

R30B26
Frostburg State University
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	FY 07 <u>Actual</u>	FY 08 <u>Working</u>	FY 09 <u>Allowance</u>	FY 08-09 <u>Change</u>	% Change <u>Prior Year</u>
General Funds	\$29,667	\$31,117	\$32,490	\$1,373	4.4%
Other Unrestricted Funds	48,708	48,228	50,494	2,266	4.7%
Total Unrestricted Funds	78,375	79,345	82,983	3,638	4.6%
Restricted Funds	<u>6,411</u>	<u>6,901</u>	<u>6,901</u>	<u>0</u>	
Total Funds	\$84,786	\$86,246	\$89,884	\$3,638	4.2%

- General funds increase \$1.4 million, or 4.4%, in the fiscal 2009 allowance. Other unrestricted funds include \$1.3 million from the Higher Education Investment Fund created during the 2007 special session. These funds will be used to freeze tuition, fund enrollment growth, and implement programs and initiatives.
- In terms of total funds, Frostburg's budget increases \$3.6 million, or 4.2%. However, after adjusting for health insurance and Other Post Employment Benefits liability costs, the underlying increase in the fiscal 2009 allowance is \$2.4 million, or 2.9%, over fiscal 2008.

Personnel Data

	FY 07 <u>Actual</u>	FY 08 <u>Working</u>	FY 09 <u>Allowance</u>	FY 08-09 <u>Change</u>
Regular Positions	677.00	707.00	707.00	0.00
Contractual FTEs	<u>179.90</u>	<u>136.80</u>	<u>136.80</u>	<u>0.00</u>
Total Personnel	856.90	843.80	843.80	0.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	34.01	4.81%
Positions Vacant as of 12/31/07	57.00	8.10%

- The fiscal 2009 allowance provides no new positions for Frostburg.

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

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Analysis in Brief

Major Trends

Enrollment in Teacher Education Declines While Graduates Employed in Maryland Increase: While enrollment in teacher education programs declines for a second year, the number of graduates employed in Maryland increases for a third consecutive year.

Retention Rates Increase; Graduation Rates Slightly Decline: The two-year retention rate of African American students continues to exceed that of all students. The graduation rates for all students and African American students decline by about one percentage point.

Issues

Enrollment Levels Increase: Enrollment is projected to increase 1.9%, or by 91 students in fiscal 2008 after two years of decline. Undergraduate student enrollment accounted for all the growth.

Affordability Remains an Issue: Resident undergraduate tuition rates are frozen for the third consecutive year; fees increase \$64. Most need-based aid (98.3%) was awarded to students with an expected family contribution of less than \$10,000 in fiscal 2006.

Facilities Maintenance and Renewal: Positions and salary related expenditures in operation and maintenance of plant have fluctuated. For the past five years, facility renewal expenditures average 1.0% of the replacement value of Frostburg's capital assets.

Recommended Actions

1. Concur with Governor's allowance.

R30B26
Frostburg State University
University System of Maryland

Operating Budget Analysis

Program Description

Frostburg State University (FSU) is the only four-year institution within the University System of Maryland west of the Baltimore-Washington corridor. Frostburg is a regional, largely residential university, attracting students from across Maryland, nearby states, and foreign countries. Approximately half of Frostburg's students are from Allegany, Garrett, Washington, and Frederick counties. Students rank in the top one-third of their high school or community college classes.

Frostburg offers an array of undergraduate and graduate degrees emphasizing arts and humanities, business, applied technologies, education, environmental sciences, human services, and social and behavioral sciences.

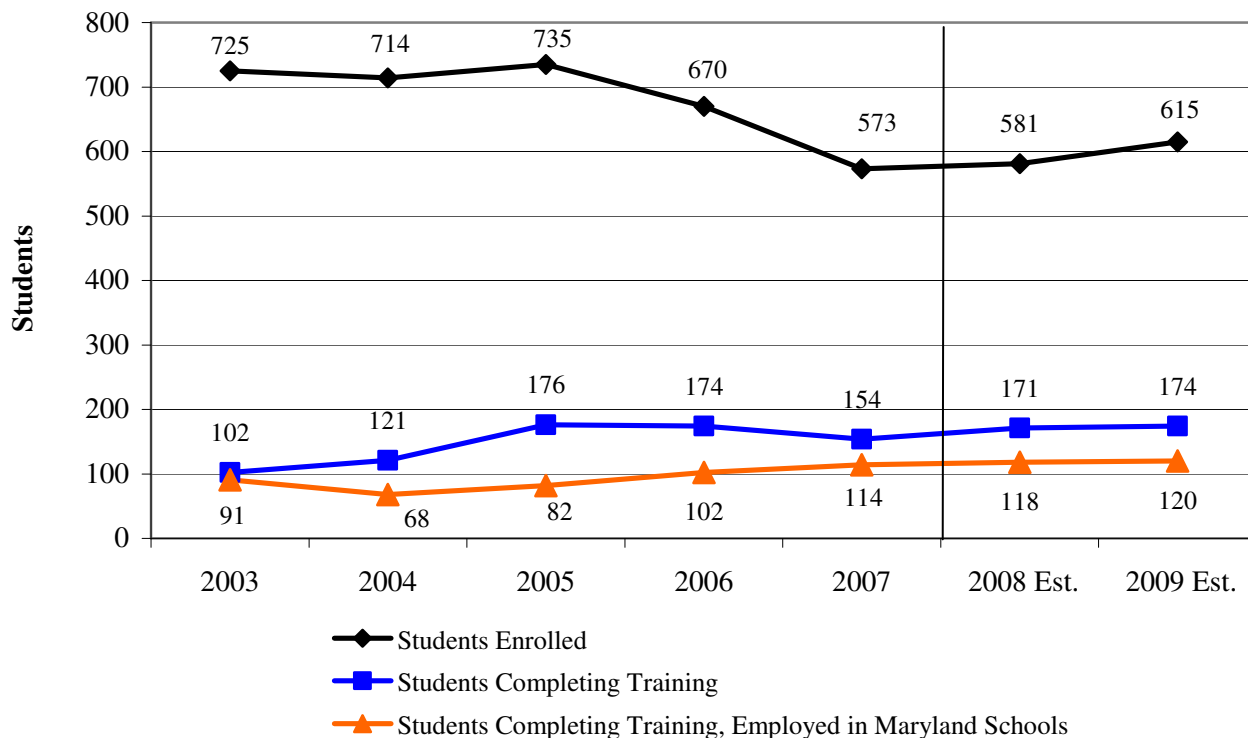
Frostburg helps meet the workforce needs of the State in information technology and teaching and is seeking to expand undergraduate and graduate programs in these areas. The institution also promotes economic development in Western Maryland by working with Allegany County to attract businesses.

Performance Analysis

Enrollment in Teacher Education Declines While Graduates Employed in Maryland Increase

Frostburg tracks the number of graduates in teacher education (undergraduate and post-bachelor) as one of the measures toward achieving the goal of meeting the critical workforce needs in the region and the State. **Exhibit 1** shows the number of students enrolled in teacher education programs and employed in Maryland schools. The number of students completing training and employed in Maryland schools increased from 102 in fiscal 2006 to 114 in fiscal 2007; the school's annual goal is 99. However, enrollment in teacher education programs continues to decline from a peak of 735 students in fiscal 2005 to 573 students in fiscal 2007, a decrease of 22%, or 162 students. Frostburg attributes the decline to smaller than expected enrollment in education programs in fiscal 2005 and 2006, resulting in a reduction in the number of candidates in the undergraduate teacher certificate program.

