

R30B23
Bowie State University
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	FY 05	FY 06	FY 07	FY 06-07	% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Funds	\$21,006	\$22,194	\$26,417	\$4,223	19.0%
Other Unrestricted Funds	36,664	39,214	45,346	6,132	15.6%
Total Unrestricted Funds	57,670	61,408	71,763	10,355	16.9%
Restricted Funds	<u>14,435</u>	<u>16,500</u>	<u>15,118</u>	<u>-1,382</u>	<u>-8.4%</u>
Total Funds	\$72,105	\$77,908	\$86,881	\$8,973	11.5%

- General funds increase by \$4.2 million, or 19% over fiscal 2006. General funds include \$1.5 million in Access and Success funds.
- Overall proposed spending grows by \$8.97 million, or 11.5% over fiscal 2006.

Personnel Data

	FY 05	FY 06	FY 07	FY 06-07
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	427.00	427.00	442.00	15.00
Contractual FTEs	<u>136.10</u>	<u>136.10</u>	<u>136.10</u>	<u>0.00</u>
Total Personnel	563.10	563.10	578.10	15.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	15.34	3.47%
Positions Vacant as of 12/31/05	7.00	1.60%

- 15 new faculty positions are proposed in the fiscal 2007 allowance over fiscal 2006.

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

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Analysis in Brief

Major Trends

Increase in the Number of Students Enrolling in Teacher Education Expected to Continue: The number of students enrolled in Bowie’s teacher education program increased in fiscal 2005 and is expected to continue increasing in fiscal 2006 and 2007. The number of students passing the PRAXIS II exam increased to 100% in fiscal 2005 and is expected to remain at 100% in fiscal 2006 and 2007.

Increase in the Number of Graduates from Undergraduate Nursing Program Expected to Continue: The number of student graduates in undergraduate nursing increased significantly from 18 to 53 in fiscal 2005 and is expected to continue to increase in fiscal 2006 and 2007.

Issues

Faculty Instructional Workload Levels: Increasing faculty workload is a key part of the University System of Maryland (USM) efficiency initiatives. Comprehensive faculty should carry a workload of seven to eight course units. As part of the efficiency initiative, each institution is charged with meeting the mid-point of workload standards in fiscal 2006. From fiscal 2001 to 2006, Bowie State University (BSU) has exceeded the workload standards and remained well above the USM comprehensive average.

Affordability at BSU and Across USM: BSU’s tuition and mandatory fee increase is the highest among USM institutions at 8.1%. USM’s average tuition and mandatory fee increase is 4.6%.

Personnel Changes: 15 regular positions are proposed in the fiscal 2007 allowance which are all State-supported faculty positions.

Access and Success for Maryland’s Historically Black Institutions (HBIs): The primary goal of the Access and Success program is to improve retention and graduation rates at HBIs. From fiscal 2001 to 2006, BSU received a total of \$7,875,000 in Access and Success funds to strengthen and expand academic and student support services.

Recommended Actions

1. Add budget bill language to restrict the expenditure of Access and Success funds for HBIs until a report is submitted to the budget committees.

Updates

Implementing Administrative and Academic Efficiency Initiatives: In 2005, USM began implementing many of the efficiency initiatives developed by the Board of Regents Effectiveness and Efficiency workgroup which results in cost savings. For fiscal 2007, USM's estimated efficiency savings is \$18.7 million, or 1% of USM's estimated current services cost increases. BSU's share of the administrative savings in fiscal 2007 is \$504,026, or 2.7% of USM's total.

Office of Civil Rights Agreement: BSU was allocated \$1,057,599 in fiscal 2006 to support enhancement efforts. The one-time expenditures were used for academic program enhancement and other institutional advancement efforts.

R30B23 – USM – Bowie State University

R30B23
Bowie State University
University System of Maryland

Operating Budget Analysis

Program Description

Bowie State University (BSU) was established in 1865 as Maryland's first historically black institution (HBI). BSU provides high-quality and affordable educational opportunities at the baccalaureate, master's, and doctoral levels for a diverse student population of Maryland citizens and the global community. The university offers a broad array of baccalaureate programs, including business, education, social work, nursing, selected professionally oriented master's programs, and 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 provides its students with a course of study that ensures a broad scope of knowledge and understanding that is deeply rooted in expanded research activities. Through the integration of internal business processes, technology, and the teamwork of administrators, faculty, and staff it will be recognized statewide as a model of excellence in higher education.

