

R30B26
Frostburg State 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	\$31,117	\$31,290	\$34,412	\$3,122	10.0%
Contingent & Back of Bill Reductions	0	0	-112	-112	
Adjusted General Fund	\$31,117	\$31,290	\$34,299	\$3,010	9.6%
Special Funds	0	2,167	0	-2,167	-100.0%
Adjusted Special Fund	\$0	\$2,167	\$0	-\$2,167	-100.0%
Other Unrestricted Funds	51,067	50,295	51,270	975	1.9%
Contingent & Back of Bill Reductions	0	0	-16	-16	
Adjusted Other Unrestricted Fund	\$51,067	\$50,295	\$51,254	\$960	1.9%
Total Unrestricted Funds	82,184	83,751	85,682	1,930	2.3%
Contingent & Back of Bill Reductions	0	0	-128	-128	
Adjusted Total Unrestricted Funds	\$82,184	\$83,751	\$85,554	\$1,802	2.2%
Restricted Funds	7,195	7,852	7,852	0	0.0%
Contingent & Back of Bill Reductions	0	0	-12	-12	
Adjusted Restricted Fund	\$7,195	\$7,852	\$7,840	-\$12	-0.1%
Adjusted Grand Total	\$89,379	\$91,603	\$93,394	\$1,791	2.0%

- General funds for Frostburg State University (FSU) increase \$3.1 million, or 10.0%, in the fiscal 2010 allowance. However, after adjusting for \$2.2 million from the Higher Education Investment Fund in fiscal 2009 and \$112,180 to delete the deferred compensation match in fiscal 2010, the underlying increase is \$0.8 million, or 2.5%, over fiscal 2009.
- In terms of total funds, FSU's budget increases \$1.8 million, or 2.0%, after adjusting \$139,561 to delete the deferred compensation match in fiscal 2010.
- 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 Actual</u>	<u>FY 09 Working</u>	<u>FY 10 Allowance</u>	<u>FY 09-10 Change</u>
Regular Positions	707.00	731.00	726.00	-5.00
Contractual FTEs	<u>168.20</u>	<u>129.70</u>	<u>129.70</u>	<u>0.00</u>
Total Personnel	875.20	860.70	855.70	-5.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	34.49	4.75%
Positions and Percentage Vacant as of 12/31/08	51.00	7.00%

- The fiscal 2010 allowance abolishes five regular positions.

Analysis in Brief

Major Trends

Students Enrolled and Completing Teacher Training Programs Increases: After two years of decline, enrollment in teacher training programs increased to 581 students in fiscal 2008. Students completing teacher training increased 13.6%, to 175 students in fiscal 2008, while the number of graduates employed in Maryland public schools declined to 88.

Retention Rates Decline; Graduation Gap Widens: The retention rate for African American and all students declined to 74.4 and 67.4%, respectively in fiscal 2008. The graduation gap between African American and all students widened to 9.8 percentage points in fiscal 2008.

Issues

Affordability Remains an Issue: While tuition is frozen for a fourth consecutive year, fees are projected to increase 4.3%, or \$70, in fiscal 2010, increasing the cost 1.1% for a resident undergraduate student. Most need-based aid (99.0%) was awarded to students with an expected family contribution of less than \$10,000 in fiscal 2007.

Undergraduate Enrollment Increases; Graduate Enrollment Declines: While undergraduate headcount enrollment grew 5.7%, to 4,582 students in fall 2008, graduate enrollment continues a six-year decline from 929 students in fall 2001 to 633 students in 2008.

Closing the Achievement Gap: FSU will use the consulting services available, at no cost, through the Pell Institute Retention Initiative to develop a detailed analysis of student outcomes and pressure points to explain differences in student success.

Recommended Actions

1. Concur with Governor's allowance.

Updates

Minority Group Enrollment Data: 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.

R30B26 – USM – Frostburg State University

R30B26
Frostburg State University
University System of Maryland

Operating Budget Analysis

Program Description

Frostburg State University (FSU) is a mid-size, comprehensive university. It is the only four-year institution within the University System of Maryland (USM) located west of the Baltimore-Washington corridor and serves as the premier educational and cultural center for Western Maryland. As such, it is largely a residential campus drawing students from all counties in Maryland as well as neighboring states, and foreign countries. Approximately half of FSU's students are from Allegany, Garrett, Washington, and Frederick counties.

FSU offers an array of high-quality and affordable undergraduate and graduate degrees emphasizing academic programs in education, business, applied science and technology, and creative and performing arts, with selected programs in the humanities and social sciences. It also offers students opportunities to engage in regional volunteerism and service learning activities.

FSU promotes regional development through a variety of initiatives. For example, the college provides technical and business expertise and space is made available for business incubation with an emphasis on engaging faculty and students with business to ensure the collaborative nature of all ventures.

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

Fall 2008 Undergraduate Enrollment Headcount

Male	2,368
Female	2,214
Total	4,582
	(114 at Hagerstown)

Fall 2008 Graduate Enrollment Headcount

Male	219
Female	414
Total	633
	(243 at Hagerstown)

Fall 2008 New Students Headcount

First-time	1,043
Transfers/Others	371
Graduate	113
Total	1,527

Campus (Main Campus)

Acres	260.5
# of Buildings	43
Average Age of Buildings	37 years
Oldest Building	Old Main – 1902

Programs

Bachelor's	41
Master's	9

Degrees Awarded (2007-2008)

