

R30B24
Towson University
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$76,171	\$82,442	\$86,720	\$4,278	5.2%
Other Unrestricted Funds	208,998	217,314	232,547	15,233	7.0%
Total Unrestricted Funds	285,169	299,756	319,267	19,511	6.5%
Restricted Funds	<u>23,171</u>	<u>29,400</u>	<u>29,400</u>	<u>0</u>	
Total Funds	\$308,339	\$329,156	\$348,667	\$19,511	5.9%

- General funds increase \$4.3 million, or 5.2%, in the fiscal 2009 allowance. Other unrestricted funds include \$5.1 million from the Higher Education Investment Fund created during the 2007 special session. These funds will be used to freeze tuition and fund enrollment growth.
- In terms of total funds, Towson's budget increases \$19.5 million, or 5.9%. However, after adjusting for the health insurance and Other Post Employment Benefits liability costs, the underlying increase in the fiscal 2009 allowance is \$15.0 million, or a 4.8% increase over fiscal 2008.

Personnel Data

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>
Regular Positions	1,751.51	1,858.50	1,898.50	40.00
Contractual FTEs	<u>813.60</u>	<u>872.50</u>	<u>862.20</u>	<u>-10.30</u>
Total Personnel	2,565.11	2,731.00	2,760.70	29.70

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	82.58	4.35%
Positions Vacant as of 12/31/07	123.0	6.6%

- The fiscal 2009 allowance provides Towson with an additional 40 regular positions; 10 contractual positions decrease due to the conversion of contractual positions to regular positions.

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

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Analysis in Brief

Major Trends

Students Enrolled in Teacher Education and Graduates Employed in Maryland Declines: The number of students enrolled, completing the teacher training program, and employed in Maryland public schools decreased.

Nursing Enrollment and Graduates Continue to Increase: Enrollment increased to 257 students due to better reporting and increased enrollment at the University System of Maryland Hagerstown Center. The number of students graduating from the program increases for a fifth consecutive year.

Retention Rate of African American and All Students Declines; Gap in Graduation Rate Continues to Shrink: While the retention rates for African American students continues to exceed that of all students, the rate fell 6.9%. The gap in the graduation rates continues to shrink between African American students and all students.

Issues

Affordability Remains an Issue: Resident undergraduate tuition rates are frozen for the third consecutive year; fees increase slightly. Students with a low expected family contribution received most of the need-based aid.

Facility Maintenance and Renewal: Shifting of internal resources to fund four new positions for the Center for the Arts resulted in an increase in the maintenance backlog. Since fiscal 2005, expenditures on facilities renewal has averaged 1.4% of the replacement value of Towson's assets.

Recommended Actions

1. Concur with Governor's allowance.

Updates

Joint Masters in Business Administration (MBA) Program with University of Baltimore: The joint MBA program began enrolling students in the summer 2006 semester with total enrollment of 484 students. In fall 2007, 543 students enrolled in the joint program.

R30B24
Towson University
University System of Maryland

Operating Budget Analysis

Program Description

Towson University is the largest comprehensive university in the University System of Maryland (USM), serving more than 19,000 students from Maryland and the adjoining mid-Atlantic and northeastern states. Programs and services are oriented toward those in the top one-third of high school graduates, as well as adult learners. Towson also has more than 3,500 graduate students.

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

Post-baccalaureate certificates, master's and doctoral programs focus on education, arts and sciences, the 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.

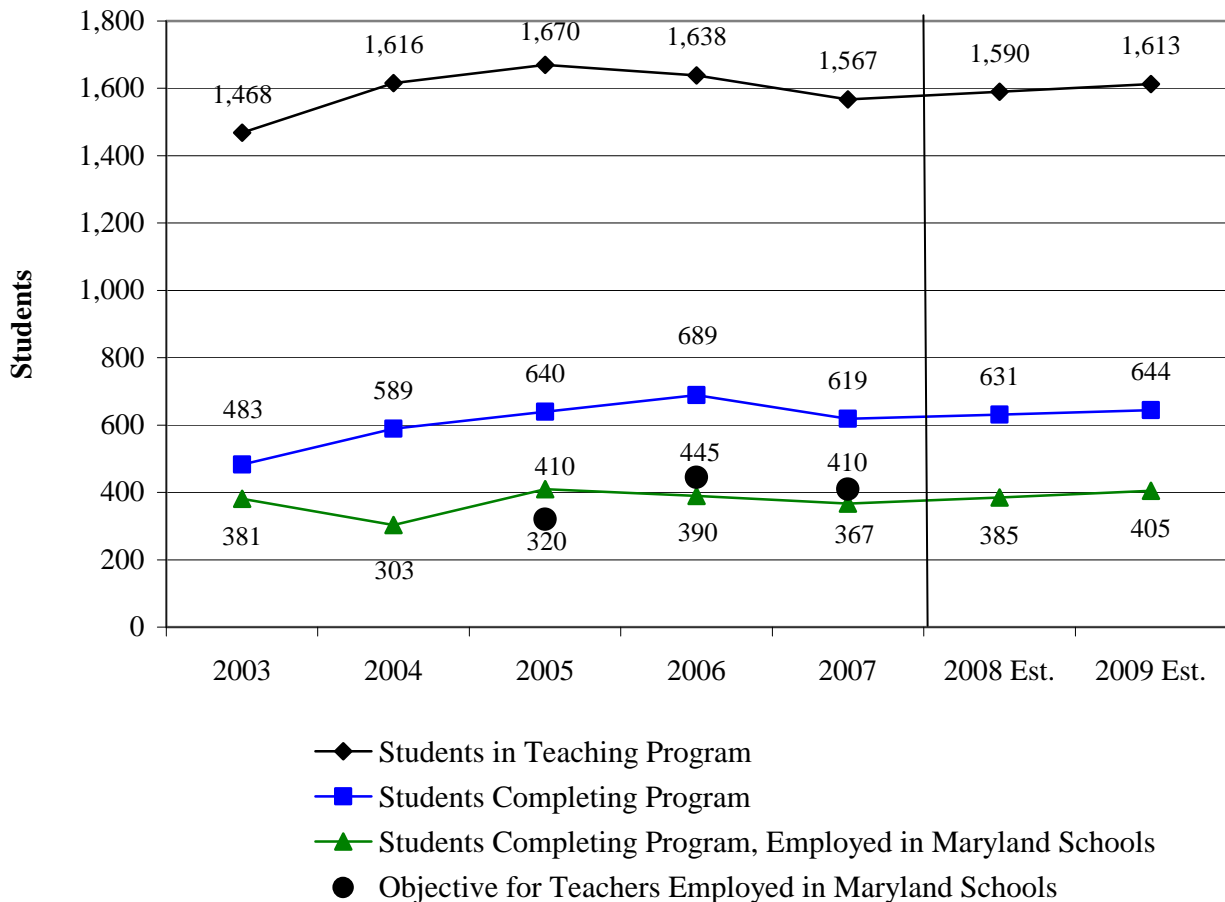
The university also offers programs at the Higher Education and Applied Technology Center in Harford County, the University System of Maryland at Hagerstown and Shady Grove, and the Southern Maryland Higher Education Center. Towson continues to lead the State in the preparation and professional development of teachers.

