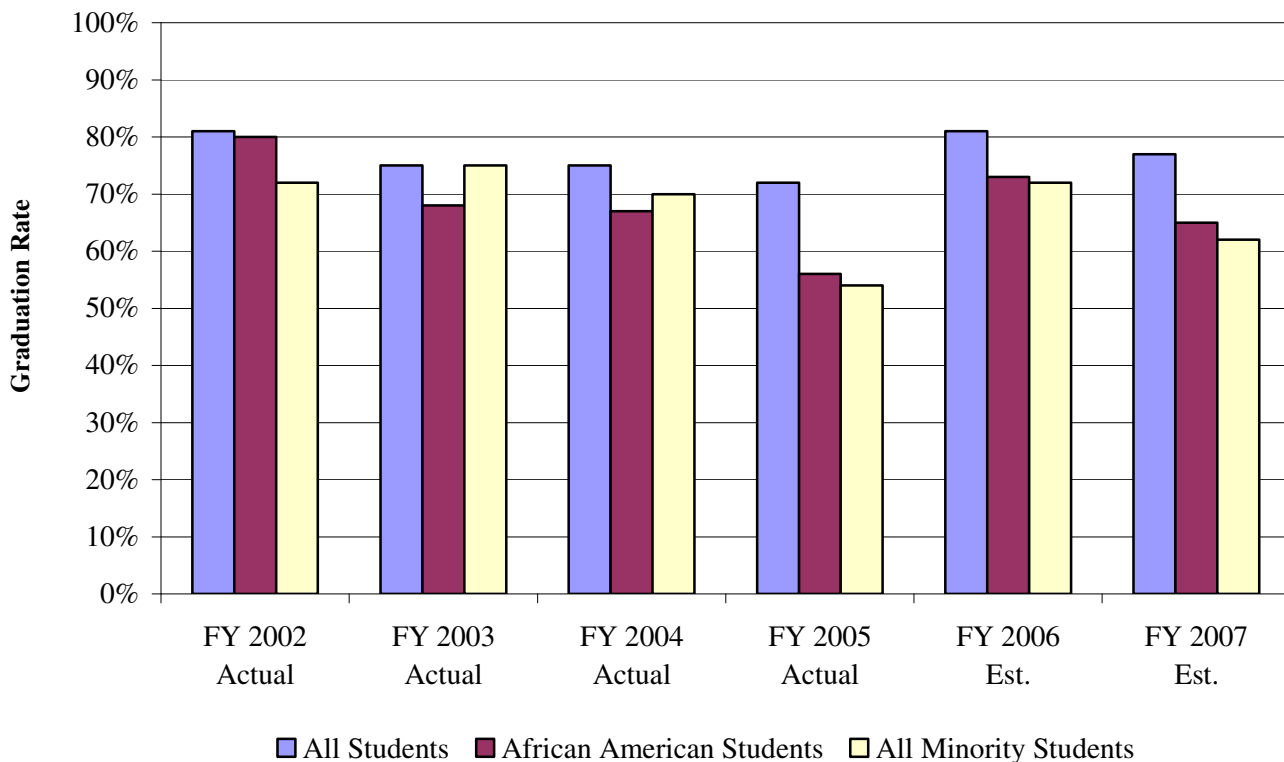
The six-year graduation rates for all minority students, African American students, and all students are shown in **Exhibit 2**. The graduation rates for each of these categories decreased between fiscal 2002 and 2005. They are expected to increase in fiscal 2006 to their highest levels since fiscal 2002 before declining again in fiscal 2007. The graduation rates for African Americans and all minority students had the most significant decreases in fiscal 2005 increasing the gap between all students and African Americans to 16 percentage points in fiscal 2005. However, the six-year graduation rate for African Americans is expected to increase 17 percentage points from fiscal 2005

Exhibit 1
Diversity of Entering Freshman Classes
Fiscal 2002 – 2007



Source: St. Mary’s College of Maryland

Exhibit 2
Trends in Six-year Graduation Rates
Fiscal 2002 – 2007

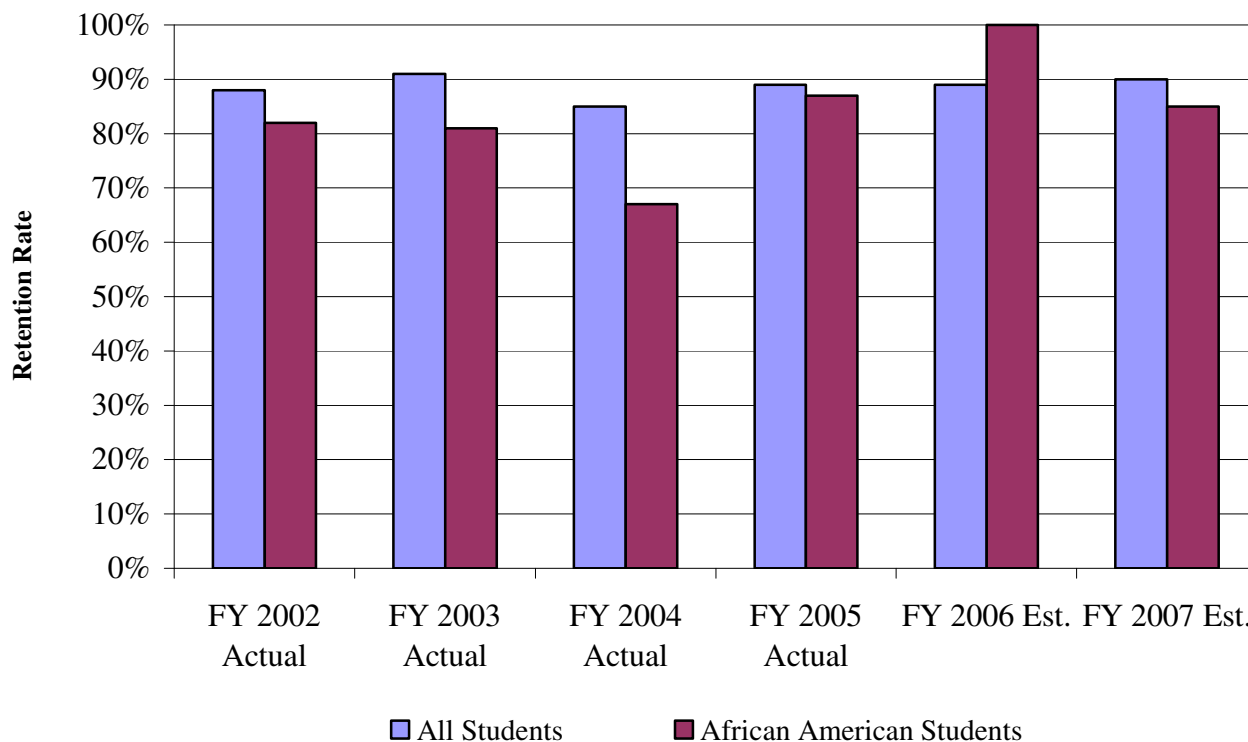


Source: St. Mary’s College of Maryland

to 2006. The rate for all minorities is expected to increase 18 percentage points during the same period. **The President should discuss the drop in graduation rates, particularly for minority students, and how the small number of minority students impacts the data.**

Exhibit 3 shows that the two-year retention rates for all students increased slightly and for African American students increased significantly in fiscal 2005 from 2004. The retention rate for all students is expected to stay the same in fiscal 2006 while for African American students the two-year retention rate is expected to reach 100%, with the rate for both then declining in fiscal 2007.

