

R30B24
Towson University
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	<u>FY 14</u> <u>Actual</u>	<u>FY 15</u> <u>Working</u>	<u>FY 16</u> <u>Allowance</u>	<u>FY 15-16</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$91,059	\$101,813	\$109,061	\$7,248	7.1%
Deficiencies and Reductions	0	-3,451	-8,713	-5,262	
Adjusted General Fund	\$91,059	\$98,362	\$100,348	\$1,986	2.0%
Special Funds	5,508	4,626	4,892	266	5.8%
Adjusted Special Fund	\$5,508	\$4,626	\$4,892	\$266	5.8%
Other Unrestricted Funds	293,234	299,866	308,758	8,892	3.0%
Adjusted Other Unrestricted Fund	\$293,234	\$299,866	\$308,758	\$8,892	3.0%
Total Unrestricted Funds	389,800	406,304	422,711	16,407	4.0%
Deficiencies and Reductions	0	-3,451	-8,713	-5,262	
Adjusted Total Unrestricted Funds	\$389,800	\$402,853	\$413,998	\$11,145	2.8%
Restricted Funds	40,732	50,172	50,172	0	
Adjusted Restricted Fund	\$40,732	\$50,172	\$50,172	\$0	0.0%
Adjusted Grand Total	\$430,533	\$453,025	\$464,170	\$11,145	2.5%

Note: The fiscal 2015 working appropriation reflects the Board of Public Works reductions. The fiscal 2016 allowance reflects back of the bill reductions to the University System of Maryland, which were allocated to institutions based on the Department of Legislative Services estimates.

- The general fund increases \$2.0 million, or 2.0%, in fiscal 2016 after adjusting for a fiscal 2015 Board of Public Works reduction and \$8.7 million in back of the bill reductions in fiscal 2016.
- The Higher Education Investment Fund increases \$0.3 million, or 5.8%, in fiscal 2016 resulting in an overall growth of \$2.3 million, or 2.2%, in State funds above fiscal 2015.

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

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Personnel Data

	<u>FY 14 Actual</u>	<u>FY 15 Working</u>	<u>FY 16 Allowance</u>	<u>FY 15-16 Change</u>
Regular Positions	2,090.00	2,123.00	2,123.00	0.00
Contractual FTEs	<u>955.60</u>	<u>948.60</u>	<u>937.60</u>	<u>-11.00</u>
Total Personnel	3,045.60	3,071.60	3,060.60	-11.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	66.45	3.13%
Positions and Percentage Vacant as of 1/1/15	122.5	5.8%

- The allowance does not provide for any new regular positions. The decline of 11 contractual full-time equivalent (FTE) positions is related to aligning dollars with hours worked resulting in a lower FTE.

Analysis in Brief

Major Trends

Enrollment: Undergraduate enrollment grew 0.2%, or 28 students, in fall 2014. A 2.8% increase in continuing student enrollment was offset by a 13.6% and 1.3% drop in the enrollment of transfer and first-time students, respectively.

Student Performance: Since the 2006 cohort, the second-year retention rate increased 6.9 percentage points to 86.0% with the 2012 cohort. This is the highest rate since the 1991 cohort. In terms of the six-year graduation rate, since the 2003 first-time, full-time cohort, which had the highest rate since the 1991 cohort of 75.1%, the rate fell 7.1 percentage points to 68.0% with the 2007 cohort.

Degree Production Efficiency: Undergraduate degrees per 100 full-time equivalent students fell from 21.5 degrees to 20.5 degrees from fiscal 2007 to 2009, corresponding to a period of rapid enrollment growth and a moderate increase in the number of degrees awarded. The ratio improved to 24.1 degrees in fiscal 2012 due to relatively low or flat enrollment growth.

Issues

Meeting College Expenses: Total expenditures on institutional aid increased \$6.7 million between fiscal 2008 and 2014, of which \$6.0 million went toward need-based aid. In fiscal 2014, 89.2% of those receiving need-based institutional aid were Pell-eligible students who received an average award of \$3,231.

Recommended Actions

1. Add language reducing the general fund appropriation.

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. TU offers a broad range of undergraduate programs in arts and sciences, applied professional fields, and applied master's 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.

TU 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 2014 Undergraduate Enrollment Headcount

Male	7,457
Female	11,350
Total	18,807

Fall 2014 Graduate Enrollment Headcount

Male	1,015
Female	2,463
Total	3,478

Fall 2014 New Students Headcount

First-time	2,712
Transfers/Others	1,986
Graduate	595
Total	5,293

Campus (Main Campus)

Acres	329
Buildings	55
Average Age	44 years
Oldest	Auburn House (224 years old)

Programs

Bachelor's	64
Master's	41
Doctoral	4

Degrees Awarded (2013-2014)

Bachelor's	4,291
Master's	1,114
Doctoral	20
Total Degrees	5,425

Proposed Fiscal 2016 In-state Tuition and Fees*

Undergraduate Tuition	\$6,430
Mandatory Fees	\$2,752

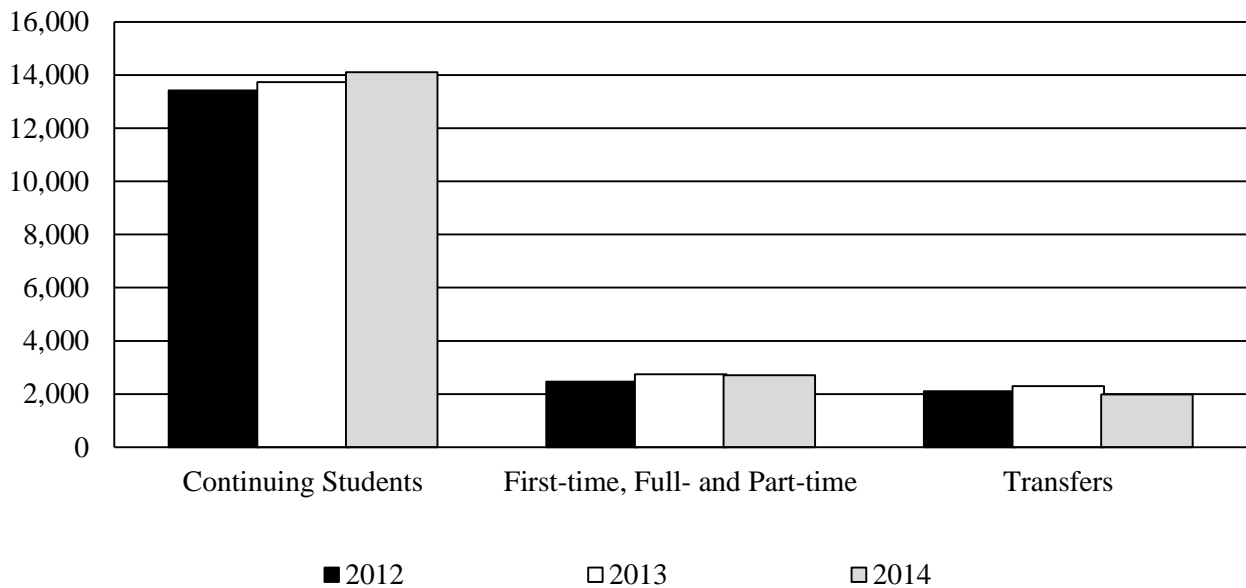
*Contingent on Board of Regents approval.

