

R30B24
Towson 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	\$58,946	\$62,908	\$72,658	\$9,750	15.5%
Other Unrestricted Funds	171,308	187,296	196,910	9,614	5.1%
Total Unrestricted Funds	230,254	250,204	269,568	19,363	7.7%
Restricted Funds	<u>18,901</u>	<u>23,900</u>	<u>23,900</u>	<u>0</u>	<u>0</u>
Total Funds	\$249,156	\$274,104	\$293,468	\$19,363	7.1%

- General funds increase \$9.8 million in the fiscal 2007 allowance, an increase of 15.5% over 2006.
- Other unrestricted funds in the allowance grow mostly from a tuition and fee increase of \$7.6 million, which is 6.6% above the fiscal 2006 level. Overall, Towson's total funds increase \$19.4 million in the fiscal 2007 allowance, an increase of 7.1% over 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	1,615.50	1,639.50	1,752.50	113.00
Contractual FTEs	<u>676.10</u>	<u>836.70</u>	<u>813.70</u>	<u>-23.00</u>
Total Personnel	2,291.60	2,476.20	2,566.20	90.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	61.16	3.49%
Positions Vacant as of 12/31/05	76.50	4.67%

- The fiscal 2007 allowance includes 113 additional regular positions and 23 fewer contractual positions, a total increase of 3.6%.

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

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Analysis in Brief

Major Trends

For Teaching and Nursing, Employment in Maryland Has Increased: The number of students graduating from Towson’s teacher education program and employed in Maryland schools is increasing. The number of nurses graduating from Towson and employed in Maryland is also increasing.

Retention Rates on Track and Graduation Rates Improve: Retention rates for all students are on track with the objective. Retention rates for African American students outperform the rate for all students. Graduation rates for all students and African American students have improved from fiscal 2004.

Issues

Faculty Workload Increases: The USM Board of Regents adopted a policy that requires the faculty workload of each institution to reach the midpoint of the workload range by fiscal 2006. Towson’s faculty workload increased in fiscal 2005 to nearly the mid-point of the range.

Affordability Remains in the Spotlight: Tuition and fee increases at Towson keep pace with the USM average in fiscal 2007. Towson’s need-based institutional aid increases.

Personnel Studies Continue: The USM workforce as a whole is slightly less than the level it was before recent cost containment measures. At Towson the workforce is also slightly less. Instructional personnel – who fulfill the institution’s core mission – account for a larger share of total personnel than in fiscal 2002.

Recommended Actions

1. Concur with Governor’s allowance.

Updates

Efficiency Initiative in First Year: As part of the efficiency initiative, the University System of Maryland (USM) is expecting to save \$18.7 million in fiscal 2007. Towson’s share of the savings from the efficiency initiative is \$1.8 million for fiscal 2007. Additionally, Towson is expecting to serve 312 additional students at no cost to the State in fiscal 2007.

Joint MBA Program Receives Final Approval: A joint Masters in Business Administration program between Towson and University of Baltimore has been approved and will begin accepting students in fall 2006.

Teacher Professional Development School Success: Retention of teachers who participated in the Professional Development School at Towson is higher than for those students who did not participate.

R30B24 – USM – Towson University

R30B24
Towson University
University System of Maryland

Operating Budget Analysis

Program Description

Towson University (TU) is the largest comprehensive university in the University System of Maryland (USM), serving more than 17,000 students. The university generally serves students from Maryland and the adjoining mid-Atlantic and northeastern states. Programs and services are oriented toward those in the top one-third of high school graduates, as well as adult learners. Towson also has more than 3,000 graduate students.

Towson offers a comprehensive range of baccalaureate programs in the liberal arts, fine arts, and sciences, and professional programs in business, education, computer and information sciences, and the health professions. The university is committed to strengthening its core liberal and fine arts and sciences disciplines and to building a nationally renowned general education program for all undergraduate students. The university also strives to develop programs that are responsive to the metropolitan community, such as international, multi-cultural, ethnic, and women's studies curricula.

Post-baccalaureate certificates and master's programs focus on education, fine arts, the health professions, computer sciences and information systems, software design, and applied professional fields. Areas of emphasis include education, theater, human resources development, psychology, computer and information sciences, speech-language pathology, audiology, occupational therapy, and health administration.

The university also offers programs at the USM Shady Grove Center, the Higher Education and Applied Technology Center in Harford County and the Southern Maryland Higher Education Center. In Fall 2006, Towson will begin offering courses at the USM Hagerstown Center. Towson continues to lead the State in the preparation and professional development of teachers.

Performance Analysis: Managing for Results

Towson's first goal is to create and maintain a well-educated workforce. One way that Towson tracks its performance in this area is by measuring total enrollment and degree recipients. Both of these performance measures increased from last year. Enrollment increased from 17,188 students in fiscal 2004 to 17,667 in fiscal 2005. The number of degree recipients increased from 3,519 in fiscal 2004 to 3,923 in fiscal 2005. According to a triennial survey, approximately 90.4 % of the Class of 2001 Towson graduates are employed with 1,972 of these employed in Maryland one year after graduation.

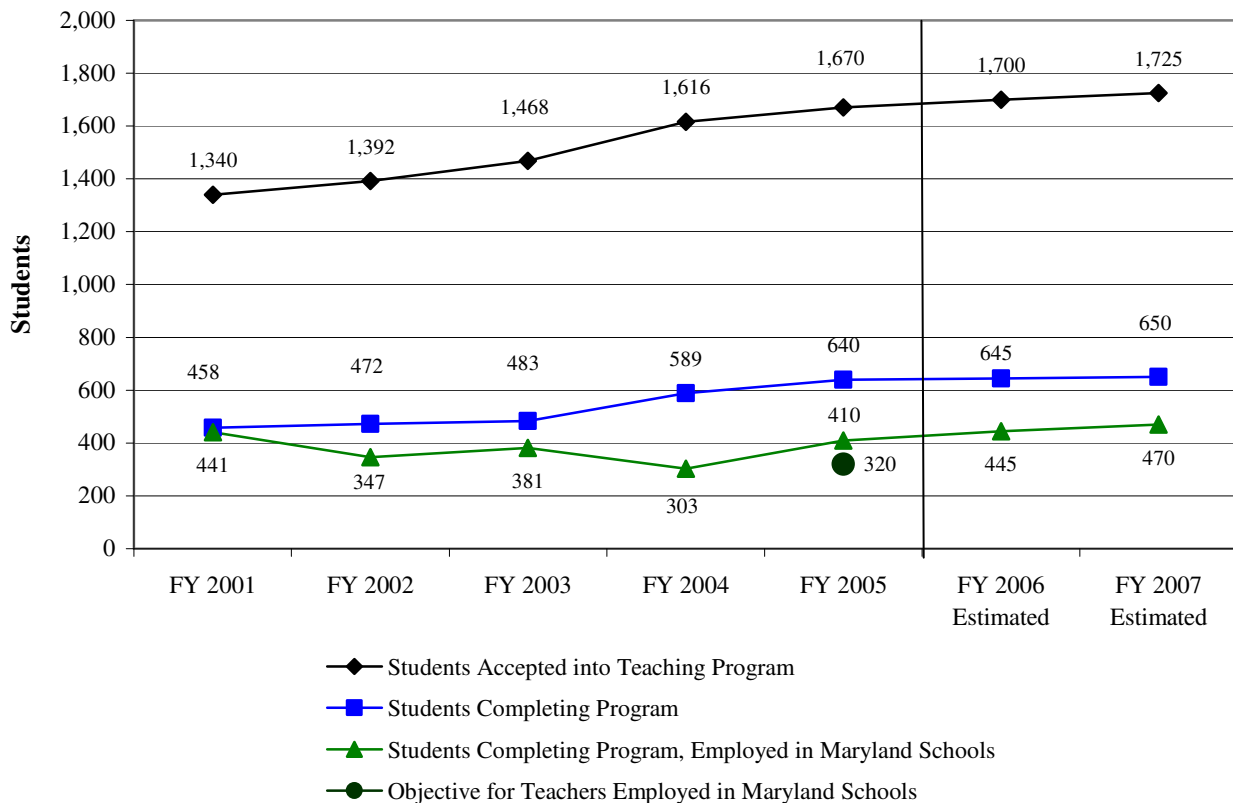
Teachers Employed in Maryland Public Schools Soared Above the Fiscal 2005 Objective, Yet Remain Short of the Fiscal 2001 Level