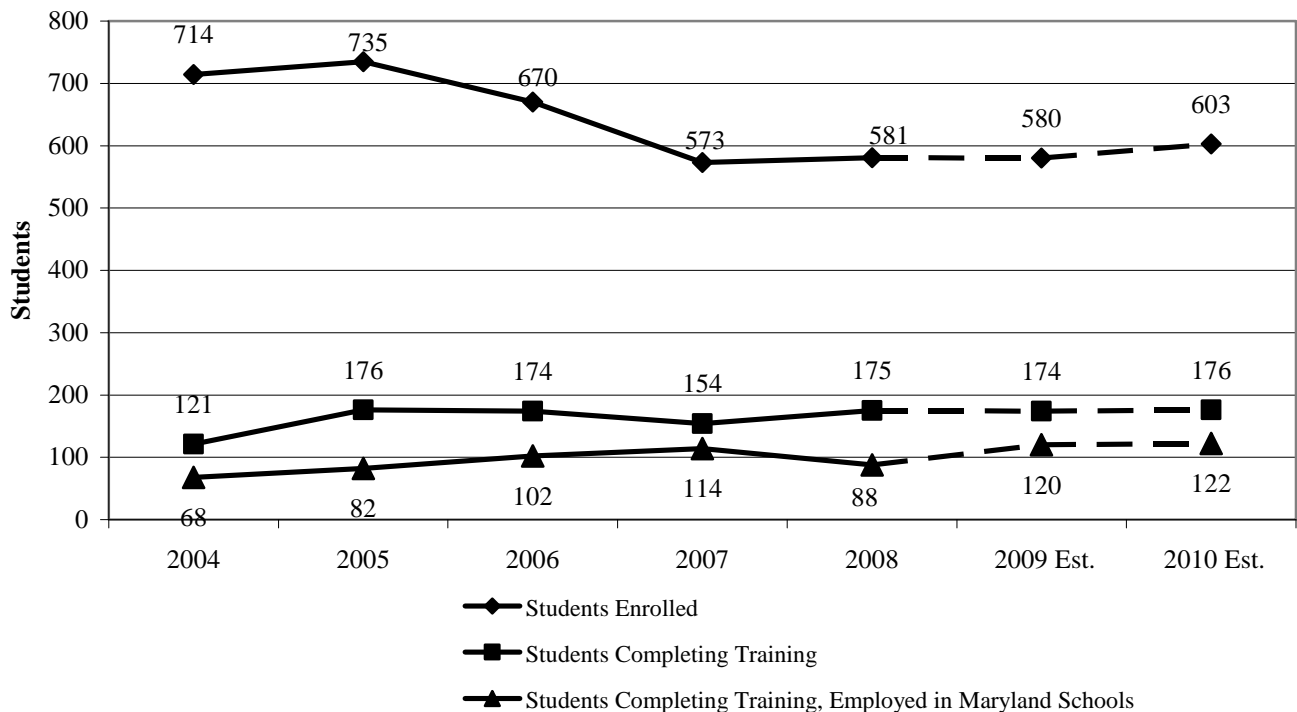
Bachelor's	790
Master's	241
Total Degrees	1,031

Performance Analysis: Managing for Results

Students Enrolled and Completing Teacher Training Programs Increases

FSU tracks the number of students and graduates (undergraduate and post-bachelor) in teacher education programs as one of the measures toward achieving the goal of meeting the critical workforce needs in the region and the State, as shown in **Exhibit 1**. After two years of decline, enrollment increased 1.4%, from 573 students in fiscal 2007 to 581 students in fiscal 2008. The number of students completing teacher training programs increased 13.6%, from 154 graduates in fiscal 2007 to 175 in fiscal 2008. However, the number of students employed in Maryland public schools declined from 114 in fiscal 2007 to 88 in fiscal 2008. Frostburg notes that the Maryland State Department of Education, which collects the data, acknowledges the data is an approximation and almost certainly underreports the number of those hired by Maryland school systems.

Exhibit 1
Students Enrolled in and Graduating from Teacher Training Programs and
Employed in Maryland Public Schools
Fiscal 2004-2010



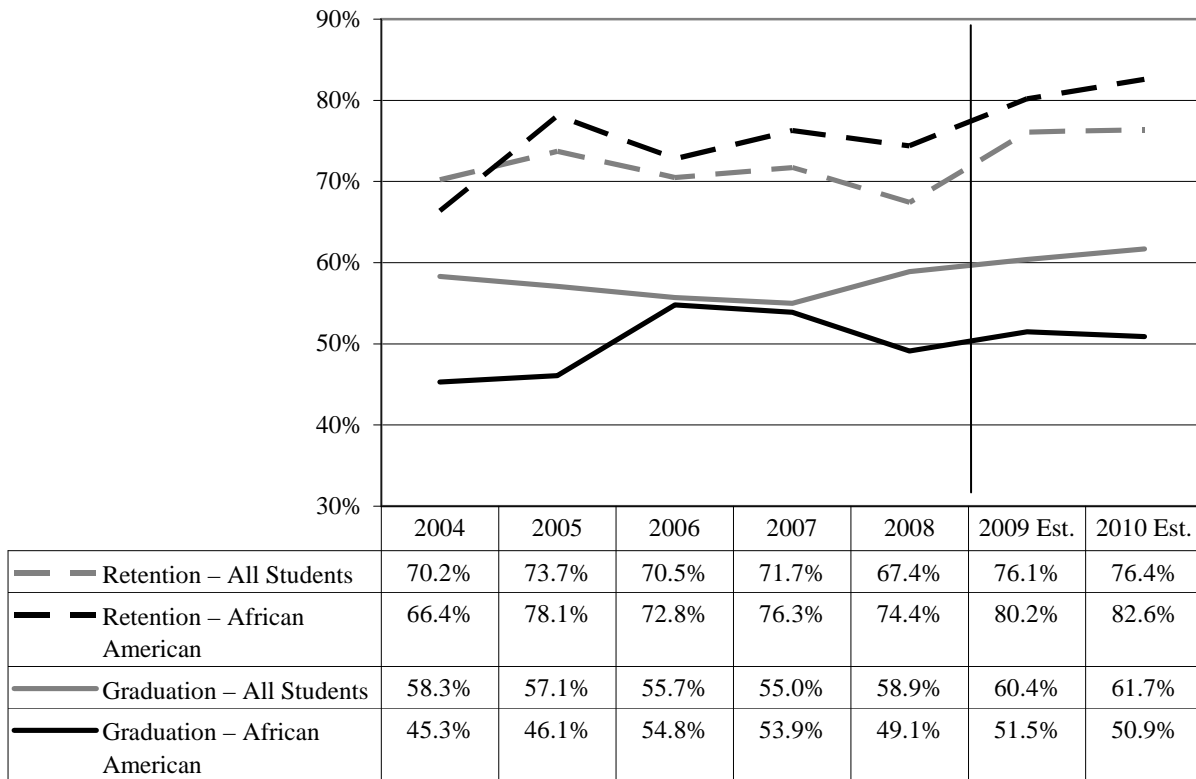
Source: Governor’s Budget Books, Fiscal 2010

The President should comment on efforts to increase enrollment in teacher education programs and address factors behind the declining number of teacher education graduates employed in Maryland public schools.

Retention Rates Decline; Graduation Gap Widens

Providing access to higher education for residents of Maryland and the region and creating an environment that prepares students to live and work in a diverse society are two of FSU’s goals. FSU tracks the progress toward achieving these goals by measuring the two-year retention and six-year graduation rates of all students and African American students as shown in **Exhibit 2**.

Exhibit 2
Retention and Graduation Rates
All Students and African American Students
Fiscal 2004-2010



Notes: Fiscal 2004 to 2008 data is from the Maryland Higher Education Commission, Retention and Graduation Rates at Maryland Public Four-Year Institutions, November 2008. Fiscal 2009 and 2010 data is from the Governor's Budget Books, Fiscal 2009. Fiscal 2007 two-year retention data reflects 2006 cohort group and six-year graduation rate reflects 2001 cohort group.

Source: Governor’s Budget Books, Fiscal 2010

While the retention rate for African American students has fluctuated over the past five years, since fiscal 2005 it has consistently exceeded that of all students. In fiscal 2008, the rate for African American students declined 1.9 percentage points to 74.4%. This still compares favorably when compared to the retention rate for all students, which declined 4.3 percentage points to 67.4% in fiscal 2008, the lowest rate since at least fiscal 2004.