Performance Analysis

Students Enrolled in and Completing Teacher Training Declines; Graduates Employed in Maryland Declines

Towson tracks the number of students completing the teacher training program and employed in Maryland as a measure in meeting its workforce goal. As shown in **Exhibit 1**, the number of students in and completing the teacher training program steadily increased until fiscal 2006. In fiscal 2006, the number of students declined 2.0% to 1,638 students. Enrollment further declined 4.3% in fiscal 2007 to 1,567 students.

Exhibit 1
Towson University Students Accepted into and Graduating from
Teacher Education Programs and Employed in Maryland Public Schools
Fiscal 2003-2009



Source: Governor’s Budget Books, Fiscal 2009

After steadily increasing for four years to a high of 689 students in fiscal 2006, the number of students completing the teacher training program declined to 619 students in fiscal 2007. Towson attributes the decline in enrollment and students completing the program to 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.

Towson also tracks the number of students who completed all teacher education requirements and are employed in Maryland public schools. Since fiscal 2005, this number has declined by 10.5%, from 410 students employed in fiscal 2005 to 367 in fiscal 2007. Towson reports they are not confident in the accuracy of the data obtained from the Maryland State Department of Education, believing it underestimates the number of graduates employed in Maryland public schools.

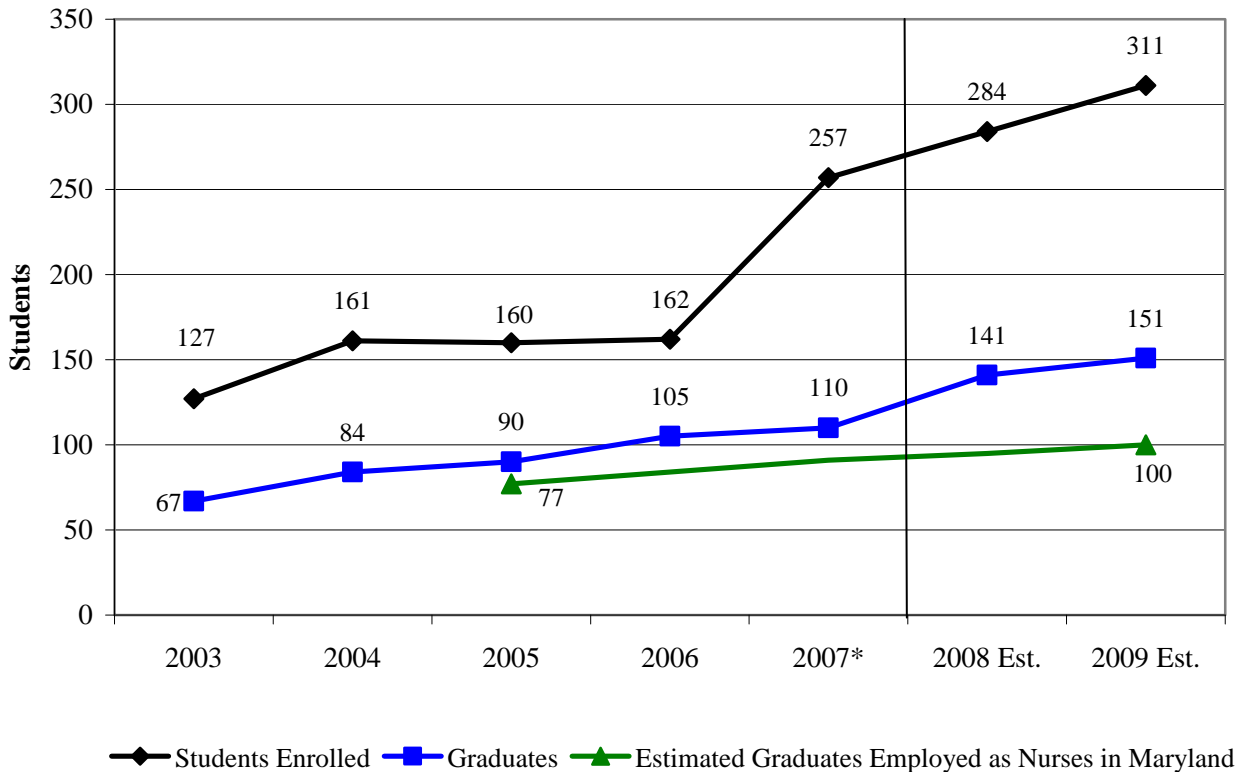
The President should comment on the efforts to increase enrollment and retain students already enrolled in the teacher training program.

Nursing Enrollment Increases; Graduates Continue Upward Trend

Another workforce measure is the number of undergraduate nursing students enrolled, graduated, and employed in Maryland. The number of nursing students increased 59%, from 162 students in fiscal 2006 to 257 in fiscal 2007, as shown in **Exhibit 2**. Towson attributes the increase in nursing students to improved coordination in reporting between the Nursing Department and the Registrar's Office. Previously, students were responsible for submitting a form declaring nursing as their major. However, not all students submitted the form resulting in the data not accurately reflecting the number of nursing students. Starting in fall 2006, the Nursing Department directly enters students into the system which the Registrar compares to the enrolled class list, ensuring all students are captured. Additionally, the number of nursing students enrolled at the USM Hagerstown Center increased from 14 in fiscal 2007 to an estimated 30 students in fiscal 2008. By 2009, Towson hopes to increase enrollment at the Hagerstown Center to 48 students per year.

The number of students graduating from the nursing program steadily increased from 67 in fiscal 2003 to 110 students in fiscal 2007. Overall, the number of nursing graduates has increased 64% since fiscal 2003. The number of nursing graduates employed in Maryland is measured by a triennial survey conducted by the Maryland Higher Education Commission. The results from the most recent survey, conducted in 2005, found 77 of the 2004 graduates reported being employed as nurses in Maryland. The prior 2002 survey of 2001 graduates indicated 51 graduates employed in Maryland. The results from the next survey will be available in 2008. Towson estimates 84 graduates employed in Maryland in fiscal 2006 with a goal of 100 in fiscal 2009.