Another method of measuring the workforce goal is tracking Towson's education of students in specific areas that are in high demand in Maryland. Specifically, Towson tracks the success of its

teacher education program. This year Towson has revised its data collection method for measuring this objective. In prior years, Towson collected data on the total number of students enrolled in the program. This year they collected data on the number of students that have been officially accepted into the teacher education program.

As shown in **Exhibit 1**, the number of students that have been accepted into Towson’s teacher education program has steadily increased since at least fiscal 2001. In fiscal 2005, there were 1,670 students in the teacher education program. The number of students completing teacher training is also steadily increasing. In fiscal 2005, there were 640 students completing training, an increase from 589 in fiscal 2004. Towson attributes this to the integrated elementary education and special education program and the Two plus Two program, which allows students to complete their training at sites throughout the State.

Exhibit 1
TU Students Accepted into and Graduating from Teacher Education Programs
Employed in Maryland Public Schools
Fiscal 2001 – 2007



Note: Towson has revised its data collection method this year. In prior years, Towson reported how many students were enrolled in the teaching program. Starting in fiscal 2004, Towson has revised this measure to only include the number of students that have been accepted into the program. Prior data has been adjusted to reflect this change.

Source: Maryland State Budget Books; Towson University

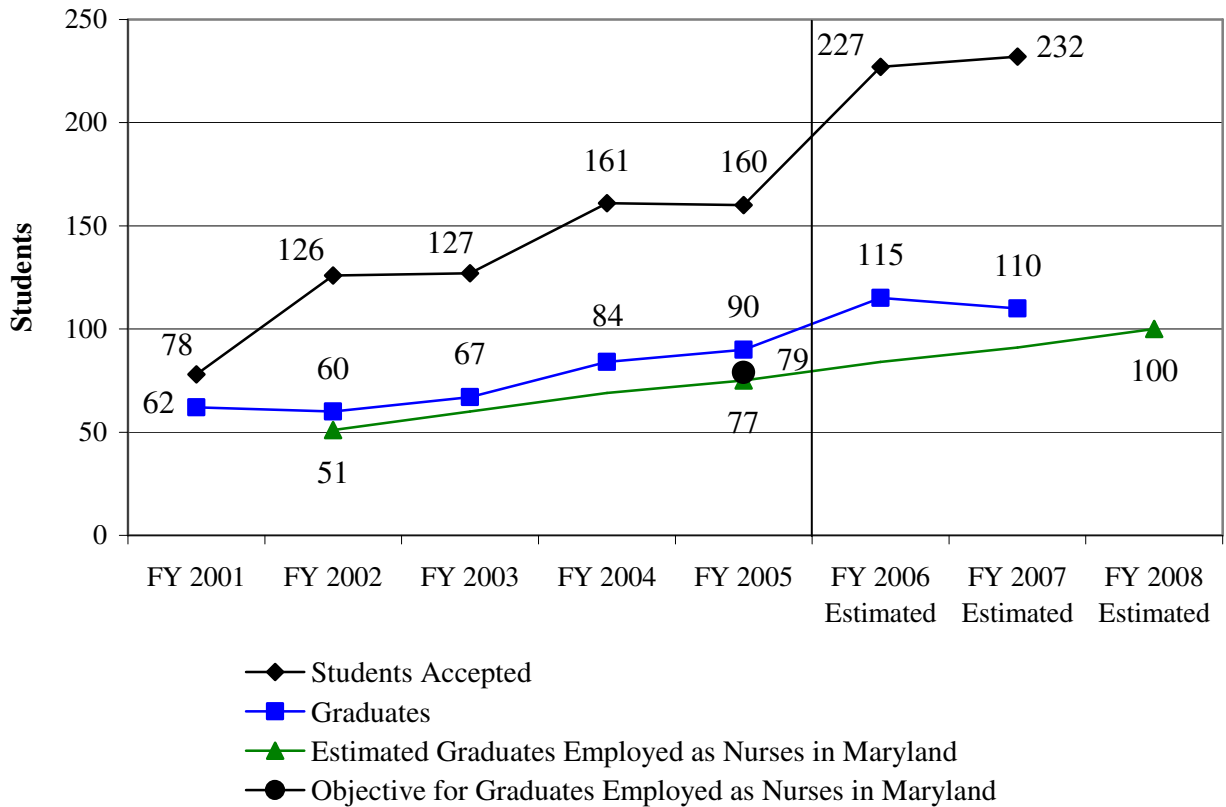
The number of students completing the teacher education program and employed in Maryland public schools increased from 303 in fiscal 2004 to 410 in fiscal 2005, exceeding the objective of 320. This shows that the Towson teacher education program is rebounding toward the fiscal 2001 level of 441 teachers employed in Maryland. It is expected that a full recovery in this measure will be made by next year and continue to rise through at least fiscal 2007. Towson attributes the fiscal 2005 increase to a larger hiring pool of graduates since the number of students completing training in fiscal 2004 had increased from fiscal 2003. They also attribute it to an increase in hiring in Maryland, specifically, Baltimore County.

Nursing Program Continues to Graduate Maryland Nurses

Towson also measures its contribution to Maryland's workforce needs through its nursing program. The Department of Labor, Licensing, and Regulation has projected that there will be 15,000 openings for registered nurses in Maryland through 2010. The need for nurses is, therefore, expected to continue.