After declining for three years, the six-year graduation rate for all students increased 3.9 percentage points over fiscal 2007 from 55.0 to 58.9% in fiscal 2008. However, the graduation rate for African American students dropped for a second year from 53.9% in fiscal 2007 to 49.1% in fiscal 2008, a decline of 4.8 percentage points. This widens the graduation gap from 1.1 percentage points in fiscal 2007 to 9.8 percentage points in fiscal 2008.

The President should comment on causes affecting the decline in retention and graduation rates of African American students and address efforts to increase the retention rates of all students and the graduation rate of African American students.

Fiscal 2009 Actions

Impact of Cost Containment

In June 2008, the Board of Public Works (BPW) approved cost containment measures resulting in a \$135,893 reduction in FSU'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 \$493,119, or 1.6%, decrease in FSU's State appropriations, which resulted in a reduction of facility renewal expenditures.

Furthermore, FSU was requested to reduce the current salary and wage budget by \$447,475 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. All employees, regardless of funding source, are subject to the furlough plan. The university will close for one day during spring break (March 16, 2009). Employees have until June 2, 2009, to take their assigned number of furlough days.

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. FSU's portion of the transfer is \$635,469. However, FSU has a zero balance in the State-supported portion of the fund balance; therefore, after the transfer, FSU will have a negative \$0.6 million balance in the State-supported portion of the fund balance. Overall, at the end of fiscal 2009, FSU's total fund balance (State- and non-State-supported) is estimated to total \$6.7 million. It should be noted that FSU plans to transfer \$110,306 to the fund balance in fiscal 2010 increasing the total to \$6.9 million.

The President should comment on how FSU will be able to meet the allocation of the \$20.0 million transfer to general funds, given a zero balance in the State-supported portion of the fund balance

Due to the anticipated underattainment of the Higher Education Investment Fund (HEIF) revenues in fiscal 2009, FSU's allocation of these funds is expected to be reduced by \$174,947. Additional cost containment actions may be taken in fiscal 2009.

The President should comment on which programmatic areas will be reduced to meet the expected budget level.

Proposed Budget

The general fund allowance for fiscal 2010 is \$3.0 million above the fiscal 2009 level, an increase of 9.6%, as shown in **Exhibit 3**. Due to the anticipated underattainment of the HEIF revenues in fiscal 2009, FSU's allocation of these funds are expected to be reduced by \$174,947. When adjusting for the \$2.0 million of the HEIF revenues that replaced general funds in fiscal 2009, and the reduction of \$112,180 to delete the deferred compensation match in fiscal 2010, the underlying growth in general funds is \$1.0 million, or 3.1%, over fiscal 2009. However, it is anticipated that the fiscal 2009 budget will be further reduced by \$447,475 due to salary and wage reductions related to the furlough.

The allowance provides \$733,404 in general funds to replace tuition revenues lost as a result of the freeze on resident undergraduate tuition in fiscal 2010. Other unrestricted funds increase \$1.0 million, or 1.9%, due to an increase of \$0.8 million in auxiliary revenues, and \$0.2 million in other sources which include interest and other fees. However, these increases are offset by a slight decline in tuition and fee revenues attributed to a projected lower enrollment of non-resident students corresponding with an increase of resident students.

Fiscal 2010 Cost Containment

The only contingent across-the-board action affecting FSU is the reduction of \$139,561 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 (COLA) but allows for salary increases necessary for the retention of faculty members.

Exhibit 3
Proposed Budget
Frostburg State University
Fiscal 2008-2010
(\$ in Thousands)

	<u>2008</u> <u>Actual</u>	<u>2009*</u> <u>Working</u>	<u>2010</u> <u>Adjusted</u>	<u>2009-10</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$31,117	\$31,290	\$34,299	\$3,010	9.6%
HEIF	0	1,992	0	-1,992	-100.0%
Total State Funds	31,117	33,282	34,299	1,018	3.1%
Other Unrestricted Funds	51,067	50,295	51,254	960	1.9%
Total Unrestricted Funds	82,184	83,576	85,554	1,977	2.4%
Restricted Funds	7,195	7,852	7,840	-12	-0.1%
Total Funds	\$89,379	\$91,428	\$93,394	\$1,966	2.2%

HEIF: Higher Education Investment Fund

*Fiscal 2009 reflects an expected reduction of \$174,947 due to underattainment of HEIF revenues; does not include reductions due to furlough.

Note: Fiscal 2010 general funds are adjusted by \$112,180, other unrestricted funds by \$15,863, and restricted funds by \$11,518 to reflect the deletion deferred compensation match. Numbers may not sum to total due to rounding.

Source: Governor's Budget Book, Fiscal 2010

Expenditures on Student Services and Institutional Support Increase at the Highest Rates

Changes in FSU's budget, by program, are shown in **Exhibit 4**. The data reflects unrestricted funds only, consisting mostly of general fund and tuition and fee revenues. Expenditures for student services are projected to increase at the highest rate of 7.7%, or \$0.3 million, related to increases in health insurance and retirement. Institutional support expenditures increase 4.8%, or \$0.5 million, and operations and maintenance of plant increases 4.2%, or \$0.5 million. Increases are attributed primarily to higher personnel costs and an effort to reinstate funds cut due to budget reductions. Scholarship and fellowships increase 4.5%, or \$0.2 million, which will go to undergraduate students. Instruction is expected to decrease 0.9%, or \$0.3 million, due to the removal of start up costs for the nursing program.

Exhibit 4
FSU Budget Changes for Unrestricted Funds by Program
Fiscal 2008–2010
(\$ in Thousands)

	Actual 2008	Working 2009	% Change 2008-09	Adjusted 2010	\$ Change 2009-10	% Change 2009-10
<u>Expenditures</u>						
Instruction	\$25,743	\$28,507	10.7%	\$28,257	-\$250	-0.9%
Public Service	184	35	-81.0%	35	0	0.0%
Academic Support	7,736	8,026	3.8%	8,191	165	2.1%
Student Services	4,195	4,120	-1.8%	4,438	318	7.7%
Institutional Support	9,309	10,383	11.5%	10,881	498	4.8%
Operation and Maintenance of Plant	14,244	12,466	-12.5%	12,984	518	4.2%
Scholarships and Fellowships	4,607	4,906	6.5%	5,128	222	4.5%
Education and General Total	\$66,017	\$68,443	3.7%	\$69,915	\$1,472	2.2%
Auxiliary Enterprises	\$16,167	\$15,308	-5.3%	\$15,767	\$459	3.0%
Pending Reductions		-175		-128	47	-26.8%
Grand Total	\$82,184	\$83,576	1.7%	\$85,554	\$1,977	2.4%
<u>Revenues</u>						
Tuition and Fees	\$28,833	\$29,209	1.3%	\$29,154	-\$55	-0.2%
General Funds	31,117	31,290	0.6%	34,299	3,010	9.6%
Higher Education Investment Fund ⁽¹⁾		1,992			-1,992	
Other Unrestricted Funds	3,020	2,234	-26.0%	2,431	198	8.8%
Subtotal	\$62,970	\$64,725	2.8%	\$65,885	\$1,161	1.8%
Auxiliary Enterprises	\$19,046	\$18,962	-0.4%	\$19,779	\$817	4.3%
Transfer (to)/from Fund Balance	167	-110	-165.9%	-110	0	0.0%
Grand Total	\$82,184	\$83,576	1.7%	\$85,554	\$1,977	2.4%

FSU: Frostburg State University

⁽¹⁾ Reflects anticipated \$174,947 reduction in revenues due to underattainment.

