

**R30B26**  
**Frostburg State University**  
**University System of Maryland**

***Executive Summary***

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Frostburg State University (FSU) is an institution in the University System of Maryland, accredited by the Middle States Commission on Higher Education. It is the only four-year institution of USM located west of the Baltimore-Washington corridor.

***Operating Budget Data***

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(\$ in Thousands)

|  | <u>FY 18</u><br><u>Actual</u> | <u>FY 19</u><br><u>Working</u> | <u>FY 20</u><br><u>Allowance</u> | <u>FY 19-20</u><br><u>Change</u> | <u>% Change</u><br><u>Prior Year</u> |
|--|-------------------------------|--------------------------------|----------------------------------|----------------------------------|--------------------------------------|
| General Funds                            | \$39,616                      | \$40,123                       | \$41,546                         | \$1,423                          | 3.5%                                 |
| Adjustments                              | 0                             | 386                            | 1,602                            | 1,216                            |                                      |
| <b>Adjusted General Fund</b>             | <b>\$39,616</b>               | <b>\$40,509</b>                | <b>\$43,148</b>                  | <b>\$2,639</b>                   | <b>6.5%</b>                          |
| Special Funds                            | 1,803                         | 1,861                          | 1,932                            | 71                               | 3.8%                                 |
| Adjustments                              | 0                             | 0                              | 0                                | 0                                |                                      |
| <b>Adjusted Special Fund</b>             | <b>\$1,803</b>                | <b>\$1,861</b>                 | <b>\$1,932</b>                   | <b>\$71</b>                      | <b>3.8%</b>                          |
| Other Unrestricted Funds                 | 58,929                        | 59,679                         | 60,740                           | 1,061                            | 1.8%                                 |
| Adjustments                              | 0                             | 0                              | 0                                | 0                                |                                      |
| <b>Adjusted Other Unrestricted Fund</b>  | <b>\$58,929</b>               | <b>\$59,679</b>                | <b>\$60,740</b>                  | <b>\$1,061</b>                   | <b>1.8%</b>                          |
| Total Unrestricted Funds                 | 100,348                       | 101,664                        | 104,218                          | 2,554                            | 2.5%                                 |
| Adjustments                              | 0                             | 386                            | 1,602                            | 1,216                            |                                      |
| <b>Adjusted Total Unrestricted Funds</b> | <b>\$100,348</b>              | <b>\$102,050</b>               | <b>\$105,820</b>                 | <b>\$3,770</b>                   | <b>3.7%</b>                          |
| Restricted Funds                         | 13,415                        | 14,137                         | 14,145                           | 8                                | 0.1%                                 |
| Adjustments                              | 0                             | 0                              | 0                                | 0                                |                                      |
| <b>Adjusted Restricted Fund</b>          | <b>\$13,415</b>               | <b>\$14,137</b>                | <b>\$14,145</b>                  | <b>\$8</b>                       | <b>0.1%</b>                          |
| <b>Adjusted Grand Total</b>              | <b>\$113,762</b>              | <b>\$116,186</b>               | <b>\$119,964</b>                 | <b>\$3,779</b>                   | <b>3.3%</b>                          |

Note: The fiscal 2019 appropriation includes deficiencies, a one-time \$500 bonus, and general salary increases. The fiscal 2020 allowance includes general salary increases.

- State support for FSU grows by \$2.7 million, or 6.4%, in fiscal 2020 over 2019.
- Workforce Development Initiatives total \$1.6 million in fiscal 2019 and \$1.1 million in fiscal 2020.

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

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## ***Personnel Data***

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|                        | <b><u>FY 18<br/>Actual</u></b> | <b><u>FY 19<br/>Working</u></b> | <b><u>FY 20<br/>Allowance</u></b> | <b><u>FY 19-20<br/>Change</u></b> |
|------------------------|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Regular Positions      | 734.00                         | 734.00                          | 734.00                            | 0.00                              |
| Contractual FTEs       | <u>163.10</u>                  | <u>156.00</u>                   | <u>158.00</u>                     | <u>2.00</u>                       |
| <b>Total Personnel</b> | <b>897.10</b>                  | <b>890.00</b>                   | <b>892.00</b>                     | <b>2.00</b>                       |

### ***Vacancy Data: Regular Positions***

|   |       |       |
|---|-------|-------|
| Turnover and Necessary Vacancies, Excluding New Positions | 59.75 | 8.14% |
| Positions and Percentage Vacant as of 12/31/18            | 91.00 | 12.4% |

- With enrollment decreases, FSU has been fiscally conservative, and the contractual full-time equivalent (FTE) reduction from fiscal 2018 to 2019 was undertaken in order to balance the budget, while the increase of 2 contractual FTEs from fiscal 2019 to 2020 is for 2 additional adjunct positions for the proposed Construction Management Program.

## ***Key Observations***

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- ***Enrollment:*** Total enrollment and undergraduate enrollment declined for a second successive year.
- ***Student Performance:*** Four- and six-year graduation rates have improved in recent years, although four-year rates have slipped with the latest cohort.

## **Operating Budget Recommended Actions**

1. See the University System of Maryland Overview for systemwide recommendations.

## **Updates**

- Physician Assistant Program projected to launch in May 2019.

**R30B26**  
**Frostburg State University**  
**University System of Maryland**

***Operating Budget Analysis***

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**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. Approximately half of FSU's students are from Allegany, Frederick, Garrett, and Washington counties, although as largely a residential campus, it draws students from all counties in Maryland as well as neighboring states and foreign countries.

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 services. It also offers students opportunities to engage in regional volunteerism, service learning activities, undergraduate research, and internships.

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

**Carnegie Classification:** Master’s Colleges and Universities (Larger Programs)

|   |              |  |            |
|---|--------------|--|------------|
| <b>Fall 2018 Undergraduate Enrollment Headcount</b> |              | <b>Fall 2018 Graduate Enrollment Headcount</b> |            |
| Male  | 2,226        | Male   | 229        |
| Female  | 2,412        | Female   | 427        |
| <b>Total</b>  | <b>4,638</b> | <b>Total</b>                                   | <b>656</b> |

|   |              |                             |                 |
|---|--------------|-----------------------------|-----------------|
| <b>Fall 2018 New Students Headcount</b> |              | <b>Campus (Main Campus)</b> |                 |
| First-time                              | 737          | Acres                       | 260             |
| Transfers/Others                        | 472          | Buildings                   | 45              |
| Graduate                                | 148          | Average Age                 | 43.2            |
| Concurrent HS                           | 20           | Oldest                      | Old Main – 1902 |
| <b>Total</b>                            | <b>1,377</b> |                             |                 |

|                 |    |                                    |              |
|-----------------|----|------------------------------------|--------------|
| <b>Programs</b> |    | <b>Degrees Awarded (2017-2018)</b> |              |
| Bachelor’s      | 46 | Bachelor’s                         | 1,026        |
| Master’s        | 10 | Master’s                           | 221          |
| Doctoral        | 1  | Doctoral                           | 21           |
|                 |    | <b>Total Degrees</b>               | <b>1,268</b> |

**Proposed Fiscal 2020 In-state Tuition and Fees\***

|                       |         |
|-----------------------|---------|
| Undergraduate Tuition | \$6,700 |
| Mandatory Fees        | \$2,710 |