Performance Analysis: Managing for Results

It is BSU's goal to strengthen academic excellence and effectiveness for its students. By fiscal 2007, BSU's goal is to increase the second-year retention rate for all students to 75% as shown in **Exhibit 1**. BSU's six-year graduation rate declined in fiscal 2005 but is expected to recover in fiscal 2006 and increase to 45% in 2007. **The President should comment on why BSU's high retention rate does not produce a higher graduation rate.**

Exhibit 1
Retention and Graduation Rates
Fiscal 2004 – 2007 Estimate



Source: 2007 Maryland State Budget Books

BSU is committed to increasing the State’s supply of qualified graduates in the high demand fields of education and nursing. **Exhibit 2** shows performance measurement data for teaching and nursing trends for BSU. The number of students enrolled in BSU’s teacher education program increased in fiscal 2005 and is expected to continue increasing in fiscal 2006 and 2007. 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. The number of students passing the PRAXIS II exam increased to 100% in fiscal 2005 and is expected to remain at 100% in fiscal 2006 and 2007. The number of students enrolled in the nursing program decreased slightly in fiscal 2005 but estimates show enrollment increasing to 455 students in fiscal 2006 and 475 in 2007. The number of student graduates in undergraduate nursing increased significantly from 18 to 53 in fiscal 2005 and is expected to continue to increase in fiscal 2006 and 2007. Graduates of the generic nursing program had a 95% passing rate on the NCLEX State nursing licensing exam in fiscal 2005, and estimates show a slight increase in fiscal 2006 and 2007 at 97% and 99%, respectively.

Exhibit 2
Program Measurement Data
Bowie State University
Fiscal 2004 – 2007

	<u>FY 2004</u> <u>Actual</u>	<u>FY 2005</u> <u>Actual</u>	<u>FY 2006</u> <u>Estimate</u>	<u>FY 2007</u> <u>Estimate</u>	<u>FY 04 – 05</u> <u>Ann. Chg.</u>
Number of Students Enrolled in Teacher Education	294	322	340	360	9.5%
Teaching (PRAXIS II) Exam Pass Rate	73%	100%	100%	100%	37.0%
Number of Teacher Graduates Employed in State	17	31	40	50	82.4%
Number of Students Enrolled in Nursing Program	444	441	455	475	-0.7%
Number of Nursing Graduates	18	53	55	60	194.4%
Nursing (NCLEX) Exam Pass Rate	n/a*	95%	97%	99%	n/a

*First class graduated in 2005

Source: 2007 Maryland State Budget

Governor's Proposed Budget

As **Exhibit 3** shows, the general fund allowance for fiscal 2007 is \$26.4 million. This reflects an increase of approximately \$4.2 million from the fiscal 2006 level. However, the \$4.2 million reflects the transfer of Access and Success funds (\$1.5 million) that were previously in the Maryland Higher Education Commission's (MHEC) budget. Excluding Access and Success funds, BSU's general fund allowance increases by \$2.7 million, or 12.2% over fiscal 2006. This amount includes \$500,000 for need-based aid. Other unrestricted funds grow by \$6.1 million, or 15.6%. Tuition and fee revenue accounts for 47.7% of unrestricted funds in fiscal 2007.

Exhibit 3
Governor's Proposed Budget
Bowie State University
(\$ 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	\$21,006	\$22,194	\$26,417	\$4,223	19.0%
Other Unrestricted Funds	36,664	39,214	45,346	6,132	15.6%
Total Unrestricted Funds	57,670	61,408	71,763	10,355	16.9%
Restricted Funds	14,435	16,500	15,118	-1,382	-8.4%
Total Funds	\$72,105	\$77,908	\$86,881	\$8,973	11.5%

Unrestricted fund budget changes in the allowance by program are shown in **Exhibit 4**. This exhibit considers only unrestricted funds which are comprised mostly of general funds and tuition and fee revenues. From fiscal 2002 through 2006, institutional support, and scholarships/fellowships increased the most at 39.6% and 36.6%, respectively. Both are expected to increase significantly in fiscal 2007. The large increase in scholarships reflects the additional \$500,000 for need-based aid while instruction costs rise in part due to the addition of 15 faculty positions. From fiscal 2002 to 2006, tuition and fees increased 60.6% while general funds decreased by 2.3%. However, in fiscal 2007 general funds are expected to increase by 19.0% while tuition and fees increase by 14.0% due to projected enrollment growth. **The President should comment on the significant spending increases proposed for instruction, institutional support, and scholarships.**

Exhibit 4
Budget Changes for Current Unrestricted Funds by Program
Fiscal 2002, 2006, and 2007
(\$ in Thousands)