Performance Analysis

1. Enrollment

Undergraduate enrollment grew 0.2%, or 28 students, in fall 2014. For a second year, continuing student enrollment increased by 2.8% but was offset by a 13.6% and 1.3% drop in the enrollment of transfer and first-time students, respectively, as shown in **Exhibit 1**. Graduate enrollment fell for a second year, declining 6.5% in fall 2014 and 12.4% since fall 2012. According to TU, this is primarily related to enrollment dropping in the College of Education due to local school districts opting to support in-house educational workshops rather than reimbursing teachers and staff for earning a master’s degree. Overall, total enrollment declined 1.0% in fall 2014.

Exhibit 1
Undergraduate Headcount Enrollment
Fall 2012-2014



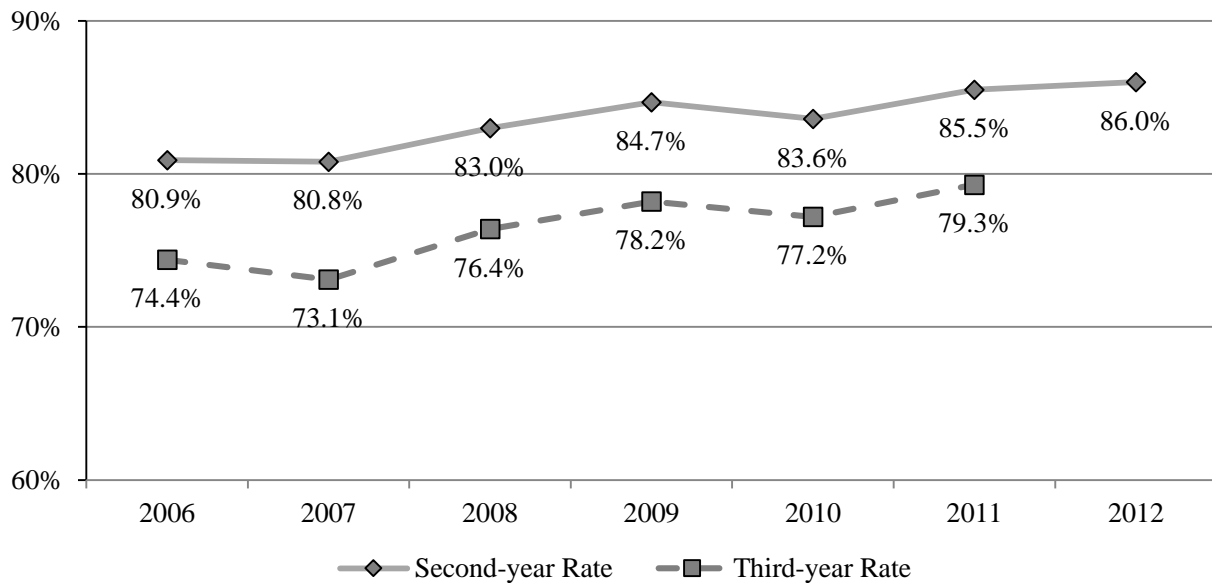
Source: University System of Maryland

2. Student Performance

Student persistence, or retention, provides a measure of student progress and an indication of an institution’s performance; the higher the retention rate, the more likely students will persist and

graduate. Since the 2006 cohort, the second-year rate increased 6.9 percentage points to 86.0% with the 2012 cohort, as shown in **Exhibit 2**. This is the highest rate since the 1991 cohort. As expected, the third-year rate mirrors the second-year trends improving 4.9 percentage points over the past six cohorts to 79.3% with the 2011 cohort.

Exhibit 2
Second- and Third-year Retention Rates
First-time, Full-time 2006-2012 Cohorts

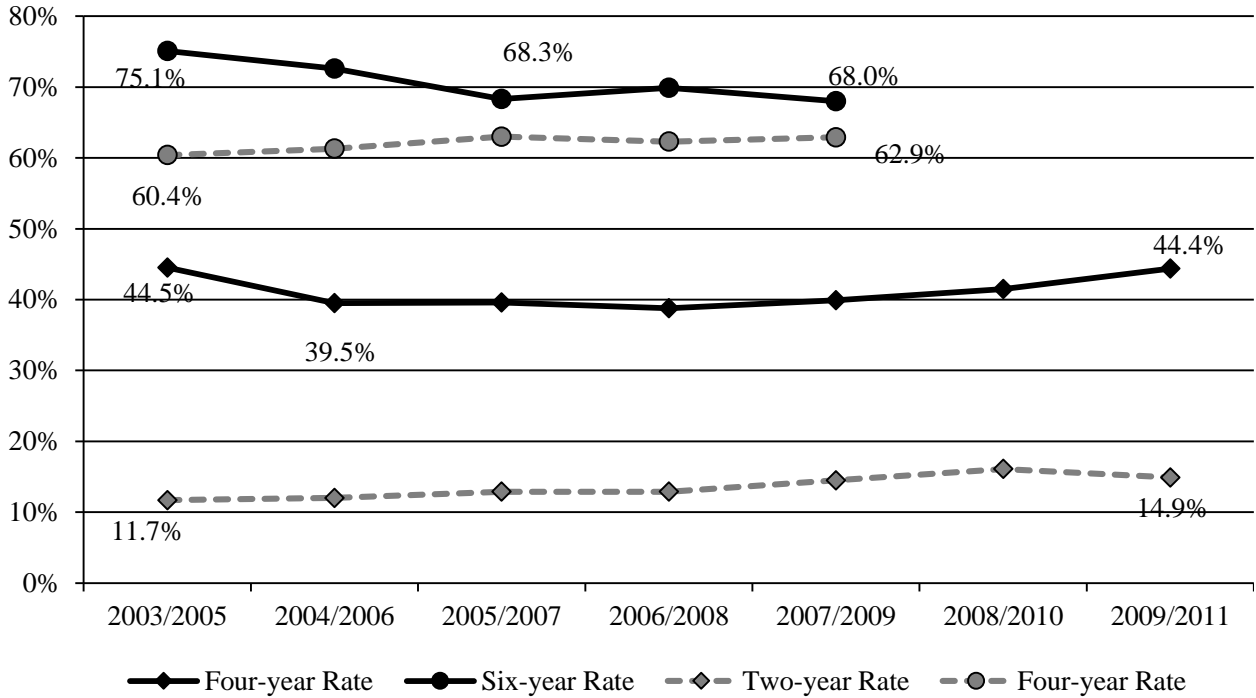


Source: Maryland Higher Education Commission, Retention and Graduation Rates at Maryland Four-year Institutions, October 2014

Completion or graduation rates are greatly influenced by time – the longer it takes a student to graduate, the more likely (s)he will drop out as other priorities compete with classes. Longer completion time translates into increased costs, not only for the student, but the institution and the State as well. According to the most recent data, time to degree for the first-time, full-time (FT/FT) 2006 cohort decreased from 8.8 to 8.5 semesters, or about 4.25 years.