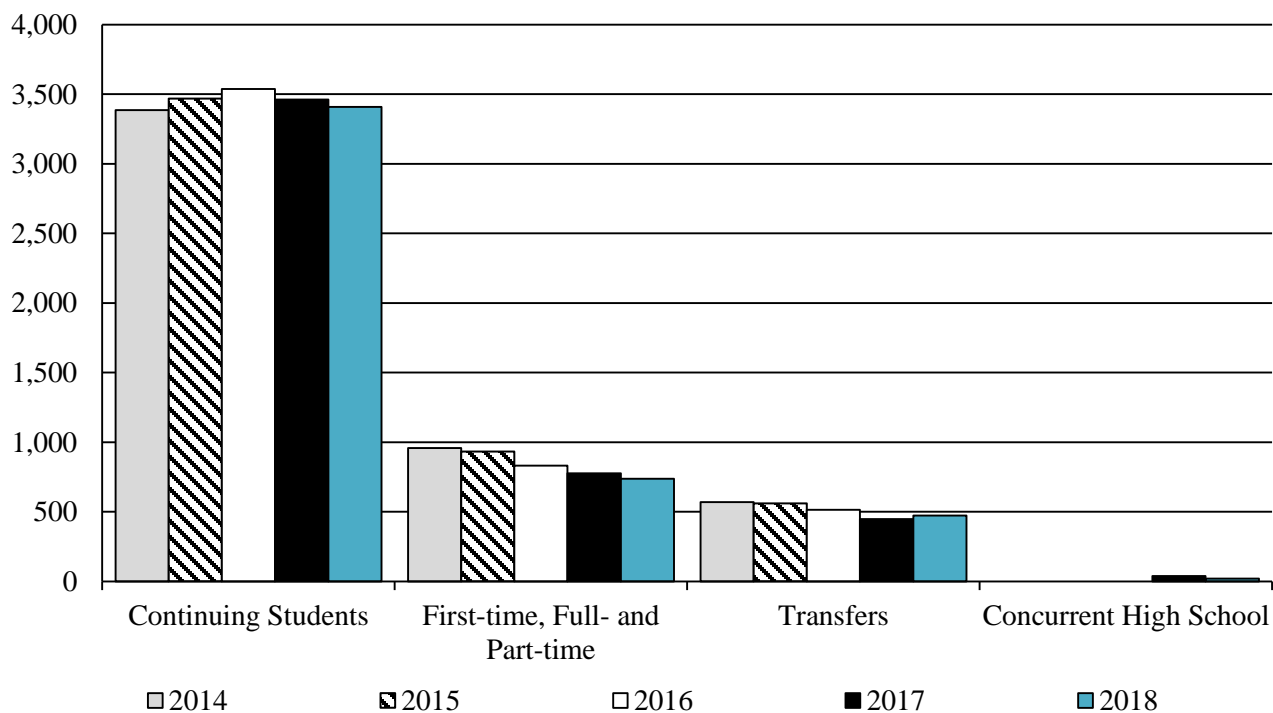
\*Contingent on Board of Regents approval.

**Performance Analysis: Managing for Results**

**1. Enrollment**

Total undergraduate enrollment at FSU decreased by 87 students, or 1.8%, from fall 2017 to fall 2018. As shown in **Exhibit 1**, first-time, full- and part-time students decreased by 40, or 5.1%. FSU attributes the decrease in new first-time, full- and part-time enrollment to declines in the number of high school students in Western Maryland, both in terms of the number of graduates and an average college-going rate that is below the State average. Continuing students at FSU also decreased from 2017 to 2018, falling by 54, or 1.6%. FSU did have an increase of 24, or 5.4%, in transfer students, while dual enrollment high school students decreased by 17, from 37 to 20 total students. The decrease of dual enrollment high school students was a result of a local high school offering their College Algebra through a community college. FSU continues to offer General Psychology to local high school students.

**Exhibit 1  
Change in Undergraduate Headcount Enrollment  
Fiscal 2014-2018**

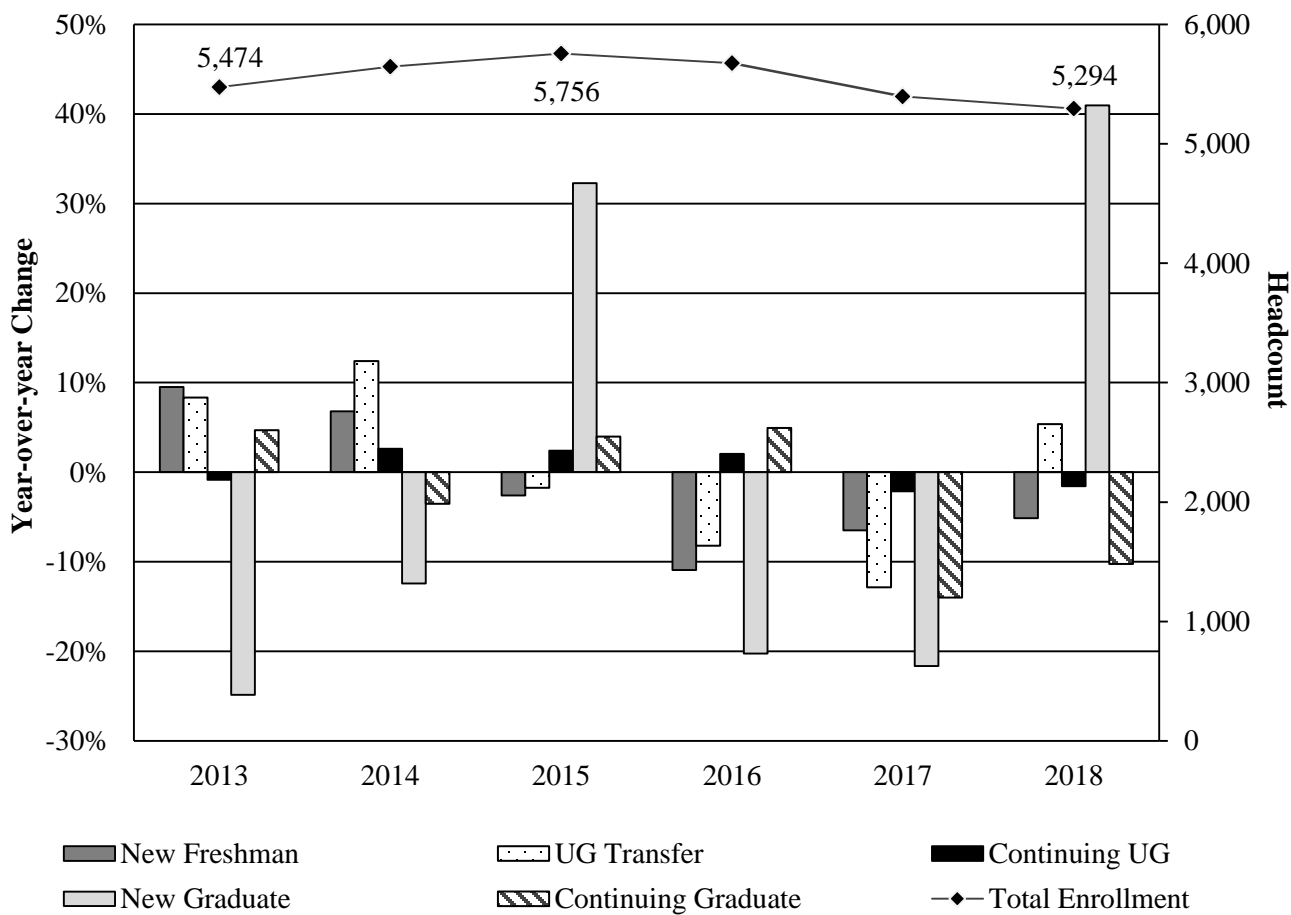


|                                 | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| Continuing Students             | 3,387       | 3,468       | 3,539       | 3,463       | 3,409       |
| First-time, Full- and Part-time | 958         | 933         | 831         | 777         | 737         |
| Transfers                       | 570         | 560         | 514         | 448         | 472         |
| Concurrent High School          |             |             |             | 37          | 20          |

Source: University System of Maryland

Overall, total enrollment at FSU has continued to decline since the fall 2015 cohort. Total enrollment has decreased by 462 students in that time, or 8%. New graduate students have declined by 20 students, or 11.9%, during this period while continuing graduate students decreased by 119 students, or 18.9%. The total graduate student population has decreased by 139 students from fall 2015 to 2018, representing a 17.5% decrease in the total graduate student body population, as shown in **Exhibit 2**. FSU attributed the decrease in graduate enrollment to the online Master’s of Business Administration program declining as a result of increased national competition.