Note: Fiscal 2009 does not include reduction due to the furlough. Unrestricted funds only. All programs.

Source: Maryland State Budget

Personnel

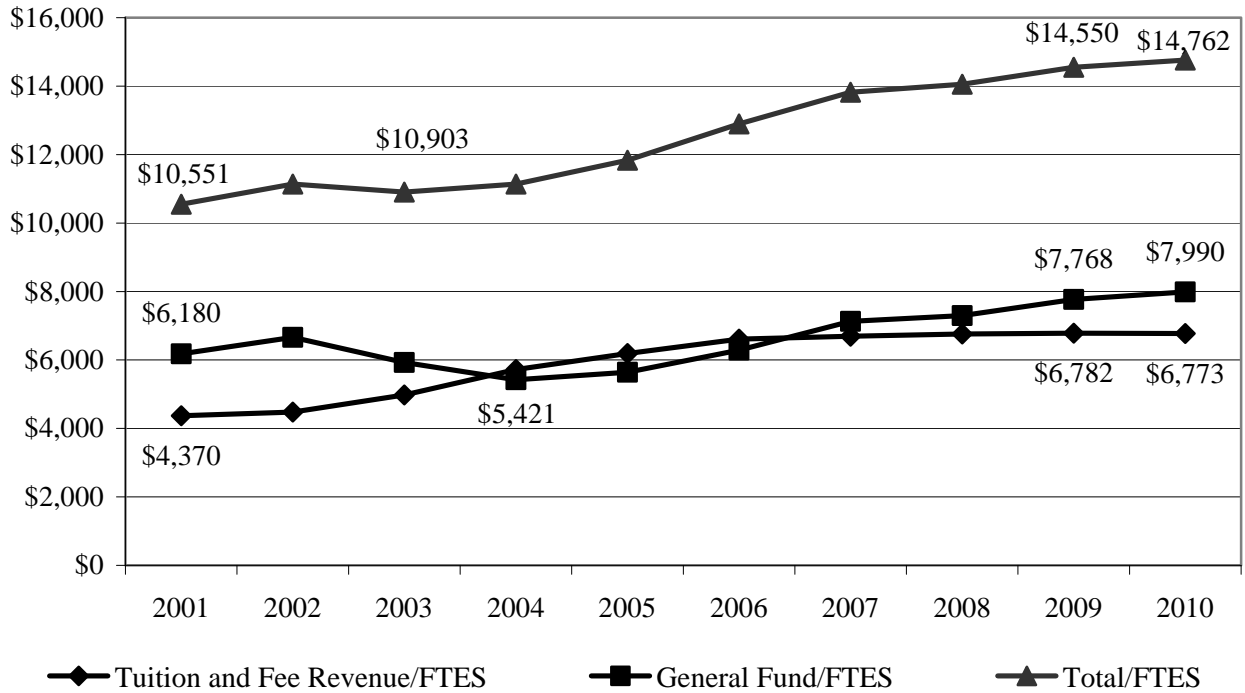
While the fiscal 2010 allowance does not provide new positions, five vacant State-supported positions were abolished. The salaries associated with the positions totaled \$447,071.

Of a total of 615 full-time equivalent (FTE) State-supported positions in fiscal 2009, 41 FTEs are vacant, and of these, 15 have been vacant for over a year. Salaries of all State-supported vacant positions total \$2.3 million.

General Fund and Tuition and Fee Revenues

Since fiscal 2006, tuition and fee revenues per full-time equivalent student (FTES) have been relatively flat due to declining enrollment in fiscal 2006 and 2007 and a freeze on resident undergraduate tuition starting in fiscal 2007, as shown in **Exhibit 5**. In fiscal 2010, tuition and fee revenues per FTES are projected to slightly decrease by 0.1%, to \$6,773, due to a projected decrease in enrollment of undergraduate students from contiguous (out-of-state) counties who pay a higher tuition rate corresponding with an increase of lower tuition paying resident undergraduate students. In fiscal 2010, general funds per FTES total \$7,990, an increase of 2.9%. Overall, total revenues are expected to increase 1.5%, totaling \$14,762 per FTES in fiscal 2010.

Exhibit 5
General Fund and Tuition and Fee Revenues Per FTES
Fiscal 2001-2010



FTES: full-time equivalent student

Source: Governor's Budget Books, Fiscal 2010

Issues

1. Affordability Remains an Issue

Resident Undergraduate Tuition Frozen; Fees Increase

Tuition and fee rates are a factor directly affecting affordability. The fiscal 2010 allowance provides \$733,404 in general funds to freeze undergraduate resident tuition at \$5,000, the fiscal 2006 rate. These funds are used to replace revenue lost as a result of not increasing tuition by 4%. The estimated cumulative tuition savings for students is \$2,082 since fiscal 2007, resulting in an overall savings of 10.4%, assuming an annual 4% increase in tuition.