Graduation rates are, in part, another measure of student persistence and efficiency – as more students graduate, it “frees up” more room, allowing an institution to enroll more students. **Exhibit 3** shows the four- and six-year graduation rates for FT/FT and the equivalent rate for transfer students – the two- and four-year graduation rates. After declining 5.0 percentage points to 39.5% with the 2004 FT/FT cohort, the four-year rate remained fairly stable for the next three cohorts. The four-year rate improved to 44.4% with the 2009 FT/FT cohort slightly below the rate of the 2003 cohort. Since

**Exhibit 3
Graduation Rate of First-time, Full-time Students and
Maryland Community College Transfer Students
2003-2011 Cohorts**



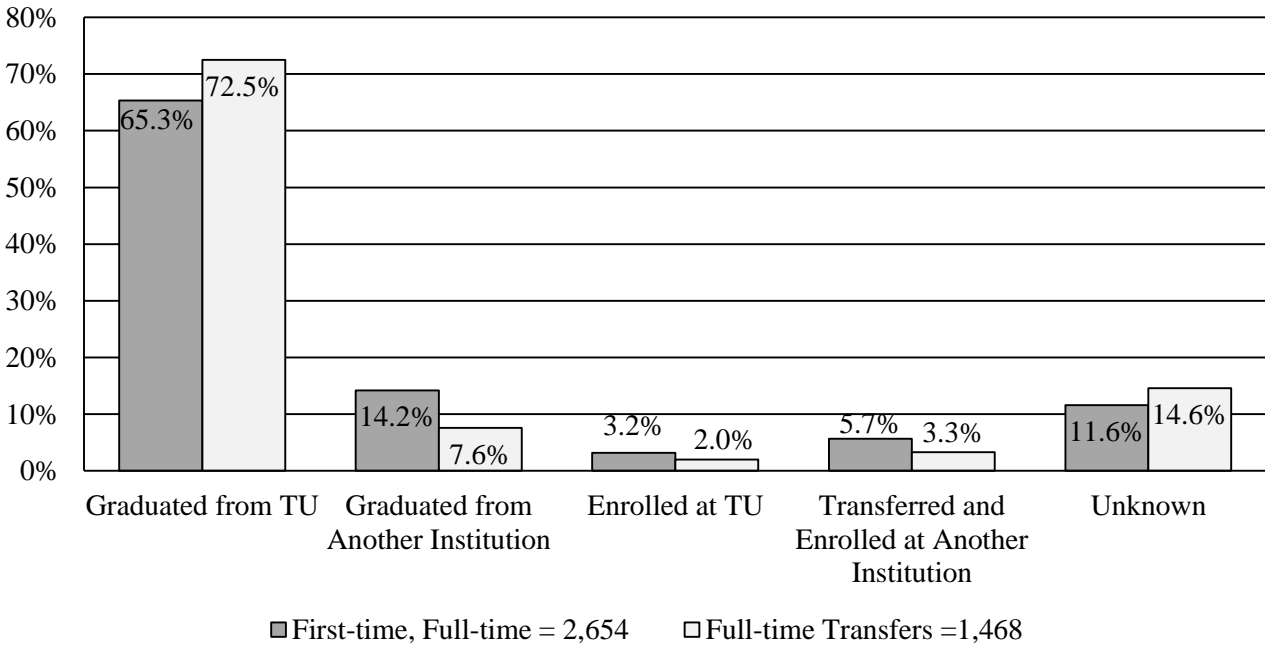
Note: The graduation rates for the first-time, full-time cohort includes those graduated from the institution or those that transferred and graduated from any Maryland public four-year institution. The rates for the Maryland community college transfer includes those that graduated from the institution or those that transferred and graduated from any other University System of Maryland institution.

Source: Maryland Higher Education Commission, Retention and Graduation Rates at Maryland Four-year Institutions; University System of Maryland, Transfer Students to the University of Maryland System

the 2003 FT/FT cohort, which had the highest six-year graduation rate since the 1991 cohort of 75.1%, the six-year graduation rate fell 7.1 percentage points to 68.0% with the 2007 FT/FT cohort. This trend may be reversed with the increases in the second- and third-year retention rates, as previously shown in Exhibit 2. Meanwhile, the graduation rates for transfers improved with the two-year rate increasing by 3.2 percentage points over the last six years to 14.9% with the 2011 transfer cohort and the four-year rate increasing by 2.5 percentage points to 62.9% with the 2009 transfer cohort.

Traditionally, retention and graduation rates, as previous discussed, only measure the progress of FT/FT students and do not account for students who enroll in multiple institutions over the course of their college career. One in five students who complete a degree will do so at a different institution than the one they first enrolled in, according to the National Student Clearinghouse. Student Achievement Measures provide a more comprehensive picture of a student’s progression to completion by tracking student movements across institutions. Overall, within six years of enrolling at TU, 72.5% of the 2007 transfer cohort graduated compared to 65.3% of the FT/FT students, as shown in **Exhibit 4**. The status of 11.6% and 14.6% of the FT/FT and transfer students, respectively, is unknown.

Exhibit 4
Status of First-time, Full-time Students and Full-time Transfers
Seeking a Bachelor’s Degree after Six Years
Fall 2007 Cohort



TU: Towson University

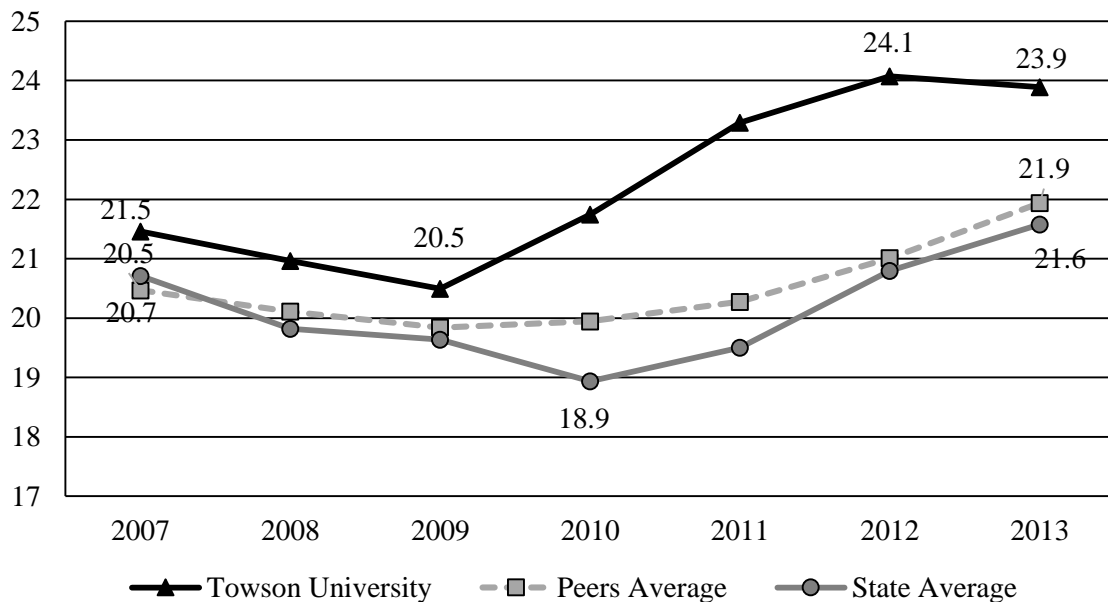
Source: Student Achievement Measures

3. Degree Production Efficiency

How well an institution meets its mission is ultimately measured by the number of undergraduate degrees awarded. Trends in the number of undergraduate degrees awarded per

100 undergraduate full-time equivalent students (FTES) shows if an institution is being more or less productive in graduating students. Ideal performance on this indicator would be 25 completions per 100 FTES since, in general, one-quarter of all students enrolled would graduate each year. **Exhibit 5** compares TU’s ratio to the average of its peers and the State’s public four-year institutions. Peer institutions are those used to benchmark TU’s performance in the USM Dashboard Indicators. The ratio fell from 21.5 to 20.5 degrees from fiscal 2007 to 2009, corresponding to a period of rapid enrollment growth and moderate increase in the number of degrees awarded. The ratio improved to its highest point of 24.1 degrees in fiscal 2012 due to relatively low or flat enrollment growth. Overall, TU’s ratio continues to exceed the average of its peers and the State’s four-year institutions.