**Exhibit 2  
Total Enrollment Trends  
Fiscal 2013-2018**



UG: undergraduate

Source: Maryland Higher Education Commission

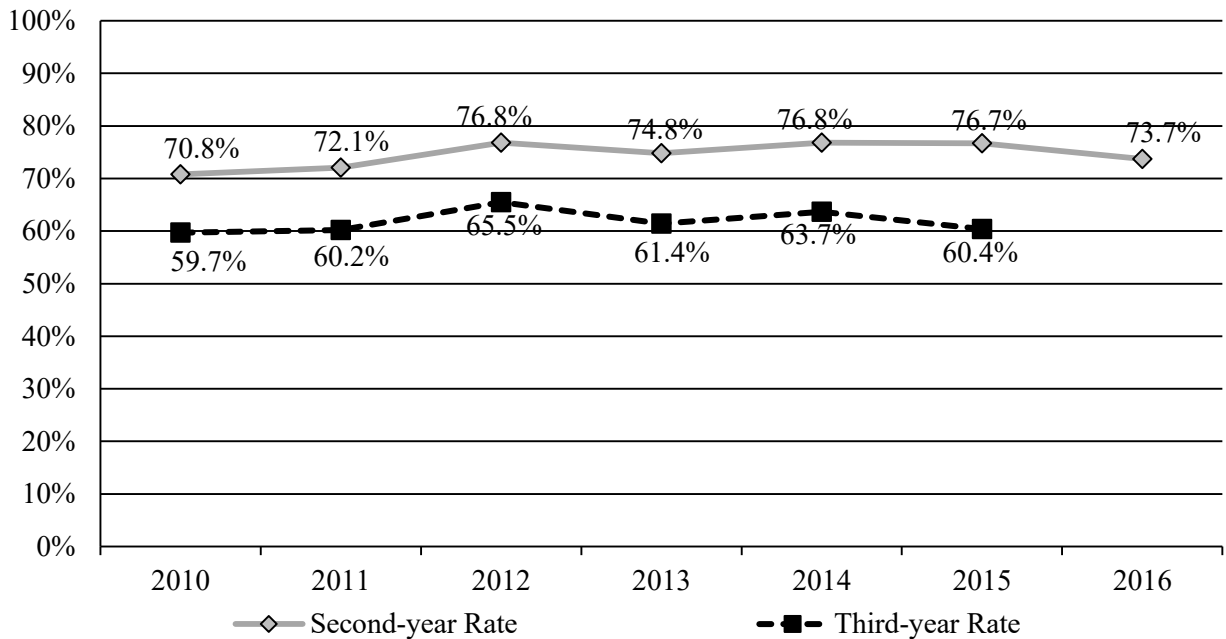
FSU has undertaken several strategies to increase enrollment. To attract new first-time, full- and part-time students and transfer students, FSU is enhancing its articulation agreements with Maryland community colleges, increasing the number of counselors to work with community colleges, and developing an option for students who are not accepted at FSU to enroll in a local community college with a transfer pathway. To ensure continuing students return who have departed FSU, a partnership with ReUp Education, an organization that focuses exclusively on helping universities engage and reenroll students who have stopped out has been implemented to encourage former students to reenroll through academic coaching.

FSU is also in the process of submitting a proposal to transition from Division III to Division II in the Mountain East Conference, pending an application to the National Collegiate Athletic Association in February 2019. FSU has indicated that the move to Division II would provide an opportunity for those students who currently have to go out-of-state to get a college education and compete at the Division II level to remain in-state. Furthermore, FSU has indicated that moving to Division II will allow the institution to expand the sports that are offered and increase the roster size in a number of conference sports, which could further boost enrollment. Pending necessary proposals and approval, this transition is expected to bolster enrollment of first-time and transfer undergraduate students beginning with the fall 2019 cohort. FSU is also proactively creating new academic programs to both meet the needs of its future students and enhance recruitment and retention efforts. In fall 2018, the university hired an inaugural Vice President of Enrollment Management to specifically address enrollment and retention efforts and opportunities via a new strategic enrollment management plan. This change has resulted in an organizational reshuffling of student success efforts to better coordinate the initiatives and best practices that enhance student success.

## **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 that students will persist and graduate. As students are most likely to dropout during their first year, the second-year retention rate provides an indication if interventions are working or if further investigation is needed to identify areas of improvement. The second-year retention rate fluctuated over the past six cohorts, as shown in **Exhibit 3**, from a low of 72.1% with the 2011 cohort to 76.8% with the 2012 and 2014 cohorts. The third-year retention rate generally mirrors the trend of the second-year rate, and the 2012 cohort achieved the highest level since at least the 1994 cohort of 65.5%. The third-year retention rate of the 2014 cohort was also favorable, but the third-year retention rate of the 2015 cohort did not mirror the second-year, falling to 60.4% in 2015, reflecting a 5.1 percentage point decline from the 2012 high point and a 3.3 percentage point drop from the fiscal 2014 cohort.

**Exhibit 3**  
**Second-, and Third-year Retention Rates**  
**First-time, Full-time 2010-2016 Cohorts**

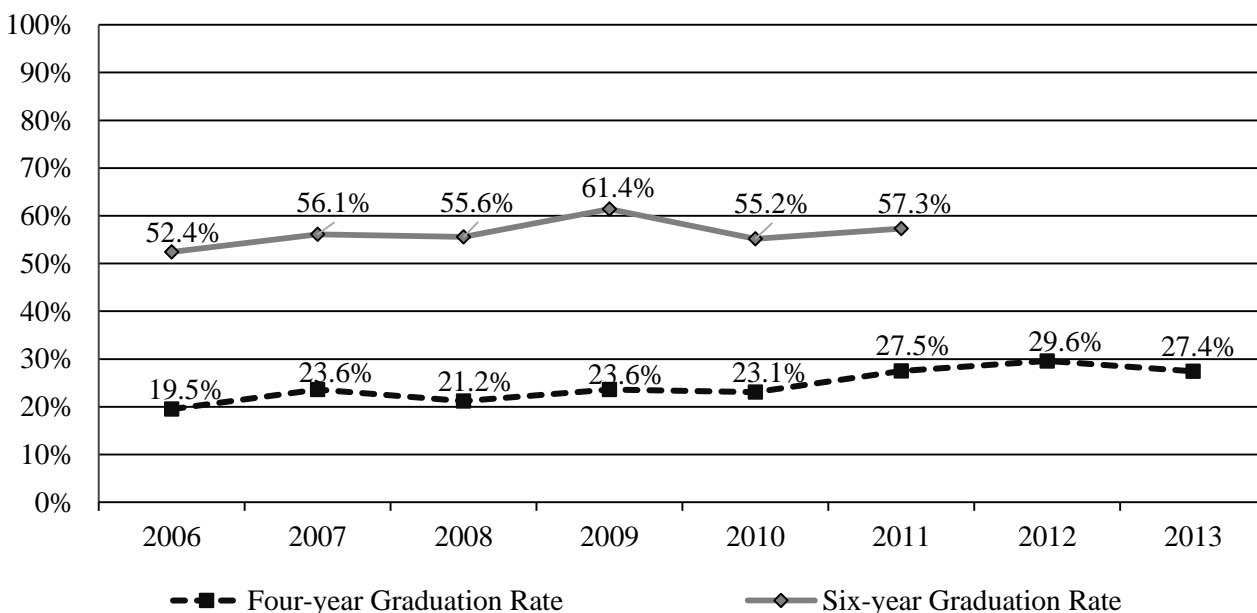


Source: Maryland Higher Education Commission

**Exhibit 4** provides the four- and six-year graduation rates at FSU from the 2006 cohort through the 2013 cohort. The four-year graduation rate has generally increased from 2006 through 2013, going from 19.5% to 27.4%, respectively. The 2012 cohort’s four-year graduation rate of 29.6% was the highest total achieved by FSU in over fifteen years, with the 2013 cohort total, while lower, still representing the third highest total over that same period.