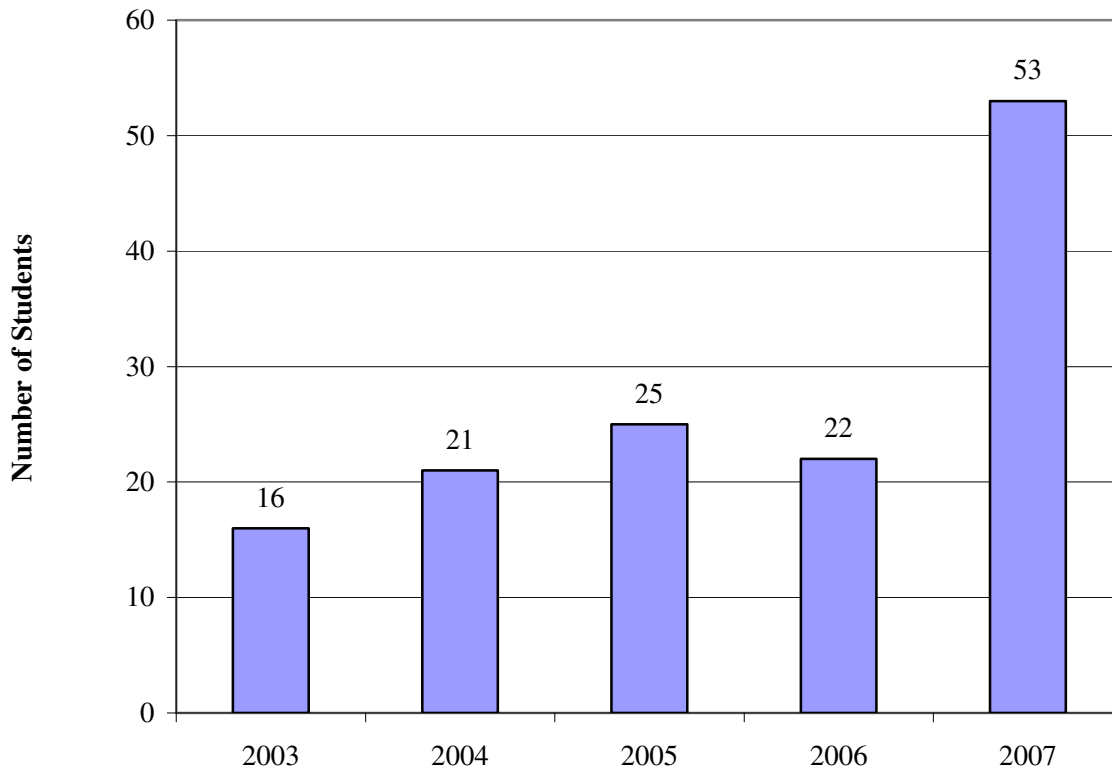
**Exhibit 1
Frostburg Students Enrolled in and Graduating from
Teacher Training Programs and Employed in Maryland Schools
Fiscal 2003-2009**



Source: Governor’s Budget Books, Fiscal 2009

In fall 2007, Frostburg expanded its teacher training program at the USM Hagerstown Regional Higher Education Center by offering an undergraduate program in early childhood education. As shown in **Exhibit 2**, enrollment at the Hagerstown Center increased from 22 students in fall 2006 to 53 students in fall 2007. Part of this increase is due to the launch of the undergraduate program in early childhood education, enrolling 16 students in fall 2007. Enrollment in the graduate level programs increased from 22 students in fall 2006 to 37 students in fall 2007.

Exhibit 2
Headcount Enrollment in Education Programs
Hagerstown Center
Fall 2003-2007



Note: Master of Arts in Teaching, Secondary was approved for offering in summer 2003. Bachelor's of Science in Early Childhood/Elementary started offering courses in fall 2007.

Source: Frostburg State University

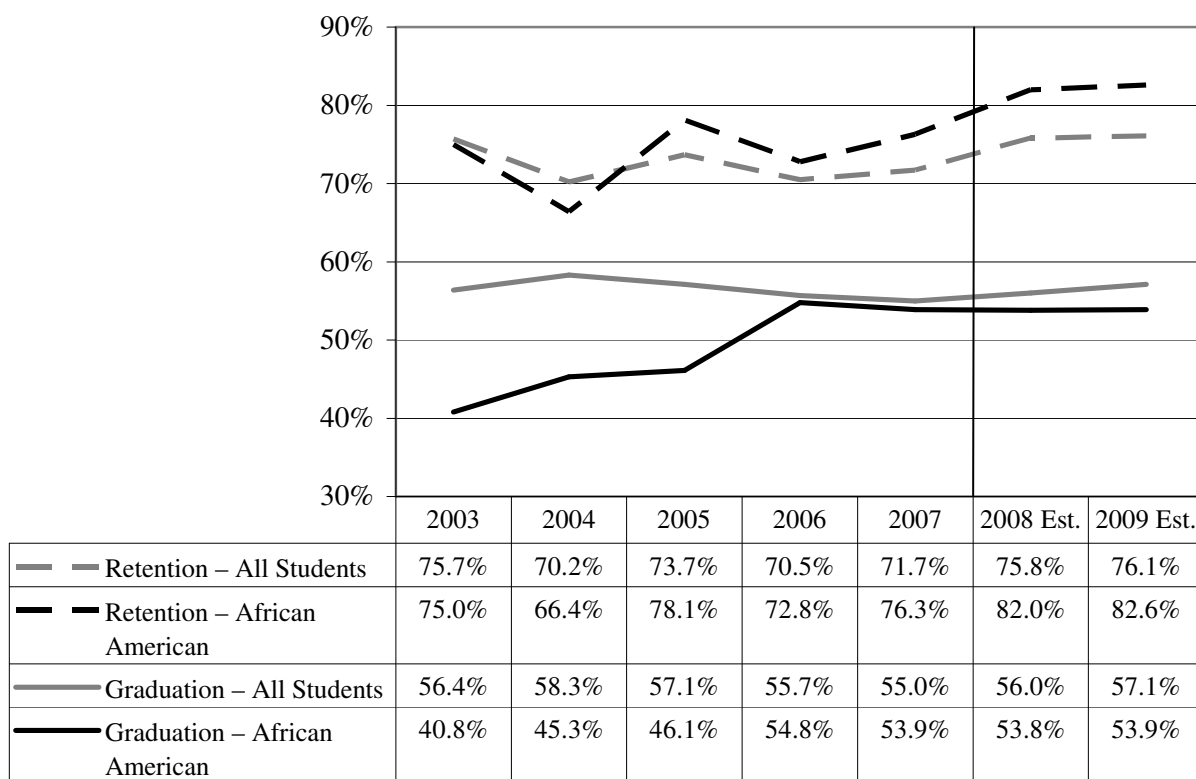
Frostburg is developing strategies to increase overall enrollment in its teacher education programs including establishing a Recruitment and Retention Task Force in the College of Education.

Retention Rates Increase; Graduation Rates Slightly Decline

Providing access to higher education for residents of Maryland and the region and continuing efforts to create an environment that prepares students to live and work in a diverse society are two of Frostburg's goals. Frostburg tracks progress toward achieving these goals by measuring the two-year retention and six-year graduation rates of all students and African American students.

Since fiscal 2005, Frostburg has been successful in retaining African American students. As shown in **Exhibit 3**, the second year retention rate of African American students continues to exceed that of all students. The retention rates for African American students have fluctuated from a low of 66.4% in fiscal 2004 to a high of 76.3% in fiscal 2007. While the retention rate for all students in fiscal 2003 was 75.7%, the rate has since declined, averaging 71.5%. In fiscal 2007, the retention rate for all students was 71.7%.

Exhibit 3
Retention and Graduation Rates
All Students and African American Students
Fiscal 2003-2009



Notes: Fiscal 2003 to 2007 data from the Maryland Higher Education Commission; Retention and Graduation Rates at Maryland Public Four-year Institutions, June 2007; Fiscal 2008 and 2009 data from the Governor’s Budget Books, Fiscal 2009; Fiscal 2007 two-year retention data reflect the 2005 cohort group and six-year graduation rate reflect the 2000 cohort group.

