

R30B24
Towson University
University System of Maryland

Operating Budget Data

(\$ in Thousands)

| | <u>FY 08</u> <u>Actual</u> | <u>FY 09</u> <u>Working</u> | <u>FY 10</u> <u>Allowance</u> | <u>FY 09-10</u> <u>Change</u> | <u>% Change</u> <u>Prior Year</u> |
|------------------------------------------|-------------------------------|--------------------------------|----------------------------------|----------------------------------|--------------------------------------|
| General Funds | \$82,442 | \$83,855 | \$93,678 | \$9,823 | 11.7% |
| Contingent & Back of Bill Reductions | 0 | 0 | -212 | -212 | |
| Adjusted General Fund | \$82,442 | \$83,855 | \$93,466 | \$9,612 | 11.5% |
| Special Funds | 0 | 7,529 | 0 | -7,529 | -100.0% |
| Adjusted Special Fund | \$0 | \$7,529 | \$0 | -\$7,529 | -100.0% |
| Other Unrestricted Funds | 220,234 | 237,163 | 248,827 | 11,664 | 4.9% |
| Contingent & Back of Bill Reductions | 0 | 0 | -74 | -74 | |
| Adjusted Other Unrestricted Fund | \$220,234 | \$237,163 | \$248,753 | \$11,591 | 4.9% |
| Total Unrestricted Funds | 302,676 | 328,547 | 342,505 | 13,958 | 4.2% |
| Contingent & Back of Bill Reductions | 0 | 0 | -285 | -285 | |
| Adjusted Total Unrestricted Funds | \$302,676 | \$328,547 | \$342,220 | \$13,673 | 4.2% |
| Restricted Funds | 28,171 | 31,600 | 40,411 | 8,811 | 27.9% |
| Contingent & Back of Bill Reductions | 0 | 0 | -33 | -33 | |
| Adjusted Restricted Fund | \$28,171 | \$31,600 | \$40,378 | \$8,778 | 27.8% |
| Adjusted Grand Total | \$330,847 | \$360,147 | \$382,598 | \$22,451 | 6.2% |

- General funds for Towson University (TU) increase \$9.8 million, or 11.7%, in the fiscal 2010 allowance. However, after adjusting for \$7.5 million of Higher Education Investment Funds and \$211,601 to delete the deferred compensation match in fiscal 2010, the underlying increase is \$2.1 million, or 2.3%, over fiscal 2009.
- Restricted funds increase \$8.8 million, or 27.8%, over fiscal 2009, after adjusting the fiscal 2010 allowance \$33,364 to delete the deferred compensation match. This increase is due to growth in the number of State, federal, and private contracts and grants.
- Other pending and proposed actions affecting the fiscal 2009 and 2010 budgets will be further discussed in the Proposed Budget section.

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

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Personnel Data

| | <u>FY 08</u> | <u>FY 09</u> | <u>FY 10</u> | <u>FY 09-10</u> |
|------------------------|----------------------|-----------------------|-------------------------|------------------------|
| | <u>Actual</u> | <u>Working</u> | <u>Allowance</u> | <u>Change</u> |
| Regular Positions | 1,858.50 | 1,898.50 | 1,947.50 | 49.00 |
| Contractual FTEs | <u>872.50</u> | <u>923.00</u> | <u>960.00</u> | <u>37.00</u> |
| Total Personnel | 2,731.00 | 2,821.50 | 2,907.50 | 86.00 |

Vacancy Data: Regular Positions

| | | |
|-----------------------------------------------------------|-------|-------|
| Turnover and Necessary Vacancies, Excluding New Positions | 76.15 | 3.91% |
| Positions and Percentage Vacant as of 12/31/08 | 87.50 | 4.60% |

- The fiscal 2010 allowance provides TU with an additional 49 regular positions and 37 contractual positions; a 3% increase in the workforce.

Analysis in Brief

Major Trends

Teacher Training Program Enrollment Increases While the Number of Student Completing the Program Declines: While the number of students enrolled in teacher training programs grew 3.2% in fiscal 2008 to 1,509 students, the number of students completing the program fell 11.6% to a four-year low of 547 students.

Nursing Enrollment and Graduates Continue to Grow: Enrollment in nursing programs increased 10.5%, to 250 students in fiscal 2008. The number of students graduating continues an upward trend with 131 graduates in fiscal 2008, an increase of 19.1%, or 21 students, over fiscal 2007.

Retention Rates Increase; Gap in Graduation Rates Widens: The retention rate for African American students continues to exceed that of all students. While the six-year graduation rate of 68.1% for all students reached its highest point since fiscal 2004, the rate for African American students declined in fiscal 2008, resulting in a widening of the graduation rate gap to 5.6 percentage points in fiscal 2008.

Issues

Affordability Remains an Issue: Resident undergraduate tuition rates remain frozen for a fourth consecutive year, but fees increase 4.9%. Students with lower expected family contribution received most of the need-based aid, and the overall undergraduate student debt burden upon graduation declines.

Trimester Pilot Program: In order to support continued enrollment growth, TU piloted a trimester program in summer 2008. The program exceeded the target by increasing summer enrollment over the prior three-year average by 10.2%.

Closing the Achievement Gap: Through efforts to provide access to inner city students, TU enrolled more first generation college students from low-income families. However, many of these students have reading, mathematics, and writing deficiencies; exhibit poor study skills; and experience more difficulty adjusting to the university environment. Pathway to Success establishes programs to improve the retention and graduation of these students.

Recommended Actions

1. Concur with Governor's allowance.

Updates

Minority Group Enrollment: Language in the 2008 *Joint Chairmen's Report* required public institutions of higher education with Managing for Results performance goals related to increasing minority enrollment to provide enrollment data for each individual minority group.

R30B24 – USM – Towson University

R30B24
Towson University
University System of Maryland

Operating Budget Analysis

Program Description

Towson University (TU) is the largest comprehensive university within the University System of Maryland (USM), serving both residential and commuter students. As the State's metropolitan university, it focuses on providing educational experiences and community service through a broad range of opportunities at the undergraduate and graduate levels. Towson offers a board range of undergraduate programs in arts and sciences and applied professional fields, and applied master and doctoral level programs.

Post-baccalaureate certificates, master's, and doctoral programs focus on education, arts and sciences, health professions, information technology, and business. Areas of emphasis include education, theater, human resources development, psychology, computer information and sciences, speech-language pathology, audiology, occupational therapy, and health administration.

Towson contributes to the economic development of the State through a variety of activities and programs. The university continues to provide workforce training targeting nurses, teachers, and health professionals; expanding K-12 partnerships; and establishing partnerships with public agencies and private companies.

Carnegie Classification: Master's L: Master's Colleges and Universities (larger programs)

Fall 2008 Undergraduate Enrollment Headcount

| | |
|--------------|--------------------------------|
| Male | 6,958 |
| Female | 10,314 |
| Total | 17,272 (387 off campus) |

Fall 2008 Graduate Enrollment Headcount

| | |
|--------------|---------------------------------|
| Male | 966 |
| Female | 2,873 |
| Total | 3,839 (1,525 off campus) |

Fall 2008 New Students Headcount

| | |
|------------------|--------------|
| First-time | 2,832 |
| Transfers/Others | 1,942 |
| Graduate | 818 |
| Total | 5,592 |

Campus (Main Campus)

| | |
|--------------------------|---------------------|
| Acres | 328 |
| # of Buildings | 47 |
| Average Age of Buildings | 45 |
| Oldest Building | Auburn House - 1790 |

Programs

| | |
|------------|----|
| Bachelor's | 62 |
| Master's | 40 |
| Doctoral | 4 |

Degrees Awarded (2007-2008)

| | |
|----------------------|--------------|
| Bachelor's | 3,204 |
| Master's | 924 |
| Doctoral | 14 |
| Total Degrees | 4,142 |