**Exhibit 2
Towson University Students Enrolled in and Graduating from
Nursing Programs Employed as Nurses in Maryland
Fiscal 2003-2009**



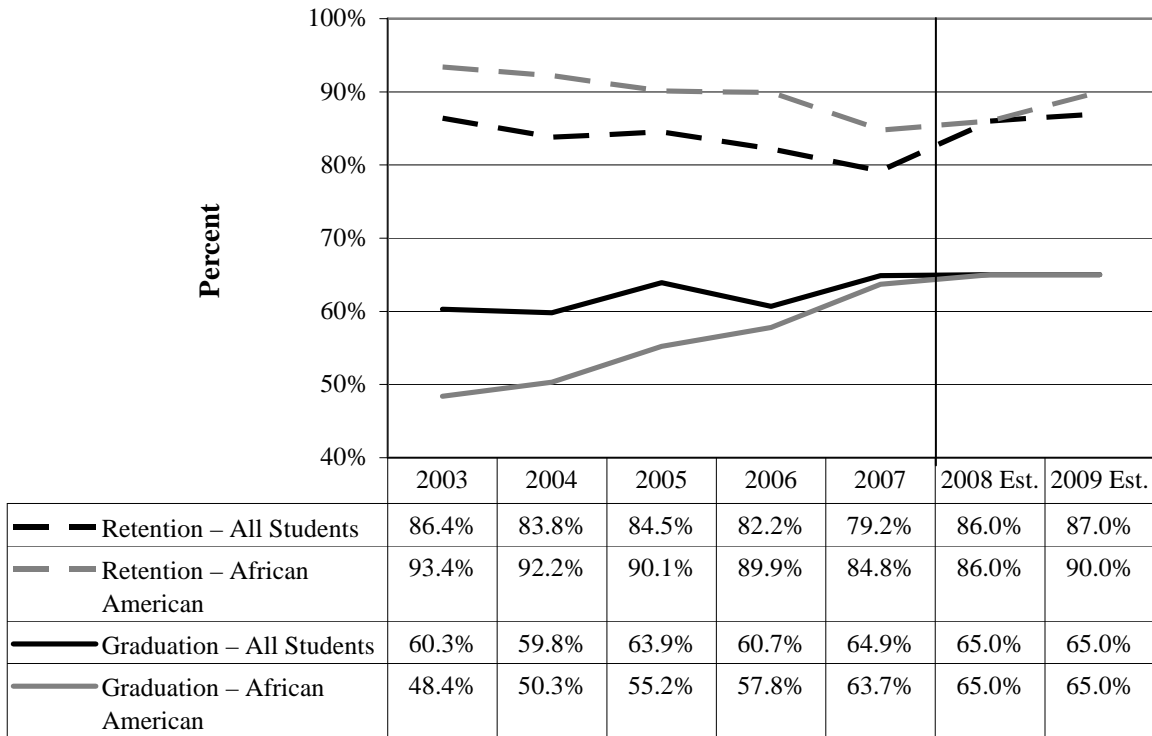
*Data changed to only students accepted into program.

Source: Governor’s Budget Books, Fiscal 2009

Retention Rate of African American and All Students Declines; Gap in Graduation Rate Continues to Shrink

Increasing access for economically disadvantaged and minority students is another goal of Towson. **Exhibit 3** shows the two-year retention and six-year graduation rates for all students and African American students. Overall, the two-year retention rate for African American students consistently exceeds that of all students. However, the retention rates of African American and all students have declined to the lowest rates since fiscal 2003. In fiscal 2007, the rate for all students fell 3 percentage points from 82.2% in fiscal 2006 to 79.2% in fiscal 2007. The two-year retention rate for African American students has been steadily declining from a high of 93.4% in fiscal 2003 to 84.8% in fiscal 2007. In fiscal 2007, the retention rate fell 5.1 percentage points, the largest drop since fiscal 2003.

**Exhibit 3
Towson University Graduation and Retention 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 Governor’s Budget Books, Fiscal 2009. Fiscal 2007 two-year retention data reflects 2005 cohort group and six-year graduation rate reflects 2000 cohort group.

Towson attributes the retention decline to the enrollment of over 100 first generation college students, many who struggled academically and left the university. As a result, Towson established a special intensive support system for at-risk students including special advising, monitoring, mentoring, and a non-credit course designed to develop skills needed for success in college.

While the two-year retention rate declined for all students and African American students, the six-year graduation rate for both groups increased in fiscal 2007. The graduation rate for all students increased 4.2 percentage points from 60.7% in fiscal 2006 to 64.9% in fiscal 2007. The graduation rate for African American students also increased 5.9 percentage points from 57.8% in fiscal 2006 to 63.7% in fiscal 2007. Since fiscal 2003, the graduation rate for African American students has increased 15.3 percentage points. While the six-year graduation rate for all students consistently exceeds the rate for African American students, the gap has steadily decreased from 11.4 percentage points in fiscal 2003 to 1.2 percentage points in fiscal 2007.

The President should comment on efforts to improve the retention of all students and African American students, as well as the factors behind the success in reducing the gap in six-year graduation rates.

Governor’s Proposed Budget

The general fund allowance for fiscal 2009 is \$4.3 million above the fiscal 2008 working appropriation, an increase of 5.2%, as shown in **Exhibit 4**. In terms of total funds, Towson’s budget increases \$19.5 million, or 5.9%. However, this includes health insurance and Other Post Employment Benefits (OPEB) liability costs which distort year-to-year comparisons. Adjusting for these costs in fiscal 2008 and 2009 results in the underlying increase of \$15.0 million, or a 4.8% increase, over fiscal 2008. Towson will receive \$339,000 in general funds for debt service for equipment for the new Liberal Arts building scheduled to open in fall 2009. Additionally, Towson will receive \$1.2 million for expenses related to the new building including utilities and equipment and supplies for faculty and staff occupying the new building.

The allowance proposes that Towson receive \$5.1 million of the Higher Education Investment Fund (HEIF) funds. Of this amount, \$2.8 million is for enrollment growth of 500 full-time equivalent students (FTES) in fiscal 2009, and \$2.3 million to replace tuition revenue lost as a result of the freeze on resident undergraduate tuition for fiscal 2009.