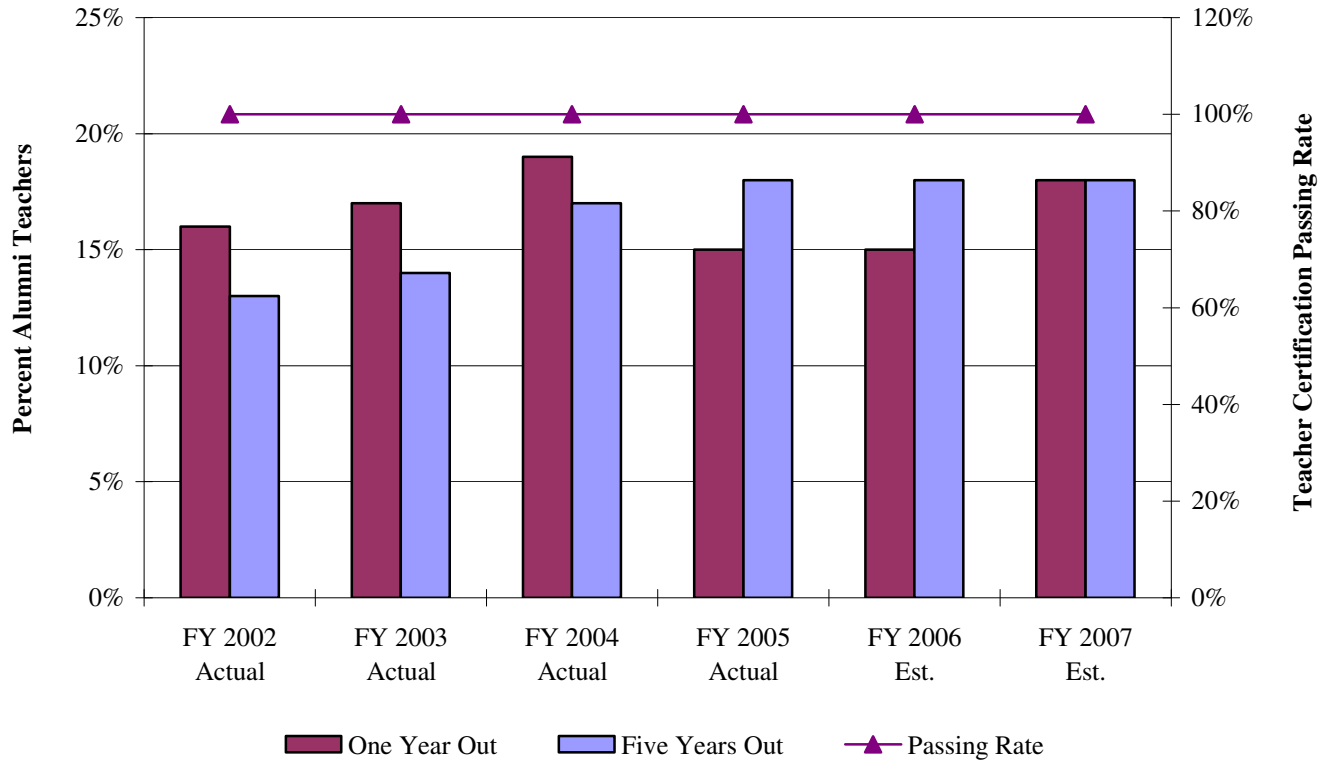
**Exhibit 3
Trends in Second-year Retention Rates
Fiscal 2002 – 2007**



Source: St. Mary’s College of Maryland

One of SMCM’s MFR goals is to increase its contribution to the Maryland workforce, particularly in terms of teachers. SMCM will begin offering a Master of Arts in Teaching (MAT) program in July 2006. **Exhibit 4** highlights the percentage of SMCM graduates who become teachers after passing the teacher certification exams. Students must pass this exam to graduate from the SMCM program and to be licensed to teach in the State. As the exhibit shows, the passing rate has consistently been at 100%. The percentage of total alumni who report being teachers is shown in Exhibit 4 as a percentage of all SMCM alumni. Of the 20 education program completers in 2004 and the 30 education program completers in 2005, approximately 85% are employed as teachers and an additional 7% attend graduate school. For fiscal 2007 the percentage of total alumni five years out who report being teachers is estimated to meet the goal of 18%. **The President should comment on the number of graduates who will become teachers and the percent of those who enter and continue in the profession. The President should also comment on the expected outcome of the new MAT program.**

Exhibit 4
Alumni Teacher and Teacher Certification Passing Rates
Fiscal 2002 – 2007



Note: Passing all required PRAXIS exams is a requirement for completion of the program.

Source: St. Mary’s College of Maryland

Governor’s Proposed Budget

The general fund allowance for fiscal 2007 is \$1.3 million above the 2006 level, an increase of 9.0%, as shown in **Exhibit 5**. Other unrestricted funds, primarily tuition and fee revenues, increase \$1.4 million, or 3.8%. In total, unrestricted funds grow 5.3% over the fiscal 2006 working appropriation. Restricted funds remain unchanged.