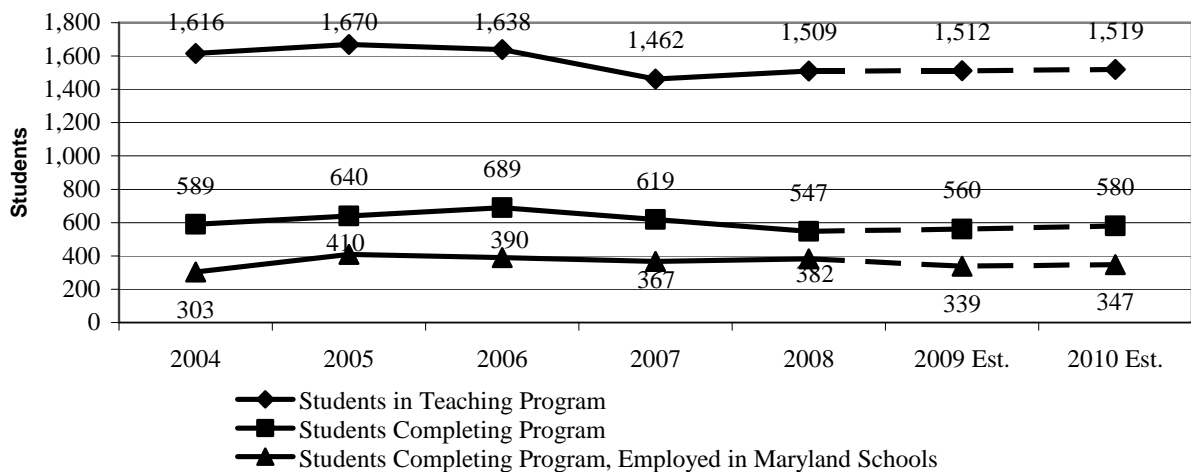
Performance Analysis

Teacher Training Program Enrollment Increases While Students Completing Program Declines

Towson tracks the number of students completing the teacher education training program and employed in Maryland to measure progress in meeting the workforce goals, as shown in **Exhibit 1**. After two years of declining enrollment, the number of students increased 3.2%, or 47 students, in fiscal 2008 totaling 1,509 students. However, the number of students completing the program continued to decline, dropping 11.6%, or by 72 students, in fiscal 2008 to 547 students, the lowest point in the past four years.

In fiscal 2007, students enrolled in and completing the program declined by 10.7 and 10.2%, respectively. Towson notes that for fiscal 2007, the number of students in the program was reduced by 105 due to double counting of Integrated Elementary Education – Special Education students. Another factor contributing to the decline in enrollment and program completion was the increased availability of resident teacher programs. These programs are aimed at career changers who decide to become teachers and allow uncertified teachers to work while taking courses toward certification.

Exhibit 1
TU Students Accepted into and Graduating from Teacher Education Programs
Employed in Maryland Public Schools
Fiscal 2004-2010



TU: Towson University

Note: In fiscal 2007, the number of students in teacher training programs was reduced by 105 due to Integrated Elementary Education – Special Education students being inadvertently double counted.

Source: Towson University, Governor’s Budget Book, Fiscal 2010

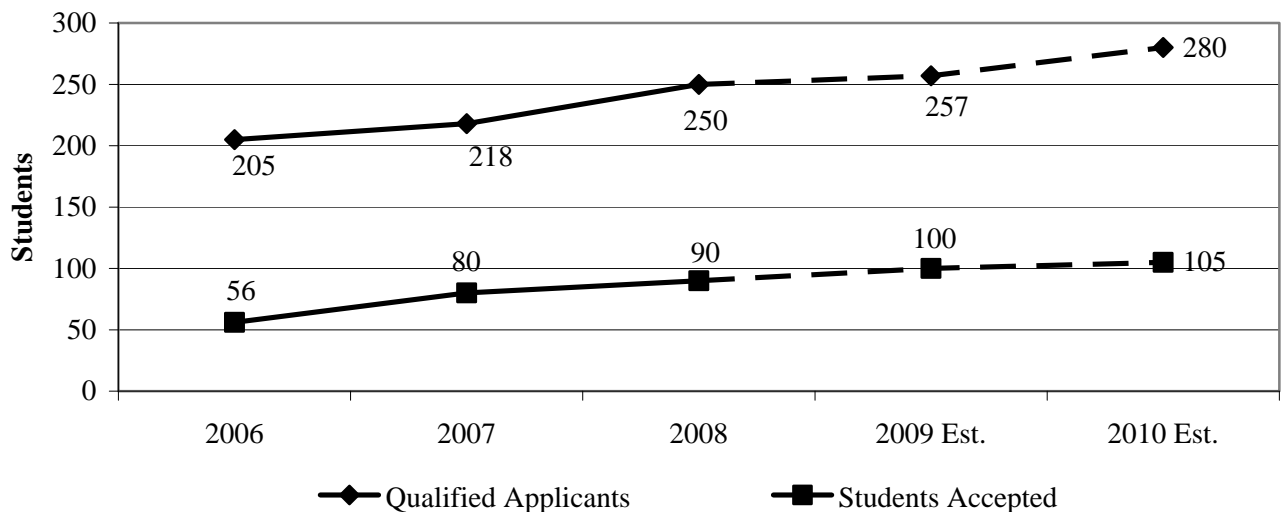
After a two-year decline in the number of students completing all teacher education requirements and employed in Maryland public schools, the number rebounded from 367 graduates in fiscal 2007 to 382 in fiscal 2008. Towson previously reported it was not confident in the accuracy of the data obtained from the Maryland State Department of Education, believing it underestimated the number of graduates employed in Maryland public schools.

The President should comment on efforts undertaken to increase enrollment and the retention and graduation of students in teacher education programs.

Nursing Enrollment and Graduates Continue to Grow

Another of Towson’s workforce measures is tracking the number of undergraduates in the nursing programs. Over the past two years, the number of qualified nursing applicants grew steadily from 205 applicants in fiscal 2006 to 250 in 2008, as shown in **Exhibit 2**. This corresponds with an upward trend in the number of undergraduate students accepted in the nursing program. From fiscal 2006 to 2008, the number of students accepted into nursing increased 61%, or by 34 students. Towson notes that starting in fiscal 2007, data includes nursing students at the USM Hagerstown Center, which began enrolling students in fall 2006.

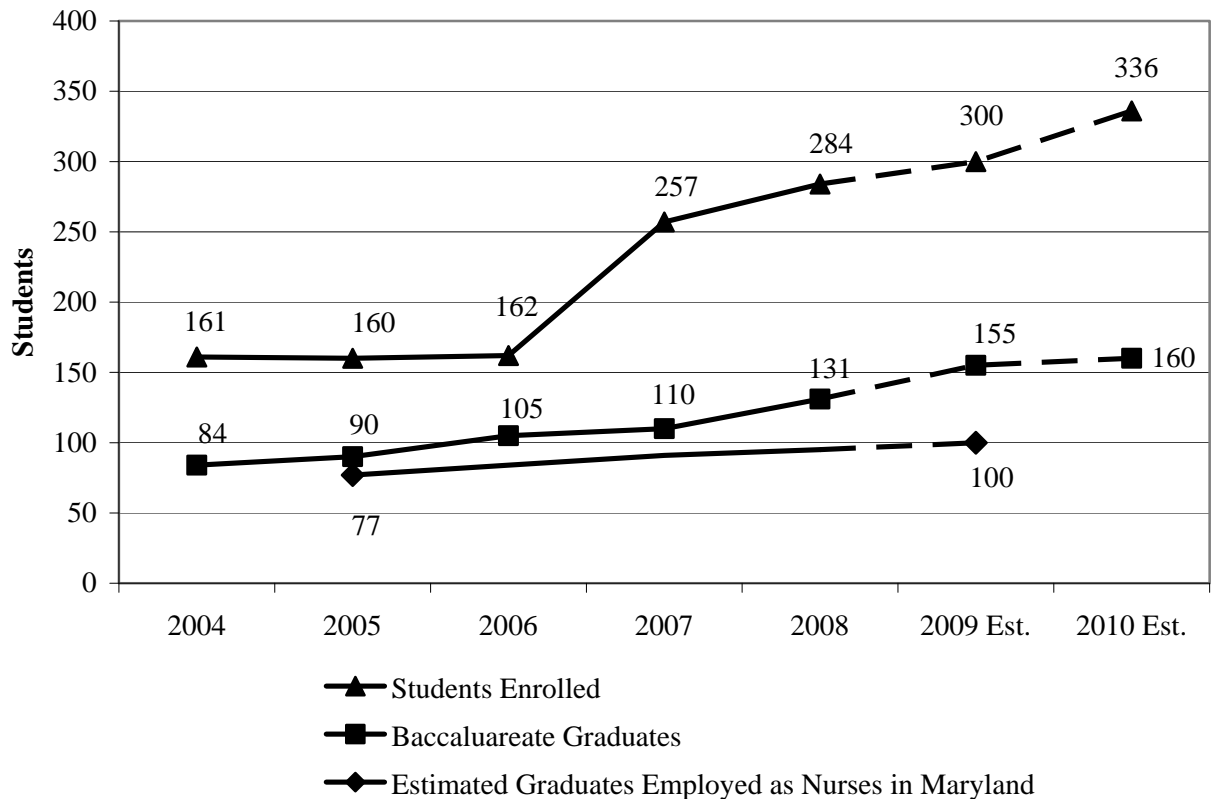
Exhibit 2
Number of Qualified Nursing Applicants and Acceptance to
Towson University’s Nursing Program
Fiscal 2006-2010