As mentioned above regarding teaching, Towson has also modified its measurement in nursing to include only those students that are accepted into the nursing program instead of the number of students enrolled. As shown in **Exhibit 2**, the number of students accepted into the nursing program has been increasing since at least fiscal 2001. In fiscal 2005, there were 160 nursing students that had been accepted into the program. The number of graduates from Towson's nursing program is also increasing and is expected to continue increasing through at least fiscal 2007. Towson attributes this to the Towson Learning Network in which classes are taught at Greater Baltimore Medical Center and learning experiences are provided. The estimated number of graduates employed as nurses in Maryland also continues to rise from 51 as reported in the triennial Maryland Higher Education Commission (MHEC) survey in fiscal 2002 to 77 as reported in the fiscal 2005 survey. This is close to the 2005 objective of 79 graduates employed as nurses in Maryland. It is anticipated that the fiscal 2008 survey will show that 100 nursing graduates from Towson are employed in Maryland.

Exhibit 2
TU Students Enrolled in and Graduating from Nursing Programs
Employed as Nurses in Maryland
Fiscal 2001 – 2008



Note: Towson has revised its data collection methods this year. In prior years, Towson reported how many students were enrolled in the nursing program. Starting in fiscal 2004, Towson has revised this measure to only include the number of students that have been accepted into the program. Prior data has been adjusted to reflect this change.

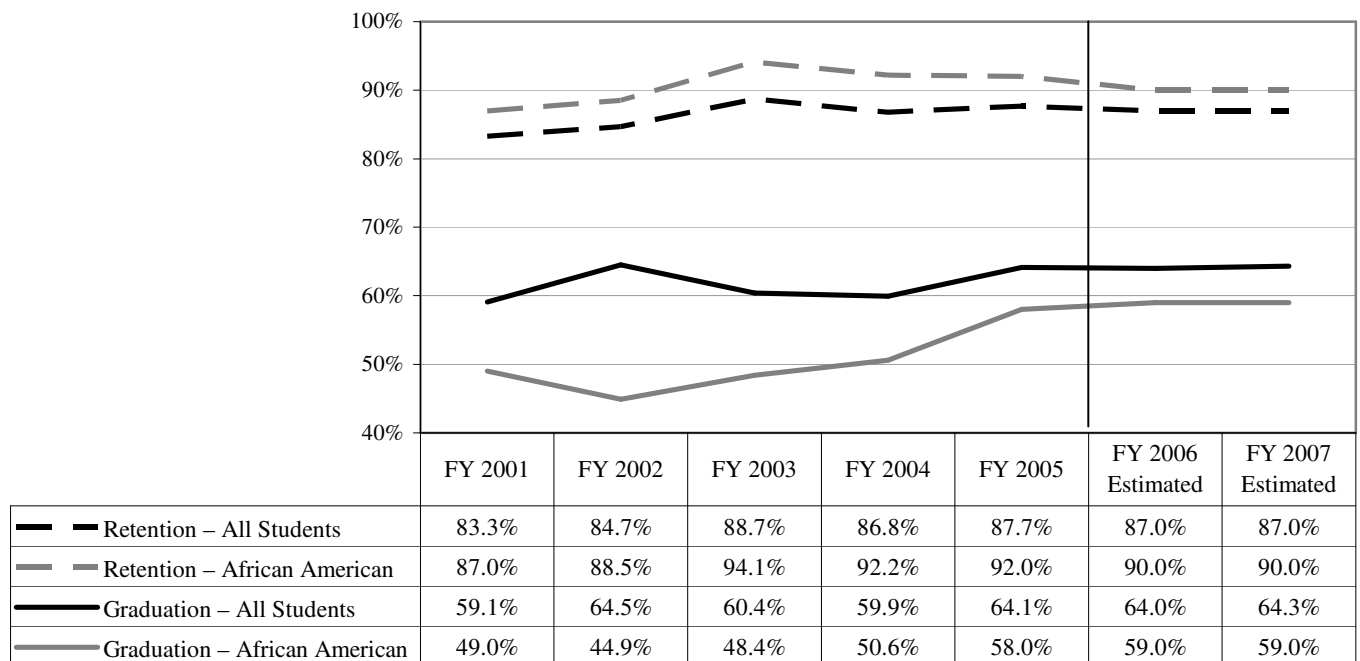
Source: Maryland State Budget Books; Towson University

Graduation and Retention Rates

Towson also has the goal to increase access for economically disadvantaged and minority students. In fiscal 2005, 43.1% of Towson’s undergraduates were considered economically disadvantaged students. Towson has an objective to increase and maintain this measure at 47%. In fiscal 2005, 15.9% of Towson’s undergraduate students were minorities as compared to the systemwide average of 38%. African Americans specifically make up 10.1% of the undergraduate students as compared to the systemwide average of 25%. However, Towson outperforms its peer institutions, at which African Americans make up an average of 7.9% of the undergraduate student body.

Retention rates at Towson are generally on track with the objective of maintaining the retention rate for all students at or above 87%. As shown in **Exhibit 3**, in fiscal 2005 the retention rate was 87.7% for all students. The retention rate for African American students held steady at 92%, outperforming that for all students and USM. Systemwide, the retention rate of African American students was 77% in fiscal 2005. Towson attributes its success in retaining African American students to giving more weight to high school grade point average than to standardized test scores when admitting applicants. Additionally, Towson has increased institutional need-based financial aid 239% since fiscal 2002.

Exhibit 3
Towson Graduation and Retention Rates
All Students and African American Students
Fiscal 2001 – 2007



Source: Maryland State Budget Books

Graduation rates continue to fluctuate for all students. In fiscal 2005, the six-year graduation rate for all students at Towson was 64.1%, which is an increase from the fiscal 2004 level of 59.9%. There was an increase in the graduation rate of African Americans from 50.6% in fiscal 2004 to 58% in fiscal 2005. This exceeds the systemwide average of a 48% graduation rate for African American students. The gap in the graduation rate between all students and African American students continued to decrease from 9.3 percentage points in fiscal 2004 to 6.1 percentage points in fiscal 2005. Towson also attributes the improving graduation rate of African American students to giving more weight to high school grades than to SAT scores. Towson began this initiative in 1998 resulting in higher six-year graduation rates.

Governor's Proposed Budget

The general fund allowance for fiscal 2007 is \$9.8 million above the 2006 level, an increase of 15.5%, as shown in **Exhibit 4**. Towson reports that it intends to use the additional general funds for current services cost increases (\$5.2 million), the remaining amount (\$4.6 million) would be available for enrollment growth and enhancements including a fundraising initiative (\$0.2 million).

Exhibit 4 Governor's Proposed Budget Towson University (\$ 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	\$58,946	\$62,908	\$72,658	\$9,750	15.5%
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Restricted Funds	18,901	23,900	23,900	0	0.0%
Total Funds	\$249,156	\$274,104	\$293,468	\$19,363	7.1%

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

Other unrestricted funds in the allowance grow mostly from a tuition and fee increase of \$7.6 million, which is 6.6% above the fiscal 2006 level. Considering all increases and decreases and a \$2.5 million planned transfer to fund balance, total unrestricted funds increase 7.7%. Overall, Towson's budget increases 7.1%.

Budget changes in the allowance by program are shown in **Exhibit 5**. This exhibit considers only unrestricted funds, of which general funds and tuition and fees are the majority. In the fiscal 2007 allowance, scholarships and fellowships increase at the highest rate (18.2%), operation and maintenance of the physical plant increase at the next highest rate (12.5%), and academic support increases at the third highest rate (12.3%). Instruction increases at 9.1%, the sixth highest increase. This differs from expenditure patterns from fiscal 2002 to 2006, where research and public service programs increased at the highest rates, and instruction had the fifth highest growth rate. Overall expenditures for education and general expenses is projected to grow almost \$20 million or 10.9%.