Source: Governor’s Budget Books, Fiscal 2009

In fiscal 2007, the six-year graduation rate of all students and African American students slightly decreased by about one percentage point for both groups. The graduation rate for all students decreased to 55.0%, and the rate for African American students declined to 53.9%. The gap in the graduation rates decreased from 15.6 percentage points in fiscal 2003 to 1.1 percentage point in fiscal 2007.

The President should comment on efforts to increase the retention rate of students and address the factors behind the success of reducing the gap in graduation rates between all students and African American students.

Fiscal 2008 Cost Containment

In July 2007, the Board of Public Works approved cost containment measures resulting in a \$371,575, or 1.2%, decrease in Frostburg’s State appropriations. The university held vacant positions open and did not fill positions that became vacant.

Governor’s Proposed Budget

The general fund allowance for fiscal 2009 is \$1.4 million above the fiscal 2008 working appropriation, an increase of 4.4%, as shown in **Exhibit 4**. In terms of total funds, Frostburg’s budget increases \$3.6 million, or 4.2%. However, this includes health insurance and Other Post Employment Benefits (OPEB) liability costs, distorting the year-to-year comparison. After adjusting for these costs in fiscal 2008 and 2009, the underlying increase in the fiscal 2009 allowance is \$2.4 million, or 2.9%.

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

	FY 07	FY 08	FY 09	FY 08-09	% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Funds	\$29,667	\$31,117	\$32,490	\$1,373	4.4%
Higher Education Investment Fund			\$1,281		
Other Unrestricted Funds	48,708	48,228	49,213	985	2.0%
Total Unrestricted Funds	78,375	79,345	82,983	3,638	4.6%
Restricted Funds	6,411	6,901	6,901	0	0.0%
Total Funds	\$84,786	\$86,246	\$89,884	\$3,638	4.2%

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

R30B26 – USM – Frostburg State University

The fiscal 2009 allowance provides \$1.3 million of Higher Education Investment Funds (HEIF). Of this amount, \$309,548 is to fund the budgeted fiscal 2009 enrollment growth of 42 full-time equivalent students (FTES) and \$721,031 to replace tuition revenue lost as a result of the freeze on resident undergraduate tuition. Additionally, \$250,000 will be used for laboratory upgrades and bridge funding to support the development of a collaborative nursing program with Allegany College. Considering general funds and HEIF together, State support increases 8.5%, or \$3.4 million, over fiscal 2008.

Other unrestricted funds increase \$984,955, or 2.0%, mainly due to an increase in tuition and fee revenues of \$588,429, or 2.1%, over fiscal 2008.

Changes in Frostburg's budget by program are shown in **Exhibit 5**. The data reflect unrestricted funds only, consisting mostly of general and HEIF funds, and tuition and fee revenues. Institutional support expenditures are budgeted to increase at the highest rate of 8.7%, or \$864,156. Expenditures in academic support increase at the next highest rate at 5.4%, or \$408,527; student services increase 4.7%, or \$172,759; and instruction expenditures increase 4.4%, or \$1.2 million. Increases in these areas are attributed to increases in salaries, benefits, and OPEB liability costs. Scholarships and fellowships increase 4.3%, or \$166,000 of which \$140,500 will go toward undergraduate students.

Exhibit 5
FSU Budget Changes for Unrestricted Funds by Program
Fiscal 2007-2009
(\$ in Thousands)

	<u>2007</u> <u>Actual</u>	<u>2008</u> <u>Working</u>	<u>2007-08</u> <u>% Change</u>	<u>2009</u> <u>Allowance</u>	<u>2008-09</u> <u>Change</u>	<u>2008-09</u> <u>% Change</u>
Expenditures						
Instruction	\$25,103	\$27,011	7.6%	\$28,189	\$1,178	4.4%
Public Service	114	15	-87.0%	15	0	0.0%
Academic Support	7,728	7,566	-2.1%	7,974	409	5.4%
Student Services	4,071	3,661	-10.1%	3,834	173	4.7%
Institutional Support	9,941	9,939	0.0%	10,803	864	8.7%
Operation and Maintenance of Plant	12,179	12,552	3.1%	12,802	250	2.0%
Scholarships and Fellowships	4,017	3,854	-4.0%	4,020	166	4.3%
Education and General Total	\$63,152	\$64,598	2.3%	\$67,637	\$3,040	4.7%
Auxiliary Enterprises	\$15,223	\$14,747	-3.1%	\$15,346	\$599	4.1%
Grand Total	\$78,375	\$79,345	1.2%	\$82,983	\$3,638	4.6%
Revenues						
Tuition and Fees	\$27,856	\$28,642	2.8%	\$29,230	\$588	2.1%
General Funds	29,667	31,117	4.9%	32,490	1,373	4.4%
Higher Education Investment Fund				1,281		
Other Unrestricted Funds	2,445	1,742	-28.8%	1,941	200	11.5%
Subtotal	\$59,969	\$61,501	2.6%	\$64,942	\$3,442	5.6%
Auxiliary Enterprises	\$18,322	\$17,955	-2.0%	\$18,151	\$197	1.1%
Transfer to/from Fund Balance	84	-110	-231.3%	-110	0	0.0%
Grand Total	\$78,375	\$79,345	1.2%	\$82,983	\$3,638	4.6%

FSU: Frostburg State University

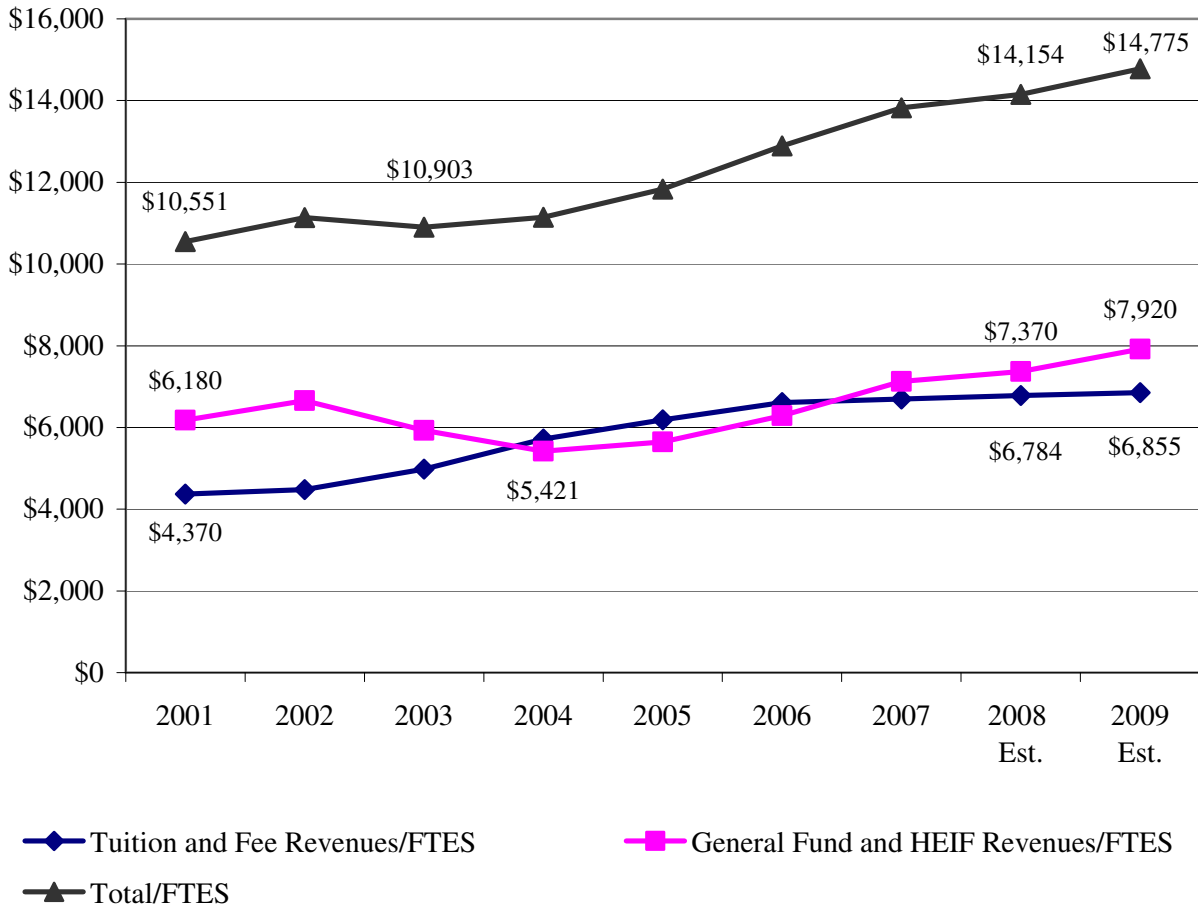
Note: Unrestricted funds only. All programs.