Source: Governor’s Budget Book, Fiscal 2010

Undergraduate enrollment in nursing programs continues to grow, as shown in **Exhibit 3**. In fiscal 2008, enrollment increased 10.5%, or by 27 students. In fiscal 2007, enrollment jumped 58.6%, or by 95 students, which Towson attributed to better coordination in reporting between the Nursing Department and the Registrar’s Office and inclusion of students enrolled at the Hagerstown center. In fiscal 2008, the number of students graduating continues an upward trend with 131 nursing students graduating. This is an increase of 19.1%, or 21 students, over fiscal 2007. Overall, since fiscal 2004, the number of graduates increased 56.0%.

Exhibit 3
TU Students Enrolled in and Graduating from Nursing Programs and
Employed as Nurses in Maryland
Fiscal 2004-2010



TU: Towson University

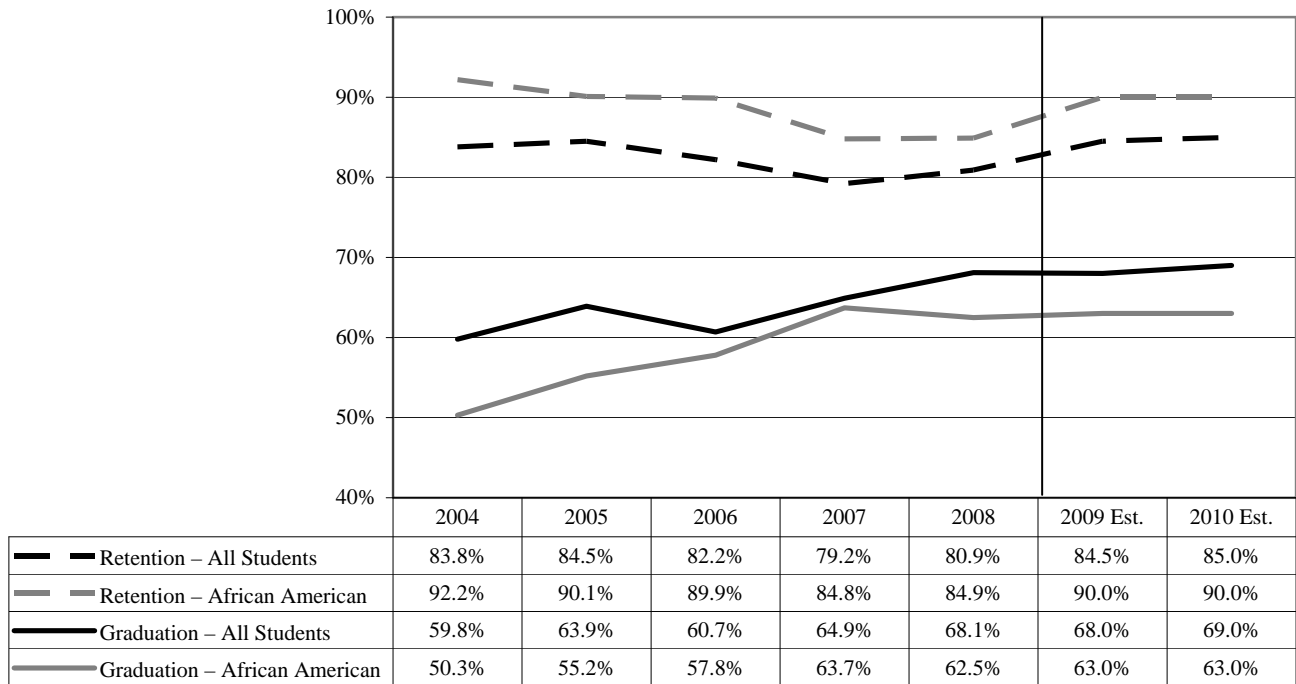
Note: Data in fiscal 2007 reflects only those students accepted into the program.

Source: Governor’s Budget Books, Fiscal 2010

Retention Rates Increases; Gap in Graduation Rate Widens

Increasing access for economically disadvantaged and minority students is a goal of Towson. **Exhibit 4** shows the two-year retention and six-year graduation rates for all students and African American students. Overall, the retention rate for African American students consistently exceeds that of all students and remains relatively unchanged in fiscal 2008 at 84.9%. The retention rate for all students grew 1.7 percentage points to 80.9%. The gap in retention rates between African American and all students decreased from 5.6 percentage points in fiscal 2007 to 4.0 percentage points in fiscal 2008.

Exhibit 4
TU Graduation and Retention Rates
All Students and African American Students
Fiscal 2004-2010



TU: Towson University

Note: Fiscal 2008 two-year retention data reflects 2006 cohort group and six-year graduation rate reflects 2001 cohort group.

Source: Fiscal 2004 to 2008 data from the Maryland Higher Education Commission Retention and Graduation Rates at Maryland Public Four-year Institutions, November 2008; Fiscal 2009 and 2010 data from Governor's Budget Books, Fiscal 2010.

While the six-year graduation rate for all students reached its highest point since fiscal 2005, the rate for African American students declined in fiscal 2008. The rate for all students increased 3.2 percentage points, from 64.9% in fiscal 2007 to 68.1% in fiscal 2008. The rate for African Americans dropped 1.2 percentage points from its highest point of 63.7% in fiscal 2007 to 62.5% in fiscal 2008. This resulted in a widening of the graduation gap from 1.2 percentage points in fiscal 2007 to 5.6 percentage points in fiscal 2008.

The President should comment on efforts to improve the graduation rates of African American students as well as the factors contributing to the success in retaining students.

Fiscal 2009 Actions

Impact of Cost Containment

In June 2008, the Board of Public Works (BPW) approved cost containment measures resulting in a \$432,289 reduction in Towson's general funds which were to be replaced with revenues previously restricted for Other Post Employment Benefits liability costs. In October 2008, BPW approved a second cost containment measure resulting in a \$1.3 million, or 1.6%, decrease in Towson's State appropriations. This resulted in Towson reducing expenditures in facilities management areas including facility renewal by approximately \$807,500 and reducing student services by \$514,000.

Furthermore, Towson was requested to reduce the university's current salary and wage budget by \$1.4 million as part of a statewide furlough plan. The President, in consultation with the Chancellor, developed a furlough plan with the number of furlough days based on an employee's annual salary. Non-regular part-time faculty, fully-funded grant and contract positions, hourly paid non-exempt staff, police officers, H-1B visa employees, and those earning under \$30,000 per year are exempt from the furlough. Employees have until June 2, 2009, to take their assigned number of furlough days. Faculty may not cancel class as a result of the furlough.

Anticipated Fiscal 2009 Reductions

The Administration's Budget Reconciliation and Financing Act (BRFA) of 2009 includes provisions to transfer \$20.0 million from USM's fund balance to the general fund. Towson's portion of the transfer is \$1.7 million, equivalent to 35.1% of its State-supported portion of the fund balance. At the end of fiscal 2009, it is estimated Towson's total fund balance (State and non-State-supported) will total \$56.2 million. It should be noted Towson plans to transfer \$3.3 million to the fund balance fiscal 2010, increasing the total to \$59.5 million.