Towson reports that unrestricted funds besides general funds and tuition and fee revenue increase 155.5% in the allowance. Additionally, the transfer to fund balance increases 1,154.6% over fiscal 2006. This is primarily due to activity in fiscal 2006. In fiscal 2006, Towson transferred less funds to the fund balance than was originally planned. Towson had planned on transferring \$1.2 million in the 2006 appropriation to the fund balance, but was granted permission to lower the amount to \$0.2 million since the fiscal 2005 fund balance requirement was well overattained. In the fiscal 2007 allowance, \$2.5 million will be transferred to fund balance. This is consistent with the USM policy of transferring 1% of current unrestricted funds to fund balance.

Exhibit 5
Towson Budget Changes for Unrestricted Funds by Program
Fiscal 2002, 2006, and 2007
(\$ in Thousands)

	<u>Fiscal 2002</u> <u>Actual</u>	<u>Fiscal 2006</u> <u>Working</u>	<u>02 – 06</u> <u>% Change</u>	<u>Fiscal 2007</u> <u>Allowance</u>	<u>06 – 07</u> <u>\$ Change</u>	<u>06 – 07</u> <u>% Change</u>
Expenditures						
Instruction	\$58,426	\$68,849	17.8%	\$75,101	\$6,252	9.1%
Research	715	1,857	159.7%	1,894	37	2.0%
Public Service	2,198	3,573	62.6%	3,587	14	0.4%
Academic Support	22,294	23,841	6.9%	26,768	2,927	12.3%
Student Services	11,965	12,600	5.3%	13,873	1,273	10.1%
Institutional Support	23,828	26,479	11.1%	29,270	2,791	10.5%
Operation, Maintenance of Plant	19,460	26,366	35.5%	29,659	3,293	12.5%
Scholarships and Fellowships	13,105	17,510	33.6%	20,692	3,182	18.2%
Education and General Total	\$151,991	\$181,075	19.1%	\$200,844	\$19,769	10.9%
Auxiliary Enterprises	\$53,520	\$69,129	29.2%	\$68,724	-\$405	-0.6%
Grand Total	\$205,511	\$250,204	21.7%	\$269,568	\$19,364	7.7%
Revenues						
Tuition and Fees	\$80,967	\$113,897	40.7%	\$121,456	\$7,560	6.6%
General Funds	68,062	62,908	-7.6%	72,658	9,750	15.5%
Other Unrestricted Funds	7,328	2,680	-63.4%	6,848	4,168	155.5%
Subtotal	\$156,357	\$179,485	14.8%	\$200,963	\$21,478	12.0%
Auxiliary Enterprises	\$53,410	\$70,919	32.8%	\$71,107	\$188	0.3%
Transfer (to)/from Fund Balance	-4,255	-199	-95.3%	-2,502	-2,303	1154.6%
Grand Total	\$205,511	\$250,204	21.7%	\$269,568	\$19,363	7.7%

Note: Unrestricted funds only. All programs.

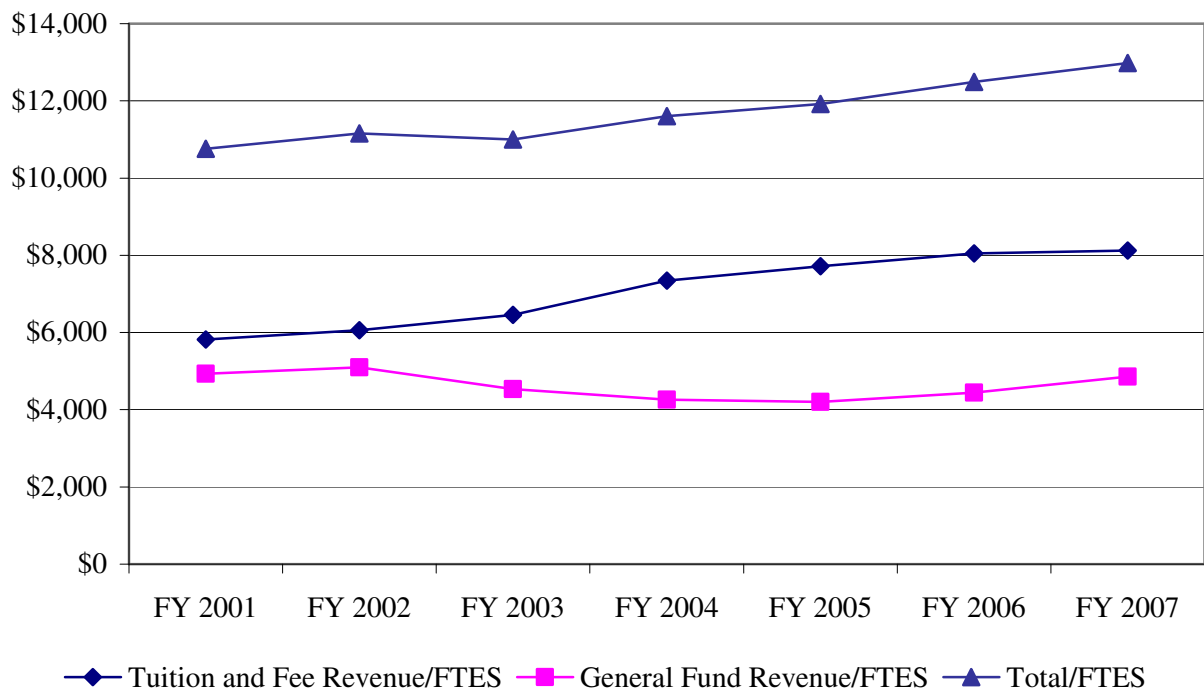
Source: Maryland State Budget

The President should comment on how Towson intends to spend the additional general funds including the \$4.4 million for enrollment growth. Additionally, the President should discuss on what the increases in unrestricted funds by program will be spent.

Tuition and Fees and General Fund Revenue

Exhibit 6 shows tuition and fees and general fund revenues per full-time equivalent student (FTES) between fiscal 2001 and 2007. At Towson tuition and fee revenue per FTES provided the majority of the total revenue per FTES since at least fiscal 2001. However, the difference between tuition and fee revenue and general fund revenue remained approximately the same from fiscal 2001 to 2002. Starting in fiscal 2003, tuition and fee revenue per FTES began increasing and general fund revenue per FTES began decreasing. From fiscal 2002 to 2007, tuition and fee revenue per FTES increased 34% while general fund revenue per FTES decreased 5%. The total revenue per FTES has risen fairly consistently from fiscal 2001 through 2007, an increase of 21%. For fiscal 2007, tuition and fee revenue per FTES is \$8,121 and general fund revenue per FTES is \$4,858. The total revenue per FTES is \$12,980. Tuition and fee revenue per FTES is 62.5% of the total.