Exhibit 5
Governor’s Proposed Budget
St. Mary’s College of Maryland
(\$ in Thousands)

	<u>FY 05</u> <u>Actual</u>	<u>FY 06</u> <u>Working</u>	<u>FY 07</u> <u>Allowance</u>	<u>FY 06-07</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$13,978	\$14,593	\$15,906	\$1,313	9.0%
Other Unrestricted Funds	29,375	36,335	37,730	1,395	3.8%
Total Unrestricted Funds	43,353	50,928	53,636	2,708	5.3%
Restricted Funds	2,767	3,600	3,600	0	0.0%
Total Funds	\$46,120	\$54,528	\$57,236	\$2,708	5.0%

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

Budget changes by program are shown in **Exhibit 6**. Education and general expenditures grew 29.3% between fiscal 2002 and 2006. Expenditures for scholarships grew the most from fiscal 2002 through 2006 at 172%, or \$2.8 million. Instruction increased 22%, while public service decreased nearly 37%. Also during this period, auxiliary enterprises grew by \$5.9 million, or 107%, due to the opening of a new athletic facility, two new residence halls, and additional food service and bookstore expenses.

In the fiscal 2007 allowance within education and general spending, instruction grows 12.1% and public service decreases 31.6%. A significant portion of the general fund increase has been initially budgeted under instruction but will be used for health insurance, utilities, the minimum wage increase, new plant equipment, a new faculty position, and new library information services. The decrease in the public service program reflects that summer revenue generating activities, which change from year to year, are budgeted at a base level of activity. Typically, these plans are finalized in April or May. Academic support increases 8.4% due to the addition of a new librarian, and scholarships grow by 6%.

Tuition and fee revenues are expected to generate an additional \$1.7 million, or a 7.7% increase. There are no plans in the fiscal 2007 allowance to utilize fund balance to support education and general expenses. In fiscal 2006, SMC is using \$582,000 from the fund balance to support prior year encumbrances. Other revenues decrease 22.7% because a transfer to plant of \$308,721 has not been included in the fiscal 2006 working appropriation.

Exhibit 6
St. Mary’s College of Maryland
Budget Changes for Current Unrestricted Funds by Program
Fiscal 2002, 2006, and 2007
(\$ in Thousands)

	<u>FY 2002</u> <u>Actual</u>	<u>FY 2006</u> <u>Working</u>	<u>FY 02-06</u> <u>% Change</u>	<u>FY 2007</u> <u>Allowance</u>	<u>FY 06-07</u> <u>\$ Change</u>	<u>FY 06-07</u> <u>% Change</u>
Expenditures						
Instruction	\$11,926	\$14,540	21.9%	\$16,304	\$1,764	12.1%
Public Service	543	344	-36.6%	235	-109	-31.6%
Academic Support	2,070	2,047	-1.1%	2,218	172	8.4%
Student Services	3,698	4,604	24.5%	4,902	299	6.5%
Institutional Support	8,114	9,968	22.8%	10,009	42	0.4%
Operation and Maintenance of Plant	2,600	3,637	39.8%	3,826	189	5.2%
Scholarships and Fellowships	1,616	4,392	171.8%	4,656	264	6.0%
Subtotal Education and General	\$30,567	\$39,530	29.3%	\$42,151	\$2,620	6.6%
Auxiliary Enterprises	5,512	11,398	106.8%	11,486	88	0.8%
Total	\$36,079	\$50,928	41.2%	\$53,636	\$2,708	5.3%
Revenues						
Tuition and Fees	12,389	21,415	72.9%	23,067	1,651	7.7%
General Funds	14,722	14,593	-0.9%	15,906	1,313	9.0%
Other	1,573	1,178	-25.1%	911	-267	-22.7%
Subtotal	\$28,684	\$37,186	29.6%	\$39,884	\$2,697	7.3%
Auxiliary Enterprises	7,598	13,159	73.2%	13,753	593	4.5%
Transfers (to) from Fund Balance	-203	582	-386.8%	0	-582	-100.0%
Total	\$36,079	\$50,928	41.2%	\$53,636	\$2,708	5.3%

Source: Governor’s Budget Books

General Fund Allowance

The minimum general fund increase for SMCM is specified in the Education Article, § 14-405(b)(ii), which states that the prior year appropriation be increased by funds required to offset inflation. This involves multiplying the prior year appropriation by the implicit price deflator for State and local government. As **Exhibit 7** shows, for fiscal 2007 the price deflator is 3%. This results in a mandated increase of \$437,787 over the fiscal 2006 general fund appropriation.

Exhibit 7
St. Mary’s College of Maryland
General Fund Appropriations
Fiscal 2002 – 2007

	<u>FY 2002</u> <u>Actual</u>	<u>FY 2003</u> <u>Actual</u>	<u>FY 2004</u> <u>Actual</u>	<u>FY 2005</u> <u>Actual</u>	<u>FY 2006</u> <u>Working</u>	<u>FY 2007</u> <u>Allowance</u>
Price Deflator	3.6%	2.6%	3.3%	2.2%	3.0%	3.0%
Formula	\$13,959,919	\$15,106,161	\$14,315,970	\$13,983,894	\$14,397,219	\$15,030,697
Appropriation	14,721,919	13,853,271	13,682,871	13,977,883	14,592,910	15,906,000
Difference	762,000	-1,252,890	-633,099	-6,011	195,691	875,303
Appropriation % Change	9.3%	-5.9%	-1.2%	2.2%	4.4%	9.0%

Source: Department of Legislative Services

The fiscal 2007 general fund allowance increases \$1,313,090 or 9.0%, which is 6.0% higher than the price deflator of 3%. SMCM will receive an additional \$875,303 in above-the-formula funding. As shown in **Exhibit 8**, SMCM’s estimated current services cost increase is \$2,084,196. This cost increase includes merit based pay (\$787,000), health insurance (\$536,000), utilities (\$369,671), scholarships (\$263,525), and minimum wage increases (\$128,000). The combination of new general funds and new tuition and fee revenue is \$2,964,381, which allows for \$880,185 in programmatic enhancements. SMCM reports that it plans to spend the programmatic enhancement money on new plant equipment, five faculty positions, an international education initiative, transfers to plant fund for non-capital expenses, and library information services.