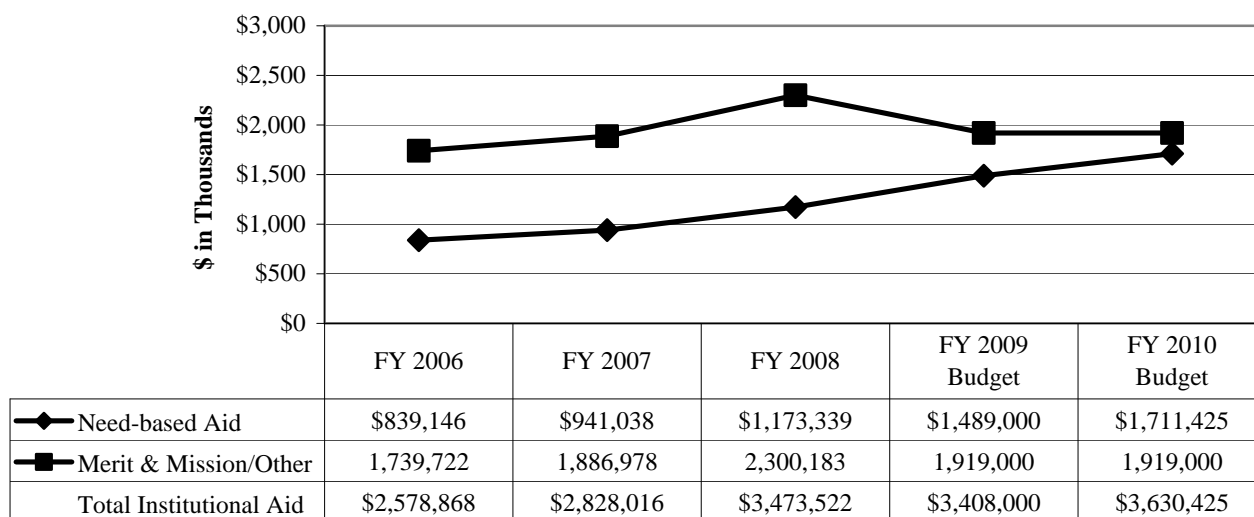
However, mandatory fees, which are also part of the total cost to the student, have not been frozen. In fiscal 2010, fees are expected to increase 4.3%, or \$70, over the previous year, lower than the USM average of 5.3%. Since fiscal 2006, fees have increased \$454, or 36.9%. When including tuition and fees, the cost to a resident undergraduate student at FSU grew 1.1% over fiscal 2009, lower than the systemwide average of 1.2%. Overall, total costs increased 4.6% since fiscal 2006, higher 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, in addition to State and federal financial aid. After increasing to \$3.5 million in fiscal 2008, spending on institutional aid is expected to decline 1.9% to \$3.4 million in fiscal 2009, as shown in **Exhibit 6**. However, need-based aid increases 26.9% from \$1.2 million in fiscal 2008 to \$1.5 million in fiscal 2009. In fiscal 2010, total expenditures are expected to increase 6.5% to \$3.6 million with all of the increase of \$222,425 going toward need-based aid. FSU does not award athletic scholarships.

Overall, between fiscal 2008 and 2010, expenditures on need-based aid are projected to increase 45.9%, while merit and mission decline 16.6% during the same time frame. This indicates a shift to making more aid available to students with the greatest financial need, which is consistent with the Board of Regents recommendation for institutions to increase the proportion of institutional aid allocated to need-based aid.

**Exhibit 6
Distribution of Institutional Aid
Fiscal 2006-2010**



Source: University System of Maryland

The Maryland Higher Education Commission is developing a Financial Aid Information System database which will provide a profile of students receiving financial aid. The database has information on institutional aid awarded at Frostburg 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. Students with an EFC between \$0 and \$3,850 are eligible for the Federal Pell Grant program and are deemed to be the students with the most need. **Exhibit 7** shows the percentage of students receiving need-based aid and other types of institutional aid by EFC category. In fiscal 2007, 66.6% of need-based awards went to students with EFC between \$0 and \$3,850, and they also received 21.4% of all other awards.

USM compiles and reports on each institution's percentage of undergraduates receiving all types of financial aid in the 2008 *Dashboard Indicators*. Financial aid includes grants, loans, work study, and scholarships. After declining for two years, the percentage of undergraduate students receiving financial aid increased to 70% in 2007, as shown in **Exhibit 8**.

Exhibit 7
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	24.1%	5.8%	235
\$1 – \$3,850	42.5%	15.6%	459
\$3,851 – \$6,999	27.9%	11.7%	314
\$7,000 – \$9,999	4.4%	8.2%	104
\$10,000 – \$14,999	1.0%	10.1%	94
\$15,000 – \$19,999	0.0%	7.6%	65
\$20,000+	0.0%	16.6%	142
Total	100.0%	75.6%	1,413

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 2006-2007

Exhibit 8
Percentage of Undergraduates Receiving Financial Aid
2004-2007

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
% Receiving Financial Aid	73%	71%	69%	70%

Source: University System of Maryland, *Dashboard Indicators* 2008

Average Student Debt Decreases

Institutional, State, and federal aid do not always cover higher education costs 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% less than the institutional average debt burden for undergraduate students. From fiscal 2004 to 2006, the average undergraduate debt burden for a FSU student upon graduation increased \$482, or 3.1%, as shown in **Exhibit 9**.

Exhibit 9
Average Undergraduate Debt Burden Upon Graduation
Fiscal 2004-006

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Average Debt Burden	\$15,319	\$15,678	\$15,801

Source: University System of Maryland, *Dashboard Indicators* 2008

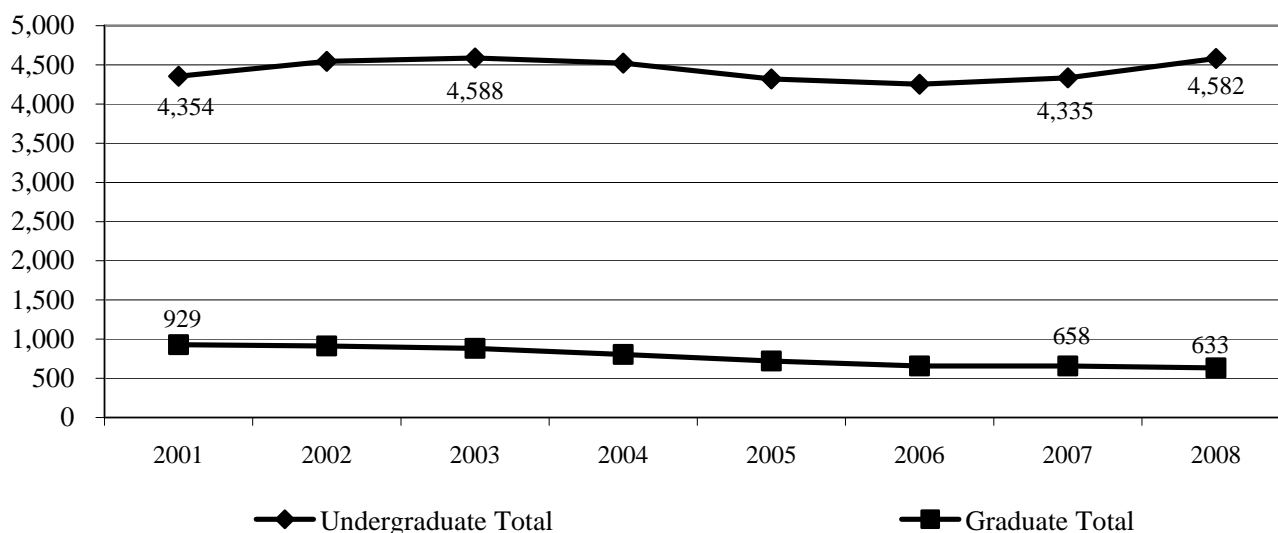
The President should comment on efforts undertaken to reduce the debt burden of undergraduate students, particularly those with the greatest need.

2. Undergraduate Enrollment Increases; Graduate Enrollment Declines

Total undergraduate and graduate headcount enrollment is expected to increase slightly by 0.9% from 4,830 in fiscal 2008 to 4,875 students in fiscal 2009 and is projected to remain at this level in fiscal 2010. Overall, enrollment is 6.8% below the highest enrollment level of 5,228 students in fiscal 2004.