	<u>FY 2002</u>	<u>Working FY 2006</u>	<u>% Change FY 02-06</u>	<u>Allowance FY 2007</u>	<u>\$ Change 06-07</u>	<u>% Change 06-07</u>
<u>Expenditures</u>						
Instruction	\$16,684	\$20,494	22.8%	\$25,117	\$4,623	22.6%
Research	93	16	-82.8%	16	0	0.0%
Public Service	10	0	-100.0%	0	0	0.0%
Academic Support	5,222	4,083	-21.8%	4,190	107	2.6%
Student Services	2,692	2,985	10.9%	3,179	194	6.5%
Institutional Support	9,577	13,366	39.6%	15,185	1,819	13.6%
Operation and Maintenance of Plant	6,897	8,626	25.1%	9,296	670	7.8%
Scholarships and Fellowships	\$2,522	\$3,444	36.6%	4,491	1,047	30.4%
Subtotal Education and General	\$43,697	\$53,014	21.3%	\$61,474	\$8,460	16.0%
Auxiliary Enterprises	\$7,176	\$8,394	17.0%	\$10,288	\$1,894	22.6%
Total	\$50,873	\$61,408	20.7%	\$71,762	\$10,354	16.9%
Funds Specific to HBIs*	2,252	2,557	13.5%	1,057	-1,500	-58.7%
Adjusted Total	\$53,125	\$63,965	20.4%	\$72,819	\$8,854	13.8%
<u>Revenues</u>						
Tuition and Fees	\$18,712	\$30,058	60.6%	\$34,259	\$4,201	14.0%
General Funds	22,725	22,194	-2.3%	26,417	4,223	19.0%
Other	1,323	1,265	-4.4%	1,372	107	8.5%
Subtotal	\$42,760	\$53,517	25.2%	\$62,048	\$8,531	15.9%
Auxiliary Enterprises	\$7,562	\$9,286	22.8%	\$12,248	\$2,962	31.9%
Transfers (to) from fund balance	551	-1,394	-353.0%	-2,535	-1,141	81.9%
Total	\$50,873	\$61,409	20.7%	\$71,761	\$10,352	16.9%
Funds Specific to HBIs*	2,252	2,557	13.5%	1,057	-1,500	-58.7%
Adjusted Total	\$53,125	\$63,966	20.4%	\$72,818	\$8,852	13.8%

*Funds for Access/Success program and HBI enhancement funds for fiscal 2002 and 2006.

*Fiscal 2007 fund only include HBI enhancement funds from MHEC budget.