**Exhibit 4  
Four- and Six-year Graduation Rates  
Fiscal 2006-2013 Cohorts**

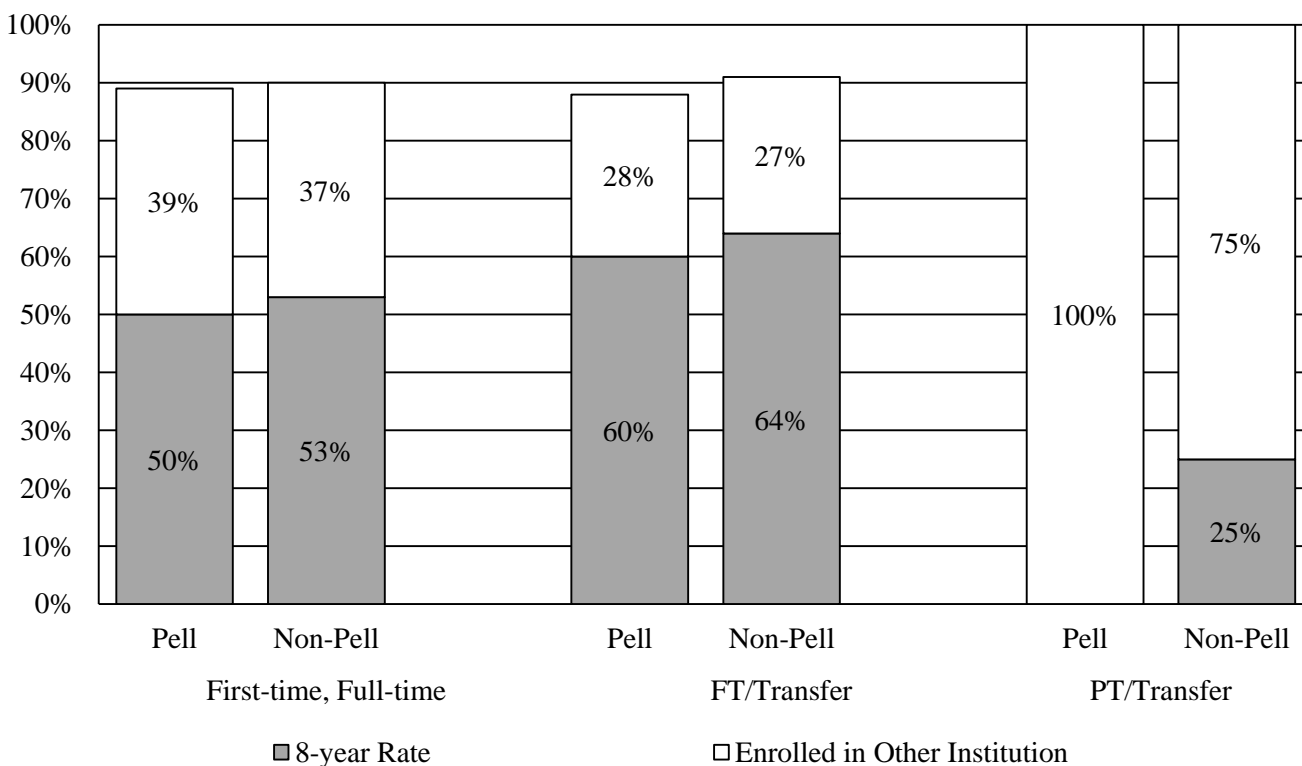


Source: Maryland Higher Education Commission

The six-year graduation rate tells a similar story. There has been a general increase in the six-year graduation rate when looking at the 2006 through the 2011 cohorts. The 2011 cohort’s six-year graduation rate of 57.3% is 4.9 percentage points greater than the 2006 cohort’s six-year graduation rate of 52.4%. The 2009 cohort’s six-year graduation rate of 61.4% was the highest total achieved by FSU in over a decade.

In order to have a more inclusive graduation rate that captures the progress of nontraditional students, the Integrated Postsecondary Education Data System reports on the outcomes of first-time, transfer, and part-time students by Pell and non-Pell recipients. As shown in **Exhibit 5**, full-time transfers are more likely to earn a degree within eight years than first-time, full-time (FT/FT) students and part-time transfer students. Overall, non-Pell students graduate at a higher rate than Pell students with a gap between FT/FT and full-time transfer at 3 and 4 percentage points, respectively.

**Exhibit 5  
Eight-year Graduation Rate for  
Students Entering in Academic Year 2009-2010**

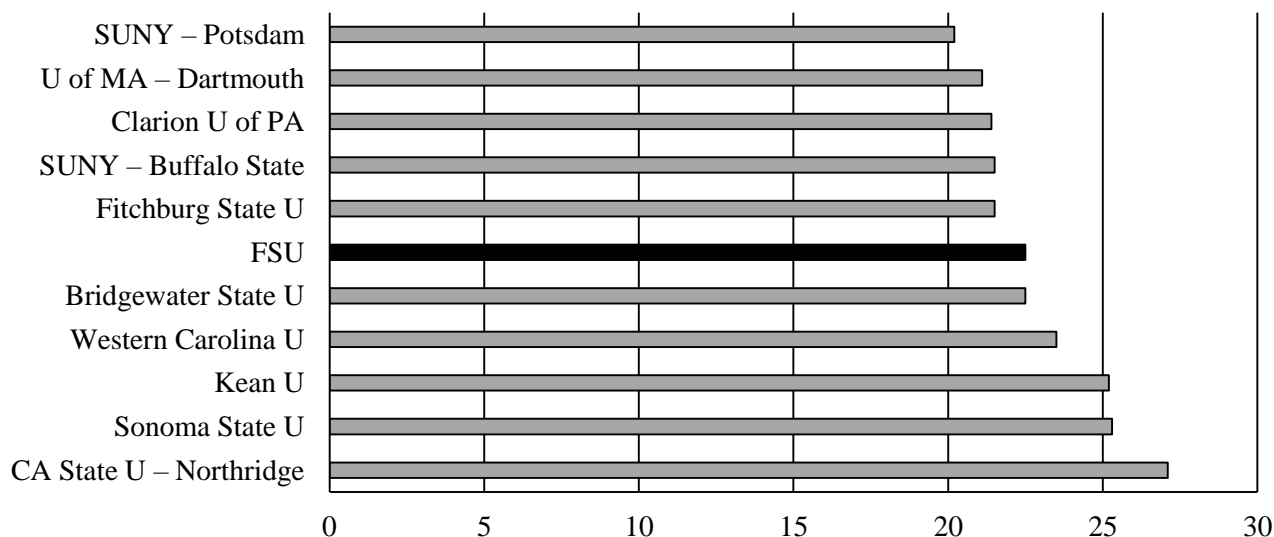


FT: full time  
PT: part time

Source: National Center for Education Statistics; College Navigator

Ultimately, how well an institution meets its academic mission is measured by the number of undergraduate degrees awarded. The number of undergraduate degrees awarded per 100 full-time equivalent students (FTES) shows how effectively institutions turn degree-seeking students into degree holders. **Exhibit 6** compares the three-year average of FSU’s ratio to that of its peers. Peer institutions are those used to benchmark FSU’s performance in USM’s Dashboard Indicators. Depending on the institution, the optimal value is 25.0 but would be higher for those who mainly offer upper-division programs or have a relatively high number of transfer students. At 22.5 degrees per 100 FTES, FSU’s ratio is comparable to that of its peers.