Exhibit 8
St. Mary’s College State-supported Revenues
Available for Program Enhancements
Fiscal 2007
(\$ in Thousands)

	<u>\$ Amount</u>
Expenditure Growth	
St. Mary's College Estimated Current Services Cost Increases	\$2,084,196
Revenue Growth	
New General Funds	\$1,313,090
New Tuition and Fee Revenues	1,651,291
New General Fund and Tuition Revenue	\$2,964,381
Funds Available for Enhancements	\$880,185
(Revenues Less Expenditures)	

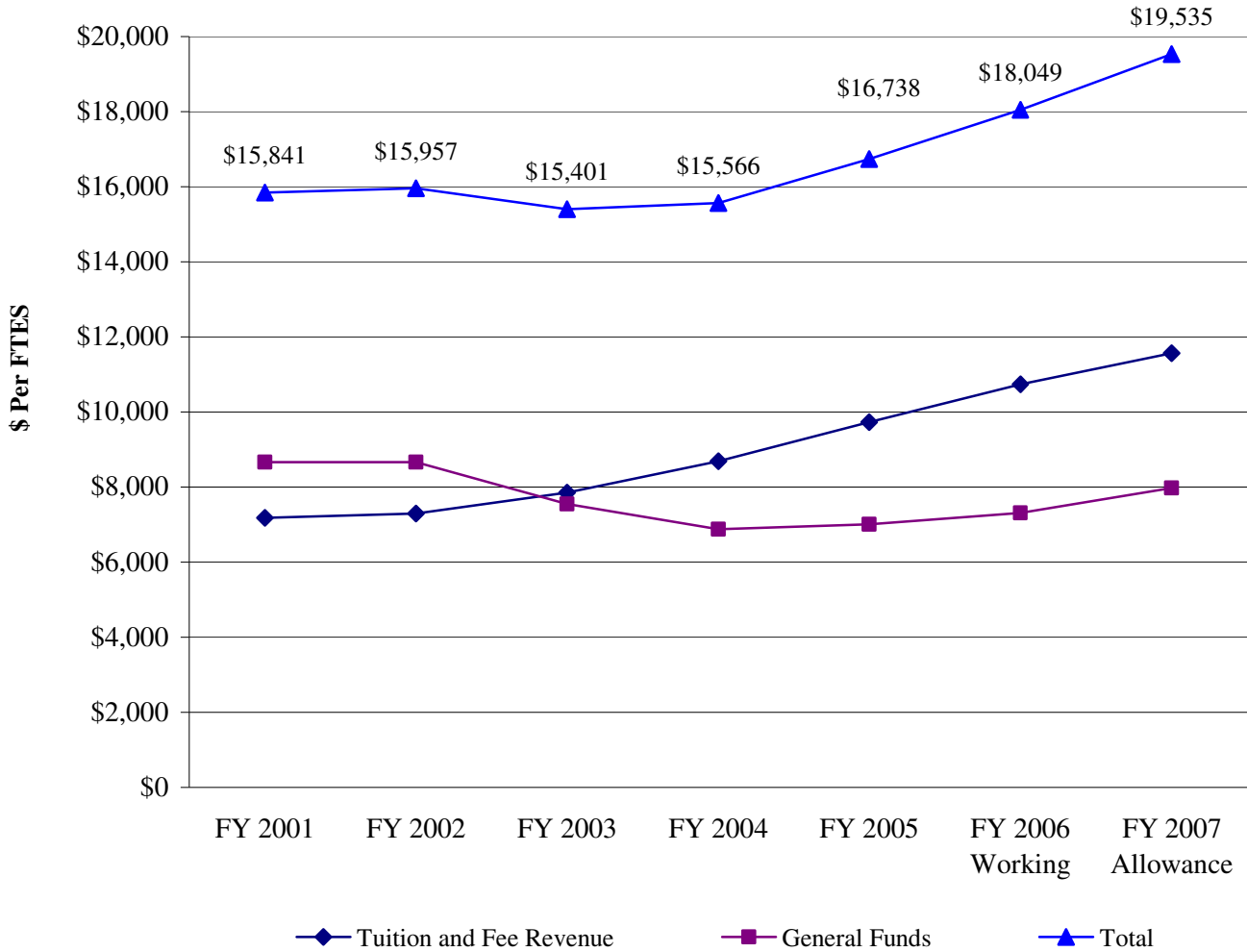
Note: Current Services Cost Increases includes merit based pay (\$787,000), health insurance (\$536,000), utilities (\$369,671), scholarships (\$263,525), and minimum wage increases (\$128,000).

Source: Governor's Budget Books, St. Mary's College of Maryland

Tuition and Fee and General Fund Revenues

Exhibit 9 shows the tuition and fee and general fund revenues per full-time equivalent student (FTES) from fiscal 2001 through 2007. Prior to fiscal 2003, general funds accounted for a larger share of SMCM’s revenues than tuition and fees. When State appropriations began to decline in fiscal 2003, tuition and fee revenue eclipsed general funds. General fund support continued declining in fiscal 2004 per FTES. Between fiscal 2004 and 2007, general funds per FTES are estimated to increase 5% annually while tuition and fee revenue increases 10% annually. If auxiliary enterprise revenue is not counted, since fiscal 2004, tuition and fee revenue has generated more than half of total revenues. In fiscal 2007, it is estimated that tuition and fee revenue will make up nearly 60% of total revenues (excluding auxiliary enterprise revenue) for SMCM. Enrollment increased from fiscal 2001 (1,556 students) to fiscal 2005 (1,995 students) but is expected to stay at the fiscal 2005 level through fiscal 2007.

**Exhibit 9
Tuition and Fee and General Fund Revenues Per FTES
Fiscal 2001 – 2007**



Source: Department of Budget and Management

SMCM’s Board of Trustees approved tuition and fee rates for fiscal 2007 in December 2005. As shown in **Exhibit 10**, the fiscal 2007 allowance is based on a resident tuition increase of 7.8% and a resident tuition and mandatory fee increase of 7.3%. Tuition has grown at an annual rate of 7.7% from fiscal 1995 to 2007. From fiscal 2005 to 2006, the tuition rate increased 12.0%, which is only second to the 12.5% tuition rate increase between fiscal 1995 and 1996. SMCM projects fiscal 2006 to 2009 tuition to increase at an annual rate of 7.3%. Required fees are also increasing during this period, although at a much smaller rate of increase than between fiscal 2004 and 2006.

Exhibit 10
SMCM Increase In-state Full-time Undergraduate
Tuition and Mandatory Fees
Percent Change Over Prior Year

<u>Fiscal Years</u>	<u>Annual Tuition</u> <u>% Change</u>	<u>Annual Mandatory</u> <u>Fees</u> <u>% Change</u>	<u>Annual Tuition and</u> <u>Mandatory Fees</u> <u>% Change</u>
2002	3.0%	0.0%	2.6%
2003	7.0%	7.6%	7.1%
2004	9.0%	2.9%	8.1%
2005	7.2%	33.4%	10.8%
2006	12.0%	15.4%	12.6%
2007	7.8%	5.0%	7.3%
2002 – 2007 Average	7.7%	10.7%	8.1%
1995 – 2007 Average	7.7%	6.4%	7.5%

Source: St. Mary’s College of Maryland

General funds provided in excess of the amount required for current services costs can be used for either enhancements or to moderate tuition growth. Although the fiscal 2007 allowance provides SMCM with \$875,000 in above-the-formula funding, for a total increase of 9% in general funds, SMCM’s tuition is still increasing 7.8% for resident students in fiscal 2007. This follows a tuition increase of 12% in fiscal 2006. **Given this high rate of increase and the above-the-formula funding provided in the allowance, the Department of Legislative Services recommends reducing SMCM’s resident tuition rate increase to 4.8%. Reducing SMCM’s tuition rate by three percentage points will reduce SMCM revenues by \$377,418. After this loss of revenue, SMCM would still have \$502,767 available for enhancements in fiscal 2007.**

Issues

1. Affordability Remains in Spotlight

SMCM has increased tuition and mandatory fees at an average annual rate of 7.5% since fiscal 2002. Tuition and fee charges increased more than 10% in fiscal 2005 and again in fiscal 2006.