Exhibit 6
Tuition and Fee and General Fund Revenues Per Full-time Equivalent Student
Fiscal 2001 – 2007



Source: Maryland State Budget Books

Enrollment Growth Planned for Towson University

USM is estimating that enrollment at Towson will grow by an additional 805 FTES in fiscal 2007. This estimate does not include the additional 312 FTES that are expected due to the efficiency initiative discussed in Update 1. USM has allocated \$4.4 million in general funds for fiscal 2007 based on these additional 805 FTES. Accommodating additional students may require additional classroom space. An analysis was completed by the Department of Legislative Services (DLS) of the existing classroom space and whether this will meet the needs of the campus given current enrollment levels. In fiscal 2005, Towson's classroom space was 85.9% of the needed classroom space for enrollment levels in fiscal 2005. This equates to a shortage in classroom space of 2 square feet per FTES. **The President should comment on how Towson will accommodate the enrollment growth from the perspective of classroom space and other necessary building space including dormitories, dining services, and parking facilities.**

Issues

1. Faculty Workload Increases

USM began an effectiveness and efficiency initiative in fiscal 2006 that will continue through 2008. Most of the academic related fiscal effects of USM’s efficiency initiative will be realized through increases in faculty workload. The Board of Regents requires the comprehensive institution’s faculty workload to reach the midpoint of the range of 7 – 8 course units per full-time equivalent tenured/tenure track faculty, or 7.5 course units, by fiscal 2006. Historically, Towson has been below the comprehensive average course load. This remains the case for the 2004 – 2005 academic year. Towson’s workload did increase from 6.9 course units per full-time equivalent faculty in the 2003 – 2004 academic year to 7.3 course units in the 2004 – 2005 academic year, as shown in **Exhibit 7**. Yet, Towson remains below the USM comprehensive institution average of 7.7 course units.

Exhibit 7
Course Units Taught by FTE Tenured and Tenure-track Faculty
Fiscal 2001 – 2005

	<u>2000 – 2001</u> <u>Courses/FTEF</u>	<u>2001 – 2001</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>
Towson University	7.1	6.6	6.6	6.9	7.3
All USM Comprehensives	7.4	7.0	7.0	7.5	7.7

Notes: Tenured and tenure-track faculty include sabbaticals and exclude department chairs. The Board of Regents new efficiency standard for instructional workload at comprehensive institutions is 7.5 course units annually to be reached in fiscal 2006. Towson’s calculation omits the business school because accreditation standards to call for business faculty to teach 6 course units annually.

FTEF = Full-time equivalent faculty

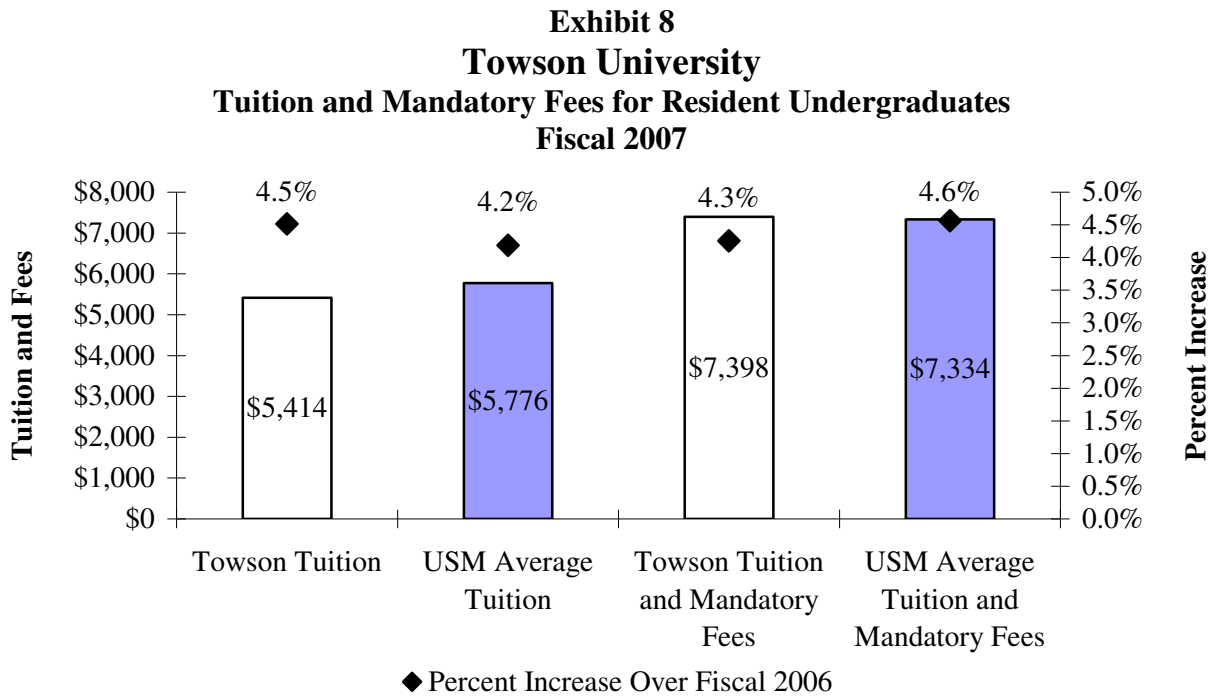
Source: University System of Maryland

2. Affordability Remains in the Spotlight

Affordability continues to be a concern for Maryland public higher education. Last year, *Measuring Up 2004*, produced by the National Center for Public Policy and Higher Education, rated Maryland an F in affordability. The report 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. An updated report is expected to be issued in 2006.

Tuition and Fee Increases

A factor that directly affects affordability is tuition and fee rates. For fiscal 2007, the USM weighted average for resident undergraduate tuition rates increases 4.2%, as shown in **Exhibit 8**. By comparison, Towson’s tuition rate increases 4.5%. Considering tuition together with mandatory fees, the USM weighted average increases 4.6%. Towson’s tuition and mandatory fees increase 4.3%.



Note: USM averages are weighted.

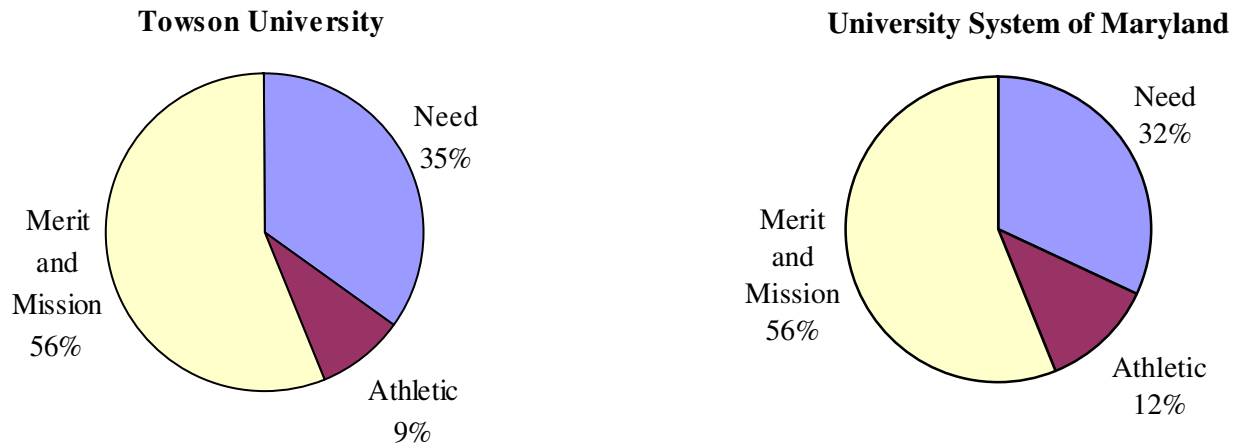
Source: University System of Maryland; Department of Legislative Services

Need-based Aid Increases

Another factor that affects affordability is financial aid. Categories of financial aid include merit, need, athletic, and mission. Data on funding amounts is available only in categories of need, athletic, and combined merit and mission. In the summer of 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.