**Exhibit 6**  
**Undergraduate Degrees Awarded Per 100 FTEs**  
**Three Year Comparative Average**  
**Fiscal 2015-2017**



CA: California  
 FSU: Frostburg State University  
 MA: Massachusetts  
 PA: Pennsylvania  
 SUNY: State University of New York  
 U: University

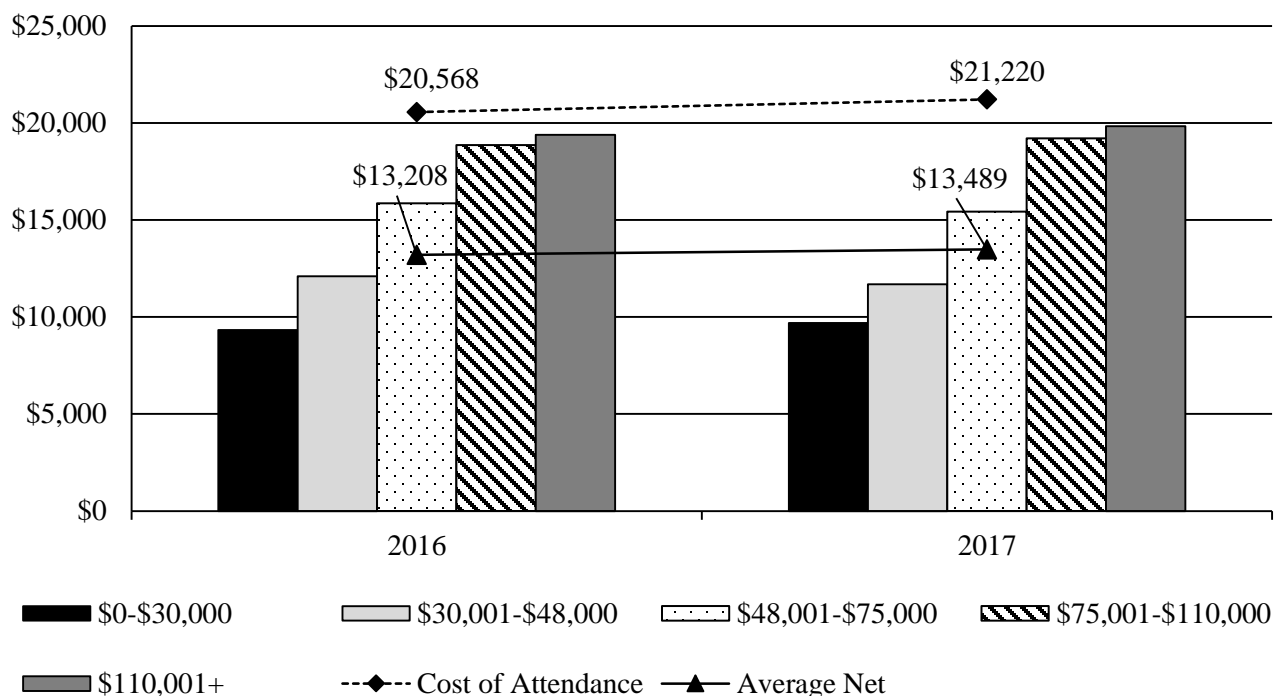
Source: Integrated Postsecondary Education Data System

### 3. Affordability and Accessibility

When considering the affordability of college, students and families tend to focus on the published cost of attendance (COA), or sticker price. COA is the total cost of attending college for one year (including tuition and fees, room and board, books, supplies, and other expenses). However, the focus should be on the average net price, which is the cost to the student after accounting for the average amount of federal, State, and institutional aid awarded to all undergraduate FSU students. As shown in **Exhibit 7**, on average between fiscal 2016 and 2017, the average net price was \$13,349, or 36.1%, less than the published cost of attendance for a FT/FT student. However, the average cost to a student varies by income level. Those with a lower family income receive more in financial aid, thereby

lowering the average price for attending college. The average net price for a family with an income between \$0 and \$30,000 increased by \$357 from \$9,333 in fiscal 2016 to \$9,690 in 2017.

**Exhibit 7**  
**Estimated Cost of Attendance vs. Average Net Price for**  
**Full-time In-state Students by Income Level**  
**Fiscal 2016-2017**

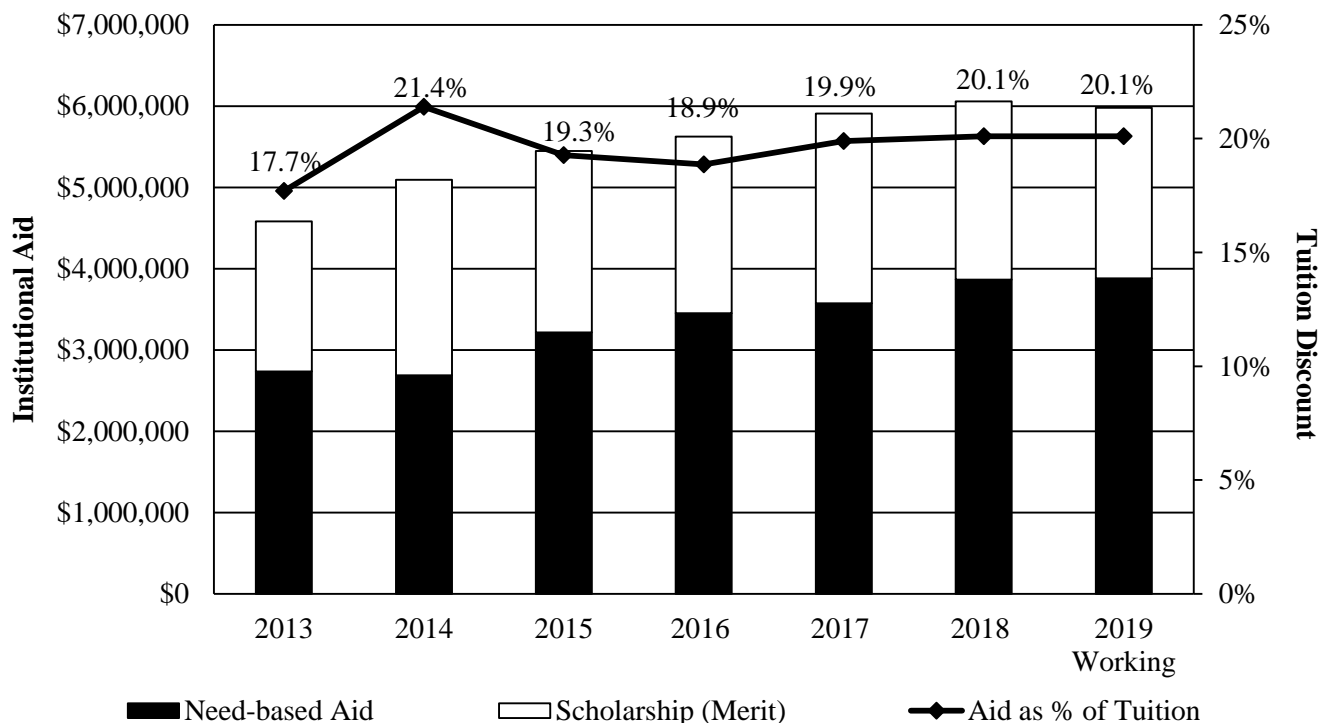


Source: National Center for Education Statistics; College Navigator

### Tuition Discount

In order to increase accessibility and make college more affordable, public colleges have been increasing the amount that tuition is discounted through institutional aid (need-based and scholarships). The discounted rate is the ratio of total institutional aid to undergraduate tuition. As shown in **Exhibit 8**, the tuition-discounted rate remains steady at 20.1% in fiscal 2019.