Source: Governor's Budget Books, Fiscal 2009

General Fund, HEIF, and Tuition and Fee Revenues

Since fiscal 2006, tuition and fee revenues per FTES have been relatively flat, as shown in **Exhibit 6**. This is due to the freeze of resident undergraduate tuition and declining enrollment in fiscal 2006 and 2007, followed by slight increases in fiscal 2008 and 2009. Since fiscal 2006, tuition and fee revenues per FTES increased \$246, or 3.7%. General funds per FTES have steadily increased from a low point of \$5,421 in fiscal 2004. In fiscal 2007, general funds surpassed tuition and fee revenues per FTES. In fiscal 2009, general and HEIF fund revenues increase \$550, or 7.5%. Overall, total revenues per FTES increase \$621, or 4.4%, in fiscal 2009.

Exhibit 6
Tuition and Fee and General Fund Revenue Per FTES
Fiscal 2001-2009



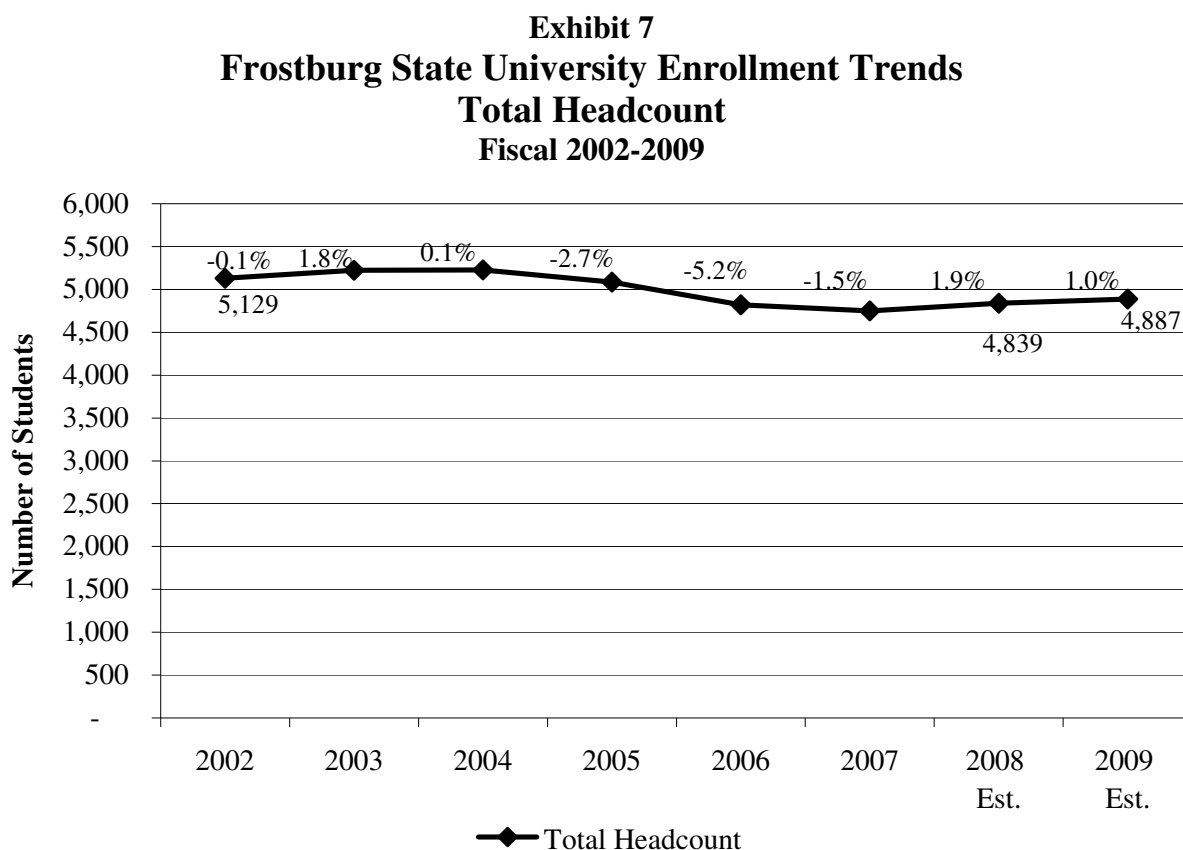
FTES: Full-time Equivalent Student
 HEIF: Higher Education Investment Funds

Source: Governor’s Budget Books, Fiscal 2009

Issues

1. Enrollment Levels Increase

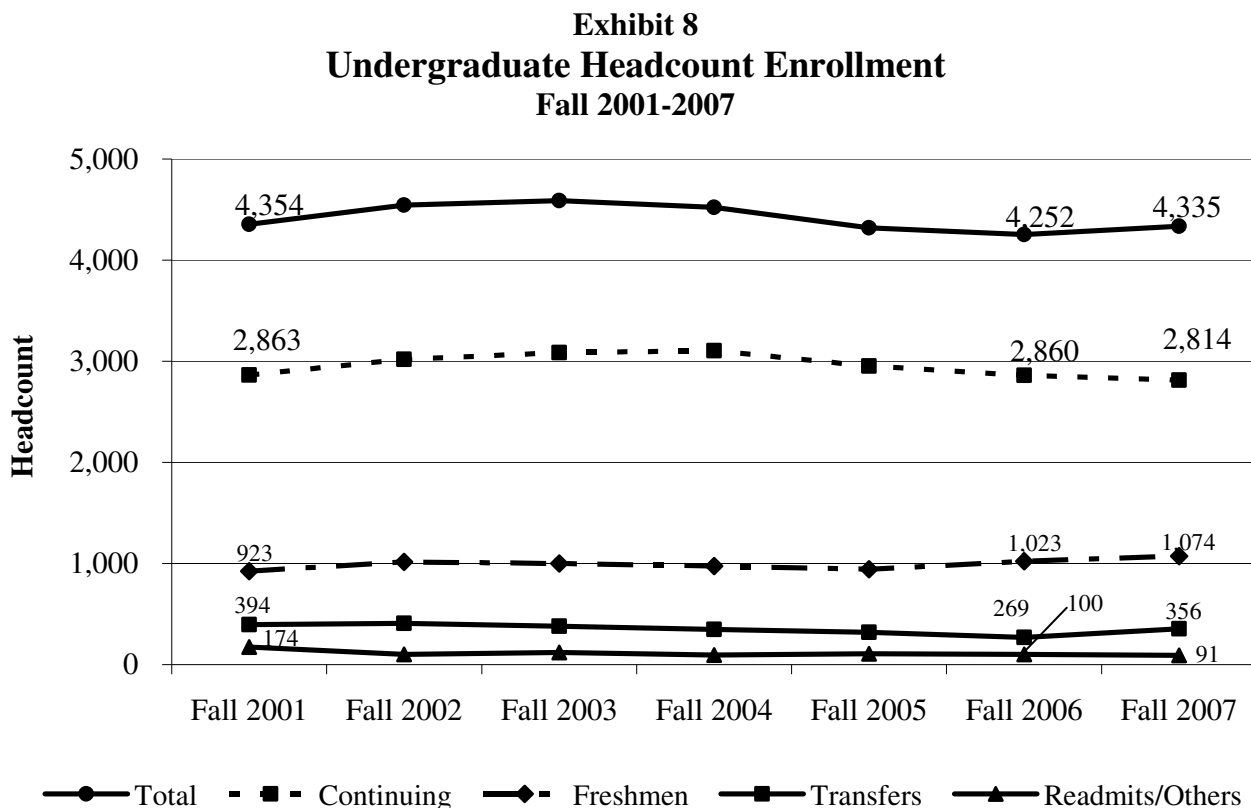
Total headcount for fall enrollment is expected to increase in fiscal 2008 and 2009 for the first time since fiscal 2004, as shown in **Exhibit 7**. Enrollment is projected to increase 1.9%, or by 91 students, in fiscal 2008, totaling 4,839 students. In fiscal 2009, enrollment is projected to total 4,887 students, an increase of 1.0% or 48 students. However, enrollment is 6.5%, or 341 students, below the high point in fiscal 2004 of 5,228 students.