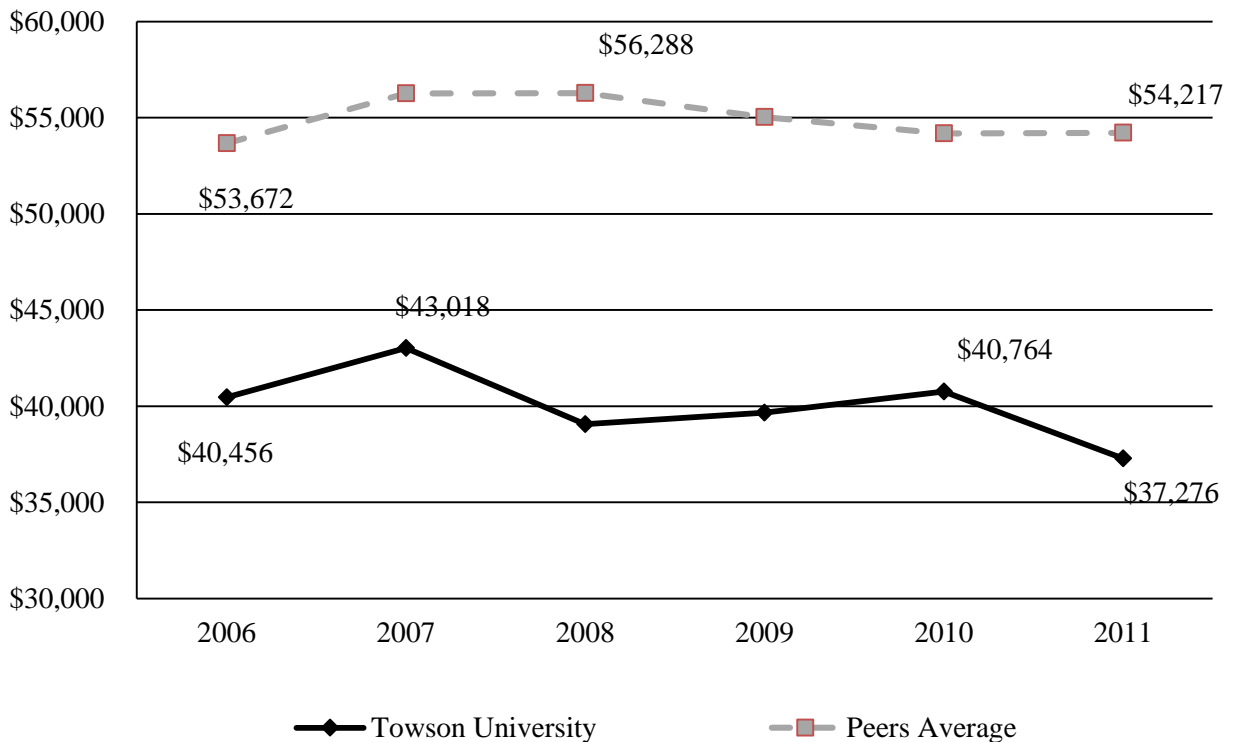
Exhibit 5
Undergraduate Degrees Per 100 Full-time Equivalent Students
Fiscal 2007-2013



Source: Integrated Postsecondary Education System; Department of Legislative Services

Education and related expenditures per degree measure the cost of producing a degree, showing if an institution is becoming more or less productive over time in using its resources to produce degrees. Therefore, the lower the expenditures, the more efficient an institution is in producing degrees. TU’s expenditures per degree are consistently lower than the average of its peers with the difference increasing from \$13,216 in fiscal 2006 to \$16,941 in 2011, as shown in **Exhibit 6**. Overall, expenditures per degree declined by \$3,180 since fiscal 2006 reaching its lowest point of \$37,276 in fiscal 2011.

**Exhibit 6
Education and Related Expenditures Per Degree Completed
Academic Year 2006-2011**



Note: Education and related expenditures include direct spending on instruction, student services, education share of spending on academic and institutional support, and operations and maintenance. All dollar amounts are reported in 2011 dollars (Higher Education Price Index adjusted).

Source: Delta Project, Trends in College Spending Online; Department of Legislative Services

Fiscal 2015 Actions

Cost Containment

The Board of Public Works (BPW) approved two rounds of cost containment measures in fiscal 2015 resulting in a combined reduction of \$4.0 million to TU’s State appropriation. In July 2014, BPW reduced TU’s State appropriation by \$0.5 million that included the elimination of 3 positions and \$0.1 million in associated salary and wages. The remaining \$0.4 million was met through reducing the budgets for travel and equipment.

In January 2015, BPW approved a \$3.5 million reduction of TU's State appropriation. TU will meet this reduction through a combination of reducing expenditures and increasing tuition revenues. Reductions in operating expenditures total \$2.6 million and will be met by decreasing spending on travel, equipment purchases and contractual services, and a hiring freeze. The remaining portion of the reduction (\$0.8 million) will be covered by the additional revenue generated by a 2% increase in spring 2015 tuition resulting in a \$60 increase for resident undergraduate students. This will generate an additional \$1.0 million in tuition revenue, of which \$0.2 million will go toward financial aid to hold low-income students harmless with the remaining \$0.8 million to be used to cover operating expenses.

Proposed Budget

As shown in **Exhibit 7**, the general fund allowance for fiscal 2016 is 2.0%, or \$2.0 million, higher than fiscal 2015 after including the fiscal 2015 cost containment actions and adjusting for across-the-board reductions in the fiscal 2016 allowance. Across-the-board reductions include a general 2% reduction, elimination of employee increments, and a 2% pay reduction. The Department of Legislative Services (DLS) estimates that TU's share of these reductions will be \$8.7 million. The Higher Education Investment Fund (HEIF) increases 5.8%, or \$0.3 million, over fiscal 2015, resulting in an overall growth in State funds of 2.2%, or \$2.3 million, to \$105.2 million.

Other unrestricted funds grow 3.0%, or \$8.9 million, due to tuition and fee revenues increasing \$6.2 million, partly due to a planned 5.0% increase in resident undergraduate tuition. Revenues are underestimated for fiscal 2015 and 2016 due to a 2.0% increase in the spring 2015 tuition, which is estimated to generate an additional \$1.0 million in revenue in fiscal 2015. When determining the 5.0% tuition increase for fall 2015, the fall 2014 tuition rate of \$6,004 was adjusted in spring 2015 to reflect the mid-year tuition increase. The new annualized spring 2015 tuition rate of \$6,124 was used to calculate the proposed 5.0% increase in the fall 2015 tuition rates of \$6,430. Therefore, the actual annual increase in tuition between fall 2014 and fall 2015 is 7.1%.