Due to the anticipated underattainment of the Higher Education Investment Fund (HEIF) revenues in fiscal 2009, Towson's allocation of these funds is expected to be reduced by \$607,776. Additional cost containment actions may be taken in fiscal 2009.

The President should comment on how the cost containment measures and anticipated reductions will impact the institution and what affect, if any, the reductions will have on instruction, student services, and financial aid.

Proposed Budget

The general fund allowance for fiscal 2010 is \$9.6 million above the fiscal 2009 level, an increase of 11.5%, as shown in **Exhibit 5**. Due to the underattainment of the HEIF revenues in fiscal 2009, it is expected that Towson’s allocation of these funds will be reduced by \$607,776. When adjusting for the \$6.9 million of the HEIF revenues that replaced general funds in fiscal 2009, and the reduction of \$211,601 to delete the deferred compensation match in fiscal 2010, the underlying growth in State funds is \$2.7 million, or 3.0%, over fiscal 2009. However, it is anticipated that the fiscal 2009 budget will be further reduced by \$1.4 million due to salary and wage reductions related to the furlough.

Exhibit 5
Governor's Proposed Budget
Towson University
(\$ in Thousands)

| | Actual <u>FY 08</u> | Working <u>FY 09</u> | Adjusted <u>FY 10</u> | Change <u>FY 09-10</u> | % Change <u>Prior Year</u> |
|--------------------------|--------------------------------------|---------------------------------------|----------------------------------------|-----------------------------------------|---------------------------------------------|
| General Funds | \$82,442 | \$83,855 | \$93,466 | \$9,612 | 11.5% |
| HEIF* | 0 | 6,922 | 0 | -6,922 | -100.0% |
| Total State Funds | 82,442 | 90,776 | 93,466 | 2,690 | 3.0% |
| Other Unrestricted Funds | 220,234 | 237,163 | 248,753 | 11,591 | 4.9% |
| Total Unrestricted Funds | 302,676 | 327,939 | 342,220 | 14,281 | 4.4% |
| Restricted Funds | 28,171 | 31,600 | 40,378 | 8,778 | 27.8% |
| Total Funds | \$330,847 | \$359,539 | \$382,598 | \$23,059 | 6.4% |

HEIF: Higher Education Investment Fund

*Fiscal 2009 reflects expected reduction of \$607,776 due to under attainment of HEIF revenues, does not include reductions due to the furloughs.

Note: Fiscal 2010 general funds adjusted \$211,601, other unrestricted \$73,633, and restricted funds \$33,364 to reflect the deletion deferred compensation match. Numbers may not sum to total due to rounding.

Source: Governor's Budget Book, Fiscal 2010

The fiscal 2010 allowance provide \$1.3 million in other unrestricted funds for expenses related to enrollment growth of 656 full-time equivalent students (FTES) including the addition of 36 full-time equivalent adjunct faculty. Additionally, \$0.6 million is provided for expenses related to opening of the Phase I of the College of Liberal Arts Complex and campuswide and safety improvements. Auxiliary revenues increase \$6.1 million, or 7.0%, and tuition and fee revenues increase \$5.8 million, or 4.0%. Restricted funds increase \$8.8 million, or 27.8%, due to growth in the number of State, federal, and private contracts and grants.

Fiscal 2010 Cost Containment

The only contingent across-the-board action affecting Towson is the reduction of \$318,598 to delete the deferred compensation match. Additionally, for fiscal 2010, language in the BRFA does not allow for bonuses related to individual performance, merit increases, or cost-of-living adjustments but allows for salary increases necessary for the retention of faculty members.

Expenditures on Operation and Maintenance of Plant Grow at the Highest Rate; Reflects Research Declines

Changes in Towson's budget by program are shown in **Exhibit 6**. The data reflects unrestricted funds only, consisting mostly of general fund and tuition and fee revenues. Expenditures for operation and maintenance of plant are projected to increase at the highest rate at 5.6%, or \$2.2 million. Increases include \$0.4 million for new positions associated with the opening of the College of Liberal Arts Complex, \$0.4 million for fuel and utilities, \$0.4 million for debt service, and \$1.0 million in other land and structure costs. Scholarships and fellowships increase at the next highest rate at 4.4%, or \$1.2 million, which will go to undergraduate students.

Instruction increases 4.1%, or \$3.9 million, to cover the costs of hiring 40 new faculty positions. Auxiliary enterprises expenditures increase \$5.8 million, or 6.8%. Increases include \$1.3 million due to inflationary cost of contractual services in dining; \$1.3 million for renewal and replacement cost in auxiliary buildings, \$2.0 million for debt service, and \$0.3 million for fuel and utilities. Additionally, research expenditures decrease by \$192,000, or 11.2%, due to a decline in technical and special fees.

Exhibit 6
Towson Budget Changes for Unrestricted Funds by Program
Fiscal 2008-2010
(\$ in Thousands)

| | <u>Actual</u> <u>2008</u> | <u>Working</u> <u>2009</u> | <u>% Change</u> <u>2008-09</u> | <u>Adjusted</u> <u>2010</u> | <u>\$ Change</u> <u>2009-10</u> | <u>% Change</u> <u>2009-10</u> |
|---------------------------------------|------------------------------|-------------------------------|-----------------------------------|--------------------------------|------------------------------------|-----------------------------------|
| <u>Expenditures</u> | | | | | | |
| Instruction | \$81,734 | \$94,335 | 15.4% | \$98,195 | \$3,860 | 4.1% |
| Research | 623 | 1,715 | 175.2% | 1,522 | -192 | -11.2% |
| Public Service | 2,387 | 5,102 | 113.8% | 5,053 | -49 | -1.0% |
| Academic Support | 29,127 | 30,435 | 4.5% | 30,832 | 397 | 1.3% |
| Student Services | 13,950 | 14,553 | 4.3% | 14,926 | 373 | 2.6% |
| Institutional Support | 30,664 | 32,552 | 6.2% | 32,981 | 429 | 1.3% |
| Operation and Maintenance of Plant | 40,405 | 38,429 | -4.9% | 40,593 | 2,165 | 5.6% |
| Scholarships and Fellowships | 24,087 | 26,960 | 11.9% | 28,157 | 1,197 | 4.4% |
| Education and General Total | \$222,976 | \$244,081 | 9.5% | \$252,260 | \$8,179 | 3.4% |
| Auxiliary Enterprises | \$79,701 | \$84,466 | 6.0% | \$90,245 | \$5,780 | 6.8% |
| Pending Reductions | | -\$608 | | -\$285 | \$323 | -53.1% |
| Grand Total | \$302,676 | \$327,939 | 8.3% | \$342,220 | \$14,281 | 4.4% |
| <u>Revenues</u> | | | | | | |
| Tuition and Fees | \$131,133 | \$140,605 | 7.2% | \$146,373 | \$5,768 | 4.1% |
| General Funds | 82,442 | 83,855 | 1.7% | 93,466 | 9,612 | 11.5% |
| HEIF ⁽¹⁾ | 0 | 6,922 | | 0 | -6,922 | -100.0% |
| Other Unrestricted Funds | 9,648 | 11,922 | 23.6% | 12,135 | 213 | 1.8% |
| Subtotal | \$223,224 | \$243,303 | 9.0% | \$251,975 | \$8,671 | 3.6% |
| Auxiliary Enterprises | \$83,270 | \$87,433 | 5.0% | \$93,535 | \$6,102 | 7.0% |
| Transfer (to)/from Fund Balance | -3,817 | -2,798 | | -3,290 | | |
| Grand Total | \$302,676 | \$327,939 | 8.3% | \$342,220 | \$14,281 | 4.4% |

HEIF: Higher Education Investment Fund

⁽¹⁾ Reflects anticipated \$607,776 reduction in revenues due to underattainment.

Note: Fiscal 2009 does not include furlough reductions. Unrestricted funds only. All programs.