Source: Governor's Budget Books, Fiscal 2004-2009

To understand the underlying enrollment trends, **Exhibit 8** shows a breakdown of the undergraduate headcount enrollment from fall 2001 to 2007, which shows an increase of 1.7%, or 83 students.

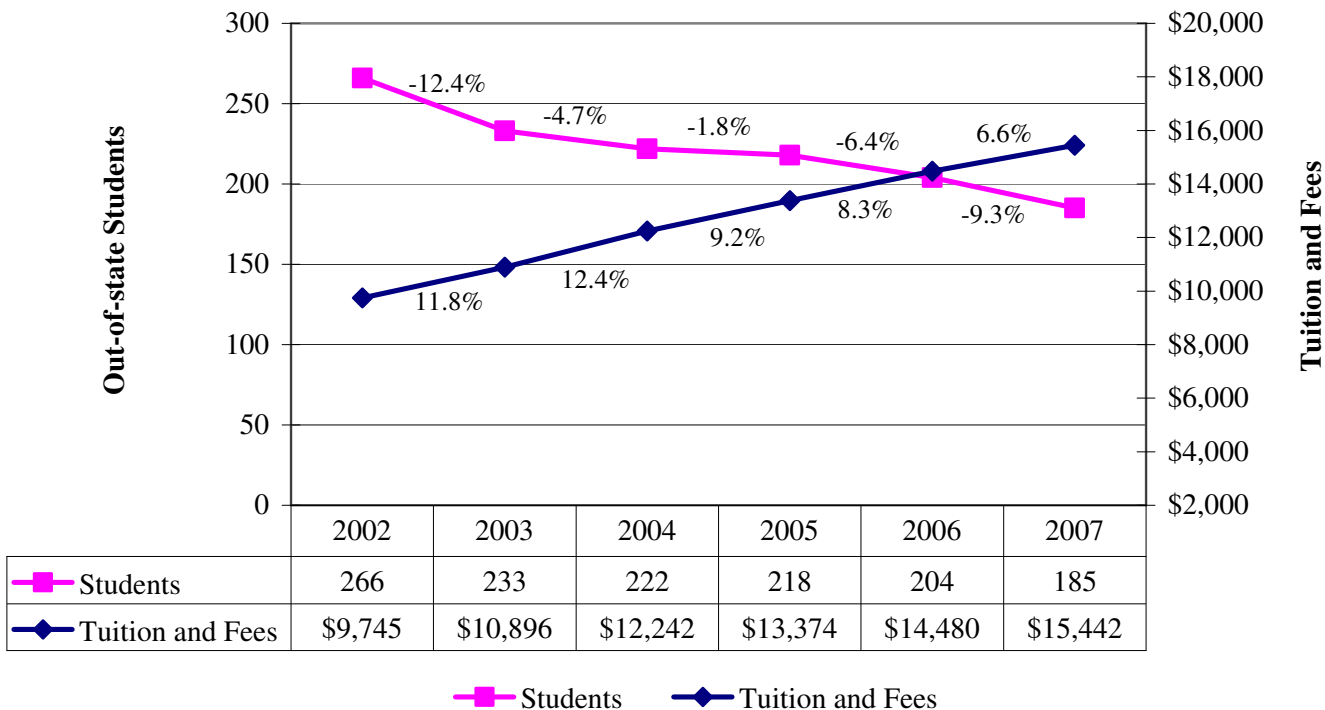
The fall 2007 increase in undergraduate enrollment was due to an increase of 138 freshmen and transfer students, as shown in Exhibit 8. However, this increase was offset by a decline of 55 continuing, readmits, and other undergraduate students. Overall, undergraduate students comprised 82.4% of the student body enrollment in fall 2001 and increased to 86.8% in fall 2007.



Source: Frostburg State University

Since at least fall 2003, out-of-state full-time undergraduate student enrollment has been declining, affecting total tuition and fee revenues particularly in fall 2007. **Exhibit 9** shows the number of enrolled out-of-state students and the corresponding tuition and fee rates. While the tuition and fee rates increased 58.5% or \$5,697 from fall 2002 to 2007, out-of-state enrollment declined 30.5% or by 81 students. Overall, the percentage of out-of-state students declined from 7.8% of full-time undergraduate enrollment to 4.8% in fall 2007. In terms of tuition and fee revenues, while revenues from out-of-state students increased \$361,750, or 14%, from fall 2002 to 2006; in fall 2007, revenues decreased 3.3%, or \$97,150. This raises concerns if Frostburg’s out-of-state tuition and fees are competitively priced to other colleges and universities in the region.

**Exhibit 9
Out-of-state Enrollment and Tuition and Fees
Fall 2003-2007**



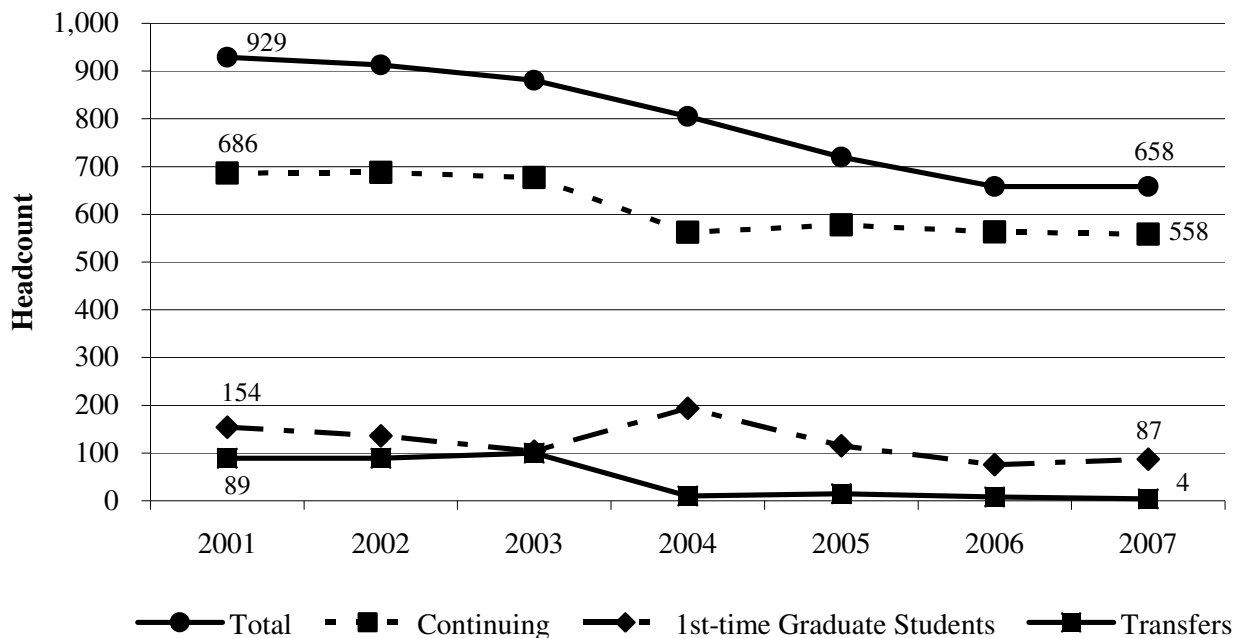
Source: Frostburg State University; University System of Maryland

The President should comment on the efforts to recruit and retain in- and out-of-state full-time undergraduate students and plans for out-of-state tuition increases.