The allowance also provides \$5.6 million in current unrestricted funds for expenses related to financial aid (\$1.8 million); information technology security and compliance (\$1.5 million); fuel and utilities (\$1.1 million); facilities renewal (\$0.9 million); and debt service (\$0.3 million). However, no funds are provided related to the costs on implementing the revised sexual misconduct policy in which one of the requirements is the training of all faculty, staff, and students. **The President should comment on how TU is able to comply with the Title IX requirements within its existing budget.**

Exhibit 7
Proposed Budget
Towson University
(\$ in Thousands)

	FY 14	FY 15	FY 16	FY 15-16	% Change
	<u>Actual</u>	<u>Adjusted</u>	<u>Adjusted</u>	<u>Change</u>	<u>Prior Year</u>
General Funds	\$91,059	\$102,352	\$109,061		
July 2014 BPW		-539			
January 2015 BPW		-3,451			
Across the Board			-8,713		
Total General Funds	\$91,059	\$98,362	\$100,348	\$1,986	2.0%
HEIF	\$5,508	\$4,626	\$4,892	\$266	5.8%
Total State Funds	\$96,567	\$102,987	\$105,240	\$2,253	2.2%
Other Unrestricted Funds	\$293,234	\$299,866	\$308,758	\$8,892	3.0%
Total Unrestricted Funds	\$389,800	\$402,853	\$413,998	\$11,145	2.8%
Restricted Funds	\$40,732	\$50,172	\$50,172	\$0	0.0%
Total Funds	\$430,533	\$453,025	\$464,170	\$11,145	2.5%

BPW: Board of Public Works

HEIF: Higher Education Investment Fund

Note: The fiscal 2016 allowance is adjusted to reflect Towson University's (TU) portion of the University System of Maryland's (USM) across-the-board reductions: \$2.2 million related to the 2% reduction was based on TU's share of USM's total State appropriations; \$2.7 million for the fiscal 2015 cost-of-living adjustment (COLA) was calculated by annualizing the half-year fiscal 2015 COLA; and \$3.8 million attributed to salary increments was based on TU's portion of fiscal 2016 salary increments as estimated by the Department of Legislative Services.

Source: Governor's Budget Books, Fiscal 2016; Department of Legislative Services

The allowance includes \$0.3 million in general funds for a third year to be used to help TU maintain compliance with Title IX in regards to athletics. These funds were provided in the fiscal 2014 supplemental budget to be used as matching funds for an intercollegiate athletics donation incentive program for a period of two years. TU has used the \$0.3 million to fund ongoing costs – \$153,035 for 3 additional women's coaching positions for volleyball, swimming, and soccer; \$83,117 to increase scholarships for gymnastics and tennis; and \$63,848 in various increases to the operating budgets of various women's sports. **As stated in the fiscal 2014 supplemental budget, the \$0.3 million in general funds was to be provided for only two years, and given that the State does not (except in**

this one case) provide general funds to support athletic programs, DLS recommends reducing TU’s general fund appropriation by \$300,000.

Budget changes by program area in the allowance are shown in **Exhibit 8**. This data includes unrestricted funds only, the majority of which consist of general funds, the HEIF, and tuition and fee revenues. Overall, education and general expenditures increase 4.6%, or \$12.9 million, in fiscal 2015, adjusting for \$0.8 million in additional revenue from the mid-year tuition freeze to partially offset the \$3.5 million January cost containment action. While increases in expenditures in all program areas, except scholarships and fellowship, are due to growth in personnel costs (*e.g.*, annualization of the fiscal 2014 salary increments and the cost-of-living adjustment (COLA), the fiscal 2015 COLA, and salary increments), it is not known how the January BPW reduction will be allocated among the program areas.

Overall, revenues in fiscal 2015 (adjusting for \$0.8 million from the mid-year tuition increase and \$3.5 million of the cost containment) total \$293.1 million, excluding auxiliary enterprises, equaling educational and general expenditures (after adjusting the cost containment to reflect the increase in tuition revenue).

Total expenditures grow 2.6%, or \$10.3 million, in fiscal 2016 after adjusting for across-the-board reductions of \$8.7 million. However, since at this time it is not known how TU will allocate the reduction across the program areas, it is difficult to compare the difference in expenditures between fiscal 2015 and 2016. In order to meet the reductions, TU is considering several actions including freezing and/or eliminating 10 to 15 positions; increasing revenue through new fees for service, *i.e.*, transcript fee; reducing print marketing; increasing class sizes; reducing travel; closing academic programs; reducing leadership programs; deferring small summer construction projects; and reducing contingent hires. **The President should comment on the institutional priorities when determining how the budget reductions will be allocated over the program areas and, in particular, minimizing the impact on financial aid.**

Exhibit 8
Towson University Budget Changes for Unrestricted Funds by Program
Fiscal 2014-2016
(\$ in Thousands)

	Actual 2014	Adjusted Working 2015	% Change 2014-15	Adjusted 2016	Change 2015-16	% Change 2015-16
Expenditures						
Instruction	\$103,094	\$107,925	4.7%	\$112,289	\$4,365	4.0%
Research	1,311	1,586	21.0%	1,393	-194	-12.2%
Public Service	3,858	4,206	9.0%	4,757	551	13.1%
Academic Support	43,325	43,431	0.2%	44,399	967	2.2%
Student Services	16,759	19,481	16.2%	20,452	971	5.0%
Institutional Support	33,017	34,512	4.5%	36,408	1,896	5.5%
Operation and Maintenance of Plant	47,399	48,635	2.6%	50,696	2,061	4.2%
Scholarships and Fellowships	31,410	35,963	14.5%	37,747	1,784	5.0%
Net Cost Containment/ ATB Reductions		-\$2,637		-\$8,713		
Adjusted Education and General Total	\$280,173	\$293,102	4.6%	\$299,427	\$6,325	2.2%
Auxiliary Enterprises	\$109,627	\$110,565	0.9%	\$114,571	\$4,005	3.6%
Total	\$389,800	\$403,667	3.6%	\$413,998	\$10,331	2.6%
Revenues						
Tuition and Fees	\$173,286	\$177,925	2.7%	\$183,340	\$5,415	3.0%
General Funds	91,059	98,362	8.0%	100,348	1,986	2.0%
Higher Education Investment Fund	5,508	4,626	-16.0%	4,892	266	5.8%
Other Unrestricted Funds	11,601	12,190	5.1%	12,160	-30	-0.2%
Subtotal	\$281,454	\$293,102	4.1%	\$300,739	\$7,637	2.6%
Auxiliary Enterprises	112,430	114,615	1.9%	\$117,326	\$2,710	2.4%
Transfer (to)/from Fund Balance	-4,084	-4,050		-4,067		
Total	\$389,800	\$403,667	3.6%	\$413,998	\$10,331	2.6%

Note: Net cost containment adjusted to reflect additional \$0.8 million in revenue from the mid-year tuition increase that will partially offset the \$3.5 million reduction. Fiscal 2015 general funds reflect \$3.5 million of cost containment actions and tuition and fee revenues reflect \$0.8 million of additional revenue from the mid-year tuition increase. Fiscal 2016 general funds are adjusted by \$8.7 million to reflect across-the-board reductions.

Source: Governor's Budget Books, Fiscal 2016; Department of Legislative Services

Issues

1. Meeting College Expenses

The lack of financial resources frequently contributes to a student's decision to stop or drop out of college. As the costs of a college education continue to escalate, students and families are relying more on various types of financial aid, *e.g.*, federal, State, and institutional, to effectively bring down the cost of college. According to the National Center for Education Statistics' College Navigator, the total cost for a FT/FT Maryland undergraduate student at TU in fiscal 2013 was \$22,650 (based on tuition, mandatory fees, books and supplies, other expenses, and the weighted average of room and board). However, when accounting for the average amount of federal, State, and institutional aid, the average net price was \$13,566, a 40.1% reduction in the net cost of attendance.