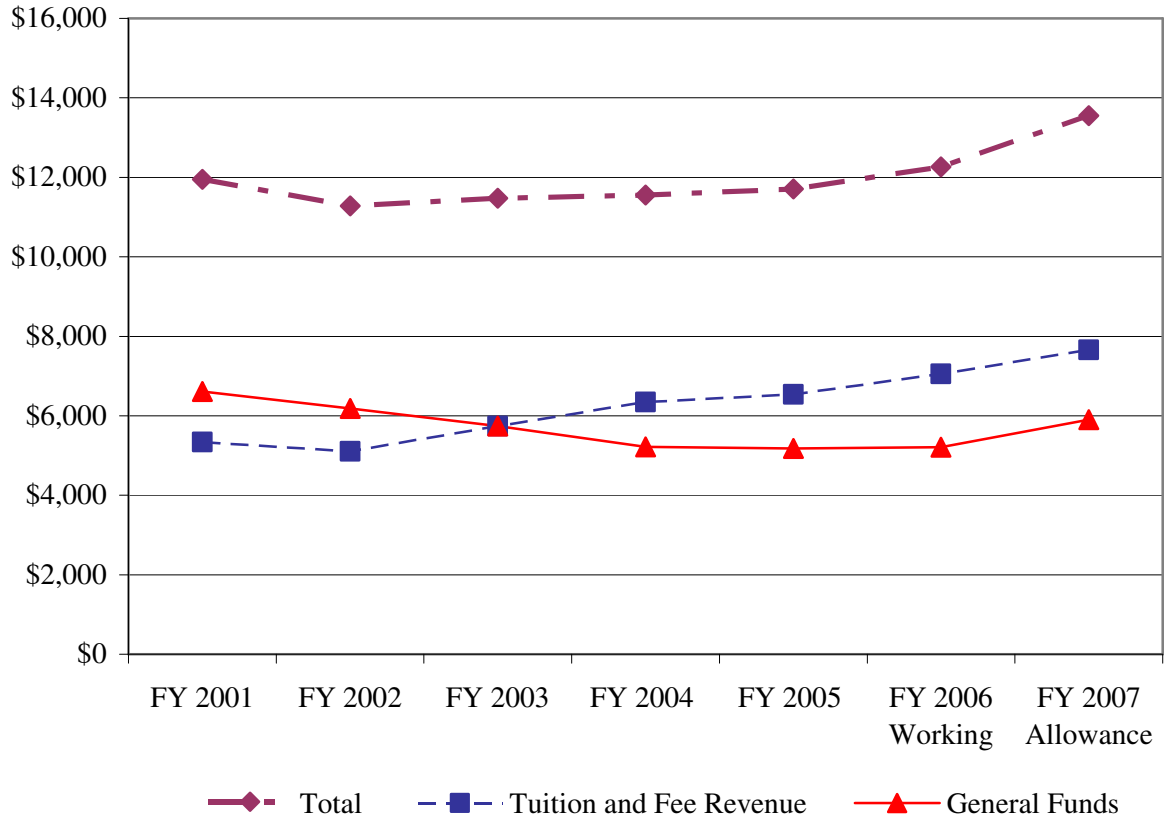
HBI = Historically Black Institution

Source: Governor's Budget Books, fiscal 2004 and 2007

Tuition and Fees and General Fund Revenues

Exhibit 5 shows tuition and fees and general fund revenues per full-time equivalent student (FTES) between fiscal 2001 and 2007. In fiscal 2002 general funds and tuition and fees per FTES fell slightly but general funds per FTES exceeded tuition and fees per FTES. However, tuition and fees increased significantly in fiscal 2003 and surpassed general funds per FTES in fiscal 2004. General funds per FTES fluctuated during fiscal 2002 to 2006 but are expected to increase by 13.3% in fiscal 2007. Despite the general fund increase in fiscal 2007, tuition and fees per FTES will continue to exceed general funds per FTES.

Exhibit 5
Tuition and Fees and General Fund Revenues
Per Full-time Equivalent Student
(\$ in Thousands)



Source: 2007 Maryland Budget Books

Issues

1. Faculty Instructional Workload Levels

Faculty workload is a key part of the University System of Maryland’s (USM) efficiency initiative. USM reports the best example of the incremental rollout of these initiatives has been the change in faculty workload over the last three years. The Board of Regents expects faculty at comprehensive institutions to carry a workload of seven to eight course units. As part of the efficiency initiative, each institution is charged with meeting the midpoint of workload standards in fiscal 2006. Some institutions have more rapidly moved to increase their workload while others have only begun increasing their workload. **Exhibit 6** shows the average course units taught by tenured track faculty at BSU from fiscal 2001 to 2005. From fiscal 2001 to 2005, BSU has exceeded the workload standards and remained well above the USM comprehensive average.

Exhibit 6
Average Course Units Taught by Tenured and Tenure-track Faculty
Fiscal 2001 to 2005

	<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>	<u>2004 – 2005</u> <u>Courses/FTEF</u>
BSU	8.0	7.3	8.2	8.4	8.2
All USM Comprehensives	7.4	7.0	7.0	7.5	7.7

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

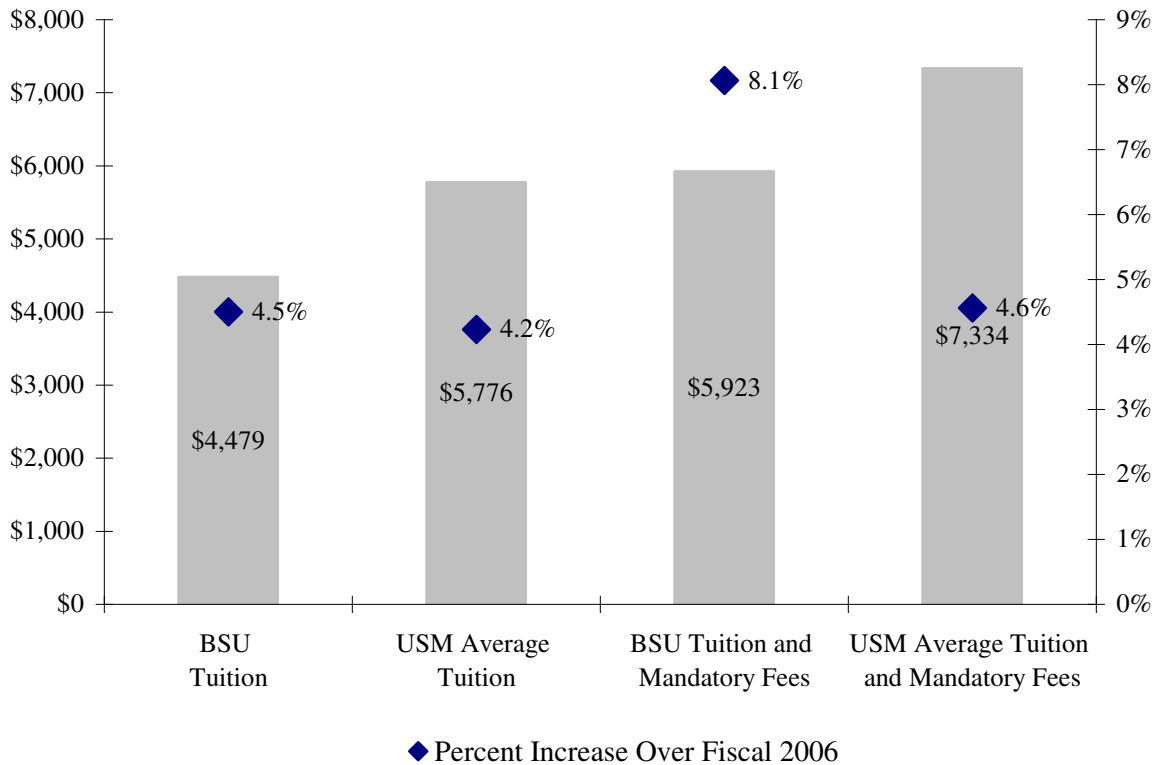
FTEF = Full-time equivalent faculty

Source: University System of Maryland

2. Affordability at BSU and Across USM

Affordability continues to be a concern for Maryland public education. A factor that directly affects affordability is tuition and fee rates. USM’s weighted average tuition rate increases 4.2%, while BSU tuition increases by 4.5% as shown in **Exhibit 7**. BSU’s tuition and fee increase is significantly higher than the USM average increase at 8.1%. BSU has the highest tuition and fee percentage increase of all USM institutions.