The number of graduate students has declined from a high of 929 in fall 2001 to 658 in fall 2006 and 2007 – a decrease of 29.2%, or 271 students, as shown in **Exhibit 10**. Transfer students had the highest rate of decline from 89 in fall 2001 to 4 in fall 2007, a 95.5% decrease in enrollment. Continuing students declined 18.7%, or by 128 students. First time graduate students declined 43.5%, or by 67 students since fall 2001. Overall, graduate students comprised 17.6% of the total student body enrollment in fall 2001, declining to 13.2% in fall 2007.

Frostburg attributes the decline in graduate student enrollment to several factors. These include the accreditation of their Master’s in Business Administration requiring maintaining higher standards and the closing of its satellite location in Fredrick and subsequent move to the Hagerstown Regional Higher Education Center. Frostburg reports many students chose to enroll at Hood College rather than drive to Hagerstown. Frostburg notes graduate enrollment for the fall and spring semester increased by 20 FTES.

**Exhibit 10
Graduate Headcount Enrollment
Fall 2001-2007**



Source: Frostburg State University

The President should comment on the efforts to increase graduate student enrollment.

2. Affordability Remains an Issue

Maryland was awarded an F for affordability in *Measuring Up 2006*, produced by the National Center for Public Policy and Higher Education. 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.

Resident Undergraduate Tuition Frozen; Minimal Fee Increase

A factor directly affecting affordability is tuition and fee rates. The fiscal 2009 allowance provides \$721,031 of HEIF funds to freeze undergraduate resident tuition at the fiscal 2006 rate. This is the amount of revenue lost as a result of not increasing tuition 4%. Freezing tuition rates over the past three years has saved Frostburg students a total of \$1,232, assuming an annual 4% increase in tuition.

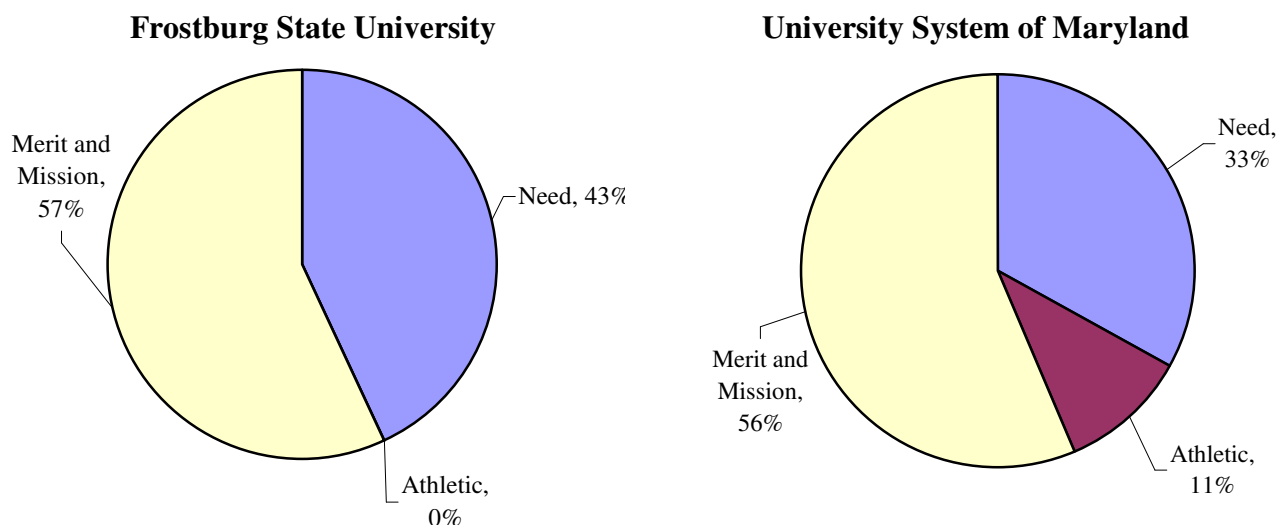
Fees, which are part of the total cost to the student, have not been frozen. In fiscal 2009, mandatory fees are projected to increase \$64, or 4.1%. When including tuition, the cost to a resident undergraduate student at Frostburg would increase 1.0% over fiscal 2008. This is lower than the average USM increase of 1.1%.

Distribution of Types of Institutional Aid

Another factor affecting affordability is institutional financial aid. Categories of institutional aid included merit, need, athletic, and mission. Students may also receive other State and federal aid. Data on aid are available in categories of need, athletic, and combined merit and mission.

In fiscal 2008, Frostburg expects to spend \$2.8 million on institutional aid, as shown in **Exhibit 11**. This is a decrease of \$21,516, or 0.8% from fiscal 2007. Frostburg reports the decrease reflects a conservative budget and expenditures will likely exceed the \$2.8 million budget as more funds become available. In fiscal 2007, Frostburg anticipated spending \$2.5 million on institutional aid; actual expenditures totaled \$2.8 million.

Exhibit 11
Institutional Financial Aid
Fiscal 2008 Estimate



	<u>Need</u>	<u>Athletic</u>	<u>Merit and Mission</u>	<u>Total</u>
Frostburg State University	\$1,348,595	\$0	\$1,457,905	\$2,806,500
University System of Maryland	\$33,473,322	\$10,774,804	\$57,230,081	\$101,478,207

Source: University System of Maryland

In fiscal 2008, Frostburg expects to spend \$1.3 million, or 43% of total aid, on need-based aid, higher than all USM institutions (33%). This is an increase of \$407,557, or 43.3%, over fiscal 2007. Spending on merit and mission is projected to total \$1.5 million, or 57% of all institutional aid, slightly higher than all USM institutions (56%). Spending on merit and mission is expected to decline \$429,073, or 22.7%, from fiscal 2007.

The Maryland Higher Education Commission is in the process of developing a Financial Aid Information System (FAIS) database. The FAIS data provide a profile of students receiving financial aid. The FAIS data have information for institutional aid awarded at Frostburg in fiscal 2006 for students that filled out a Free Application for Federal Student Aid to determine a student's expected family contribution (EFC). In general, the lower a student's EFC, the greater a student's financial need. Certain students with very low family income automatically qualify for a \$0 EFC, *i.e.*, no family contribution. **Exhibit 12** shows the percent of the students receiving need-based aid and other types of institutional aid by EFC category. In fiscal 2006, 98.3% of the need-based aid went to students with an EFC under \$10,000. These students also received 41.5% of other institutional aid. Students with an EFC of \$10,000 or more accounted for 1.8% of the students receiving need-based aid and 35.3% of other institutional aid.

Exhibit 12
Percent of Institutional Financial Aid Awards by EFC
Fiscal 2006

<u>EFC Category</u>	<u>Need-based</u>	<u>Other</u>
\$0	19.7%	4.8%
\$1 – \$3,850	45.3%	15.8%
\$3,851 – \$6,999	28.1%	12.7%
\$7,000 – \$9,999	5.2%	8.2%
\$10,000 – \$14,999	1.7%	12.0%
\$15,000 – \$19,999	0.0%	7.8%
\$20,000 +	0.1%	15.5%

EFC: Expected Family Contribution

Note: "Other" category includes athletic, merit, mission, and other aid. Total may not sum to 100% due to students receiving awards who do not file a Free Application for Federal Student Aid.