**Exhibit 8  
Institutional Aid and Tuition Discount  
Fiscal 2013-2019**



Source: University System of Maryland; Department of Legislative Services

**Institutional Aid**

Total expenditures on institutional aid increased by 30.5%, or \$1.4 million, from fiscal 2013 to 2019, as shown in Exhibit 8, with need-based aid accounting for \$1.15 million of the increase. On average, from fiscal 2013 to 2019, need-based aid comprised 60.2% of total expenditures on institutional aid. However, institutional aid fell slightly by \$80,094, or a decrease of 1.3%, between fiscal 2018 and 2019.

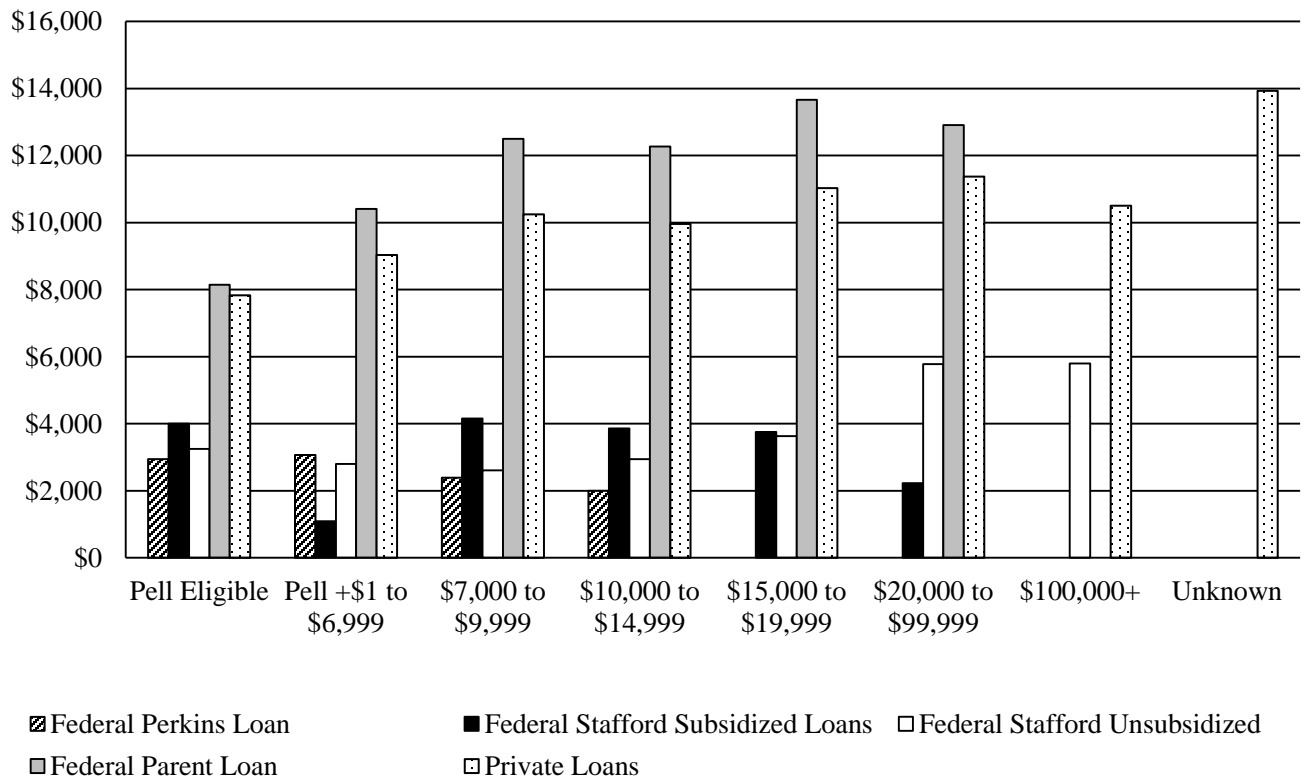
**Loans**

In fiscal 2018, 35% of FSU’s undergraduate students received a Pell grant, which are given to those students who otherwise could not afford college. These students have an expected family contribution (EFC) of less than a specific amount, which was \$5,328 in fiscal 2018. EFC is an indicator of the amount that a family is able to contribute for a student’s college education; the lower the EFC, the greater the need for financial aid.

While students with the greatest financial need typically receive Pell and institutional aid, it is not enough to cover the cost of attending college. As shown in **Exhibit 9**, students in all EFC categories take out various types of loans to finance their education. There are three types of loans:

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

**Exhibit 9**  
**Mean Loan Amount by Type and Expected Family Contribution**  
**Fiscal 2017**



Source: Maryland Higher Education Commission

In fiscal 2017, of the 1,890 Pell-eligible students, 1,586 and 1,517 used subsidized and unsubsidized loans, respectively, to help pay for their college education with average loans of \$4,006 and \$3,250. In addition, 123 Pell-eligible students took out private loans and, on average, borrowed \$7,831. In general, federal parent loans were the highest average loans taken out for all EFC categories except for \$100,000+ and unknown with those in an EFC of \$15,000 to \$19,999 taking out the highest average loan of \$13,663.

According to College InSight, the percentage of students graduating with debt from FSU increased from 74% to 78% between fiscal 2012 and 2017. For public four-year institutions, this is higher than the national average of 57% and the State average of 53%. The average debt of a graduate increased from \$20,057 to \$29,802 between fiscal 2012 and 2017, higher than the national and State averages of \$27,293 and \$28,047, respectively.

## **Fiscal 2019 Working Budget**

### **Education and General Expenditures**

**Exhibit 10** shows the budget changes for unrestricted funds by program from fiscal 2018 to 2019. Instruction increased by 2.5%, or \$819,000, as a result of a general salary increase and the development of a new Physician Assistant (PA) Program. Institutional support increased by 9.4%, or \$1.0 million. In fiscal 2018, FSU constrained institutional support to preserve funding for fiscal 2019 for instruction, academic support, and the development of a new Regional and Economic Development Office that is designed to strategically and productively work with partners in Allegany and Garrett counties. Operations and maintenance of plant also increased by 6.5%, or \$945,000, in fiscal 2019, reflecting an increase in spending on facilities renewal. Education and general expenditures were higher than the revenues brought in to pay for these services. This resulted in FSU transferring auxiliary revenue to cover the difference.

**Exhibit 10**  
**FSU Budget Changes for Unrestricted Funds by Program**  
**Fiscal 2018-2019**  
**(\$ in Thousands)**

|  | <u>2018</u><br><u>Actual</u> | <u>2019 Adjusted</u><br><u>Working</u> | <u>2018-19</u><br><u>\$ Change</u> | <u>2018-19</u><br><u>% Change</u> |
|--|------------------------------|--|------------------------------------|-----------------------------------|
| <b><u>Expenditures</u></b>             |                              |  |                                    |                                   |
| Instruction                            | \$32,207                     | \$33,026                               | \$819                              | 2.5%                              |
| Research                               | 13                           | 1                                      | -12                                | -96.0%                            |
| Public Service                         | 362                          | 48                                     | -315                               | -86.9%                            |
| Academic Support                       | 10,258                       | 10,325                                 | 67                                 | 0.7%                              |
| Student Services                       | 5,311                        | 5,056                                  | -254                               | -4.8%                             |
| Institutional Support                  | 11,037                       | 12,080                                 | 1,043                              | 9.4%                              |
| Operation and Maintenance of Plant     | 14,574                       | 15,519                                 | 945                                | 6.5%                              |
| Scholarships and Fellowships           | 7,742                        | 7,293                                  | -449                               | -5.8%                             |
| General Salary Increase                |                              | 230                                    | 230                                |                                   |
| <b>E&amp;G Total</b>                   | <b>\$81,504</b>              | <b>\$83,577</b>                        | <b>\$2,073</b>                     | <b>2.5%</b>                       |
| Auxiliary Enterprises                  | \$18,844                     | \$18,316                               | -\$528                             | -2.8%                             |
| <b>Total Expenditures</b>              | <b>\$100,348</b>             | <b>\$101,893</b>                       | <b>\$1,546</b>                     | <b>1.5%</b>                       |
| <b><u>Revenues</u></b>                 |                              |  |                                    |                                   |
| Tuition and Fees                       | \$37,280                     | \$36,488                               | -\$792                             | -2.1%                             |
| State Funds <sup>1</sup>               | 41,418                       | 42,214                                 | 796                                | 1.9%                              |
| Other                                  | 2,553                        | 2,543                                  | -10                                | -0.4%                             |
| <b>Total E&amp;G Revenues</b>          | <b>\$81,251</b>              | <b>\$81,245</b>                        | <b>-\$6</b>                        | <b>0.0%</b>                       |
| Auxiliary Enterprises                  | \$21,978                     | \$21,182                               | -\$796                             | -3.6%                             |
| Transfer (to)/from Fund Balance        | -2,882                       | -534                                   | 2,348                              | -81.5%                            |
| <b>Available Unrestricted Revenues</b> | <b>\$100,348</b>             | <b>\$101,893</b>                       | <b>\$1,546</b>                     | <b>1.5%</b>                       |