Source: Maryland State Budget

Towson Grows by 49 Regular Positions

The fiscal 2010 allowance provides Towson with an additional 49 regular State-supported positions, an increase of 2.7%. As shown in **Exhibit 7**, instruction is expected to grow by 40 new positions, academic support increases by 6 positions, and operations and maintenance of plant adds 3 positions. Instruction increases by the highest rate of 5.1%, and academic support increases at 2.9%.

Of a total of 1,642 full-time equivalent (FTE) State-supported positions in fiscal 2009, 69 FTEs are vacant, and of these 13 have been vacant for over a year. Salaries for these vacant State-supported positions total \$3.5 million.

Exhibit 7 Summary of Towson's Additional Positions Fiscal 2010

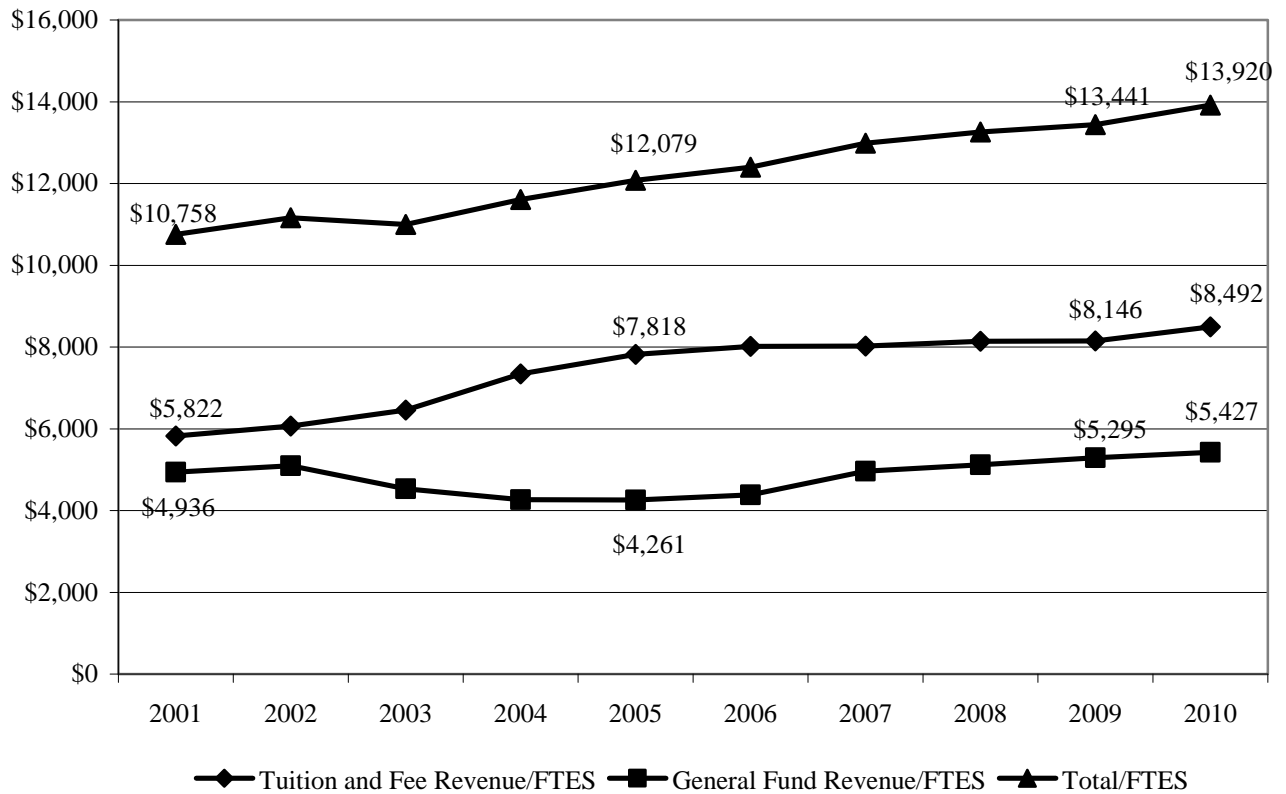
| <u>State-supported Positions</u> | <u>New Fiscal 2010 Positions</u> | <u>% Increase</u> |
|--------------------------------------------|--------------------------------------|-------------------|
| Instruction | 40 | 5.1% |
| Research | 0 | 0.0% |
| Public Service | 0 | 0.0% |
| Academic Support | 6 | 2.9% |
| Student Services | 0 | 0.0% |
| Institutional Support | 0 | 0.0% |
| Operations, Maintenance of Plant | 3 | 2.4% |
| Total New State-supported Positions | 49 | 2.7% |

Source: University System of Maryland

General Fund and Tuition and Fee Revenues

General fund and tuition and fee revenues per FTES are shown in **Exhibit 8**. Unlike other USM institutions, Towson's tuition and fee revenues per FTES have remained above the State-supported revenue per FTES since at least fiscal 2001. In fiscal 2005, general funds per FTES declined to a low of \$4,261, reflecting cost containment reductions. Despite this reduction, total revenues per FTES increased 4.1%, or \$472, in fiscal 2005 reflecting an 8.6% increase in tuition and fee revenues. In fiscal 2010, it is projected that general funds per FTES increase to a high of \$5,427, an increase of 2.5%, or \$132, over fiscal 2009. Tuition and fee revenues per FTES increase 4.2%, or \$346, from fiscal 2009 reflecting growth in fees and out-of-state tuition. Overall, total revenues per FTES are projected to increase 3.6%, or \$479, to \$13,920 in fiscal 2010.

Exhibit 8
General Fund and Tuition and Fee Revenues
Per Full-time Equivalent Student
Fiscal 2001-2010



FTES: full-time equivalent students

Source: Governor's Budget Books, Fiscal 2010

Issues

1. Affordability Remains an Issue

Resident Undergraduate Tuition Frozen; Fees Increase

A factor directly affecting affordability is tuition and fee rates. The fiscal 2010 allowance provides \$2.6 million of general funds to freeze undergraduate resident tuition at \$5,180, the fiscal 2006 rate. These funds are used to replace revenue lost as a result of not increasing tuition 4.0%. The estimated cumulative tuition savings for students is \$2,157 since fiscal 2007, resulting in an overall savings of 10.4%, assuming that tuition would have increased 4.0% per year.

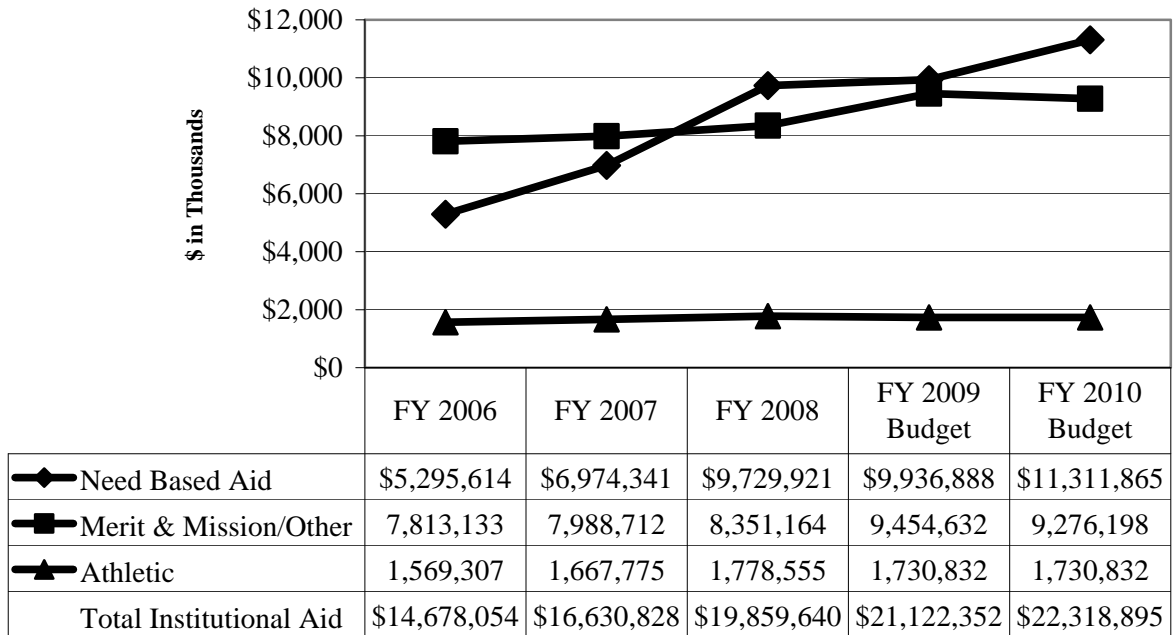
However, mandatory fees which are a part of the total cost to the student have not been frozen. In fiscal 2010, fees will increase 4.9%, or \$104, over the previous year. This is lower than the systemwide average of 5.3%. Since fiscal 2006, fees have increased \$322, or 16.8%. When including tuition, the cost to a resident undergraduate student at Towson grew 1.4% over fiscal 2009, higher than the systemwide average of 1.2%. Overall, total costs increased 3.5% since fiscal 2006, lower than the USM average of 4.1%.