Exhibit 7
Tuition and Mandatory Fees for Resident Undergraduates
 (\$ in Thousands)

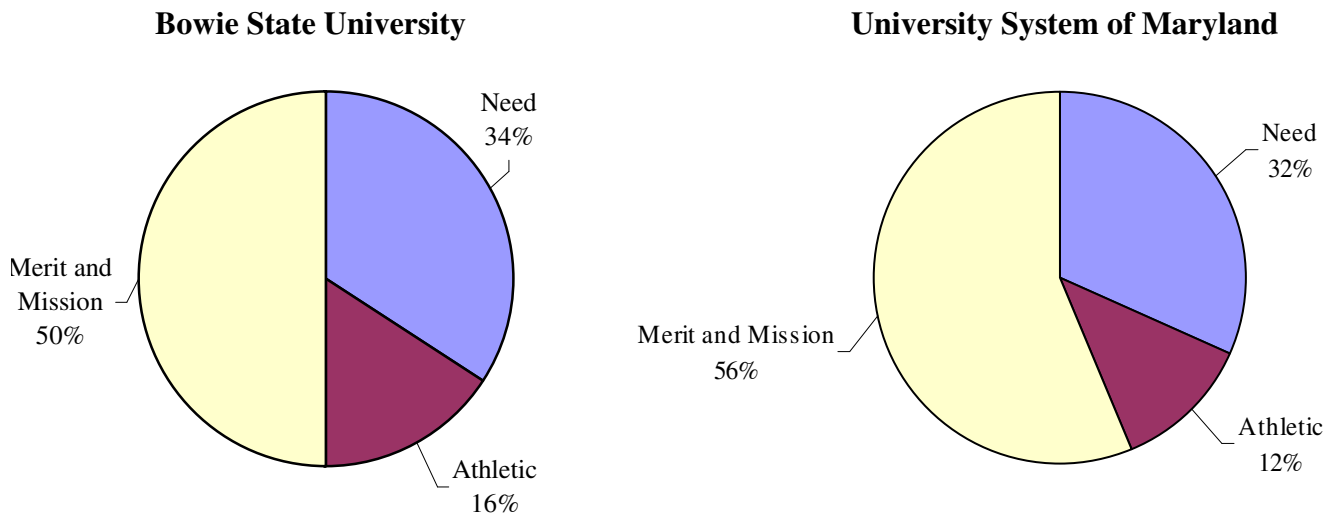


Source: University System of Maryland

Trends in Institutional Aid

Another factor that affects affordability is financial aid. Categories of institutional financial aid include need, athletic, merit, and mission. USM institutions have committed to increasing institutional need-based aid for students. In fiscal 2006, 32% of institutional aid across USM was need-based, 56% merit and mission, and 12% was athletic as shown in **Exhibit 8**. However, at BSU merit and mission awards account for half of the institutional aid awarded in fiscal 2006, while need-based was the second most awarded at 34%. BSU expects a 25.2% increase in need-based aid in fiscal 2007 reflecting the \$500,000 in general funds allocated for need-based aid in the allowance.