Increases in tuition and fees can be attributed to the college’s pursuit of the average per student educational and general spending (E&G) among its institutional peers. The college believes matching its peers in per student spending will further the honors college mission.

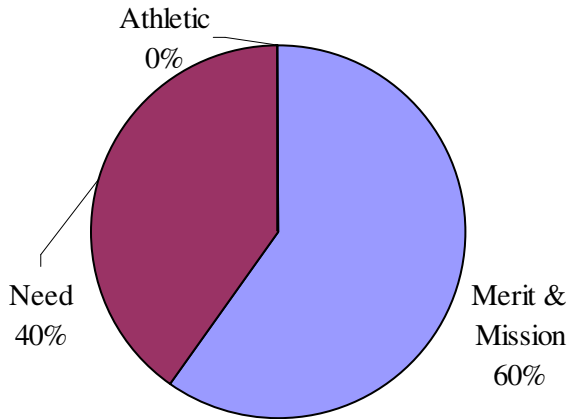
Institutional Aid

SMCM’s fiscal 2006 institutional aid by category is shown in **Exhibit 11**. Overall, in fiscal 2006, 40% of SMCM’s institutional aid was awarded based on need and 60% based on merit and mission. SMCM devotes a slightly higher percentage of aid to need and merit/mission than USM. SMCM does not provide athletic scholarships. The annual change in institutional aid between fiscal 2005 and 2007 at SMCM increases at roughly the same rate, 13.2%, as the USM total. SMCM’s need-based aid has increased at a slightly higher rate than that of USM and USM’s merit-based aid has increased at a slightly higher rate than that of SMCM. Between fiscal 2005 and 2007, SMCM’s tuition and fees have been increasing at an annual rate of 9.9%, slower than the 25.1% annual growth in SMCM’s need-based aid.

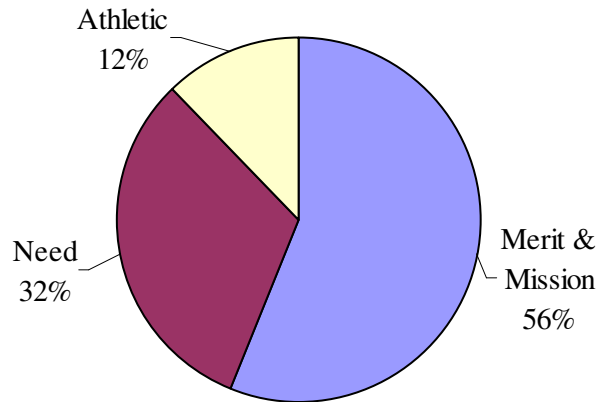
SMCM’s institutional aid policy for the last three years has been to put all new institutional aid money into need-based aid. Despite this policy, merit-based aid has increased due to variability in who has accepted the institutional aid; merit-based aid is used by the college to shape the characteristics of entering classes. As shown in **Exhibit 12**, SMCM’s median percent of financial aid met for in-state students has hovered around 16% since fiscal 2002. SMCM’s goal is 18% by fiscal 2007. **The President should comment on future institutional aid needs of SMCM students and SMCM’s proposed policies.**

**Exhibit 11
Institutional Financial Aid
Fiscal 2006**

St. Mary’s College of Maryland



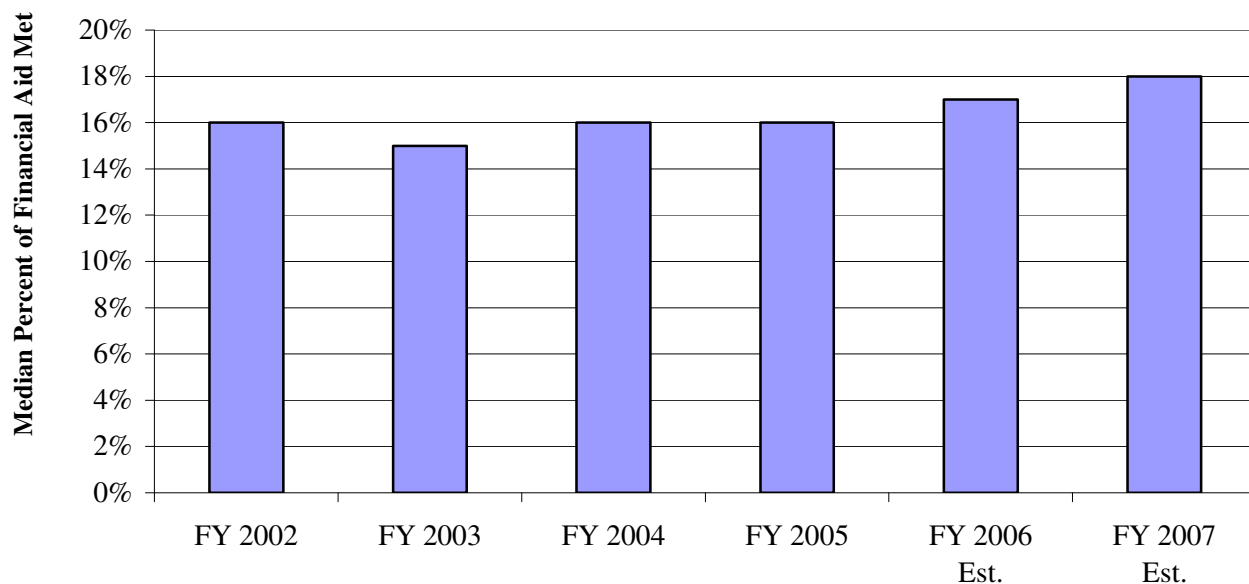
University System of Maryland



	<u>Need</u>	<u>Athletic</u>	<u>Merit and Mission</u>
SMCM	\$1,565,525	\$0	\$2,312,048
USM Total	24,228,689	9,317,807	42,873,813