In fiscal 2006 the majority of institutional aid at Towson falls into the merit and mission category (56%), and 35% goes to need, as shown in **Exhibit 9**. Towson’s merit and mission category is in line with USM as a whole. The need-based aid at Towson is higher than USM as a whole, which is 32%. Athletic aid at Towson is 9%, which is lower than USM as a whole (12%). Institutional aid is one kind of aid students receive and may be accompanied by State and federal aid.

**Exhibit 9
Institutional Financial Aid
Fiscal 2006**

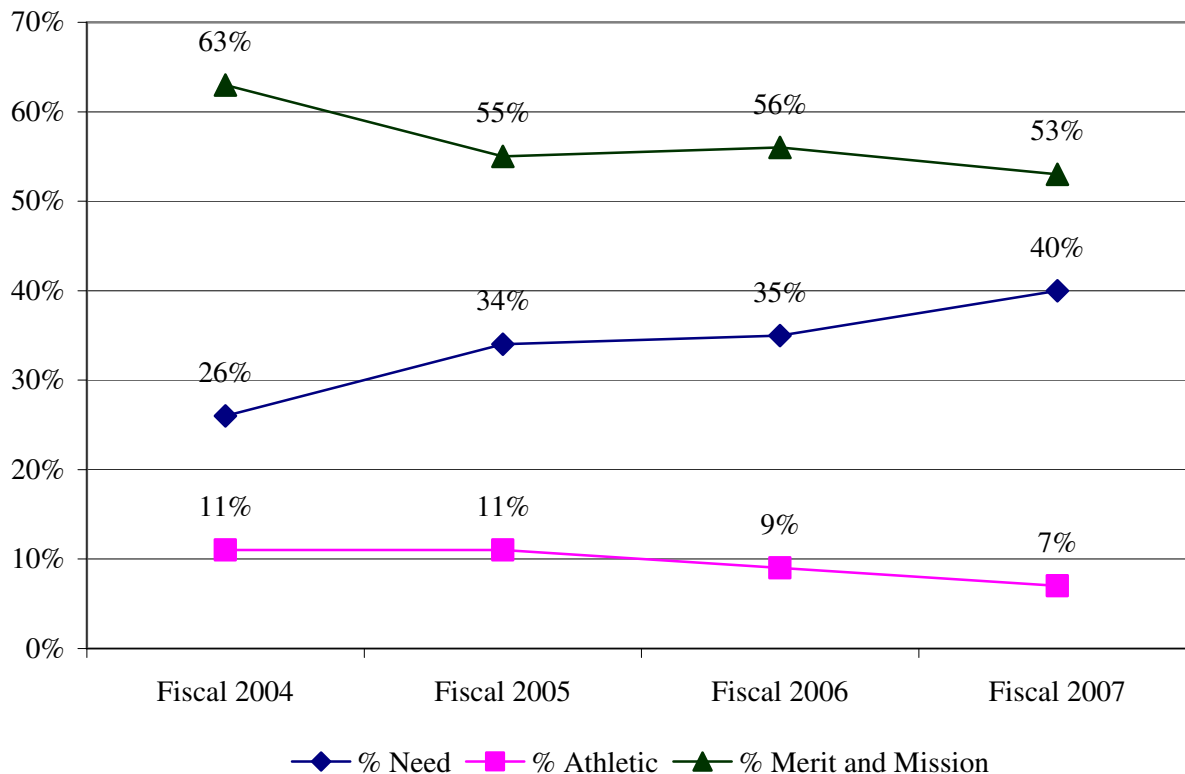


	<u>Need</u>	<u>Athletic</u>	<u>Merit and Mission</u>
Towson	\$5,100,000	\$1,250,000	\$8,212,000
USM Total	\$24,228,689	\$9,317,807	\$42,873,813

Source: University System of Maryland

Since fiscal 2004, the share of need-based aid at Towson has steadily increased from 26% to an estimated 40% in fiscal 2007, as shown in **Exhibit 10**. This reflects an anticipated increase in need-based aid from \$3.3 million in fiscal 2004 to \$6.5 million in fiscal 2007. Also from fiscal 2004 to 2007, athletic aid and merit and mission aid will decrease as a percentage of the total aid. Athletic aid was \$1.4 million in fiscal 2004 and will be \$1.1 million in 2007. Merit and mission aid will increase slightly from \$7.8 million in fiscal 2004 to \$8.6 million in 2007. The increase from fiscal 2006 to 2007 in the percent of aid allocated to need-based aid awarded to Towson students will be 14%. Comparatively, Towson’s tuition increases 4.5% from fiscal 2006 to 2007. The increase in need-based aid is consistent with the Chancellor’s recommendation to direct more aid to the need-based category.

Exhibit 10
Towson University Institutional Aid Types
Fiscal 2004 – 2007



Source: University System of Maryland

3. Personnel Studies Continue

In fiscal 2006, the USM workforce as a whole is slightly less than the level it was before recent cost containment measures. At Towson the workforce is also slightly less than it was before cost containment measures. In fiscal 2002, Towson’s regular and contractual positions totaled 2,494, and in 2006 the total is 2,476. These numbers include filled and unfilled positions. The fiscal 2007 allowance, however, would bring the number of total positions to a higher level than in 2002, or 2,566 positions. The fiscal 2007 allowance provides 113 additional regular positions.

As shown in **Exhibit 11**, 106 of the additional regular positions are State-supported, with 44 in instruction and 7 positions are non-state-supported in auxiliary.

Exhibit 11
Summary of Towson’s Additional Positions
Fiscal 2007

	<u>Fiscal 2007</u>
State Supported Positions	
Instruction	44
Research	0
Public Service	2
Academic Support	20
Student Services	12
Institutional Support	22
Operations, Maintenance of Plant	6
Total State Supported	106
Non-state Supported Positions*	
Auxiliary	7
Total Non-state Supported	7
Towson’s Total New Positions	113

* Funded by auxiliary revenue and grants

Source: University System of Maryland

Exhibit 12 shows how the 113 additional regular positions are classified. Faculty account for 35 of the positions, 41 positions are exempt personnel, and 37 are non-exempt. Exempt personnel generally are higher paid administrators and managers and are exempt from overtime pay.