Exhibit 8
Institutional Financial Aid
Fiscal 2006

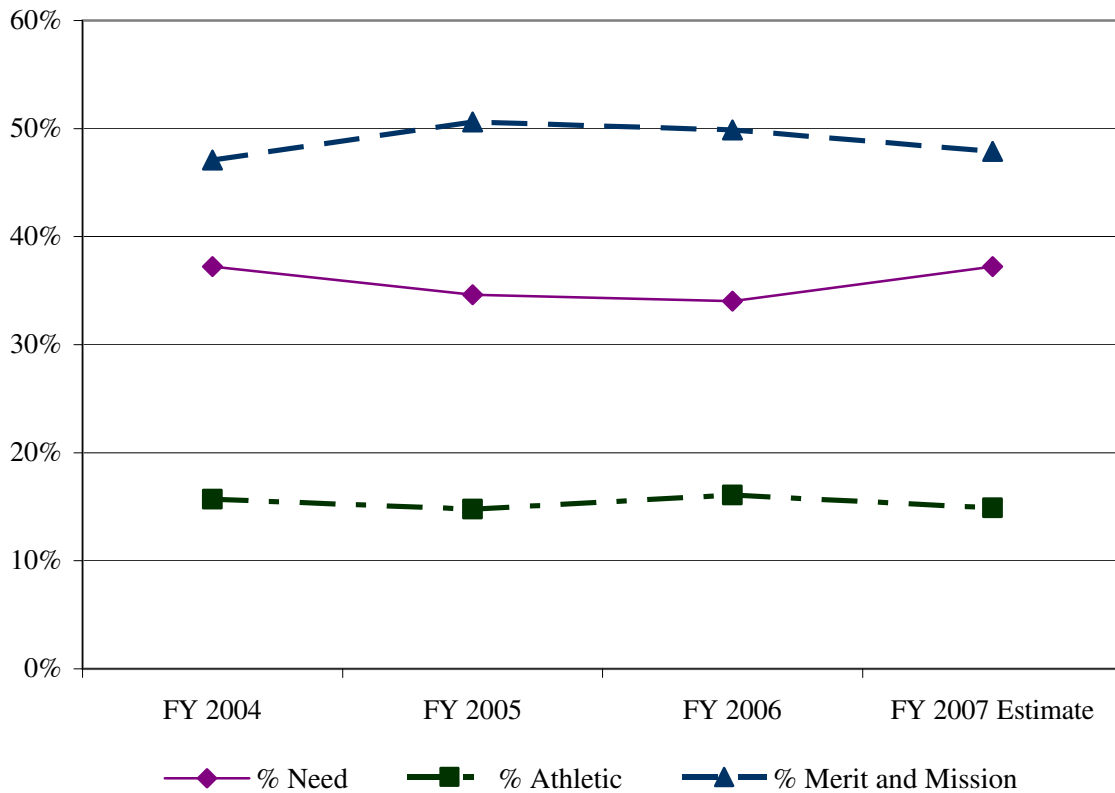


	<u>Need</u>	<u>Athletic</u>	<u>Merit and Mission</u>
BSU	\$1,373,732	\$649,545	\$2,013,768
USM Total	22,854,957	8,668,262	40,860,045

Source: University System of Maryland

Exhibit 9 examines BSU trends in institutional aid by each category from fiscal 2004 to 2007. From fiscal 2001 to 2004, merit and mission aid is the largest proportion of institutional aid awarded at BSU. Although merit and mission aid starts declining in fiscal 2006, it still remains the largest proportion in fiscal 2006. Need-based aid declined as a percentage of all aid in fiscal 2005 but is expected to increase to almost 40% in fiscal 2007. Athletic aid has remained level from fiscal 2004 to 2006 with a slight decrease in fiscal 2007.

Exhibit 9
Trends in Institutional Aid by Category
Fiscal 2004 – 2007 Estimate



Source: University System of Maryland

3. Personnel Changes

BSU is proposing 15 regular positions in the fiscal 2007 allowance. All 15 positions are State-supported faculty. The total workforce at BSU, regular and contractual, is 578.10 in the fiscal 2007 allowance. As of December 2005, BSU has seven State-supported positions vacant and a vacancy rate of 1.6%. BSU is below the USM average vacancy rate for fiscal 2006, which is 3.14%.

Exhibit 10 shows how the composition of BSU personnel (filled regular positions only) has changed from fiscal 2002 to 2006. Instructional personnel – who fulfill the institution’s core mission – decrease slightly from fiscal 2005 to 2006. However, instructional personnel remain the largest proportion of personnel at BSU. Instruction personnel at BSU, which is 45% of the total, is above USM’s average for instructional personnel which is 33%.

Exhibit 10
Filled Full-time Equivalent Personnel by Budget Program
Fiscal 2002, 2005, and 2006

<u>Budget Program</u>	FY 2002		FY 2005		FY 2006		Change in Share of Total FY 02-05
	<u>FTEs</u>	<u>% FTEs</u>	<u>FTEs</u>	<u>% FTEs</u>	<u>FTEs</u>	<u>% FTEs</u>	
Instruction	166.00	41.7%	189.00	47.2%	188.06	45.0%	3.3
Research	5.00	1.3%	4.75	1.2%	3.38	0.8%	-0.4
Academic Support	40.00	10.1%	34.75	8.7%	37.35	8.9%	-1.1
Student Services	32.00	8.0%	34.00	8.5%	37.00	8.9%	0.8
Institutional Support	107.00	26.9%	102.00	25.5%	115.72	27.7%	0.8
Operations and Maintenance of Plant	28.00	7.0%	23.00	5.7%	21.00	5.0%	-2.0
Auxiliary Enterprises	20.00	5.0%	13.00	3.2%	15.00	3.6%	-1.4
Total	398.00	100%	400.50	100%	417.51	100%	

Source: Bowie State University

4. Access and Success for Maryland’s Historically Black Institutions

Recognizing that there is a critical need to improve student retention and graduation rates at Maryland’s HBIs, the State proposed and implemented a plan of action to address these concerns in 2000. This plan is called *Access and Success: A Plan for Maryland’s Historically Black Institutions*. The primary goal of the plan is to improve retention and graduation rates. In turn, the plan implements strategies to enhance the relationship between administration, enrollment management, and teaching and learning practices on the one hand, and student achievement, improved retention, and graduation rates on the other. The lessons learned through the implementation of the practices are to be shared with other public and independent colleges and universities throughout the State. Access and Success funds were budgeted in MHEC from fiscal 2001 to 2006. MHEC would release funding to the HBI after a proposal was submitted outlining how the funds would be spent for the upcoming year. The fiscal 2007 allowance transfers \$6 million in Access and Success funds previously budgeted in MHEC to HBI budgets (\$1.5 million each).