Source: St. Mary’s College of Maryland; University System of Maryland

Exhibit 12
St. Mary's College of Maryland
Median Percent of Financial Aid Met for In-State Students
Fiscal 2002 – 2007



Source: St. Mary’s College of Maryland

2. Faculty Workload Steady without St. Mary’s Project

Faculty workload is one measure of institutional efficiency. SMCM calculates faculty workload by adding together all sections of fall and spring classes and then dividing by the number of full-time faculty. **Exhibit 13** shows the instructional workload of full-time tenured and tenure-track faculty at SMCM. Between the 1999-2000 and 2003-2004 academic years, faculty workloads have increased. The increase in faculty workload corresponds to a 439-student enrollment increase between fiscal 2001 and 2005 during a faculty hiring freeze. The workloads at SMCM are not directly comparable to other State higher education institutions in that SMCM offers mostly four-credit courses instead of three-credit courses. Additionally, the workloads do not include independent study, private music instruction, and the St. Mary’s Project, an eight-credit, independent research or creative project supervised by a faculty member and presented in a public forum.

SMCM estimates that 70% of all graduating seniors will complete a St. Mary’s Project in fiscal 2007. Therefore, the college has provided a methodology for calculating the conversion of St. Mary’s Projects to courses taught. SMCM estimates that one course taught is equivalent to six St. Mary’s Projects. Therefore, the 252 St. Mary’s Projects taught in the 2004-2005 school year,

Exhibit 13
St. Mary’s College of Maryland
Course Units Taught by Full-time Equivalent
Tenured and Tenure-track Faculty⁽¹⁾

1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Courses/ FTEF	Courses/ FTEF	Courses/ FTEF	Courses/ FTEF	Courses/ FTEF	Courses/ FTEF	Courses/ FTEF
7.0	7.1	7.0	7.2	7.5	7.4	7.4

FTEF = Full-time equivalent faculty

⁽¹⁾ Tenured and tenure-track faculty includes sabbaticals. Courses do not include independent study, St. Mary’s Project, or private music instruction.

Note: 2005 – 2006 data are an estimate.

Source: St. Mary’s College of Maryland

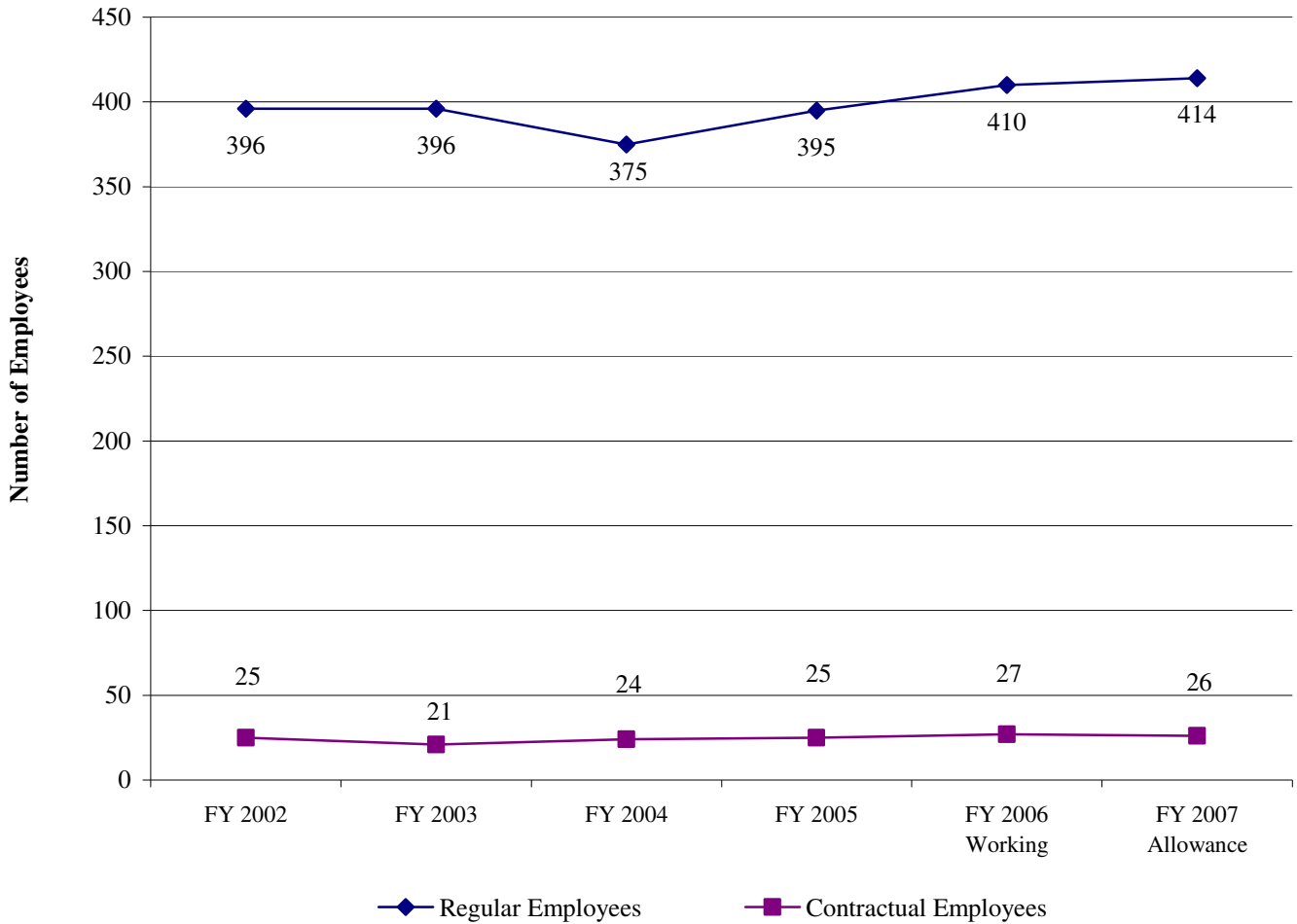
translate to a 0.36 increase in the faculty workload for a total of 7.8 courses/full-time equivalent faculty. SMCM reported in fiscal 2005 that to handle the increase in graduating seniors completing St. Mary’s Project’s, the college’s strategic plan called for 18 additional full-time faculty lines. **The President should comment on the progress towards achieving a balance between the percent of graduating seniors completing a St. Mary’s Project and faculty workload levels.**

3. Personnel

The total SMCM workforce, regular and contractual, is 440 in the fiscal 2007 allowance. The 440 total workforce represents an approximately 1% increase from fiscal 2006 as shown in **Exhibit 14**. However, as a result of the above-the-formula funding SMCM plans to add an additional faculty position in fiscal 2007 raising the regular employee total to 415 and the total workforce to 441.