To understand the underlying enrollment trends, **Exhibit 10** shows a breakdown of the undergraduate and graduate headcount enrollment from fall 2001 to 2008. While undergraduate enrollment grew 5.7%, from 4,335 students in fall 2007 to 4,582 in fall 2008, graduate enrollment continued to decline from 658 students in fall 2007 to 633 students in fall 2008.

**Exhibit 10
Undergraduate and Graduate Enrollment
Fall 2001-2008**



Source: Frostburg State University

Full-time undergraduate enrollment grew for a second year, increasing 4.2% in fiscal 2009, totaling 4,087 students, the highest enrollment level since at least fiscal 2002, as shown in **Exhibit 11**. Enrollment of resident students increased 4.1% to 3,742 students in fiscal 2009. After a five-year decline, non-resident enrollment increased to 192 students in fiscal 2008 and is projected to grow in fiscal 2009 to 200 students. Enrollment of students from contiguous counties increased 6.6% to 145 students in fiscal 2009.

**Exhibit 11
Full-Time Undergraduate Enrollment by Residency
Fiscal 2002-2009**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Projected 2009</u>
Full-time Resident	3,425	3,466	3,618	3,574	3,462	3,479	3,593	3,742
Full-time Non-resident	266	233	222	218	204	185	192	200
Full-time Non-resident – Contiguous Counties	147	170	191	184	161	154	136	145
Total	3,838	3,869	4,031	3,976	3,827	3,818	3,921	4,087

Source: Frostburg State University

In fiscal 2010, FSU projects a shift in the enrollment mix, with in-state (lower paying tuition) enrollments accounting for an increasing portion of total enrollment. This corresponds with a decrease in enrollment of non-resident students from contiguous counties (higher paying tuition) resulting in a slight decline in tuition and fee revenues in fiscal 2010.

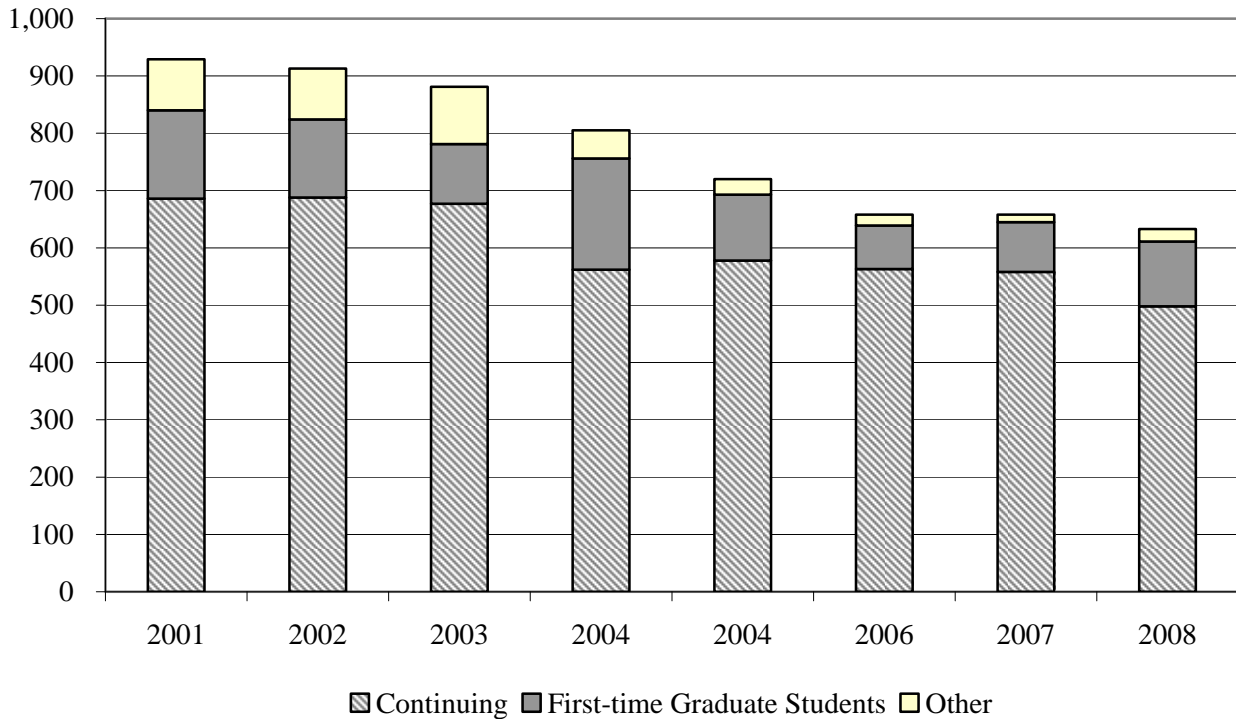
The President should comment on the efforts undertaken to recruit and retain in- and out-of-state full-time undergraduate students and the strategy for setting out-of-state tuition.

Graduate enrollment continues a six-year decline, as shown in **Exhibit 12**. Continuing students, on average, account for 78.0% of graduate enrollment. Since at least fall 2001, enrollment of this group of students declined 27.4%, from 686 students in fall 2001 to 498 in 2008. Fall 2008 saw the second largest drop in continuing student enrollment declining 10.8%, or by 60 students. However, first-time graduate enrollment increased for a second year from 87 students in fall 2007 to 113 in 2008.

Frostburg attributes the decline in graduate enrollment to several factors, including accreditation of the Masters in Business Administration, which requires higher standards and the closing of the satellite location in Fredrick and subsequent move to the Hagerstown Regional Higher Education Center. In fiscal 2009, as part of efforts to bolster graduate enrollment, FSU created a new position, Dean of Graduate Education, who would ensure the quality and relevancy of graduate program and promote programs within the region. However, as part of FSU's cost containment measures, this position was abolished.

The President should comment on efforts to increase graduate enrollment given current constraints on resources.

**Exhibit 12
Graduate Headcount Enrollment
Fall 2001-2008**



Source: Frostburg State University

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 males 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 plan started in fall 2008.