E&G: Education and General  
 FSU: Frostburg State University

<sup>1</sup> State funds includes general funds and Higher Education Investment Funds.

Source: Governor's Fiscal 2020 Budget Books; Department of Legislative Services



## Proposed Budget

As shown in **Exhibit 11**, the general fund allowance for fiscal 2020 is 6.5%, or \$2.6 million, higher than fiscal 2019 after adjusting for the one-time \$500 bonus and 0.5% general salary increase in fiscal 2019 and the annualization of 0.5% salary increase and a 3.0% general salary increase in fiscal 2020. The general funds for these salary increases are included in the Department of Budget and Management budget. The Higher Education Investment Fund (HEIF) increases 3.8%, or \$0.7 million, resulting an overall growth in State funds of 6.4%, or \$2.7 million.

**Exhibit 11**  
**Proposed Budget**  
**Frostburg State University**  
**Fiscal 2018-2020**  
(\$ in Thousands)

|                                 | <b>2018</b><br><b>Actual</b> | <b>2019</b><br><b>Working</b> | <b>2020</b><br><b>Allowance</b> | <b>2019-2020</b><br><b>Change</b> | <b>% Change</b><br><b>Prior Year</b> |
|---------------------------------|------------------------------|-------------------------------|---------------------------------|-----------------------------------|--------------------------------------|
| General Funds                   | \$39,616                     | \$40,123                      | \$41,545                        | \$1,422                           |                                      |
| Cost-of-living Adjustment       |                              | 386                           | 1,602                           | 1,216                             |                                      |
| <b>Total General Funds</b>      | <b>\$39,616</b>              | <b>\$40,509</b>               | <b>\$43,147</b>                 | <b>\$2,638</b>                    | <b>6.5%</b>                          |
| HEIF                            | \$1,803                      | \$1,861                       | \$1,932                         | \$71                              | 3.8%                                 |
| <b>Total State Funds</b>        | <b>\$41,419</b>              | <b>\$42,370</b>               | <b>\$45,079</b>                 | <b>\$2,709</b>                    | <b>6.4%</b>                          |
| Other Unrestricted Funds        | \$58,929                     | \$59,679                      | \$60,740                        | \$1,061                           | 1.8%                                 |
| <b>Total Unrestricted Funds</b> | <b>\$100,348</b>             | <b>\$102,050</b>              | <b>\$105,820</b>                | <b>\$3,771</b>                    | <b>3.7%</b>                          |
| Restricted Funds                | \$13,415                     | \$14,137                      | \$14,145                        | \$8                               | 0.1%                                 |
| <b>Total Funds</b>              | <b>\$113,763</b>             | <b>\$116,186</b>              | <b>\$119,965</b>                | <b>\$3,779</b>                    | <b>3.3%</b>                          |

HEIF: Higher Education Investment Fund

Note: Fiscal 2019 general funds reflect a one-time \$500 bonus and general salary increase. Fiscal 2020 reflect general salary increases.

Source: Governor’s Fiscal 2020 Budget Books; Department of Legislative Services

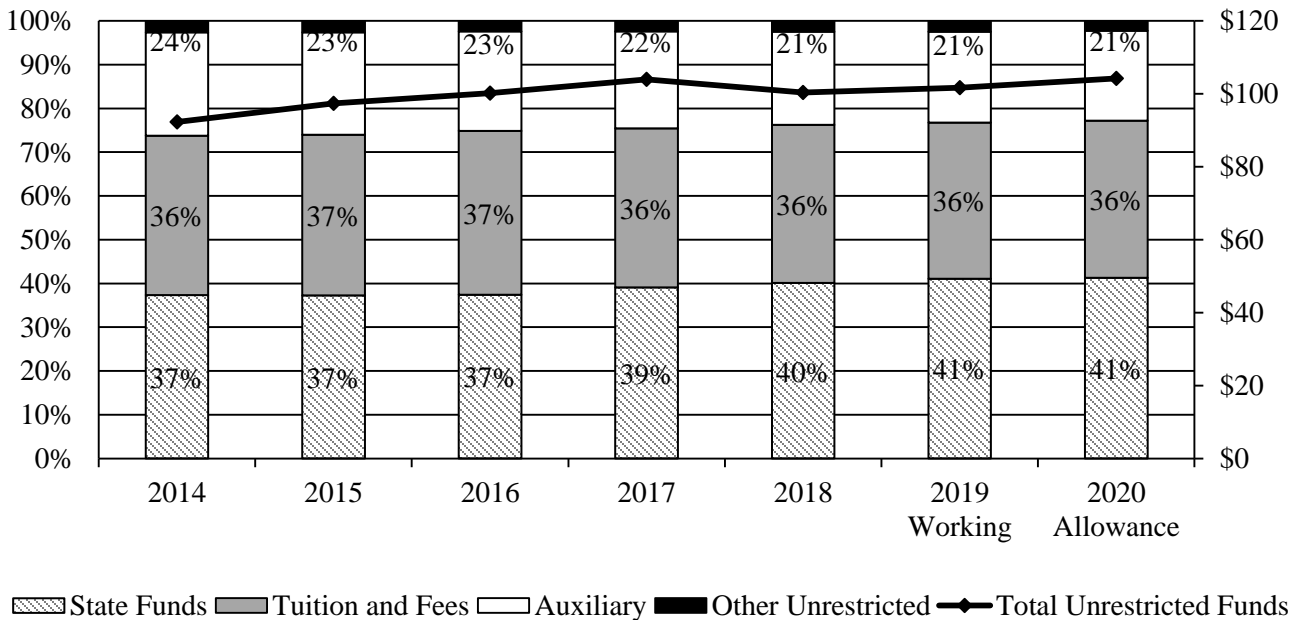
The fiscal 2020 general fund allowance provides \$1.1 million for Workforce Development Initiatives (WDI) for the FSU PA program with this funding spread between rent to the USM – Hagerstown (USMH) regional center and the purchase of innovative technologies for teaching the future health care providers working in a rural setting, including virtual cadavers and other digital simulation equipment. The fiscal 2020 WDI funding represents a decrease of \$0.5 million from fiscal 2019 when \$1.6 million was provided to launch the PA program. Statewide adjustments for

retirement and other fringe benefits, along with the general salary increase, resulted in additional general funds increases.