Exhibit 15 shows how the composition of SMCM personnel has changed from fiscal 2002 to 2006. Filled positions increased by a net of 11 positions from fiscal 2005 to 2006. Instructional personnel – who fulfill the institution’s core mission – have increased by four full-time equivalent employees (FTEs). Institutional support increased by 7.5 positions, including two positions moved from academic support. In addition, due to the Fair Labor Act, some positions were reclassified from exempt to non-exempt.

Exhibit 14
St. Mary’s College of Maryland
Regular and Contractual Employees
Fiscal 2002 – 2007



Source: St. Mary’s College of Maryland

Exhibit 15
St. Mary’s College of Maryland
Filled Full-time Equivalent Personnel by Budget Program
Fiscal 2002, 2005, and 2006

<u>Budget Program</u>	<u>FTEs</u> <u>FY 2002</u>	<u>% of</u> <u>Total</u> <u>FTEs</u>	<u>FTEs</u> <u>FY 2005</u>	<u>% of</u> <u>Total</u> <u>FTEs</u>	<u>FTEs</u> <u>FY 2006</u>	<u>% of</u> <u>Total</u> <u>FTEs</u>	<u>Change in</u> <u>Share of</u> <u>Total</u> <u>FY 02-06</u>
Instruction	150.00	39.8%	152.00	39.0%	156.00	38.9%	-0.9
Research	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.0
Public Service	2.00	0.5%	0.00	0.0%	0.00	0.0%	-0.5
Academic Support	21.00	5.6%	21.00	5.4%	19.00	4.7%	-0.8
Student Services	57.00	15.1%	59.00	15.1%	58.00	14.5%	-0.7
Institutional Support	79.00	21.0%	82.00	21.0%	89.05	22.3%	1.4
Operations/Plant Maintenance	33.00	8.8%	36.00	9.2%	37.50	9.4%	0.6
Auxiliary Enterprises	35.00	9.3%	40.00	10.3%	41.00	10.2%	0.9
Scholarships and Fellowships	0.00	0.0%	0.00	0.0%	0.00	0.0%	0.0
Total	377.00	100.0%	390.00	100.0%	400.55	100.0%	0.0

Note: Includes filled positions only.

Source: St. Mary’s College of Maryland

Recommended Actions

1. Add the following language:

The appropriation herein for St. Mary’s College of Maryland (SMCM) shall be reduced by \$377,418 in unrestricted funds attributable to tuition revenues for resident undergraduate students. SMCM shall not increase the current unrestricted fund appropriation through budget amendment due to tuition and fee revenue. Any tuition and fee revenue realized in fiscal 2007 in excess of \$22,689,252 shall be transferred to SMCM’s fund balance and not expended.

Explanation: This language would limit tuition revenue growth attributable to resident undergraduate tuition rate increase to 4.8% above fiscal 2006.

The language prohibits SMCM from increasing unrestricted fund appropriations due to increased tuition and fee revenue. The reduction still leaves SMCM with \$502,767 for enhancements in fiscal 2007. The reduction in tuition revenues creates an incentive for the school to minimize student costs.

2. Add the following language:

Provided that the appropriation herein for St. Mary’s College of Maryland (SMCM) shall be reduced by \$377,418 in unrestricted funds if the undergraduate in-state tuition rate for the 2006-2007 academic year exceeds the undergraduate in-state tuition rate for the 2005-2006 academic year by more than 4.8%.

Explanation: The fiscal 2007 allowance assumes that the SMCM undergraduate in-state tuition rate increases 7.8% above the fiscal 2006 rate. This language would reduce the general funds of SMCM by \$377,418 if SMCM increases the undergraduate in-state tuition rates in the 2006-2007 academic year more than 4.8% above the 2005-2006 academic year undergraduate in-state tuition rates.

3. Adopt the following narrative:

Faculty Workload Reports: The committees request that St. Mary’s College of Maryland (SMCM) continue to provide annual instructional workload reports for tenured and tenure-track faculty. By focusing on these faculty, the committees gain a sense of the teaching activities for the regular, core faculty at the institutions. Additional information can be included in the report at SMCM’s discretion.

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Information Request	Author	Due Date
Annual report on instructional workload for tenured and tenure-track faculty	SMCM	December 1, 2006

4. Adopt the following narrative:

Institutional Aid Reports: The committees request that St. Mary’s College of Maryland submit all categories (need-based, merit, mission, and athletic) of institutional aid data in the same format that it is submitted to the Maryland Higher Education Commission with the budget request and allowance, including prior year actual, current year working, and allowance.

Information Request	Author	Due Date
Reports on all categories of institutional aid provided in the same format submitted to the Maryland Higher Education Commission	St. Mary’s College of Maryland	With request and allowance

Updates

1. Report on New Academic Building Funding Gap

The 2005 *Joint Chairmen’s Report* (JCR) requested a report by September 1, 2005, on what factors led to the \$10.3 million funding gap for the new Academic Building at SMCM and on what impact this might have on SMCM’s capital improvement plan. The report provided the following explanations for the \$10.3 million funding gap:

- material cost increases in 2004 (\$1,490,000);
- time to start of construction shifted eight months (\$960,000);
- architect and cost estimator underestimated material costs (\$3,950,000);
- limited number of subcontractor bidders (\$1,840,000);
- local market with few institutional-project capable subcontractors (\$1,800,000); and
- construction contingency and indirect costs (\$300,000).

There seemed to be some question about the competence of the cost estimator to meet its responsibility to prepare an estimate that reflected the anticipated mean bid. While the Academic Building is planned to be built as a LEED-certified green building, the 1 to 2% green building costs were not believed to be a significant source of cost overrun. To mitigate any future tightening of the subcontractor market, the report suggests a re-evaluation of the regional factor.

Impacts of the \$10.3 million funding gap on SMCM’s capital improvement plan include delay of the Student Services Building construction; potentially future higher construction costs for other displaced projects in the capital improvement plan; and potential cost increases required to procure second cost estimates for projects.

2. Anne Arundel Hall Report Forthcoming

The 2005 JCR also requested a report providing details about the cost of the Anne Arundel Hall Reconstruction project at each stage of design. SMCM anticipated submitting the initial report in January 2006; however, at the time of this writing, the report has not been submitted.