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

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$76,171	\$82,442	\$86,720	\$4,278	5.2%
Higher Education Investment Fund			5,119	5,119	
Other Unrestricted Funds	208,998	217,314	227,428	10,114	4.7%
Total Unrestricted Funds	285,169	299,756	319,267	19,511	6.5%
Restricted Funds	23,171	29,400	29,400	0	0.0%
Total Funds	\$308,339	\$329,156	\$348,667	\$19,511	5.9%

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

Source: Governor’s Budget Books, Fiscal 2009

Other unrestricted funds increase \$10.1 million, or 4.7%, due to an increase in tuition and fee revenue of \$7.6 million, or 5.9% over fiscal 2008.

Changes in Towson’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. Operation and maintenance of plant is projected to increase at the highest rate at 11.3%, or \$3.9 million. This is due to increased utility costs of \$1.0 million, \$2.5 million for additional renewal and replacement costs, and \$0.4 million for health insurance and OPEB.

Instruction increases at the next highest rate at 10.4%, or \$8.7 million, of which \$5.4 million will be spent for OPEB and to hire new faculty, adjuncts, and staff due to enrollment growth. The remaining \$3.3 million is for supplies and equipment. The third highest rate is institutional support at 5.7%, or \$1.7 million, with the majority of the increase (\$1.4 million) due to health insurance and OPEB. Scholarships and fellowships grow 5.1% which will go to undergraduate students. Research expenditures decrease by \$83,271, or 4.4%, due to budgeting a higher turnover expectancy.

Towson Grows by 40 Regular Positions

The fiscal 2009 allowance provides Towson an additional 40 regular positions, of which 34 are State-supported positions. As shown in **Exhibit 6**, instruction is expected to grow by 25 new positions and institutional support increases by 3 positions. Academic support, student services, and operations and maintenance of plant all increase by 2 positions. Instruction increases by the highest rate of 3.7%, and operations and maintenance of plant increases the second highest rate of 1.8%. Non-State supported positions include 6 in the auxiliary program.

Exhibit 5
Towson University 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>07-08 %</u> <u>Change</u>	<u>2009</u> <u>Allowance</u>	<u>08-09</u> <u>Change</u>	<u>08-09 %</u> <u>Change</u>
Expenditures						
Instruction	\$75,772	\$83,444	10.1%	\$92,124	\$8,680	10.4%
Research	537	1,884	251.1%	1,801	-83	-4.4%
Public Service	2,601	4,956	90.6%	4,988	33	0.7%
Academic Support	28,542	29,606	3.7%	30,627	1,021	3.4%
Student Services	13,240	14,090	6.4%	14,677	587	4.2%
Institutional Support	28,789	30,703	6.6%	32,450	1,747	5.7%
Operation and Maintenance of Plant	37,238	34,234	-8.1%	38,115	3,881	11.3%
Scholarships and Fellowships	20,816	22,762	9.3%	23,931	1,169	5.1%
Education and General Total	\$207,534	\$221,678	6.8%	\$238,713	\$17,035	7.7%
Auxiliary Enterprises	\$77,634	\$78,079	0.6%	\$80,555	\$2,476	3.2%
Grand Total	\$285,169	\$299,756	5.1%	\$319,267	\$19,511	6.5%
Revenues						
Tuition and Fees	\$123,164	\$128,785	4.6%	\$136,409	\$7,623	5.9%
General Funds	76,171	82,442	8.2%	86,720	4,278	5.2%
Higher Education Investment Fund				5,119	5,119	
Other Unrestricted Funds	10,366	10,450	0.8%	10,465	15	0.1%
Subtotal	\$209,701	\$221,678	5.7%	\$238,713	\$17,035	7.7%
Auxiliary Enterprises	\$79,089	\$80,785	2.1%	\$83,552	\$2,767	3.4%
Transfer to/from Fund Balance	-3,621	-2,706	-25.3%	-2,998	-291	10.8%
Grand Total	\$285,169	\$299,756	5.1%	\$319,267	\$19,511	6.5%

Note: Unrestricted funds only. All programs.

Source: Governor's Budget Books, Fiscal 2009

Exhibit 6
Summary of Towson University's Additional Positions
Fiscal 2009

	<u>New</u> <u>Fiscal 2009 Positions</u>	<u>% Increase</u>
State Supported Positions		
Instruction	25	3.7%
Research	0	0.0%
Public Service	0	0.0%
Academic Support	2	0.9%
Student Services	2	1.3%
Institutional Support	3	1.0%
Operation and Maintenance of Plant	2	1.8%
Total State Supported	34	
Non-State Supported Positions*		
Auxiliary	6	2.6%
Total Non-State Supported	6	
Towson University Total New Positions	40	

*Funded by auxiliary revenue and grants.

Source: University System of Maryland

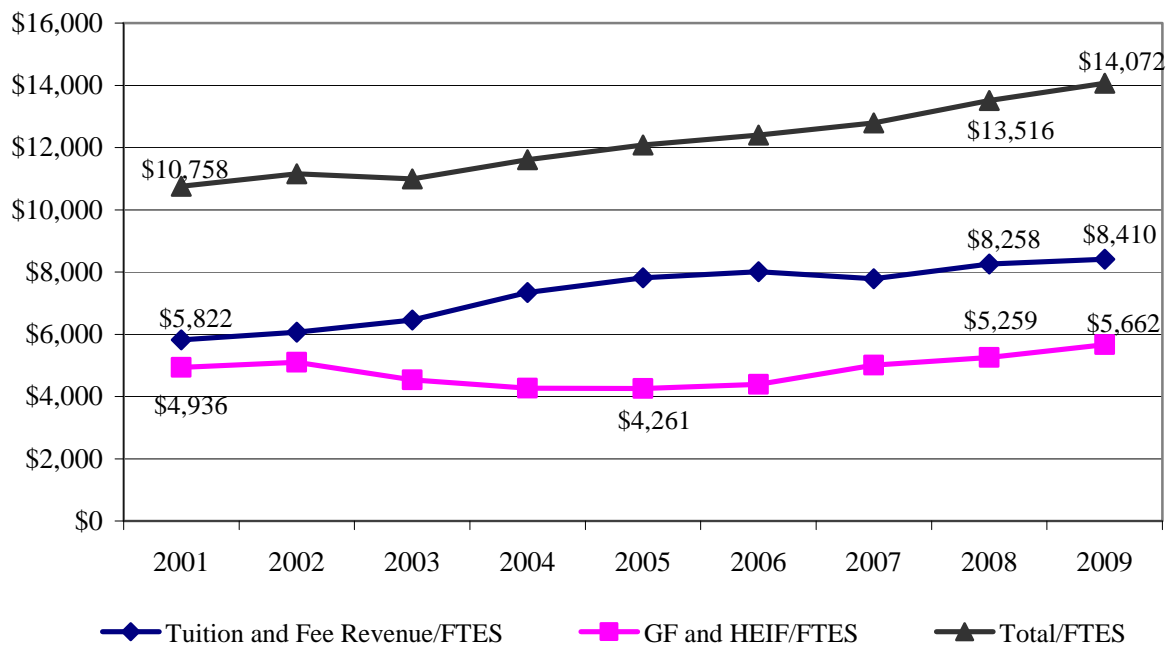
In addition to regular positions, Towson also hires adjunct faculty who mostly teach lower level courses. In the Department of Legislative Services 2007 personnel survey, Towson reported hiring 574 adjuncts in fiscal 2007 and 240 in fiscal 2008. Towson notes the actual hiring of adjuncts varies from year-to-year as adjuncts do not always teach on a regular basis. Towson attributes its hiring a large number of adjuncts to several factors including increasing enrollment growth and longer than anticipated time to hire new tenure-track faculty. Towson reported their recruitment effort to hire 100 new tenure-track faculty positions has resulted in the hiring of 63 new faculty.