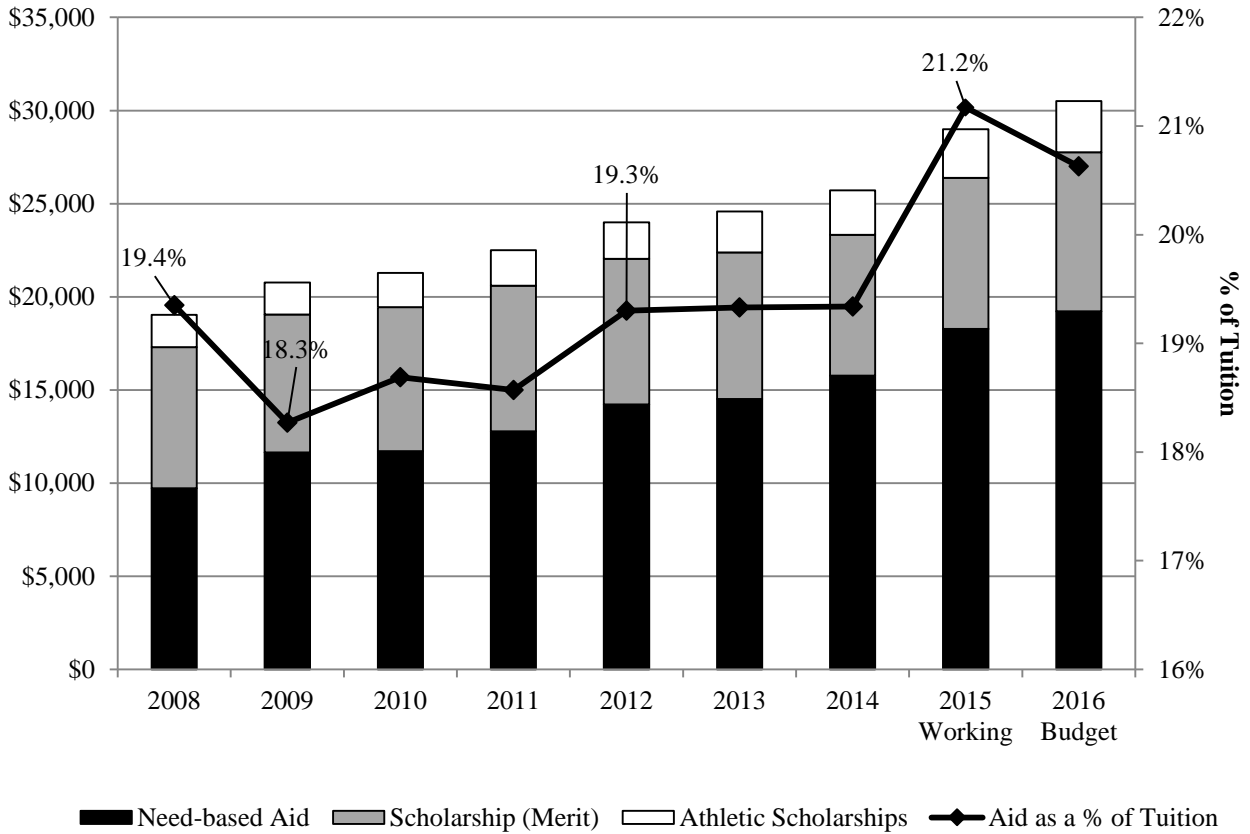
In fiscal 2014, 25.8% of TU's undergraduate students receive Pell awards, which are given to those who otherwise could not afford college and have an expected family contribution (EFC) of less than a specific amount, which was, \$5,081, in fiscal 2014. EFC is an indicator of the amount a family is able to contribute to pay for a student's college education; therefore, the lower EFC, the greater the financial aid.

Total expenditures on institutional aid increased \$6.7 million between fiscal 2008 and 2014, as illustrated in **Exhibit 9**, of which \$6.0 million went toward need-based aid. During this time period, the portion of institutional aid spent on need-based aid increased from 51.2% to 61.4%. In fiscal 2015, expenditures on institutional aid increase 12.8%, or \$3.3 million, with \$2.5 million going toward need-based aid. However, TU notes recent budget reductions may impact the total amount spent in fiscal 2015 and 2016.

The USM Board of Regents instructed institutions to use a portion of the tuition revenue increases for institutional aid directed toward those undergraduate students with the highest financial need, offsetting increases in tuition rates, thereby holding harmless those with the greatest need. Since fiscal 2009, when institutional aid as a percentage of tuition revenue fell to its lowest level of 18.3%, it increased to 21.2% in fiscal 2015.

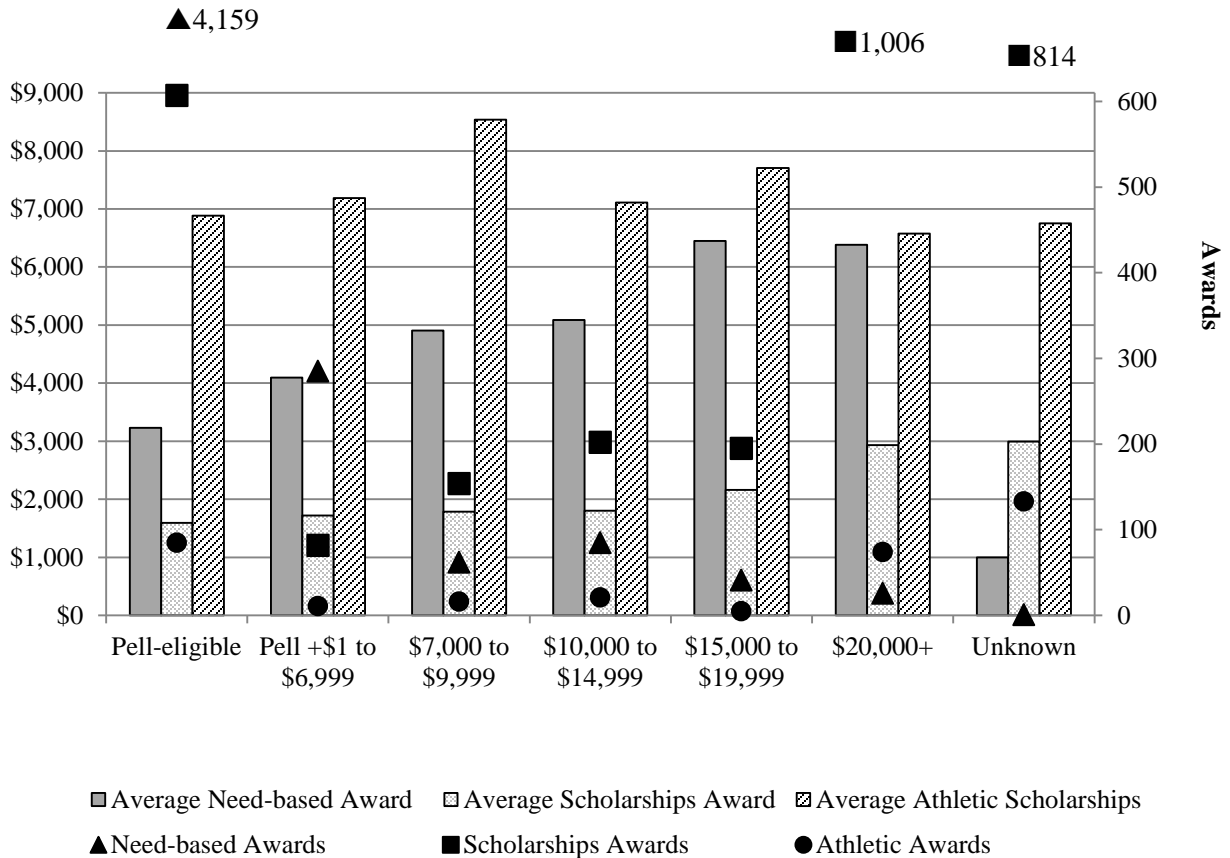
In fiscal 2014, 89.2% of those receiving need-based institutional aid were Pell-eligible students who received an average award of \$3,231, as shown in **Exhibit 10**. Those with an EFC of \$15,000 to \$19,999 received the highest average need-based aid award of \$6,451, but this only accounted for 0.9% of the awards. While students in all EFC categories received institutional scholarships (or merit), 59.5% of the awards went to students with an EFC over \$20,000 and unknown category (these are students who did not file a Free Application for Federal Student Aid or FAFSA) who received the highest average awards of \$2,933 and \$2,996, respectively.