Distribution of Institutional Aid

Institutional financial aid also affects affordability and access to higher education. Students may receive institutional aid which includes merit, mission, need-based, and athletic aid, in addition to State and federal financial aid. In fiscal 2008, Towson increased expenditures on institutional aid by \$3.2 million, or 19.4%, over fiscal 2007, as shown in **Exhibit 9**. Of this increase, \$2.8 million, or 85.0%, went toward need-based aid, indicating a shift to making more aid available to students with greatest financial need. This is consistent with the Board of Regents recommendation for institutions to increase the proportion of institutional aid allocated to need-based aid.

Towson expects to increase spending on institutional aid by \$1.3 million, or 6.4%, in fiscal 2009, with a total of \$9.9 million (47.0%) for need-based; \$9.5 million (44.8%) for merit and mission; and \$1.7 million (8.2%) for athletic. In fiscal 2010, Towson expects to decrease merit and mission by \$178,434 and increase need-based aid 13.8%, or \$1.4 million.

**Exhibit 9
Institutional Financial Aid
Fiscal 2006-2010**



Source: University System of Maryland

The Maryland Higher Education Commission is developing a Financial Aid Information System (FAIS) database which will provide a profile of students receiving financial aid. The database has information on institutional aid awarded at Towson in fiscal 2007 for students who filled out a Free Application for Federal Student Aid which determines a student’s expected family contribution (EFC). In general, the lower a student’s EFC, the greater the financial need. **Exhibit 10** shows the percentage of students receiving need-based aid and other types of institutional aid by EFC category. In fiscal 2007, 99.5% of need-based awards went to students with EFC between \$0 and \$9,999, and they also received 27.8% of all other awards. While students with an EFC of \$10,000 or more received some need-based aid (0.3%), they received 31.3% of other institutional aid.

Exhibit 10
Percent of Institutional Financial Aid Awards by EFC
Fiscal 2007

| <u>EFC Category</u> | <u>% of All Need-based Aid</u> | <u>% of All Other Aid</u> | <u># of Awards</u> |
|---------------------|------------------------------------|-------------------------------|------------------------|
| \$0 | 23.0% | 6.5% | 707 |
| \$1 – 3,850 | 45.5% | 8.9% | 1295 |
| \$3,851 – 6,999 | 22.0% | 6.9% | 694 |
| \$7,000 – 9,999 | 9.0% | 5.5% | 355 |
| \$10,000 – 14,999 | 0.3% | 8.0% | 217 |
| \$15,000 – 19,999 | 0.0% | 7.0% | 184 |
| \$20,000 + | 0.0% | 16.3% | 427 |
| Total | 99.9% | 59.1% | 3,879 |

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 did not file a Free Application for Federal Student Aid.

Source: Maryland Higher Education Commission, Financial Aid Information System 2006-07

Average Student Debt Decreases

Institutional, State, and federal aid do not always cover the costs of higher education such as living expenses, books, and supplies. Students increasingly rely on loans to help cover their unmet needs resulting in graduating with more debt. This can make it difficult for students to achieve financial security after graduation and may impact their professional opportunities. The Board of Regents recommends institutions establish a goal to decrease the debt burden for all undergraduate students, particularly those with the highest need, by increasing institutional grants. Furthermore, the debt burden for students with the highest need should be at least 25.0% less than the institutional average debt burden for undergraduate students. From fiscal 2004 to 2006, the average undergraduate debt burden for a Towson student on graduation decreased by \$2,195, or 14.2%, as shown in **Exhibit 11**.

Exhibit 11
Average Undergraduate Debt Burden Upon Graduation
Fiscal 2004-2006

| | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|---------------------|-------------|-------------|-------------|
| Average Debt Burden | \$15,411 | \$13,501 | \$13,216 |

Source: Towson University

Towson attributes the decline in average debt to efforts increasing the amount of funds expended on need-based aid thereby decreasing the amount of money a student needs to borrow. However, Towson believes the average debt burden may increase due to the Federal Direct Loan program, allowing students to borrow an additional \$2,000 in the 2008-2009 academic year.

The President should comment on efforts undertaken by Towson to further reduce the debt burden of undergraduate student particularly those students with the highest need.

2. Trimester Pilot Program

In order to support continued enrollment growth, Towson piloted a trimester program in summer 2008. Proposed under USM’s efficiency and effectiveness initiative, the program optimizes the use of existing facilities with the goal of increasing enrollment and reducing time-to-degree. The program focused on increasing instruction capacity in areas of high workforce need including the health professions; science, technology, engineering, and mathematics (STEM) disciplines; information technology; education; and homeland security. Programs that are laboratory intensive and operating at full capacity during the fall and spring semesters were targeted for the program.

The trimester pilot included 10-week courses, in addition to the 5- and 7-week summer courses. The program is designed to change a student’s scheduling patterns and encourage attendance during a third semester. Students can attend all three semesters (spring, summer, and fall), or utilize the summer as a half of a two semester year and attend during the traditional fall/spring semesters. Challenges to implementing the pilot program included faculty compensation, contract scheduling, class scheduling, and student support services. Other considerations include the impact on the reduction of summer session activities, such as summer camps and events, and the associated reduction to auxiliary income.

To encourage summer enrollment and increase affordability, tuition and fees were capped at 9 undergraduate credit hours, encouraging students to take more courses. Spring and fall semesters tuition is capped at 12 hours. Data on the trimester pilot shows students taking more than 9 credit hours increased by 17% over the previous summer.

The target of the pilot was to increase summer enrollment by 4.0 to 8.0% over the prior three-year average summer enrollment of 1,036 FTES, for total enrollment between 1,078 and 1,120 FTES. Summer 2008 enrollment totaled 1,142 FTES, 10.2% over the target. The growth in summer enrollment is attributed to increase in the number of course offerings, a cap on tuition and fees, and targeted marketing.

An objective of the trimester pilot was to move a portion of the overall annual enrollment growth to the summer. Summer 2008 enrollment comprised 7.1% of the total FTES for academic 2007-2008, as shown in **Exhibit 12**, an increase from summer 2007, which accounted for 6.8% of the total enrollment for 2005-2007. Data showed a decline in the portion that summer enrollment contributed to annual enrollment from the prior two years, suggesting the trimester pilot may have prevented a further decrease.

Exhibit 12
Summer and Academic Year FTES Enrollment Growth
Academic 2005-2008

| | <u>Annual</u> | <u>Summer</u> | <u>% of Total Enrollment</u> |
|------|---------------|---------------|------------------------------|
| 2005 | 13,835 | 1,041 | 7.5% |
| 2006 | 14,391 | 1,019 | 7.1% |
| 2007 | 15,347 | 1,047 | 6.8% |
| 2008 | 16,104 | 1,142 | 7.1% |

FTES: full-time equivalent student

Source: Towson University; Governor’s Budget Books, Fiscal 2008

Overall, courses offered by the College of Health Professions saw a 31.0% increase in undergraduate enrollment over the three-year summer average. Headcount enrollment increased 19.4% in nursing and 8.4% in occupational therapy. Enrollment increased 24.0% over the three-year average in STEM disciplines while graduate enrollment increased 9.0% over summer 2007. These colleges offered laboratory intensive courses which operate at full capacity during fall and spring semester.