The President should comment on the hiring of adjuncts and the use of adjuncts to teach courses.

General Fund, HEIF, and Tuition and Fee Revenues

General fund, HEIF, and tuition and fee revenues per FTES are shown in **Exhibit 7**. Unlike other USM institutions, Towson’s tuition and fee revenue per FTES remains above the general fund and HEIF 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. Since fiscal 2004, general fund and HEIF revenues per FTES will increase to a high of \$5,662 in fiscal 2009. This is a 7.7% increase (\$403) over fiscal 2008. Tuition and fee revenues per FTES increase 1.8%, or \$152 from fiscal 2008. Overall, total revenues per FTES are projected to increase 4.1%, or \$556 in fiscal 2009.

Exhibit 7
General Fund, HEIF, and Tuition and Fee Revenues
Per Full-time Equivalent Student
Fiscal 2001-2009



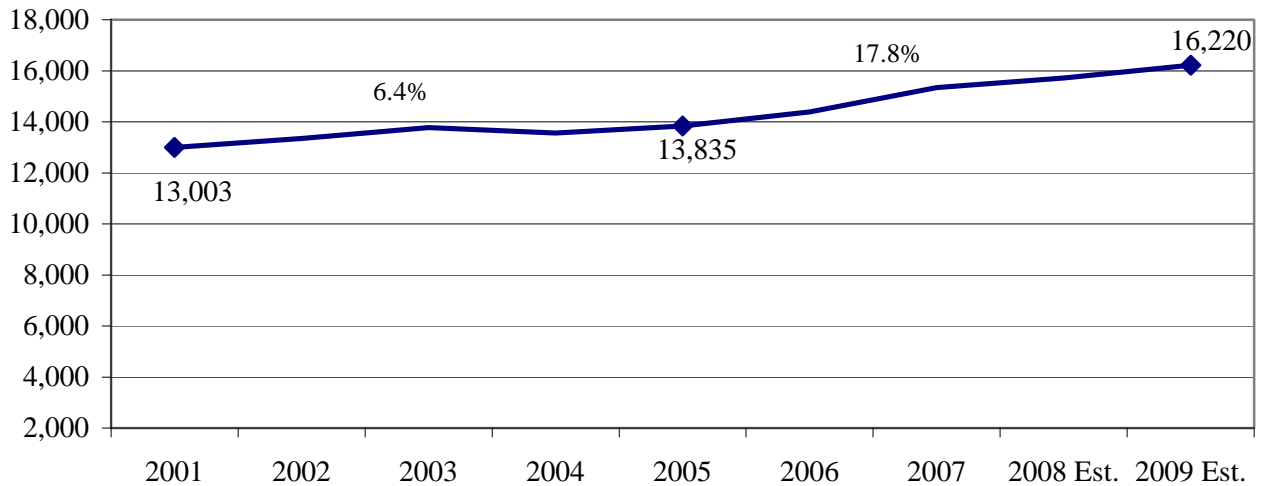
FTES: Full-time Equivalent Student
 GF: General Fund
 HEIF: Higher Education Investment Fund

Source: Governor’s Budget Books, Fiscal 2009

Enrollment Growth

In fiscal 2009, enrollment is budgeted to increase by 500 FTES, or 3.2%, over fiscal 2008, as shown in **Exhibit 8**. Systemwide, USM projects enrollment to grow 1.5%, or 1,529 FTES, with Towson accounting for 32.7% of this growth. Towson, Salisbury University, and the University of Maryland University College are designated as enrollment growth institutions. Since fiscal 2005, enrollment is estimated to increase by 2,385 FTES, or 17.2%. Overall, during the same time period, enrollment at all other USM institutions is estimated to grow 8.0%.

Exhibit 8
FTES Enrollment Growth
Fiscal 2001-2009



Source: Department of Budget and Management

The President should comment on how Towson will manage increasing enrollment while maintaining quality given constraints on resources such as faculty and classroom space. The President should also address Towson’s long-term enrollment growth plan.

Issues

1. 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 \$2.3 million from the HEIF 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 Towson students a total of \$1,277, assuming an annual 4% increase in tuition.

Fees, which are a part of the total cost to the student, have not been frozen. In fiscal 2009, mandatory fees will increase \$80, or 3.9%. When including tuition, the cost to a resident undergraduate student at Towson increases 1.1% over fiscal 2008. Overall, total costs increased 3.1% since fiscal 2006, the same as the average USM increase of 3.1%.