Exhibit 9
Institutional Aid and Percentage of Undergraduate Tuition
Fiscal 2008-2016
(\$ in Thousands)



Source: University System of Maryland; Department of Legislative Services

Exhibit 10
Number and Average Amount of Institutional Aid Received Per Recipient
Fiscal 2014

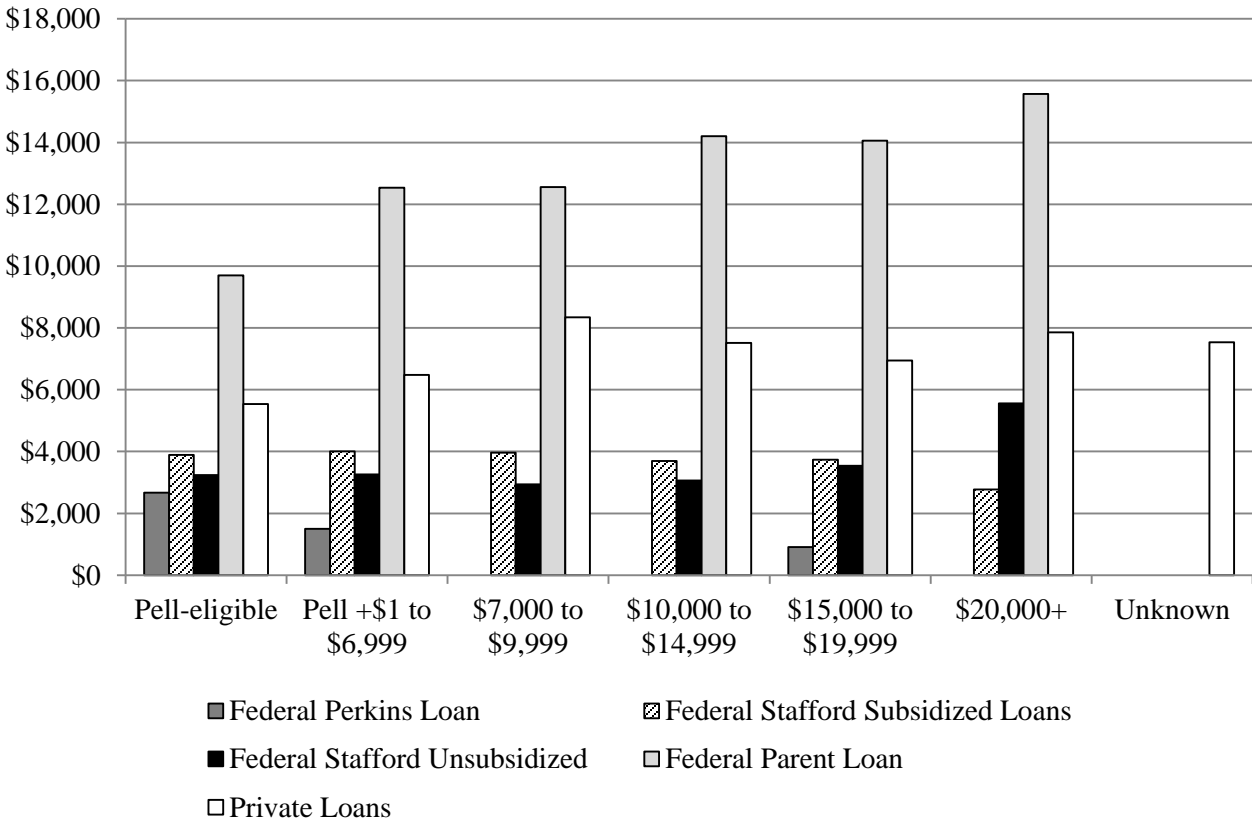


Source: Maryland Higher Education Commission

While the students with the greatest financial need typically receive Pell and institutional aid, it is still not enough to cover the cost of college. As shown in **Exhibit 11**, students in all EFC categories take out various types of loans to finance their education. There are three types of loans:

- federal subsidized loans are based on financial need with the government paying the interest while the student is enrolled in school (Perkins and Stafford loans);
- federal unsubsidized loans generally for those who do not demonstrate financial need with the interest added to the balance of the loan while the student is enrolled in school; and
- private loans.

**Exhibit 11
Mean Loan Amount by Type and Expected Family Contribution
Fiscal 2014**



Source: University System of Maryland

In fiscal 2014, of the 5,260 Pell-eligible students, 53.3% and 71.3% used a Stafford unsubsidized and subsidized loan, respectively, to help finance their college education with average loans of \$3,243 and \$3,894. On average, the federal parent plus loans were the highest loans taken out for those in all EFC categories, with those with an EFC of over \$20,000 taking out the average highest loan of \$15,567.

Recommended Actions

1. Add the following language to the unrestricted fund appropriation:

. provide that this appropriation shall be reduced by \$300,000.

Explanation: The fiscal 2016 allowance includes \$0.3 million in general funds for a third year to be used to help Towson University maintain compliance with Title IX in regards to athletics. These funds were provided in the fiscal 2014 supplemental budget to be used as matching funds for an intercollegiate athletics donation incentive program for a period of two years.

Current and Prior Year Budgets

Current and Prior Year Budgets							
Towson University							
(\$ in Thousands)							
	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Other</u>	<u>Total</u>	<u>Restricted</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Unrestricted</u>	<u>Unrestricted</u>	<u>Fund</u>	<u>Fund</u>
Fiscal 2014							
Legislative							
Appropriation	\$93,185	\$6,571	\$0	\$296,129	\$395,885	\$47,735	\$443,620
Deficiency							
Appropriation	-3,434	0	0	-623	-4,057	0	-4,057
Budget							
Amendments	1,585	-95	0	-1,180	310	1,000	1,310
Reversions and							
Cancellations	-277	-968	0	-1,093	-2,338	-8,003	-10,341
Actual							
Expenditures	\$91,059	\$5,508	\$0	\$293,234	\$389,800	\$40,732	\$430,533
Fiscal 2015							
Legislative							
Appropriation	\$101,246	\$4,369	\$0	\$298,427	\$404,042	\$50,172	\$454,214
Cost							
Containment	-539	0	0	0	-539	0	-539
Budget							
Amendments	1,106	257	0	1,439	2,802	0	2,802
Working							
Appropriation	\$101,813	\$4,626	\$0	\$299,866	\$406,304	\$50,172	\$456,477

Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies.