From fiscal 2001 to 2006, BSU received a total of \$7,125,000 in Access and Success funds. BSU utilized Access and Success funds to strengthen and expand academic and student support services through retention counselors and advisors. Access and Success funds have also enabled BSU to develop programs that specifically address retention and graduation rates such as the Student Success and Retention Center, the Center for Excellence in Teaching and Learning, Outcomes Assessment, Campus Learning Laboratories, the Freshman Laptop Initiative, as well as the Summer Bridge Experience. The fiscal 2007 allowance transfers \$1.5 million of Access and Success funds directly to BSU's operating budget.

The President should comment on how the Access and Success funds have been used in the past, the performance measures used to evaluate the program, and plans for the program in the future. In addition, in an effort to ensure that these funds will be utilized to address student retention and graduation at the HBIs, the Department of Legislative Services recommends that the following language be added to the budgets of all HBIs (Coppin State University, Bowie State University, University of Maryland Eastern Shore, and Morgan State University).

, provided that \$1,500,000 of this appropriation, for the purpose of Access and Success for Bowie State University, may not be expended until the institution has prepared and submitted a report to the budget committees outlining how the funds will be spent and the measures that will be used to evaluate performance. The budget committee shall have 45 days to review and comment on the report.

Recommended Actions

1. Add the following language:

, provided that \$1,500,000 of this appropriation, for the purpose of Access and Success for Bowie State University, may not be expended until the institution has prepared and submitted a report to the budget committees outlining how the funds will be spent and the measures that will be used to evaluate performance. The budget committee shall have 45 days to review and comment on the report.

Explanation: This language restricts the expenditure of funds until Bowie State University submits a report on how the funds will be spent to improve the retention and graduation rate for students at these institutions.

Information Request	Author	Due Date
Access and Success expenditure and measures report	BSU	J45 days prior to expenditure

Updates

1. Implementing Administrative and Academic Efficiency Initiatives

The University of Maryland Board of Regents examined how the system can improve its efficiency. After more than a year of study, USM unveiled its Efficiency and Effectiveness (E&E) plan in October 2004. In 2005, USM began implementing many of the efficiency initiatives developed by the Board of Regents E&E workgroup, which results in cost savings and avoidance of \$17.8 million in fiscal 2005 and an estimated \$17.1 million in fiscal 2006. For fiscal 2007, the estimated efficiency savings is \$18.7 million, or 1% of USM's estimated current services cost increases. BSU's share of administrative savings in fiscal 2007 is \$504,026.

The university has discretion as to how it will achieve the savings. Many efficiency initiatives are still being developed with recommendations expected at the end of fiscal 2006. Some initiatives will continue through 2008. These initiatives are diverse but in general have the goal of improving capacity to accommodate more students. Other initiatives include higher faculty workloads, expanding on-line learning, moving undergraduate students through their courses of study more quickly, increasing collaboration among institutions, and boosting the use of technology.

2. Office of Civil Rights Agreement

In October 1999, the U.S. Department of Education's Office for Civil Rights (OCR) initiated a review of Maryland's efforts to desegregate its public higher education system. In December 2000, the State entered into a partnership agreement with OCR to eliminate any remaining vestiges of segregation in Maryland's public colleges and universities. Since fiscal 2002, general funds have been designated to provide enhancement to the State's HBIs. In fiscal 2006, BSU received \$1,057,599 to support enhancement efforts. The enhancement funds are intended for debt service payments and one-time expenditures. BSU planned to utilize the funds to increase capacity for fundraising, enhance academic programs, student services, and BSU's infrastructure.

On December 31, 2005, the OCR agreement expired. The State and OCR will determine if the commitments contained in the partnership agreement have been fully implemented. Although the implementation period ended this past December, MHEC's budget includes continued enhancement funding for the HBIs in fiscal 2007.