3. New Master of Arts in Teaching Degree

A Master of Arts in Teaching (MAT) program is set to start in July 2006. The program will provide initial-certification for teachers and is not intended to replace a Masters of Education. The first class is expected to be about 10 students; the small number is due to final approval being granted after the class registration deadline. Currently, 17 students are slated to finish the undergraduate program in fiscal 2006, and then only the MAT program will provide teacher certification at SMCM.

4. Carnegie Re-classification

In December 2005 SMCM’s Carnegie Classification changed from Baccalaureate (Liberal Arts) College I to Baccalaureate – Liberal Arts. SMCM reports that the change is due to the revision/expansion of the Carnegie system and that not until fiscal 2008 to 2010 will the Master of Arts in Teaching program affect the classification.

Current and Prior Year Budgets

Current and Prior Year Budgets St. Mary's College of Maryland (\$ in Thousands)

	<u>General Fund</u>	<u>Other Unrestricted Fund</u>	<u>Total Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Total</u>
Fiscal 2005					
Legislative Appropriation	\$13,978	\$29,546	\$43,524	\$3,600	\$47,124
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	4,148	4,148	0	4,148
Reversions and Cancellations	0	-4,319	-4,319	-833	-5,152
Actual Expenditures	\$13,978	\$29,375	\$43,353	\$2,767	\$46,120
Fiscal 2006					
Legislative Appropriation	\$14,593	\$34,996	\$49,589	\$3,600	\$53,189
Budget Amendments	0	1,339	1,339	0	1,339
Working Appropriation	\$14,593	\$36,335	\$50,928	\$3,600	\$54,528

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

Fiscal 2005

Budget amendments added \$4.1 million to SMCM’s other unrestricted funds in order to align the legislative appropriation with the budget approved by the SMCM Board of Trustees in May 2004.

Other restricted funds were decreased by \$4.3 million, which reflects \$3.8 million in debt service expenses and other transfers and \$582,273 in encumbrance or special Board of Trustee action obligations.

Restricted funds were decreased by \$832,983 due to cancellations related to grants.

Fiscal 2006

Budget amendments added \$1.3 million to SMCM’s other unrestricted funds in order to align the legislative appropriation with the budget approved by the SMCM Board of Trustees in May 2005 (Budget Amendment 032-06). The funds were available through new revenues from tuition, interest/endowment earnings, and auxiliary enterprises.

Audit Findings

Audit Period for Last Audit:	July 1, 2000 – May 4, 2003
Issue Date:	February 2004
Number of Findings:	5
Number of Repeat Findings:	2
% of Repeat Findings:	40%
Rating: (if applicable)	n/a

Finding 1: **Changes to student grades recorded on the college’s automated system were not independently verified to appropriate source documents.**

Finding 2: Proper internal controls were not established over the processing of certain disbursement transactions.

Finding 3: **Program change controls and microcomputer security procedures were not sufficient.**

Finding 4: The college’s internal computer network was not adequately secured.

Finding 5: The college did not have adequate plans addressing information systems resource security or disaster recovery.

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

**Object/Fund Difference Report
St Mary's College of Maryland**

<u>Object/Fund</u>	<u>FY05 Actual</u>	<u>FY06 Working Appropriation</u>	<u>FY07 Allowance</u>	<u>FY06 - FY07 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	395.00	410.00	414.00	4.00	1.0%
02 Contractual	24.72	26.66	26.51	-0.15	-0.6%
Total Positions	419.72	436.66	440.51	3.85	0.9%
Objects					
01 Salaries and Wages	\$ 24,485,511	\$ 26,424,761	\$ 28,954,280	\$ 2,529,519	9.6%
02 Technical & Spec Fees	2,636,119	2,907,442	2,894,796	-12,646	-0.4%
03 Communication	361,366	424,926	424,926	0	0%
04 Travel	1,050,582	1,116,385	1,149,354	32,969	3.0%
06 Fuel & Utilities	1,634,897	2,152,287	2,321,958	169,671	7.9%
07 Motor Vehicles	181,042	204,263	197,087	-7,176	-3.5%
08 Contractual Services	5,931,333	6,235,078	6,108,816	-126,262	-2.0%
09 Supplies & Materials	2,916,989	3,238,391	3,526,510	288,119	8.9%
10 Equip - Replacement	128,768	101,845	101,845	0	0%
11 Equip - Additional	1,494,914	1,748,263	1,615,684	-132,579	-7.6%
12 Grants, Subsidies, and Contributions	5,062,578	6,479,261	6,742,786	263,525	4.1%
13 Fixed Charges	235,831	3,167,549	3,179,324	11,775	0.4%
14 Land & Structures	210	327,538	18,815	-308,723	-94.3%
Total Objects	\$ 46,120,140	\$ 54,527,989	\$ 57,236,181	\$ 2,708,192	5.0%
Funds					
40 Unrestricted Fund	\$ 43,353,123	\$ 50,927,989	\$ 53,636,181	\$ 2,708,192	5.3%
43 Restricted Fund	2,767,017	3,600,000	3,600,000	0	0%
Total Funds	\$ 46,120,140	\$ 54,527,989	\$ 57,236,181	\$ 2,708,192	5.0%

**Fiscal Summary
St Mary's College of Maryland**

<u>Program/Unit</u>	<u>FY05 Actual</u>	<u>FY06 Wrk Approp</u>	<u>FY07 Allowance</u>	<u>Change</u>	<u>FY06 - FY07 % Change</u>
01 Instruction	\$ 14,475,863	\$ 15,072,391	\$ 16,835,901	\$ 1,763,510	11.7%
02 Research	462,131	599,525	599,525	0	0%
03 Public Service	496,950	600,437	491,636	-108,801	-18.1%
04 Academic Support	2,355,419	2,320,163	2,492,054	171,891	7.4%
05 Student Services	4,444,630	4,703,535	5,002,454	298,919	6.4%
06 Institutional Support	7,939,117	9,967,532	10,009,160	41,628	0.4%
07 Operation And Maintenance Of Plant	3,160,140	3,636,511	3,825,975	189,464	5.2%
08 Auxiliary Enterprises	7,935,475	11,397,599	11,485,655	88,056	0.8%
17 Scholarships And Fellowships	4,850,415	6,230,296	6,493,821	263,525	4.2%
Total Expenditures	\$ 46,120,140	\$ 54,527,989	\$ 57,236,181	\$ 2,708,192	5.0%
Unrestricted Fund	\$ 43,353,123	\$ 50,927,989	\$ 53,636,181	\$ 2,708,192	5.3%
Restricted Fund	2,767,017	3,600,000	3,600,000	0	0%
Total Appropriations	\$ 46,120,140	\$ 54,527,989	\$ 57,236,181	\$ 2,708,192	5.0%