Achievement Gap

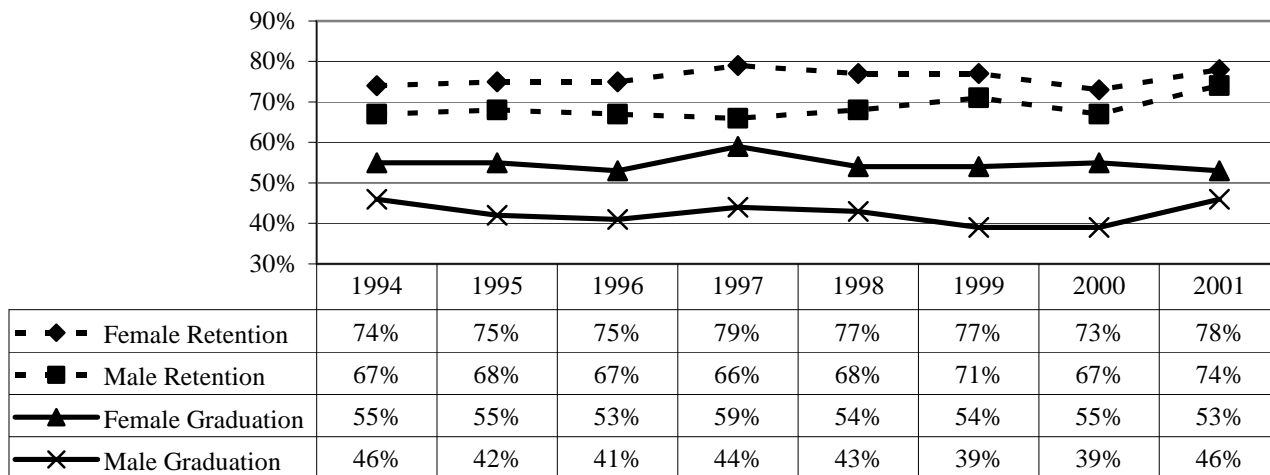
Upon analyzing the data, FSU identified four areas of concern on which to focus efforts: (1) overall retention and graduation rates; (2) retention and graduation rates for males; (3) graduation rates of African American males; and (4) retention rates past the second year.

Persistent lower retention and graduation rates were found for male students compared to female students, as shown in **Exhibit 13**. Overall, the two-year retention rate for the 1994-2001 male cohorts averaged 69% while the rate for females averaged 76%. The data showed a bigger gap in the six-year graduation rate with the male student graduation rate averaging 43% compared to an average rate of 55% for female students

Within the male student population, the six-year graduation rate of African American male students is lower than white male students. As shown in **Exhibit 14**, the gap in graduation rates between African American males and white males averaged 16% for the 1994-2001 cohorts. This gap narrowed to 3 percentage points with the 2000 cohort group but then increased to 10 percentage points with the 2001 cohort.

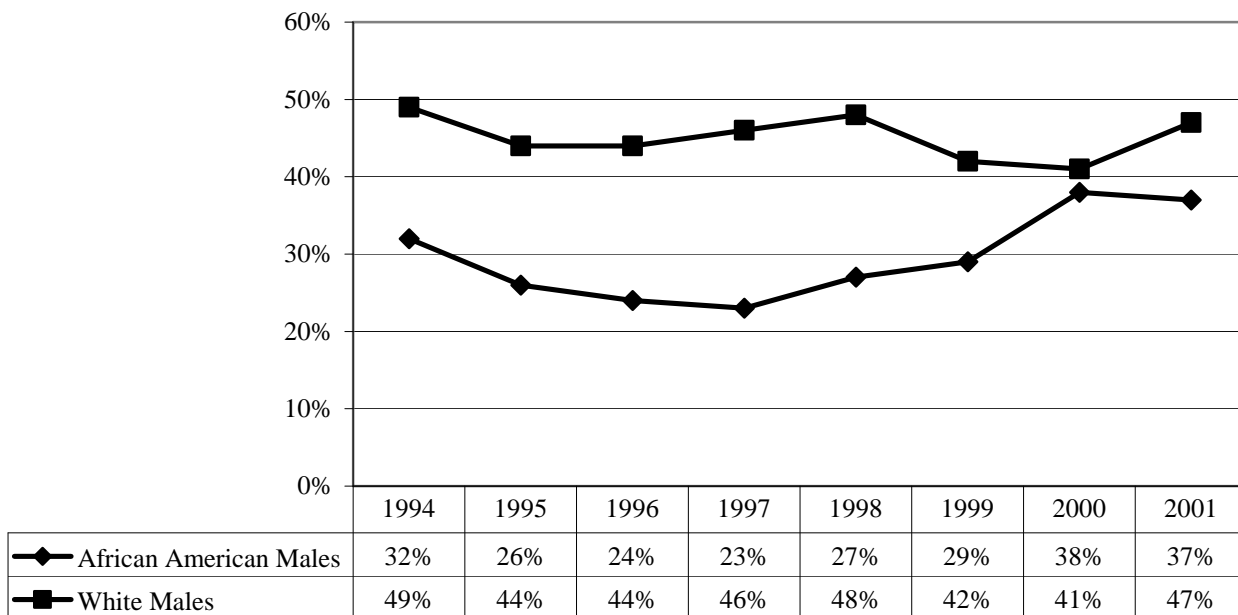
While current programs aimed at enhancing the freshman experience have proven to increase the overall two-year retention rate, data showed retention rates declining past the second year. While the two-year retention rate averages 72% for all students, it decreases 13 percentage points by the third year to an average of 59%, and declines 4 percentage points, to an average of 55% by the fourth year.

Exhibit 13
Retention and Graduation Rates of All Male and Female Students
Cohort 1994-2001



Source: Frostburg State University

Exhibit 14
Six-year Graduation Rates of African American and White Male Students
Cohort 1994-2001



Source: Frostburg State University

Achievement Gap Action Plan

In order to gain a better understanding of the reason for the low retention and graduation rates, FSU contacted the Pell Institute, which has worked with other USM institutions on similar issues. The Pell Institute disseminates research and policy analysis to improve the educational opportunities and outcomes for low-income, first-generation, and disabled college students. FSU will use the consulting services, available at no cost to the institution, through the Pell Institute Retention Initiative to develop a detailed analysis of student outcomes and pressure points to explain differences in student success.

FSU originally planned to identify the strategies by fall 2008. However, based on discussions with the Pell Institute consultants in fall 2008, FSU revised the calendar to allow time to further refine the data analyses.

Strategies FSU is considering implementing include:

- refining the definition of low-income to better identify at risk students;

- identifying “gatekeeper” courses, majors, and where problems most often occur during a student’s academic career;
- re-engineering courses and programs to improve entry level skills;
- developing programs and strategies specific to sustaining the two-year retention rate to subsequent years; and
- building and expanding successful programs.

However, FSU is currently focusing efforts on protecting current intervention programs, such as FSU Connections (a learning community program), Campus Advising Center (helping students who have not declared a major), and the Phoenix Program (an intervention effort to provide intensive support for student previously facing dismissal after the first semester), which have proven to be successful.

The President should comment on factors contributing to the gaps in retention and graduation rates and the decline in the retention of students past the second year. The President should also address efforts currently being undertaken to help reduce the achievement gap.

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Minority Group Enrollment Data

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. FSU’s enrollment data is shown in **Exhibit 15**.