Current and Prior Year Budgets

Current and Prior Year Budgets

Bowie State University (\$ 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	\$20,706	\$37,906	\$58,612	\$13,650	\$72,262
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	300	26	326	2,850	3,176
Reversions and Cancellations	0	-1,269	-1,269	-2,065	-3,334
Actual Expenditures	\$21,006	\$36,663	\$57,669	\$14,435	\$72,104
Fiscal 2006					
Legislative Appropriation	\$21,935	\$39,214	\$61,149	\$16,500	\$77,649
Budget Amendments	259	0	259	0	259
Working Appropriation	\$22,194	\$39,214	\$61,408	\$16,500	\$77,908

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

Fiscal 2005

BSU's general funds were increased \$299,727 to cover costs associated with the fiscal 2005 general salary increase. Other unrestricted funds increased \$26,000 through budget amendments primarily due to:

- an increase of \$754,529 due to the transfer from fund balance;
- a \$4,483 increase in sales and services of educational activities;
- a decrease of \$413,153 in tuition and fees related to mini session, diagnostic, and orientation fees;
- a decrease of \$202,453 in sales and services of auxiliary; and
- a decrease of \$117,000 in State and local grants and contracts for the Prince George's County Teacher's Program.

Other unrestricted funds were reduced by \$1.3 million in cancellations because enrollment was less than budget projections.

A budget amendment increased restricted funds by \$2.9 million due to an increase in contracts and grants and an increase in Title III and other sponsored projects.

Restricted funds were reduced by \$2.1 million in cancellations because rate of expenditure was less than anticipated for MHEC, Model Institute for Excellence, and Title III grants which resulted in reduction of generated revenue.

Fiscal 2006

A budget amendment increased general funds by \$258,819 to cover costs associated with the fiscal 2006 general salary increase.

Audit Findings

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)	n/a

- 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 reconciliation 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.

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
Bowie State University**

<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	427.00	427.00	442.00	15.00	3.5%
02 Contractual	136.10	136.10	136.10	0	0%
Total Positions	563.10	563.10	578.10	15.00	2.7%
Objects					
01 Salaries and Wages	\$ 28,777,335	\$ 31,640,668	\$ 34,570,030	\$ 2,929,362	9.3%
02 Technical & Spec Fees	11,066,814	10,456,276	11,464,259	1,007,983	9.6%
03 Communication	531,783	615,480	564,942	-50,538	-8.2%
04 Travel	877,671	1,046,893	924,271	-122,622	-11.7%
06 Fuel & Utilities	2,855,661	3,139,186	3,428,221	289,035	9.2%
07 Motor Vehicles	100,261	79,069	188,357	109,288	138.2%
08 Contractual Services	8,620,126	10,537,904	11,892,353	1,354,449	12.9%
09 Supplies & Materials	915,355	1,733,225	1,060,180	-673,045	-38.8%
10 Equip - Replacement	109,835	154,615	224,830	70,215	45.4%
11 Equip - Additional	2,250,569	1,338,091	2,895,842	1,557,751	116.4%
12 Grants, Subsidies, and Contributions	9,253,425	9,701,932	10,902,039	1,200,107	12.4%
13 Fixed Charges	5,673,048	6,641,825	7,513,880	872,055	13.1%
14 Land & Structures	1,073,085	823,000	1,251,950	428,950	52.1%
Total Objects	\$ 72,104,968	\$ 77,908,164	\$ 86,881,154	\$ 8,972,990	11.5%
Funds					
40 Unrestricted Fund	\$ 57,669,796	\$ 61,408,164	\$ 71,763,104	\$ 10,354,940	16.9%
43 Restricted Fund	14,435,172	16,500,000	15,118,050	-1,381,950	-8.4%
Total Funds	\$ 72,104,968	\$ 77,908,164	\$ 86,881,154	\$ 8,972,990	11.5%

**Fiscal Summary
Bowie State University**

<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	\$ 21,904,325	\$ 23,336,260	\$ 27,170,794	\$ 3,834,534	16.4%
02 Research	2,646,503	3,872,996	2,842,916	-1,030,080	-26.6%
03 Public Service	237,114	519,077	248,959	-270,118	-52.0%
04 Academic Support	6,723,835	5,796,665	7,258,586	1,461,921	25.2%
05 Student Services	3,501,670	3,713,439	3,790,858	77,419	2.1%
06 Institutional Support	13,056,980	15,842,349	16,848,392	1,006,043	6.4%
07 Operation And Maintenance Of Plant	8,160,776	8,982,611	9,296,017	313,406	3.5%
08 Auxiliary Enterprises	8,200,600	8,393,629	10,288,162	1,894,533	22.6%
17 Scholarships And Fellowships	7,673,165	7,451,138	9,136,470	1,685,332	22.6%
Total Expenditures	\$ 72,104,968	\$ 77,908,164	\$ 86,881,154	\$ 8,972,990	11.5%
Unrestricted Fund	\$ 57,669,796	\$ 61,408,164	\$ 71,763,104	\$ 10,354,940	16.9%
Restricted Fund	14,435,172	16,500,000	15,118,050	-1,381,950	-8.4%
Total Appropriations	\$ 72,104,968	\$ 77,908,164	\$ 86,881,154	\$ 8,972,990	11.5%