The President should comment on the overall financial viability of the trimester program, the potential of the program to increase the distribution of enrollment growth to the summer, and the plans for continuation of the program.

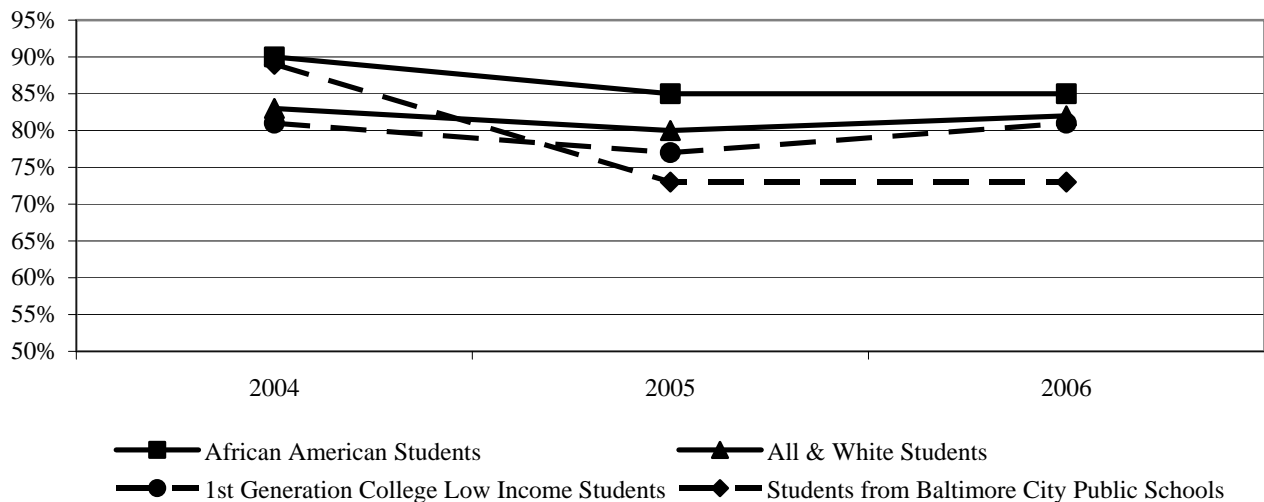
3. Closing the Achievement Gap

As a follow up to a systemwide symposium on closing the achievement gap held in November 2007, institutions were tasked to identify and develop recommendations to close the gap between low- and high-income students, underrepresented minorities and majority students, and African American male and white male students. Each institution developed an Achievement Gap Action Plan to reduce the achievement gap by one-half by 2015. Implementation of the plans started in fall 2008.

Achievement Gap

Over the last several years through efforts to provide access to inner city students, TU enrolled more first generation college students from low-income families. Data showed a significant achievement gap between these students, regardless of race, and students whose parents graduated from college and have a higher family income. As shown in **Exhibit 13** the two-year retention rates for students from Baltimore City public schools and first generation, low-income students are below that of other students. Preliminary data suggested many of these students have reading, mathematics, and writing deficiencies; exhibit poor study skills; and experience more difficulty adjusting to the university environment. These students generally have lower grade point averages (GPA) and lower retention rates. Additionally, unlike other groups, SAT scores were better predictors of college performance for first generation, low-income students than their high school GPAs.

Exhibit 13
Second-year Retention Rates for First-time, Full-time Students
Fall 2004-2006



Source: Towson University

Pathway for Success Model

Over the years, TU has continually developed a variety of programs to help students succeed. The Pathway for Success Program consists of existing and proposed programs, recognizing a number of critical points and essential elements for the retention and graduation of students including:

Easing Transition to the University – helping students and parents become familiar with the process involved in applying and matriculating to a university and addressing financial aid issues.

Early Assessment and Intervention – requiring all admitted freshmen and transfer students with fewer than 30 units to demonstrate competence in basic reading, writing, and mathematics skill. Students needing improvement of these skills are required to complete refresher courses. This, along with early intervention, provides students the resources necessary to develop content knowledge and skills.

Early Community Support System – helping student adapt to college life, learning from faculty, staff and peer mentors, and helping make good decisions that will prepare them for a successful college career.

Welcoming Environment – programs designed to enhance the living, learning, and working environment for students.

Academic Oversight System – involving both current and proposed programs to support students in overcoming academic difficulties they may encounter during their college years.

Continued Academic Support – responding to the increasing numbers of underprepared applicants, investigating programmatic and software options to help monitor students, and identifying those who need extra assistance.

An overarching assessment plan will be developed incorporating those units and programs involved in developing and delivering programs. Program assessments will determine which support activities and environmental changes are successful and identify areas of improvement.

Towson calculates total expenses for all the programs comprising Pathway for Success are \$7.7 million.

The President should comment on the status on the Pathway to Success Program, the impact on students and how programs will target first-time, low-income students.

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Minority Group Enrollment

Language in the 2008 *Joint Chairmen’s Report* required public institutions of higher education with Managing for Results performance goals related to increasing minority enrollment to provide enrollment data for each individual minority group, as shown in **Exhibit 14**.

Exhibit 14
Minority Enrollment
Fiscal 2007-2010

| | <u>2007</u> <u>Actual</u> | <u>2008</u> <u>Actual</u> | <u>2009</u> <u>Estimate</u> | <u>2010</u> <u>Estimate</u> | <u>2009 MFR</u> <u>Goal(s)</u> |
|--------------------------------------------------------------|------------------------------|------------------------------|--------------------------------|--------------------------------|-----------------------------------|
| % Projected Undergraduate Enrollment Expected to Be Minority | 17.7% | 18.2% | 19.0% | 19.5% | 18.0% |
| Based on the above %, the breakdown by: | | | | | |
| African American | 10.9% | 11.3% | 11.7% | 12.0% | 12.0% |
| Hispanic | 2.5% | 2.4% | 2.6% | 2.7% | n/a |
| Asian | 4.0% | 4.1% | 4.3% | 4.4% | n/a |
| Native American | 0.3% | 0.4% | 0.4% | 0.4% | n/a |

MFR: Managing for Results

Note: n/a – not available/not applicable under current Managing for Results.

Source: University System of Maryland.

Current and Prior Year Budgets

Current and Prior Year Budgets Towson University (\$ in Thousands)

| | <u>General Fund</u> | <u>Special Fund</u> | <u>Other Unrestricted Fund</u> | <u>Total Unrestricted Fund</u> | <u>Restricted Fund</u> | <u>Total</u> |
|----------------------------------|-------------------------|-------------------------|----------------------------------------|----------------------------------------|----------------------------|------------------|
| Fiscal 2008 | | | | | | |
| Legislative Appropriation | \$81,363 | \$0 | \$208,094 | \$289,457 | \$23,900 | \$313,357 |
| Deficiency Appropriation | 0 | 0 | 3,045 | 3,045 | 0 | 3,045 |
| Budget Amendments | 2,064 | 0 | 9,220 | 11,284 | 5,500 | 16,784 |
| Cost Containment | -984 | 0 | 0 | -984 | 0 | -984 |
| Reversions and Cancellations | 0 | 0 | -126 | -126 | -1,229 | -1,355 |
| Actual Expenditures | \$82,443 | | \$220,233 | \$302,676 | \$28,171 | \$330,847 |
| Fiscal 2009 | | | | | | |
| Legislative Appropriation | \$83,423 | \$5,119 | \$230,101 | \$318,643 | \$29,394 | \$348,037 |
| Cost Containment | -1,322 | 0 | 0 | -1,322 | 0 | -1,322 |
| Budget Amendments | 1,753 | 2,411 | 7,062 | 11,226 | 2,206 | 13,432 |
| Working Appropriation | \$83,854 | \$7,530 | \$237,163 | \$328,547 | \$31,600 | \$360,147 |

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

Fiscal 2008

For fiscal 2008, general funds for Towson University increased \$1.1 million through budget amendments. This included \$2.1 million increase for State employee cost-of-living adjustment (COLA) and a decrease of \$1.0 million for cost containment. Other unrestricted funds increased \$12.3 million through a deficiency appropriation and budget amendments. Increases included:

- \$3.0 million deficiency appropriation for expenditures associated with additional enrollment, renovation, improvements to an existing building, and increased bond payments; and
- \$9.2 million in sales and services auxiliary revenue from room and board and fees related to additional enrollment.