Source: Maryland Higher Education Commission; Financial Aid Information System, Fiscal 2005-2006

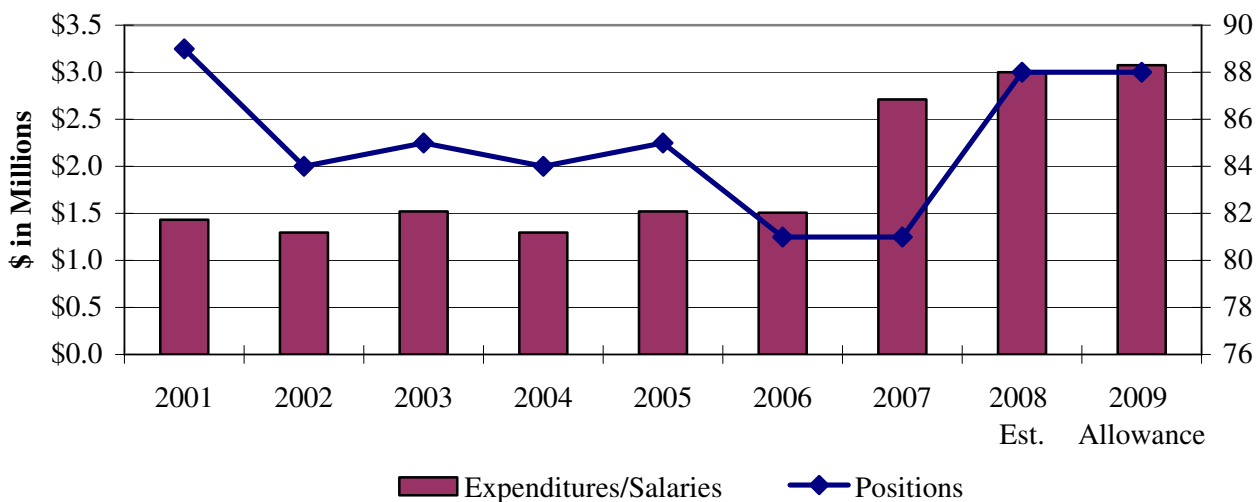
The President should comment on the expected overall level of funding for institutional aid. The President should also address shifts toward awarding more need-based aid and less merit and mission.

3. Facilities Maintenance and Renewal

Personnel

USM is increasing its efforts to improve existing facilities and address the backlog of deferred maintenance. **Exhibit 13** shows the number of positions in operation and maintenance of plant and the associated salaries and benefit expenditures from fiscal 2001 to 2009. From fiscal 2001 to 2006, positions fluctuated from a high of 89 in fiscal 2001 to a low of 81 in fiscal 2006. In fiscal 2007, salary related expenditures increased 80%. This was due to a change in accounting how maintenance time was charged to various accounts. Before fiscal 2007, maintenance time was charged back to the appropriate accounts. For instance, a person may perform work in an academic and dormitory building; therefore, some of the salary would be charged back to auxiliary services. This method understated the actual total maintenance expenses. Since fiscal 2007, salary related expenses have slightly increased.

Exhibit 13
Operation and Maintenance of Plant Personnel and Expenditures
Fiscal 2001-2009



Source: Governor’s Budget Books, Fiscal 2003, 2005, 2007, and 2009

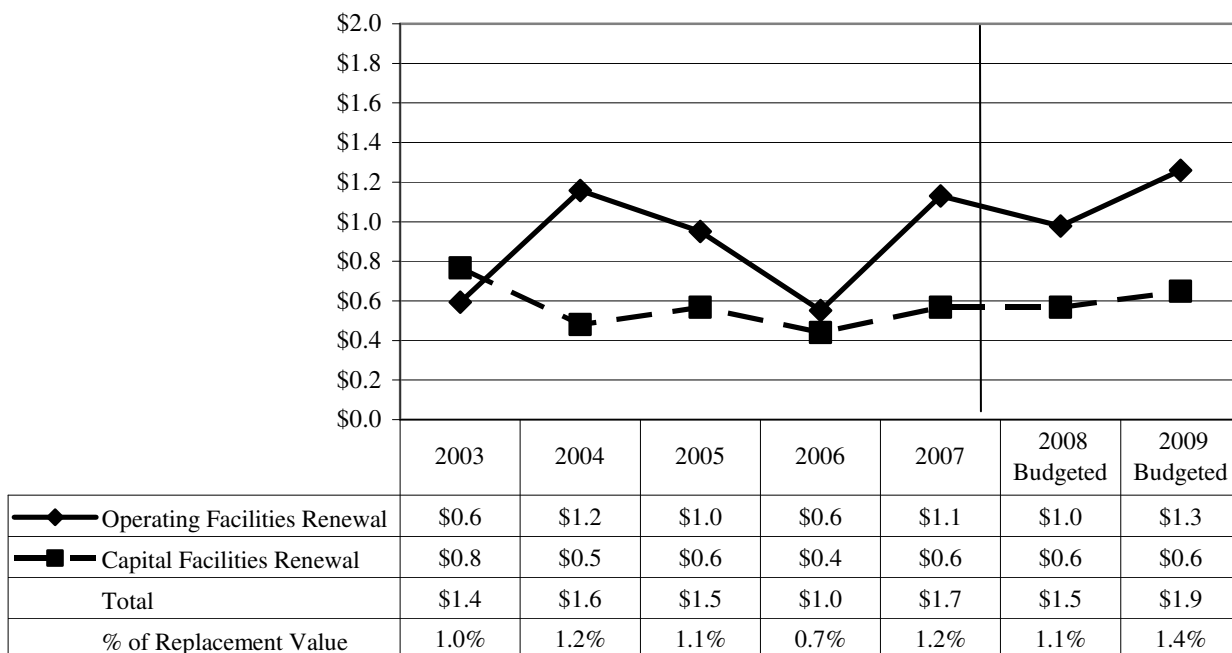
Facilities Renewal

In 1992, the Board of Regents set an institutional facilities renewal spending target of 2.0% of the current replacement value of capital assets. In an effort to steadily move institutions to the target in a timely manner, the Board of Regents adopted a new policy in 2005. The new policy requires that each institution annually increase its operating expenditures by 0.2% of the replacement value of all capital

assets until the institution reaches the 2.0% target. Additionally, due to the backlog of deferred projects, institutions may apply academic revenue bond funded facilities line items in the capital budget to their 2.0% target. Once the target is met, only operating expenses will apply to the 2.0% target.

For the past five years, Frostburg’s expenditures on facility renewal averaged 1.0% of the replacement value of its assets, as shown in **Exhibit 14**. Overall, operating expenditures have fluctuated from a high of \$1.2 million in fiscal 2004 to a low of \$550,681 in fiscal 2006. In fiscal 2008, operating expenditures are projected to decrease \$153,087, or 13.5%, totaling \$977,672. Frostburg reports this is only the budgeted amount and may not reflect actual fiscal 2008 expenditures. As the year progresses and additional funds are identified, those funds will be placed in facilities renewal. Total expenditures on facilities renewal in fiscal 2009 are expected to be \$1.9 million. This will be equivalent to 1.4% of the replacement value of Frostburg’s assets. Frostburg estimates its current maintenance backlog is \$33.0 million.

Exhibit 14
Frostburg Facilities Renewal Expenditures
Fiscal 2003-2009
(\$ in Millions)



◆
Operating Facilities Renewal

■
Capital Facilities Renewal

Note: Annual Spending Target (2% replacement value): \$2.8 million. Based on 2005 replacement values updated every five years.