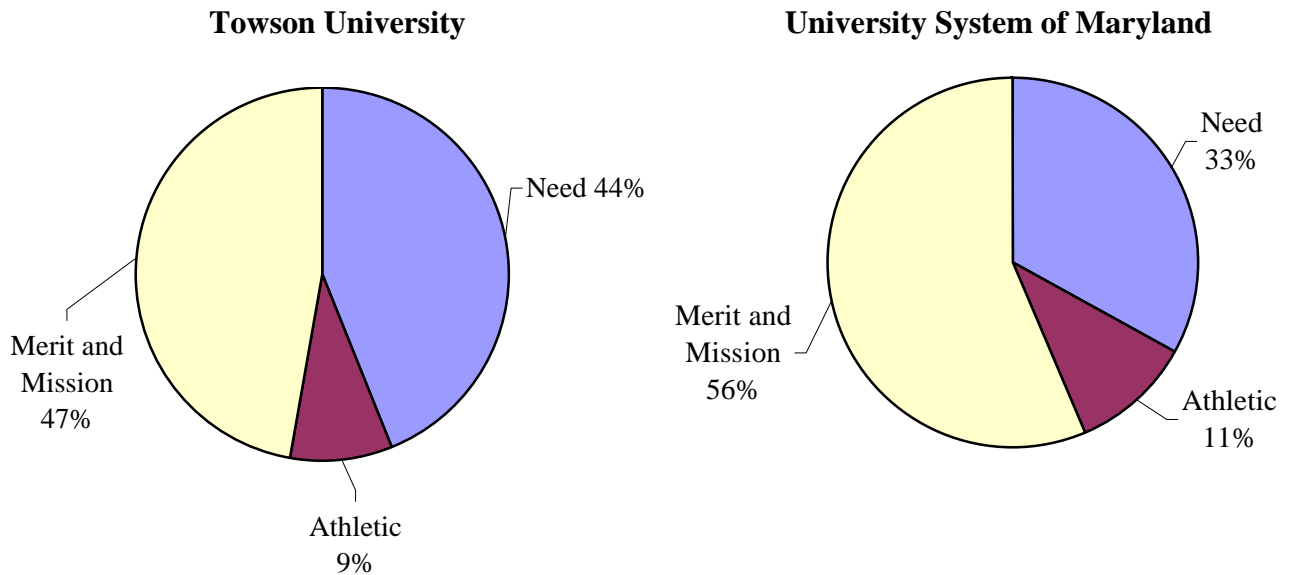
Distribution of Types of Institutional Aid

Another factor affecting affordability is institutional financial aid. Institutional aid is one kind of aid students receive and may be accompanied by State and federal aid. Categories of institutional aid include merit, need, athletic, and mission. Data on aid are available in categories of need, athletic, and combined merit and mission.

In fiscal 2008, the majority of institutional aid at Towson remains in the merit and mission category (47%), with need comprising 44% of the aid, as shown in **Exhibit 9**. Athletic aid comprises 9% of the total institutional aid awarded to Towson students. Towson's proportion of need-based aid is higher than for USM as a whole (33%), and athletic aid is slightly less than for USM as a whole (11%). Overall, in fiscal 2008, Towson expects to spend \$20.0 million on institutional aid: \$8.7 million for need-based aid, \$9.4 million for merit and mission aid, and \$1.7 million for athletic aid. In fiscal 2007, Towson spent \$16.6 million on institutional aid, 7.3% less than the \$17.9 million that had been anticipated.

The President should comment on why fiscal 2007 spending for institutional aid was less than anticipated.

**Exhibit 9
Institutional Financial Aid
Fiscal 2008 Estimate**



	<u>Need</u>	<u>Athletic</u>	<u>Merit and Mission</u>	<u>Total</u>
Towson	\$8,740,233	\$1,788,000	\$9,425,000	\$19,953,233
USM Total	\$33,473,322	\$10,774,804	\$57,230,081	\$101,478,207

Source: University System of Maryland

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 Towson 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 10** shows the percentage of students receiving need-based aid and other types of institutional aid by EFC category. In fiscal 2006, 98.3% of need-based aid awards went to students with an EFC between \$0 and \$6,999. While students with an EFC of \$10,000 or more received some need-based aid (0.6%), they received 19.0% of other institutional aid.

Exhibit 10
Percent of Institutional Financial Aid Awards by EFC
Fiscal 2006

<u>EFC Category</u>	<u>Need-based</u>	<u>Other</u>
\$0	41.5%	20.0%
\$1 – \$3,850	53.4%	24.8%
\$3,851 – \$6,999	3.4%	10.8%
\$7,000 – \$9,999	0.9%	7.5%
\$10,000 – \$14,999	0.3%	8.2%
\$15,000 – \$19,999	0.3%	3.0%
\$20,000 +	0.0%	7.8%

EFC: Expected Family Contribution

“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.

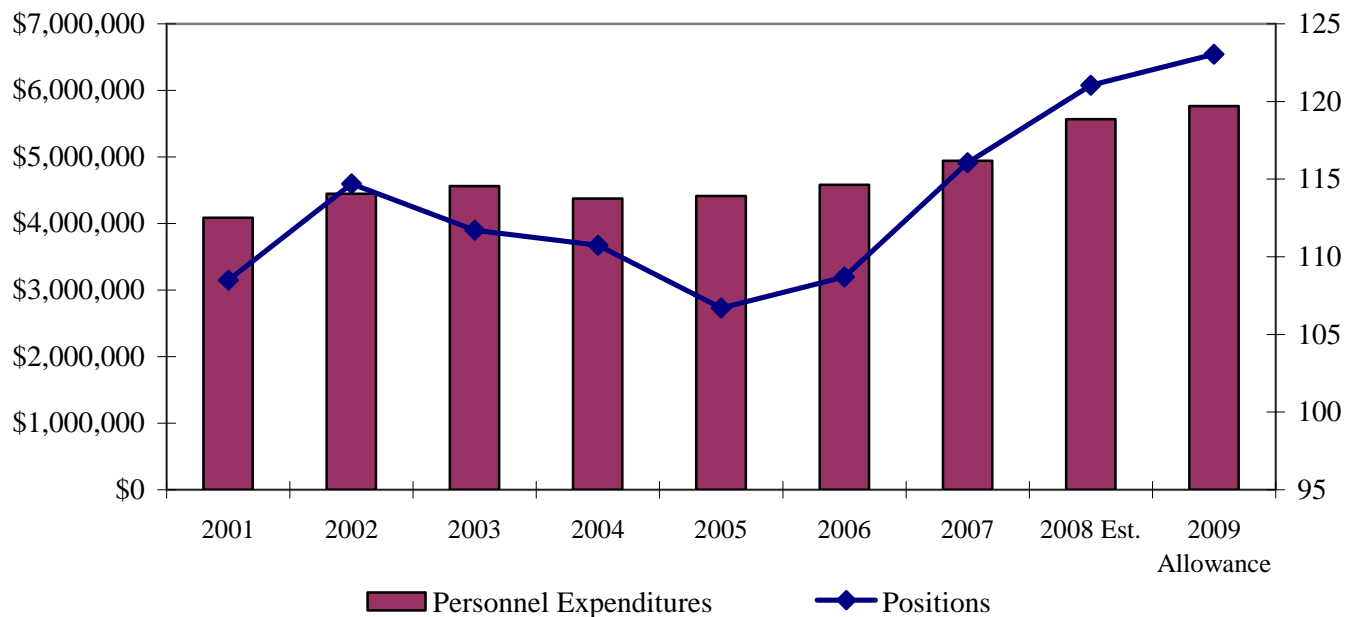
Source: Maryland Higher Education Commission; Financial Aid Information System, 2005-06

2. Facilities Maintenance and Renewal

Personnel

USM is increasing its efforts to improve existing facilities and address the backlog of deferred maintenance. **Exhibit 11** shows the number of positions in operation and maintenance of plant and the associated salaries and benefits expenditures from fiscal 2001 to 2009. Since fiscal 2001, expenditures and the number of positions have fluctuated. Over the fiscal 2006 and 2009 time period, the number of new positions is expected to increase by 14, or 12.8% while salary related expenditures increase 25.8%. Overall, since fiscal 2004, on average, operations and maintenance expenditures accounted for 10.9% of Towson’s budget.