Exhibit 12
Towson’s New Positions by Classification
Fiscal 2007

	<u>Fiscal 2007</u>
Faculty	35
Exempt Staff	41
Non-Exempt Staff	37
Towson’s Total New Positions	113

Source: Towson University

Towson is carrying more vacant positions than called for in the fiscal 2006 budget. The fiscal 2006 budget allows for a vacancy rate of 3.91%, or 64 positions, but Towson has 76.5 vacancies as of December 2005, or 4.7%. The fiscal 2007 budget calls for a vacancy rate of 3.49%, or 61 positions.

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The composition of Towson’s personnel has changed somewhat since fiscal 2002, as shown in **Exhibit 13** (the data in this exhibit are for filled regular positions only). Instructional personnel – who fulfill the institution’s core mission – account for a larger share of total personnel than in fiscal 2002. Instructional personnel include faculty as well as faculty support staff. For USM as a whole, instructional personnel’s share of the total declined slightly from fiscal 2002 to 2006. Furthermore, Towson’s proportion of instructional personnel (41.4%) is larger than the USM average (32.7%) in fiscal 2006.

Exhibit 13
Towson University Full-time Equivalent Personnel by Budget Program
For Filled Positions Only
Fiscal 2002, 2005, and 2006

	<u>Fiscal 2002</u>		<u>Fiscal 2005</u>		<u>Fiscal 2006</u>		<u>Change in Share of Total 02-06</u>
	<u>FTEs</u>	<u>% of Total FTEs</u>	<u>FTEs</u>	<u>% of Total FTEs</u>	<u>FTEs</u>	<u>% of Total FTEs</u>	
Instruction	584	38.8%	616	41.3%	637	41.4%	2.5
Research	3	0.2%	4	0.3%	4	0.3%	0.1
Public Service	15	1.0%	15	1.0%	15	1.0%	0.0
Academic Support	191	12.7%	162	10.9%	184	11.9%	-0.7
Student Services	152	10.1%	141	9.5%	145	9.4%	-0.7
Institutional Support	272	18.1%	271	18.2%	270	17.5%	-0.5
Operations, Maintenance of Plant	114	7.6%	104	7.0%	102	6.6%	-1.0
Auxiliary Enterprises	174	11.6%	178	11.9%	183	11.9%	0.3
Total	1,503	100.0%	1,491	100.0%	1,540	100.0%	

Note: Data are for filled regular positions only.
All data is self-reported and unaudited.

Numbers may not sum to total due to rounding

Source: Towson University

DLS also reviewed personnel by faculty, exempt, and non-exempt categories. Although Towson’s overall instructional personnel proportion is above the USM average, it is somewhat below average considering faculty alone. At Towson, filled regular faculty positions account for 35.4% of the fiscal 2006 total as compared to the USM average of 38.7%. Exempt personnel, who generally are higher-paid administrators and managers and are exempt from overtime pay, make up 34.2% of staff at Towson, which is slightly higher than the USM average of 33.3%. Non-exempt personnel make up 30.4% of the total at Towson, which is higher than the USM average of 28.1%.

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Efficiency Initiative in First Year

In October 2004, USM unveiled its efficiency and effectiveness plan. The system will pursue more than a dozen initiatives which began in fiscal 2006 and will continue through fiscal 2008. In its report, USM estimates that the fiscal 2007 savings will be \$18.7 million. These savings are built into the 2007 allowance, meaning estimates of current services cost increases would be \$18.7 million higher without the efficiency savings.

As shown in **Exhibit 14**, Towson's share of the savings is estimated to be \$1.8 million in fiscal 2007. This represents 1% of the State-supported budget for Towson. To achieve these savings, Towson will reengineer its business process by reallocating resources, such as outsourcing housekeeping and some maintenance, and by increasing the use of technology for payment transactions and on-line application submittal, for example.

Exhibit 14
Towson's Expected Efficiency Savings
Fiscal 2006 – 2007

	<u>Fiscal 2006</u>	<u>Fiscal 2007</u>
Towson University	\$1,691,676	\$1,770,655

Note: The expected savings represent 1% of the State-supported funds.

Source: University System of Maryland

Initiatives Estimated to Support 936 Additional Students through 2008 at No Cost to the State

One measure of the fiscal effects of the efficiency initiative is the number of additional full-time equivalent students (FTES) that each institution can serve with existing resources. This is in addition to increased enrollment supported with funds in the fiscal 2007 allowance. There are many ways to achieve these savings. One is by increasing summer and winter term enrollment, which are auxiliary programs and require no State funding. Another is by increasing the number of students graduating in four years, allowing for an increased student turn-over and added capacity.

As shown in **Exhibit 15**, Towson is expecting to support 936 students through fiscal 2008 as a result of the efficiency initiative. In fiscal 2005, Towson accommodated 47 additional students as a result of increasing the four-year graduation rate from a five-year historical average of 47.7% to 52.6% in fiscal 2005 and from increasing auxiliary semester enrollment. Towson is expected to support 312 students for each year of the efficiency initiative starting in fiscal 2006.

Exhibit 15
Additional Students Served at No Additional Cost to the State
Fiscal 2005 – 2008

	<u>FY 2005</u> <u>Actual</u>	<u>FY 2006</u> <u>Estimated</u>	<u>FY 2007</u> <u>Estimated</u>	<u>FY 2008</u> <u>Estimated</u>	<u>FY 2006 – 2008</u> <u>Total</u>
Towson University	47	312	312	312	936

Source: University System of Maryland

2. Joint MBA Program Receives Final Approval

In December 2004 TU received approval from the Board of Regents to pursue a joint Masters in Business Administration (MBA) program with the University of Baltimore (UB), which had an existing MBA program. The Board of Regents and MHEC approved the plan. Morgan State University, which is in the geographic vicinity of Towson, already offers an MBA program and objected to the decision by MHEC. The commissioners of MHEC upheld the decision but expressed disappointment that the three institutions could not come to an agreement on a collaborative approach to graduate business education.

The joint MBA program will begin enrolling students in fall 2006. When the program begins, new students enrolling at UB for fall 2006 will no longer be offered the UB MBA program; they will only be able to enroll in the joint program. Therefore, initial enrollment in the joint program will consist mostly of UB students. Over the first few years of the joint program, enrollment is expected to increase by 30 to 90 students beyond UB students. Total enrollment is expected to be between 650 and 750 students for the first few years of the program. Students that have enrolled in the program at either Towson or UB will be able to register for course offerings that will be available at either Towson or UB. Faculty of each school may teach at either school.

3. Teacher Professional Development School Success

In 1994 Towson began the teacher Professional Development School (PDS). The PDS program requires all Towson's students that are in a teaching program, at the bachelor's degree level and the post-baccalaureate level, to complete an internship at a Maryland school. The PDS program now consists of 118 schools in 12 school systems in Maryland. Towson has studied the retention of teachers in the teaching profession that have participated in the PDS program. The graduating class of 2001 was followed for four years, through fiscal 2005, and compared to students who did not participate in a PDS program. As shown in **Exhibit 16**, after four years of teaching, 80% of those students who participated in the PDS program remained in the teaching profession as opposed to 46% of students from traditional, or non-PDS, teacher education programs.