Restricted funds increased \$5.5 million through a budget amendment due to contract and grant activity.

Cancellations of unrestricted funds amounted to \$0.1 million due to lower than anticipated expenditures. Cancellation of restricted funds totaled \$1.2 million due to lower than anticipated expenditures on grants.

Fiscal 2009

For fiscal 2009, general funds increased \$0.4 million through budget amendments. This amount included an increase of \$2.2 million for State employee COLA and decrease of \$1.7 million for cost containment. Special funds increased \$2.4 million through a budget amendment offsetting a reduction of general funds with HEIF.

Other unrestricted funds increased \$7.1 million through a budget amendment. Increases included:

- \$2.7 million from sales and services auxiliary revenue due to increased room and board and fees related to additional enrollment;
- \$2.2 million from tuition and fee revenues related to additional enrollment;
- \$1.5 million from investment income;
- \$0.5 million from federal and private gifts and grants; and
- \$0.2 million from miscellaneous income.

Restricted funds increased \$2.2 million through a budget amendment due to increased contract and grant activity and miscellaneous income.

**Towson University Full-time Equivalent Personnel by Budget Program
Fiscal 2002, 2008, and 2009**

| | <u>FY 2002</u> | | <u>FY 2008</u> | | <u>FY 2009</u> | | <u>FY 2002-2009</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> | <u>% Change of Share</u> |
| Instruction | 584 | 38.8% | 677.7 | 37.4% | 746.5 | 41.2% | 2.4% |
| Research | 3 | 0.2% | 4.5 | 0.2% | 3.0 | 0.2% | 0.0% |
| Public Service | 15 | 1.0% | 19.6 | 1.1% | 15.5 | 0.9% | -0.1% |
| Academic Support | 191 | 12.7% | 224.4 | 12.4% | 216.5 | 12.0% | -0.7% |
| Student Services | 152 | 10.1% | 155.0 | 8.6% | 150.5 | 8.3% | -1.8% |
| Institutional Support | 272 | 18.1% | 285.9 | 15.8% | 300.5 | 16.6% | -1.5% |
| Operations, Maintenance of Plant | 114 | 7.6% | 112.1 | 6.2% | 115.0 | 6.4% | -1.2% |
| Auxiliary Enterprises | 174 | 11.6% | 234.3 | 12.9% | 262.5 | 14.5% | 2.9% |
| Total | 1,503 | | 1713.5 | | 1,810.0 | | |

FTE: full-time equivalent

Notes: Data is for filled regular positions only. All data is self-reported and unaudited. Numbers may not sum to total due to rounding.

Source: Towson University

**Object/Fund Difference Report
USM – Towson University**

| <u>Object/Fund</u> | <u>FY08 Actual</u> | <u>FY09 Working Appropriation</u> | <u>FY10 Allowance</u> | <u>FY09 - FY10 Amount Change</u> | <u>Percent Change</u> |
|-----------------------------------------|------------------------|-------------------------------------------|---------------------------|--------------------------------------|---------------------------|
| Positions | | | | | |
| 01 Regular | 1,858.50 | 1,898.50 | 1,947.50 | 49.00 | 2.6% |
| 02 Contractual | 872.50 | 923.00 | 960.00 | 37.00 | 4.0% |
| Total Positions | 2,731.00 | 2,821.50 | 2,907.50 | 86.00 | 3.0% |
| Objects | | | | | |
| 01 Salaries and Wages | \$ 133,609,086 | \$ 148,213,550 | \$ 153,333,274 | \$ 5,119,724 | 3.5% |
| 02 Technical and Spec. Fees | 35,963,228 | 42,608,563 | 42,371,471 | -237,092 | -0.6% |
| 03 Communication | 1,908,295 | 2,983,735 | 3,144,341 | 160,606 | 5.4% |
| 04 Travel | 4,495,135 | 4,605,082 | 4,662,891 | 57,809 | 1.3% |
| 06 Fuel and Utilities | 10,701,035 | 12,878,910 | 13,597,724 | 718,814 | 5.6% |
| 07 Motor Vehicles | 786,666 | 1,203,199 | 1,195,110 | -8,089 | -0.7% |
| 08 Contractual Services | 36,399,029 | 38,927,342 | 42,344,260 | 3,416,918 | 8.8% |
| 09 Supplies and Materials | 16,953,972 | 19,428,595 | 20,602,822 | 1,174,227 | 6.0% |
| 10 Equipment – Replacement | 1,829,671 | 3,783,184 | 3,833,184 | 50,000 | 1.3% |
| 11 Equipment – Additional | 7,735,459 | 9,419,935 | 9,539,784 | 119,849 | 1.3% |
| 12 Grants, Subsidies, and Contributions | 38,429,240 | 39,624,455 | 47,262,056 | 7,637,601 | 19.3% |
| 13 Fixed Charges | 22,060,984 | 23,446,121 | 25,738,122 | 2,292,001 | 9.8% |
| 14 Land and Structures | 19,975,529 | 13,023,924 | 15,291,343 | 2,267,419 | 17.4% |
| Total Objects | \$ 330,847,329 | \$ 360,146,595 | \$ 382,916,382 | \$ 22,769,787 | 6.3% |
| Funds | | | | | |
| 40 Unrestricted Fund | \$ 302,676,175 | \$ 328,546,595 | \$ 342,504,994 | \$ 13,958,399 | 4.2% |
| 43 Restricted Fund | 28,171,154 | 31,600,000 | 40,411,388 | 8,811,388 | 27.9% |
| Total Funds | \$ 330,847,329 | \$ 360,146,595 | \$ 382,916,382 | \$ 22,769,787 | 6.3% |

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.

**Fiscal Summary
USm – Towson University**

| <u>Program/Unit</u> | <u>FY08 Actual</u> | <u>FY09 Wrk. Approp.</u> | <u>FY10 Allowance</u> | <u>Change</u> | <u>FY09 - FY10 % Change</u> |
|---------------------------------------|------------------------|------------------------------|---------------------------|----------------------|---------------------------------|
| 01 Instruction | \$ 81,733,828 | \$ 94,334,911 | \$ 98,195,112 | \$ 3,860,201 | 4.1% |
| 02 Research | 2,011,895 | 9,364,320 | 9,171,988 | -192,332 | -2.1% |
| 03 Public Service | 16,620,781 | 18,880,725 | 21,239,579 | 2,358,854 | 12.5% |
| 04 Academic Support | 29,160,132 | 30,435,463 | 30,832,214 | 396,751 | 1.3% |
| 05 Student Services | 13,992,764 | 14,613,549 | 14,986,681 | 373,132 | 2.6% |
| 06 Institutional Support | 30,663,860 | 32,552,169 | 32,981,417 | 429,248 | 1.3% |
| 07 Operation and Maintenance of Plant | 40,404,663 | 38,428,586 | 40,593,250 | 2,164,664 | 5.6% |
| 08 Auxiliary Enterprises | 79,720,980 | 84,565,702 | 90,345,221 | 5,779,519 | 6.8% |
| 17 Scholarships and Fellowships | 36,538,426 | 36,971,170 | 44,570,920 | 7,599,750 | 20.6% |
| Total Expenditures | \$ 330,847,329 | \$ 360,146,595 | \$ 382,916,382 | \$ 22,769,787 | 6.3% |
| Unrestricted Fund | \$ 302,676,175 | \$ 328,546,595 | \$ 342,504,994 | \$ 13,958,399 | 4.2% |
| Restricted Fund | 28,171,154 | 31,600,000 | 40,411,388 | 8,811,388 | 27.9% |
| Total Appropriations | \$ 330,847,329 | \$ 360,146,595 | \$ 382,916,382 | \$ 22,769,787 | 6.3% |

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.