Exhibit 11
Operation and Maintenance of Plant Personnel and Expenditures
Fiscal 2003-2009



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

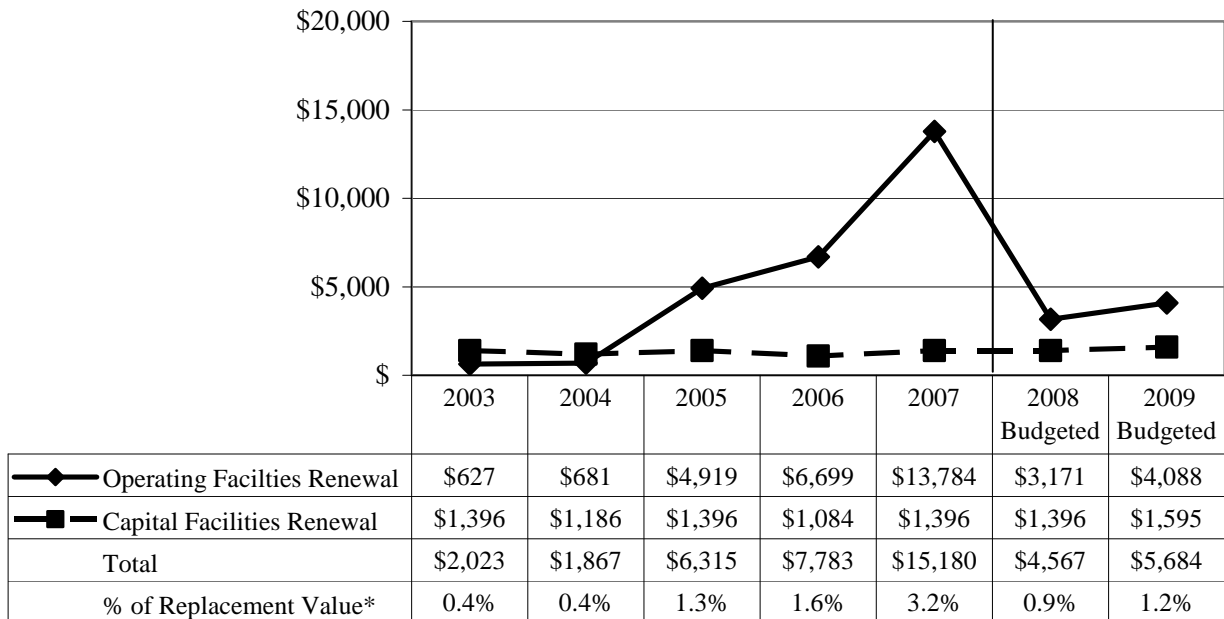
Towson requested five new positions in fiscal 2006 related to the opening of the Center for the Arts. The new positions were approved with no specific additional funding. Towson funded four of the positions by internally shifting resources resulting in the delay of funding other priorities. This has resulted in Towson falling behind in its facility maintenance efforts. Towson estimates its current backlog of maintenance is \$75 million to \$85 million.

Facilities Renewal

In 1992, the Board of Regents set institutional facilities renewal spending target of 2% 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 each institution to annually increase (annual five year average) its operating expenditures by 0.2% of the replacement value of all capital assets until the institution reaches the 2% target. Additionally, due to the backlog of projects, institutions may apply academic revenue bond funded facilities line items in the capital budget to their 2% target. Once the target is met only operating expenses will apply to the 2% target.

For the past five years, Towson’s expenditures on facility renewal averaged 1.4% of the replacement value as shown in **Exhibit 12**. Operating expenditures for facilities renewal have increased to a high of \$13.8 million in fiscal 2007, exceeding the 2% goal by 1.2 percentage points. This increase was due to the allocation of \$7.0 million for the renovation of two buildings. In fiscal 2008, operating expenditures decline \$10.6 million to \$3.2 million. The fiscal 2009 allowance increases operating facilities renewal expenditure by \$1.0 million, totaling \$4.1 million. When including capital funding, facilities expenditures total \$5.7 million for fiscal 2009 equaling 1.2% of the replacement value of assets in fiscal 2009.

Exhibit 12
Towson University Facilities Renewal
Fiscal 2003-2009
(\$ in Thousands)



*Annual Spending Target (2% replacement value): \$9,619 million. Based on 2005 value, replacement values updated every five years.

Source: University System of Maryland

The President should comment on the efforts to address the maintenance backlog and keep pace with ongoing maintenance requirements considering the internal shifting of resources to hire new operation and maintenance personnel.

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Joint Masters in Business Administration (MBA) Program with University of Baltimore

In 2004, Towson received approval from the Board of Regents and the Maryland Higher Education Commission (MHEC) to develop a joint MBA program with the University of Baltimore (UB), which has an existing program. Morgan State University (MSU), which is in the geographic vicinity of Towson, has an MBA program and objected to MHEC’s decision on the grounds the new program is duplicative of its existing program. After mediation between Towson, UB, and MSU to develop a collaborative approach proved to be unsuccessful, the commissioners of MHEC upheld their decision in November 2005.

The joint MBA program began enrolling students in the summer of 2006. Enrollment totaled 484 students: 326 students from UB’s existing MBA program and 158 students in the joint MBA program. In fall 2007, 543 students were enrolled in the joint program which included 391 students in the joint MBA program and 152 students from UB’s legacy MBA program. Students are enrolled in the program – not an institution – and receive a joint degree from Towson and UB. Students decide which institution’s graduation ceremony to participate in upon completion of the program. In January 2007, five MBA students graduated at Towson’s ceremony.