Exhibit 16
Towson University Professional Development School Retention Study

	<u>Retention After Year 1</u>	<u>Retention After Year 2</u>	<u>Retention After Year 3</u>	<u>Retention After Year 4</u>
PDS Students	100%	94%	94%	80%
Non-PDS Students	85%	62%	58%	48%

Note: Towson conducted a 5-year longitudinal study of 87 students who graduated in 2001, 34 had participated in the PDS program and 53 had not. All of the students were employed in the same school system.

Source: Towson University

Current and Prior Year Budgets

Current and Prior Year Budgets Towson 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	\$57,795	\$176,865	\$234,660	\$24,500	\$259,160
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	1,151	3,472	4,623	0	4,623
Reversions and Cancellations	0	-9,028	-9,028	-5,599	-14,627
Actual Expenditures	\$58,946	\$171,309	\$230,255	\$18,901	\$249,156
Fiscal 2006					
Legislative Appropriation	\$61,971	\$186,322	\$248,293	\$23,900	\$272,193
Budget Amendments	937	974	1,911	0	1,911
Working Appropriation	\$62,908	\$187,296	\$250,204	\$23,900	\$274,104

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

Fiscal 2005

Towson University's general funds increased \$1.2 million through budget amendment for State employee cost-of-living increases. Other unrestricted funds increased \$3.5 million through budget amendments. Of this amount, increases included \$2.5 million in a transfer from fund balance for fixed costs and \$1 million from tuition revenue. There were no budget amendments affecting restricted funds in fiscal 2005.

At the end of fiscal 2005, cancellations in the amount of \$9 million were made in unrestricted funds. Of this amount, \$5.6 million was from lower than expected expenditures in auxiliary enterprises, \$2 million was from a required fund balance contribution due to higher than expected revenue, and \$1 million will be carried over to fiscal 2006. Cancellations in the amount of \$5.6 million were made in restricted funds due to contracts not being attained in Towson's outreach area.

Fiscal 2006

For fiscal 2006, general funds increased \$936,926 through budget amendment for State employee cost-of-living increases. Other unrestricted funds increased \$973,876 also through budget amendment. This increase was due to a transfer from fund balance and was used for the conversion of contractual employees to regular employees as well as for IT equipment and maintenance.

Audit Findings

Audit Period for Last Audit:	March 1, 2000 – March 5, 2003
Issue Date:	December 2003
Number of Findings:	9
Number of Repeat Findings:	2
% of Repeat Findings:	22%
Rating: (if applicable)	n/a

- Finding 1:** Unauthorized Surcharge Fees: The university assessed students surcharge fees totaling approximately \$3 million during fiscal 1991 through 2003 without obtaining the required Board of Regents' approval.
- Finding 2:** Payroll: The university made payments to faculty members totaling \$155,700 without preparing contracts as required and made contractual payments to an employee totaling \$12,516 in apparent violation of the State ethics laws.
- Finding 3:** Contractual Services: The university did not ensure proper commissions were remitted by its hotel services contractor.
- Finding 4:** Student Accounts Receivable: Internal controls over the processing of certain critical adjustments were inadequate.
- Finding 5:** **Student Accounts Receivable: The university did not refer delinquent accounts receivable to the State's central collection unit as required.**
- Finding 6:** Bookstore: Controls over cash receipts were inadequate.
- Finding 7:** **Information Systems: Access controls, logging of certain security events, and related monitoring procedures for several critical applications needed improvement.**
- Finding 8:** Information Systems: The university's computer network was not adequately secured.
- Finding 9:** Information Systems: The university's information technology disaster recovery plan was not complete.

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

**Object/Fund Difference Report
Towson 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	1615.50	1639.50	1752.50	113.00	6.9%
02 Contractual	676.10	836.70	813.70	-23.00	-2.7%
Total Positions	2291.60	2476.20	2566.20	90.00	3.6%
Objects					
01 Salaries and Wages	\$ 107,273,947	\$ 115,196,281	\$ 129,949,838	\$ 14,753,557	12.8%
02 Technical & Spec Fees	29,911,847	34,892,543	34,124,043	-768,500	-2.2%
03 Communication	2,135,790	2,978,763	2,978,763	0	0%
04 Travel	2,497,005	2,299,213	2,299,213	0	0%
06 Fuel & Utilities	6,990,194	7,711,405	9,574,466	1,863,061	24.2%
07 Motor Vehicles	515,814	320,754	381,237	60,483	18.9%
08 Contractual Services	26,516,615	33,814,351	34,064,351	250,000	0.7%
09 Supplies & Materials	14,971,727	16,879,722	16,980,675	100,953	0.6%
10 Equip - Replacement	1,567,137	4,247,734	4,247,734	0	0%
11 Equip - Additional	4,586,834	5,671,736	6,513,763	842,027	14.8%
12 Grants, Subsidies, and Contributions	27,324,576	26,795,901	29,523,306	2,727,405	10.2%
13 Fixed Charges	17,496,534	20,754,862	19,372,040	-1,382,822	-6.7%
14 Land & Structures	7,367,515	2,540,958	3,458,152	917,194	36.1%
Total Objects	\$ 249,155,535	\$ 274,104,223	\$ 293,467,581	\$ 19,363,358	7.1%
Funds					
40 Unrestricted Fund	\$ 230,254,382	\$ 250,204,223	\$ 269,567,581	\$ 19,363,358	7.7%
43 Restricted Fund	18,901,153	23,900,000	23,900,000	0	0%
Total Funds	\$ 249,155,535	\$ 274,104,223	\$ 293,467,581	\$ 19,363,358	7.1%

**Fiscal Summary
Towson 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	\$ 63,990,846	\$ 68,849,279	\$ 75,101,308	\$ 6,252,029	9.1%
02 Research	2,282,700	8,889,835	8,926,515	36,680	0.4%
03 Public Service	11,264,957	12,267,918	12,281,874	13,956	0.1%
04 Academic Support	23,564,773	23,841,407	26,767,568	2,926,161	12.3%
05 Student Services	11,785,031	12,661,285	13,934,376	1,273,091	10.1%
06 Institutional Support	23,134,022	26,478,774	29,269,844	2,791,070	10.5%
07 Operation And Maintenance Of Plant	26,858,862	26,365,574	29,659,289	3,293,715	12.5%
08 Auxiliary Enterprises	59,954,093	69,229,340	68,823,610	-405,730	-0.6%
17 Scholarships And Fellowships	26,320,251	25,520,811	28,703,197	3,182,386	12.5%
Total Expenditures	\$ 249,155,535	\$ 274,104,223	\$ 293,467,581	\$ 19,363,358	7.1%
Unrestricted Fund	\$ 230,254,382	\$ 250,204,223	\$ 269,567,581	\$ 19,363,358	7.7%
Restricted Fund	18,901,153	23,900,000	23,900,000	0	0%
Total Appropriations	\$ 249,155,535	\$ 274,104,223	\$ 293,467,581	\$ 19,363,358	7.1%