Source: University System of Maryland

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

Current and Prior Year Budgets Frostburg 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 2007					
Legislative Appropriation	\$28,729	\$47,858	\$76,587	\$6,731	\$83,318
Deficiency Appropriation	0	1,000	1,000	320	1,320
Budget Amendments	660	789	1,449	393	1,842
Reversions and Cancellations	0	-662	-662	-1,032	-1,694
Actual Expenditures	\$29,389	\$48,985	\$78,374	\$6,412	\$84,786
Fiscal 2008					
Legislative Appropriation	\$30,843	\$47,569	\$78,412	\$7,124	\$85,536
Cost Containment	-372	0	-372	0	-372
Budget Amendments	646	659	1,305	-223	1,082
Working Appropriation	\$31,117	\$48,228	\$79,345	\$6,901	\$86,246

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

Fiscal 2007

For fiscal 2007, general funds for Frostburg State University increased a net \$0.6 million through a budget amendment for a State employee cost-of-living adjustment (COLA). Other unrestricted funds increased \$1.8 million through budget amendments. Increases included:

- \$1.0 million deficiency appropriation realigning expenditures to projections;
- \$0.5 million from increased sales and services of auxiliary enterprises and educational activities; and
- \$0.3 million from reallocation of funds balancing tuition revenue reductions with health cost savings.

Restricted funds increased a net \$0.7 million through a \$319,786 deficiency appropriation realigning expenditures with projections and a budget amendment of \$392,500 due to an increase of federal, State, and private contracts and grants.

Cancellations of unrestricted funds amounted to \$0.7 million due to higher than anticipated revenues. Cancellation of restricted funds totaled \$1.0 million due to lower than anticipated expenditures on grants.

Fiscal 2008

For fiscal 2008, general funds increased a net \$274,342 through budget amendments. This amount included an increase of \$645,917 for the State employee COLA and a decrease of \$371,575 for cost containment. Other unrestricted funds increased a net \$658,960 through a budget amendment. This amount included a \$623,058 increase in sales and services of auxiliary enterprises due to increases in room and board rates and athletic fees; a \$54,852 increase of interest income; and a \$18,950 decrease in sales and services of educational activities related to summer conference planning fees.

Restricted funds decreased a net \$222,500 through a budget amendment. This amount included a \$400,841 decrease in federal and private contracts and grants activity; a \$162,091 increase in State contract and grant activity; and a \$16,250 increase in miscellaneous income.

Audit Findings

Audit Period for Last Audit:	July 1, 2002 – June 30, 2006
Issue Date:	March 2007
Number of Findings:	8
Number of Repeat Findings:	2
% of Repeat Findings:	25%
Rating: (if applicable)	n/a

- Finding 1:*** Frostburg State University’s computer network was not adequately secured.
- Finding 2:*** Critical systems were not adequately monitored and controlled.
- Finding 3:*** Network account controls and backup procedures were inadequate.
- Finding 4:*** Adequate internal control was not established over the processing of certain purchasing transactions.
- Finding 5:*** Adequate internal control had not been established over certain FSU student records.
- Finding 6:*** Reconciliations of financial aid applied to student accounts with the related federal financial aid awards were not always performed.
- Finding 7:*** Questionable purchases were made from one vendor, and certain services were procured without competitive bids or written contracts.
- Finding 8:*** **An independent control account was not maintained.**

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

**FSU Full-time Equivalent Personnel by Budget Program
Fiscal 2002, 2007, and 2008**

	Fiscal 2002		Fiscal 2007		Fiscal 2008		Change in Share of Total <u>2002-08</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	238	38.7%	231	36.6%	229	35.4%	-3.3
Public Service	13	2.1%	18	2.9%	18	2.8%	0.7
Academic Support	60	9.8%	76	12.1%	78	12.0%	2.2
Student Services	41	6.7%	42	6.7%	45	7.0%	0.3
Institutional Support	107	17.4%	108	17.2%	109	16.8%	-0.6
Operations and Maintenance of Plant	88	14.3%	80	12.7%	83	12.8%	-1.5
Auxiliary	67	10.9%	75	11.9%	86	13.3%	2.4
Total	614		630		647		

FTE: Full-time Equivalent

Notes: Data are for filled positions only. All data are self-reported and unaudited.

Source: Frostburg State University

**Object/Fund Difference Report
Frostburg State University**

<u>Object/Fund</u>	<u>FY07 Actual</u>	<u>FY08 Working Appropriation</u>	<u>FY09 Allowance</u>	<u>FY08-FY09 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	677.00	707.00	707.00	0	0%
02 Contractual	179.90	136.80	136.80	0	0%
Total Positions	856.90	843.80	843.80	0	0%
Objects					
01 Salaries and Wages	\$ 44,506,040	\$ 47,250,000	\$ 50,071,218	\$ 2,821,218	6.0%
02 Technical and Spec. Fees	7,051,970	5,806,404	5,802,098	-4,306	-0.1%
03 Communication	459,185	780,856	781,350	494	0.1%
04 Travel	895,130	679,254	679,254	0	0%
06 Fuel and Utilities	3,728,388	4,735,000	4,235,000	-500,000	-10.6%
07 Motor Vehicles	468,965	257,108	267,315	10,207	4.0%
08 Contractual Services	5,541,655	6,025,511	6,153,530	128,019	2.1%
09 Supplies and Materials	4,729,175	5,205,901	5,346,831	140,930	2.7%
10 Equip. – Replacement	323,468	344,613	344,613	0	0%
11 Equip. – Additional	1,119,511	829,873	1,389,422	559,549	67.4%
12 Grants, Subsidies, and Contributions	7,304,785	7,154,694	7,320,694	166,000	2.3%
13 Fixed Charges	6,301,611	5,799,114	5,928,029	128,915	2.2%
14 Land and Structures	2,356,456	1,377,672	1,565,029	187,357	13.6%
Total Objects	\$ 84,786,339	\$ 86,246,000	\$ 89,884,383	\$ 3,638,383	4.2%
Funds					
40 Unrestricted Fund	\$ 78,374,984	\$ 79,345,000	\$ 82,983,383	\$ 3,638,383	4.6%
43 Restricted Fund	6,411,355	6,901,000	6,901,000	0	0%
Total Funds	\$ 84,786,339	\$ 86,246,000	\$ 89,884,383	\$ 3,638,383	4.2%

Note: The fiscal 2008 appropriation does not include deficiencies.

**Fiscal Summary
Frostburg State University**

<u>Program/Unit</u>	<u>FY07 Actual</u>	<u>FY08 Wrk Approp</u>	<u>FY09 Allowance</u>	<u>Change</u>	<u>FY08-FY09 % Change</u>
01 Instruction	\$ 25,144,080	\$ 27,058,527	\$ 28,236,774	\$ 1,178,247	4.4%
02 Research	28,381	158,000	158,000	0	0%
03 Public Service	2,706,687	2,811,706	2,811,706	0	0%
04 Academic Support	7,732,790	7,575,887	7,984,414	408,527	5.4%
05 Student Services	4,096,841	3,686,307	3,859,066	172,759	4.7%
06 Institutional Support	9,944,852	9,949,855	10,814,011	864,156	8.7%
07 Operation and Maintenance of Plant	12,178,838	12,553,137	12,803,007	249,870	2.0%
08 Auxiliary Enterprises	15,264,367	14,782,346	15,381,170	598,824	4.1%
17 Scholarships and Fellowships	7,689,503	7,670,235	7,836,235	166,000	2.2%
Total Expenditures	\$ 84,786,339	\$ 86,246,000	\$ 89,884,383	\$ 3,638,383	4.2%
Unrestricted Fund	\$ 78,374,984	\$ 79,345,000	\$ 82,983,383	\$ 3,638,383	4.6%
Restricted Fund	6,411,355	6,901,000	6,901,000	0	0%
Total Appropriations	\$ 84,786,339	\$ 86,246,000	\$ 89,884,383	\$ 3,638,383	4.2%

Note: The fiscal 2008 appropriation does not include deficiencies.