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Other Unrestricted Fund</u>	<u>Total Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Total</u>
Fiscal 2007					
Legislative Appropriation	\$72,658	\$193,683	\$266,341	\$23,900	\$290,241
Deficiency Appropriation	0	11,576	11,576	5,500	17,076
Budget Amendments	1,894	5,405	7,299	0	7,299
Reversions and Cancellations	0	-49	-49	-6,229	-6,278
Actual Expenditures	\$74,552	\$210,615	\$285,167	\$23,171	\$308,338
Fiscal 2008					
Legislative Appropriation	\$81,363	\$208,094	\$289,457	\$23,900	\$313,357
Cost Containment	-984	0	-984	0	-984
Budget Amendments	2,064	9,220	11,284	5,500	16,784
Working Appropriation	\$82,443	\$217,314	\$299,757	\$29,400	\$329,157

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

Fiscal 2007

For fiscal 2007, general funds for Towson increased a net \$1.9 million by budget amendment for the State employee cost-of-living adjustment (COLA).

Other unrestricted funds increased \$17.0 million through a deficiency appropriation and budget amendments. Increases included:

- \$11.6 million deficiency appropriation to fund additional adjunct faculty to accommodate additional enrollment growth;
- \$3.0 million from additional enrollment and sales;
- \$1.6 million to reallocate funds, balancing tuition revenue reductions with health cost savings; and
- \$0.8 million to realign expenditures with projections.

Restricted funds increased a net \$5.5 million through a deficiency appropriation for additional federal scholarships.

Cancellations of unrestricted funds amounted to \$48,907; these funds were transferred to the fund balance. Cancellation of restricted funds amounted to \$6.2 million due to lower than anticipated expenditures on grants and contracts.

Fiscal 2008

For fiscal 2008, general funds increased a net \$1.1 million through budget amendments. This amount included an increase of \$2.1 million for State employee COLA and a decrease of \$1.0 million for cost containment. Other restricted funds increased \$9.2 million through a budget amendment due to an increase in sales and services of auxiliary revenue related to additional enrollment. Restricted funds increased \$5.5 million through a budget amendment due to increased contract and grant activity.

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

	<u>Fiscal 2002</u>		<u>Fiscal 2007</u>		<u>Fiscal 2008</u>		<u>Change in Share of Total 02-08</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	584	38.8%	680	42.2%	677.7	39.6%	0.8
Research	3	0.2%	2.5	0.2%	4.5	0.3%	0.1
Public Service	15	1.0%	17	1.1%	19.6	1.1%	0.1
Academic Support	191	12.7%	187.5	11.6%	224.4	13.1%	0.4
Student Services	152	10.1%	137.5	8.5%	155	9.0%	-1.1
Institutional Support	272	18.1%	280	17.4%	285.9	16.7%	-1.4
Operations, Maintenance of Plant	114	7.6%	106	6.6%	112.1	6.5%	-1.1
Auxiliary Enterprises	174	11.6%	199.5	12.4%	234.3	13.7%	2.1
Total	1,503		1,610		1,714		

FTES: Full-time Equivalent Student

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

Numbers may not sum to total due to rounding.

Source: Towson University

**Object/Fund Difference Report
Towson 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	1751.51	1858.50	1898.50	40.00	2.2%
02 Contractual	813.60	872.50	862.20	-10.30	-1.2%
Total Positions	2565.11	2731.00	2760.70	29.70	1.1%
Objects					
01 Salaries and Wages	\$ 124,132,468	\$ 136,725,201	\$ 145,987,172	\$ 9,261,971	6.8%
02 Technical and Spec. Fees	34,954,611	41,303,946	41,708,563	404,617	1.0%
03 Communication	2,313,162	2,427,054	3,234,311	807,257	33.3%
04 Travel	3,662,459	3,028,760	4,328,760	1,300,000	42.9%
06 Fuel and Utilities	8,442,552	10,405,346	11,639,303	1,233,957	11.9%
07 Motor Vehicles	981,252	911,322	1,208,867	297,545	32.6%
08 Contractual Services	32,100,884	38,405,701	39,547,550	1,141,849	3.0%
09 Supplies and Materials	16,604,954	18,922,599	19,193,663	271,064	1.4%
10 Equip. – Replacement	1,689,710	4,543,140	4,048,506	-494,634	-10.9%
11 Equip. – Additional	6,698,890	7,536,735	8,875,735	1,339,000	17.8%
12 Grants, Subsidies, and Contributions	31,639,181	34,043,231	35,212,350	1,169,119	3.4%
13 Fixed Charges	19,424,673	23,123,788	23,325,965	202,177	0.9%
14 Land and Structures	25,694,390	7,779,427	10,356,402	2,576,975	33.1%
Total Objects	\$ 308,339,186	\$ 329,156,250	\$ 348,667,147	\$ 19,510,897	5.9%
Funds					
40 Unrestricted Fund	\$ 285,168,581	\$ 299,756,250	\$ 319,267,147	\$ 19,510,897	6.5%
43 Restricted Fund	23,170,605	29,400,000	29,400,000	0	0%
Total Funds	\$ 308,339,186	\$ 329,156,250	\$ 348,667,147	\$ 19,510,897	5.9%

Note: The fiscal 2008 appropriation does not include deficiencies.

**Fiscal Summary
Towson 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	\$ 75,772,060	\$ 83,443,831	\$ 92,123,612	\$ 8,679,781	10.4%
02 Research	1,829,246	9,538,666	9,455,395	-83,271	-0.9%
03 Public Service	14,949,083	16,528,882	16,561,638	32,756	0.2%
04 Academic Support	28,580,581	29,606,171	30,627,495	1,021,324	3.4%
05 Student Services	13,284,459	14,151,117	14,738,386	587,269	4.1%
06 Institutional Support	28,788,695	30,702,586	32,449,614	1,747,028	5.7%
07 Operation and Maintenance of Plant	37,238,355	34,233,882	38,114,953	3,881,071	11.3%
08 Auxiliary Enterprises	77,653,520	78,178,685	80,654,505	2,475,820	3.2%
17 Scholarships and Fellowships	30,243,187	32,772,430	33,941,549	1,169,119	3.6%
Total Expenditures	\$ 308,339,186	\$ 329,156,250	\$ 348,667,147	\$ 19,510,897	5.9%
Unrestricted Fund	\$ 285,168,581	\$ 299,756,250	\$ 319,267,147	\$ 19,510,897	6.5%
Restricted Fund	23,170,605	29,400,000	29,400,000	0	0%
Total Appropriations	\$ 308,339,186	\$ 329,156,250	\$ 348,667,147	\$ 19,510,897	5.9%

Note: The fiscal 2008 appropriation does not include deficiencies.