Fiscal 2014

For fiscal 2014, the general fund decreased \$2.1 million, which included a total of \$3.4 million in reductions by deficiency appropriations related to health insurance, retirement, the State personnel system, and a transfer to the USM Office (\$0.3 million) to fund the Donation Incentive Program used to provide matching grants to Division I USM institutions to meet Title IX compliance. Budget amendments added \$1.6 million related to a 3% COLA. Language in the fiscal 2014 budget bill transferred funds to the Maryland Higher Education Commission to provide additional funding for the Educational Assistance Grants. However, since the funds were not used for this purpose, \$0.3 million was reverted to the general fund.

The special fund appropriation decreased \$1.1 million related to language in the fiscal 2014 budget bill that transferred a portion of the HEIF to St. Mary's College of Maryland. A cancellation of \$1 million is due to the underattainment of the HEIF.

Other unrestricted funds decreased \$2.9 million, which included a reduction of \$0.6 million in deficiency appropriations related to retirement. Budget amendments reduced tuition and fee revenues by \$3.3 million related to a change in the enrollment mix with out-of-state enrollment being less than anticipated. This was partially offset by an increase of \$2.1 million in the sales and services of auxiliary enterprises. Cancellations of unrestricted funds amounted to \$1.1 million due to expenditures being less than anticipated.

Current restricted funds decreased \$7 million. Budget amendments added \$1 million related to federal and State grants and contracts activity. Cancellations of restricted funds totaled \$8 million due to expenditures being less than anticipated.

Fiscal 2015

For fiscal 2015, general funds for TU increased \$0.6 million. Budget amendments added \$1.4 million related to the fiscal 2015 2% COLA partially offset by \$0.5 million in cost containment measures, and a \$0.3 million decrease offset by a corresponding increase in the HEIF. Increases of \$1.4 million in other unrestricted funds include \$2.0 million in the sales and services of auxiliary enterprises related to new contractual agreements with Pepsi, Chartwells, and the State Employees Credit Union; and \$0.9 million in miscellaneous income. Increases were partially offset by reductions including:

- \$0.8 million in tuition and fees related to a change in the enrollment mix with out-of-state enrollment being less than anticipated;
- \$0.5 million in private gifts and grants;

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- \$0.1 million in funds transferred to the fund balance; and
- \$75,000 in State and local contracts and grants.

**Towson University Filled Full-time Equivalent Personnel by Budget Program
Fiscal 2006, 2014, and 2015**

	2006		2014		2015		2006-2015
	<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	637.0	41.4%	748.6	37.8%	779.6	39.4%	-2.0%
Research	4.0	0.3%	9.2	0.5%	8.2	0.4%	0.2%
Public Service	15.0	0.9%	20.7	1.0%	14.0	0.7%	-0.2%
Academic Support	184.0	11.9%	275.9	13.9%	254.5	12.8%	0.9%
Student Services	145.0	9.4%	168.5	8.5%	179.0	9.0%	-0.4%
Institutional Support	270.0	17.5%	313.1	15.8%	322.5	16.3%	-1.3%
Operations, Maintenance of Plant	102.0	6.6%	112.0	5.7%	121.0	6.1%	-0.5%
Auxiliary Enterprises	183.0	11.9%	300.5	15.2%	302.0	15.2%	3.4%
Total	1,539.0		1,948.5		1,980.8		

FTE: full-time equivalent

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

Source: Towson University

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

<u>Object/Fund</u>	<u>FY 14 Actual</u>	<u>FY 15 Working Appropriation</u>	<u>FY 16 Allowance</u>	<u>FY 15 - FY 16 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	2,090.00	2,123.00	2,123.00	0.00	0%
02 Contractual	955.60	948.60	937.60	-11.00	-1.2%
Total Positions	3,045.60	3,071.60	3,060.60	-11.00	-0.4%
Objects					
01 Salaries and Wages	\$ 171,864,366	\$ 184,306,193	\$ 196,842,092	\$ 12,535,899	6.8%
02 Technical and Spec. Fees	43,406,173	43,649,419	43,051,461	-597,958	-1.4%
03 Communication	1,530,793	2,666,312	2,666,299	-13	0%
04 Travel	4,366,963	4,773,141	4,773,141	0	0%
06 Fuel and Utilities	12,215,327	12,544,281	13,594,900	1,050,619	8.4%
07 Motor Vehicles	1,675,660	1,727,696	1,733,186	5,490	0.3%
08 Contractual Services	44,446,144	52,586,415	52,139,671	-446,744	-0.8%
09 Supplies and Materials	19,856,826	21,657,441	21,907,441	250,000	1.2%
10 Equipment – Replacement	3,920,191	4,104,404	3,654,404	-450,000	-11.0%
11 Equipment – Additional	11,786,810	11,971,289	12,521,289	550,000	4.6%
12 Grants, Subsidies, and Contributions	60,737,292	63,969,053	65,752,927	1,783,874	2.8%
13 Fixed Charges	30,386,214	36,115,036	36,923,182	808,146	2.2%
14 Land and Structures	24,340,166	16,405,844	17,323,038	917,194	5.6%
Total Objects	\$ 430,532,925	\$ 456,476,524	\$ 472,883,031	\$ 16,406,507	3.6%
Funds					
40 Unrestricted Fund	\$ 389,800,488	\$ 406,304,474	\$ 422,710,981	\$ 16,406,507	4.0%
43 Restricted Fund	40,732,437	50,172,050	50,172,050	0	0%
Total Funds	\$ 430,532,925	\$ 456,476,524	\$ 472,883,031	\$ 16,406,507	3.6%

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.

Fiscal Summary
USM – Towson University

<u>Program/Unit</u>	<u>FY 14</u> <u>Actual</u>	<u>FY 15</u> <u>Wrk Approp</u>	<u>FY 16</u> <u>Allowance</u>	<u>Change</u>	<u>FY 15 - FY 16</u> <u>% Change</u>
01 Instruction	\$ 103,093,891	\$ 107,924,664	\$ 112,289,312	\$ 4,364,648	4.0%
02 Research	3,815,347	7,198,930	6,750,281	-448,649	-6.2%
03 Public Service	14,599,569	22,981,766	23,779,654	797,888	3.5%
04 Academic Support	43,347,542	43,455,834	44,423,099	967,265	2.2%
05 Student Services	16,802,038	19,538,404	20,517,967	979,563	5.0%
06 Institutional Support	33,016,503	34,512,166	36,407,931	1,895,765	5.5%
07 Operation and Maintenance of Plant	47,399,412	48,634,947	50,695,613	2,060,666	4.2%
08 Auxiliary Enterprises	109,631,939	110,590,273	114,595,760	4,005,487	3.6%
17 Scholarships and Fellowships	58,826,684	61,639,540	63,423,414	1,783,874	2.9%
Total Expenditures	\$ 430,532,925	\$ 456,476,524	\$ 472,883,031	\$ 16,406,507	3.6%
Unrestricted Fund	\$ 389,800,488	\$ 406,304,474	\$ 422,710,981	\$ 16,406,507	4.0%
Restricted Fund	40,732,437	50,172,050	50,172,050	0	0%
Total Appropriations	\$ 430,532,925	\$ 456,476,524	\$ 472,883,031	\$ 16,406,507	3.6%

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.