Exhibit 15
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</u> <u>MFR</u> <u>Goal(s)</u>
Percent Projected Undergraduate Enrollment Expected to Be Minority	20.6%	23.7%	26.1%	26.1-28.7%	≥16.2%
Based on the Above %, the Breakdown by:					
African American	16.6%	19.6%	21.9%	21.9-22.1%	≥12.3%
Hispanic	2.0%	2.1%	2.1%	2.1-3.1%	≥1.7%
Asian	1.6%	1.6%	1.8%	1.9-2.9%	≥1.6%
Native American	0.4%	0.4%	0.3%	0.2-0.6%	≥0.5%

MFR: Managing for Results

Source: Frostburg State University

Current and Prior Year Budgets

Current and Prior Year Budgets Frostburg State 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	\$30,843	\$0	\$47,569	\$78,412	\$7,124	\$85,536
Deficiency Appropriation	0	0	0	0	0	0
Budget Amendments	646	0	3,559	4,205	701	4,906
Cost Containment	-372	0	0	-372	0	-372
Reversions and Cancellations	0	0	-61	-61	-630	-691
Actual Expenditures	\$31,117	\$0	\$51,067	\$82,184	\$7,195	\$89,379
Fiscal 2009						
Legislative Appropriation	\$31,233	\$1,281	\$49,056	\$81,570	\$6,811	\$88,381
Cost Containment	-493	0	0	-493	0	-493
Budget Amendments	550	886	1,239	2,675	1,040	3,715
Working Appropriation	\$31,290	\$2,167	\$50,295	\$83,752	\$7,851	\$91,603

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

Fiscal 2008

For fiscal 2008, general funds for Frostburg State University increased \$0.3 million through budget amendments. This included \$0.6 million increase for State employee COLA and a decrease of \$0.4 million for cost containment. Other unrestricted funds increased \$3.6 million through budget amendments. Increases included:

- \$2.4 million from sales and services of auxiliary enterprises and educational activities;
- \$0.6 million from investment income;
- \$0.4 million from indirect cost recovery and miscellaneous income; and
- \$0.3 million from sales and services of educational activities.

Restricted funds increased \$0.7 million through budget amendments from federal, State, and private contracts and grants.

Cancellations of unrestricted funds amounted to \$61,313 due to lower than anticipated revenues. Cancellation of restricted funds totaled \$0.6 million due to lower than anticipated expenditures on grants.

Fiscal 2009

For fiscal 2009, general funds increased \$57,000 through budget amendments. This includes an increase of \$0.7 million for State employee COLA and decreases of \$0.6 million for cost containment. Special funds increased \$0.9 million through a budget amendment, offsetting a reduction of general funds with Higher Education Investment Funds.

Other unrestricted funds increased \$1.2 million through a budget amendment. Increases include:

- \$0.8 million from sales and services of auxiliary enterprises from room and board and conferences and catered events;
- \$0.3 million from sales and services of educational activities related to cultural and theatre events and orientation fee; and
- \$0.2 million from interest income, deferred payments, and late registration.

There was also a \$21,429 decrease in laboratory fee revenue.

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Restricted funds increased \$1.0 million through a budget amendment which included increases of \$1.3 million from federal and private contract and grant activity and miscellaneous income, and a decrease of \$0.2 million in State contracts and grants.

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

	Fiscal 2002		Fiscal 2008		Fiscal 2009		Fiscal 2002-09
	<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 in Share of Total</u>
Instruction	238	38.7%	229	35.4%	241	36.2%	-2.5%
Public Service	13	2.1%	18	2.8%	22	3.3%	1.2%
Academic Support	60	9.8%	78	12.0%	73	10.9%	1.1%
Student Services	41	6.7%	45	7.0%	49	7.3%	0.6%
Institutional Support	107	17.4%	109	16.8%	111	16.7%	-0.8%
Operations and Maintenance of Plant	88	14.3%	83	12.8%	79	11.9%	-2.5%
Auxiliary	67	10.9%	86	13.3%	91	13.7%	2.8%
Total	614		647		665		

FTE: full-time equivalent

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

Source: Frostburg State University

**Object/Fund Difference Report
USM – Frostburg State 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	707.00	731.00	726.00	-5.00	-0.7%
02 Contractual	168.20	129.70	129.70	0	0%
Total Positions	875.20	860.70	855.70	-5.00	-0.6%
Objects					
01 Salaries and Wages	\$ 45,886,575	\$ 51,042,700	\$ 52,236,803	\$ 1,194,103	2.3%
02 Technical and Spec. Fees	6,863,849	6,048,227	6,048,227	0	0%
03 Communication	428,363	829,300	829,300	0	0%
04 Travel	1,006,907	657,269	657,269	0	0%
06 Fuel and Utilities	4,051,097	4,515,000	4,515,000	0	0%
07 Motor Vehicles	553,638	267,315	444,548	177,233	66.3%
08 Contractual Services	5,698,556	6,747,261	6,894,307	147,046	2.2%
09 Supplies and Materials	4,924,213	5,280,981	5,306,015	25,034	0.5%
10 Equipment – Replacement	650,431	494,496	334,496	-160,000	-32.4%
11 Equipment – Additional	585,240	781,310	781,310	0	0%
12 Grants, Subsidies, and Contributions	8,528,318	8,656,619	8,879,044	222,425	2.6%
13 Fixed Charges	5,160,146	5,277,591	5,163,668	-113,923	-2.2%
14 Land and Structures	5,041,210	1,004,812	1,443,264	438,452	43.6%
Total Objects	\$ 89,378,543	\$ 91,602,881	\$ 93,533,251	\$ 1,930,370	2.1%
Funds					
40 Unrestricted Fund	\$ 82,183,687	\$ 83,751,381	\$ 85,681,751	\$ 1,930,370	2.3%
43 Restricted Fund	7,194,856	7,851,500	7,851,500	0	0%
Total Funds	\$ 89,378,543	\$ 91,602,881	\$ 93,533,251	\$ 1,930,370	2.1%

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

Fiscal Summary
USM – Frostburg State 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	\$ 25,783,650	\$ 28,554,995	\$ 28,304,821	-\$ 250,174	-0.9%
02 Research	102,103	0	200,000	200,000	0%
03 Public Service	2,909,508	3,583,400	3,383,400	-200,000	-5.6%
04 Academic Support	7,738,388	8,036,251	8,201,395	165,144	2.1%
05 Student Services	4,232,087	4,145,043	4,463,453	318,410	7.7%
06 Institutional Support	9,314,520	10,393,543	10,891,675	498,132	4.8%
07 Operation and Maintenance of Plant	14,243,611	12,467,443	12,985,352	517,909	4.2%
08 Auxiliary Enterprises	16,207,680	15,343,165	15,801,689	458,524	3.0%
17 Scholarships and Fellowships	8,846,996	9,079,041	9,301,466	222,425	2.4%
Total Expenditures	\$ 89,378,543	\$ 91,602,881	\$ 93,533,251	\$ 1,930,370	2.1%
Unrestricted Fund	\$ 82,183,687	\$ 83,751,381	\$ 85,681,751	\$ 1,930,370	2.3%
Restricted Fund	7,194,856	7,851,500	7,851,500	0	0%
Total Appropriations	\$ 89,378,543	\$ 91,602,881	\$ 93,533,251	\$ 1,930,370	2.1%

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