## Revenue Sources

In the fiscal 2020 allowance, State funds (general funds and the HEIF) and tuition and fees comprise 41.0% and 36.0%, respectively, of FSU’s current unrestricted revenue, as shown in **Exhibit 12**. Since fiscal 2014, the general fund share of revenues has grown from 37% to 41% while the auxiliary share has fallen from 24% to 21%, in part due to enrollment declines. Overall, between fiscal 2014 and 2020, total unrestricted funds increased by \$11.7 million, or 12.7%, with State funds accounting for \$8.0 million, tuition and fee revenue for \$3.2 million, and with other sources contributing \$0.5 million.

**Exhibit 12**  
**Unrestricted Revenues by Source**  
 Fiscal 2014-2020 Allowance  
 (\$ in Millions)



Source: Governor’s Fiscal 2020 Budget Books

## ***Operating Budget Recommended Actions***

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1. See the University System of Maryland Overview for systemwide recommendations.

## *Updates*

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### **1. PA Program**

In response to a growing health care provider shortage, particularly in rural communities, FSU is developing a PA program in collaboration with Meritus Health System to be offered at USMH. The mission of the FSU PA program is to educate students in compassionate patient-centered care. Students will learn best practices using innovative technology and will work in interprofessional teams to provide access to quality care, particularly in rural and medically underserved areas in Maryland and beyond. FSU PA graduates will have a commitment to excellence, inclusivity, and community service.

Over the past year, FSU's developing PA program has seen considerable progress toward its projected program launch in May 2019. In addition to completion of an extensive accreditation process, achievements include completion of department faculty and staff hiring, curriculum development (including a statewide telemedicine curriculum with Maryland's two other PA programs), procurement of state-of-the-art medical simulators and three-dimensional cadaver table, and student selection.

According to the Maryland Bureau of Labor Statistics, there will be a growing need for PAs in the State with projected job growth of 31.9% by 2024 and an average of 190 job openings annually. Currently, only two programs in the State offer accredited programs to train PAs, both located in the Baltimore metropolitan area (Anne Arundel Community College/University of Maryland, Baltimore Campus (UMB) and Community College of Baltimore/Towson programs). The number of graduates from these programs each year averages well below the State identified workforce projections. The addition of this new program will improve USM's ability to respond to this State workforce shortage.

WDI enhancement funding will be used to get the program started. These funds total \$1.6 million in fiscal 2019 for USMH rent and three principal faculty and a program director who are developing curriculum and an assessment plan required by the Accreditation Review Commission on Education for the Physician Assistant. Funds also support the purchase of innovative technologies for teaching the future health care providers working in a rural setting, including virtual cadavers and other digital simulation equipment. Fiscal 2020 will see \$1.1 million in WDI enhancement funding with costs again spread between USMH rent and costs associated with faculty. USMH has received a \$300,000 grant from the Appalachian Regional Commission requiring matching support from the institution.

A holistic admissions process was used to select the inaugural PA program class, expected to begin in May 2019. All applicants were required to meet a minimum GPA (3.0 prerequisite science GPA and 3.0 overall GPA), obtain three letters of recommendation, and write two essays. In addition, preference was given to students who were graduates of FSU, Maryland residents, and military veterans. A rubric was created to determine which students would be considered for interview as almost 400 applications were received for 25 seats. Students selected for interviews met with a panel of FSU PA program faculty, a separate panel of community healthcare providers, and completed a writing supplement on the challenges of providing health care in rural and medically underserved populations. Students were ranked by the panelists and offers were made based on objective and subjective data.

In addition, the FSU PA program has been working on developing a statewide telemedicine curriculum along with the two other PA programs in the State. This novel concept was presented at the Physician Assistant Education Association in Anaheim, California in October 2018 by Dr. Mary Jo Bondy (UMB) and Dr. Beth Smolko (FSU). The three programs will practice case presentation and use of telemedicine equipment throughout the didactic phase of education. The Maryland legislature recently updated the telemedicine laws in 2018 to improve access to care for patients by redefining who is permitted to provide telemedicine in the State. The State PA programs have responded by developing training programs in telemedicine.

**Appendix 1**  
**Current and Prior Year Budgets**  
**USM – Frostburg State University**  
**(\$ in Thousands)**

|                      | <u>General<br/>Fund</u> | <u>Special<br/>Fund</u> | <u>Federal<br/>Fund</u> | <u>Other<br/>Unrestricted<br/>Fund</u> | <u>Total<br/>Unrestricted<br/>Fund</u> | <u>Restricted<br/>Fund</u> | <u>Total</u>     |
|----------------------|-------------------------|-------------------------|-------------------------|--|--|----------------------------|------------------|
| <b>Fiscal 2018</b>   |                         |                         |                         |  |  |                            |                  |
| Legislative          |                         |                         |                         |  |  |                            |                  |
| Appropriation        | \$40,255                | \$1,803                 | \$0                     | \$66,092                               | \$108,150                              | \$13,281                   | \$121,431        |
| Deficiency/Withdrawn |                         |                         |                         |  |  |                            |                  |
| Appropriation        | -391                    | 0                       | 0                       | 0                                      | -391                                   | 0                          | -391             |
| Cost                 |                         |                         |                         |  |  |                            |                  |
| Containment          | -249                    | 0                       | 0                       | 0                                      | -249                                   | 0                          | -249             |
| Budget               |                         |                         |                         |  |  |                            |                  |
| Amendments           | 0                       | 0                       | 0                       | -2,170                                 | -2,170                                 | 1,254                      | -916             |
| Reversions and       |                         |                         |                         |  |  |                            |                  |
| Cancellations        | 0                       | 0                       | 0                       | -4,993                                 | -4,993                                 | -1,120                     | -6,113           |
| <b>Actual</b>        |                         |                         |                         |  |  |                            |                  |
| <b>Expenditures</b>  | <b>\$39,616</b>         | <b>\$1,803</b>          | <b>\$0</b>              | <b>\$58,929</b>                        | <b>\$100,348</b>                       | <b>\$13,415</b>            | <b>\$113,762</b> |
| <b>Fiscal 2019</b>   |                         |                         |                         |  |  |                            |                  |
| Legislative          |                         |                         |                         |  |  |                            |                  |
| Appropriation        | \$39,692                | \$1,861                 | \$0                     | \$62,382                               | \$103,934                              | \$14,498                   | \$118,432        |
| Budget               |                         |                         |                         |  |  |                            |                  |
| Amendments           | 431                     | 0                       | 0                       | -2,702                                 | -2,271                                 | -361                       | -2,632           |
| <b>Working</b>       |                         |                         |                         |  |  |                            |                  |
| <b>Appropriation</b> | <b>\$40,123</b>         | <b>\$1,861</b>          | <b>\$0</b>              | <b>\$59,679</b>                        | <b>\$101,664</b>                       | <b>\$14,137</b>            | <b>\$115,800</b> |

USM: University System of Maryland

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. Numbers may not sum to total due to rounding.

## **Fiscal 2018**

Total unrestricted funds, which include general funds and other unrestricted funds, decreased by \$7.8 million from the 2018 legislative appropriation.

General funds decreased by a total of \$639,000. Section 19 of the fiscal 2019 Budget Bill withdrew \$391,000 based on a surplus in the health insurance account. General funds also decreased by \$249,000 as a result of the Board of Public Works cost containment, which was applied as a reduction of \$100,000 for 1 nonfaculty position as well as a reduction of \$149,000 in operating expenses.

Other unrestricted funds decreased by \$7.1 million. A decrease in enrollment and sales and services resulted in a net decrease of \$2.2 million. As a result of savings in utilities, cost saving measures, and savings from holding positions open to meet revenue targets, \$5 million in unrestricted funds was canceled.

Total restricted funds increased by \$134,000. An increase of \$1,254,000 in restricted funds resulted from an increase in federal contracts and grants (\$445,000), an increase in State contracts and grants (\$530,000), and an increase in private contracts and grants (\$279,000). Additionally, \$1,120,000 was canceled due to grants that were not entirely expended during fiscal 2018.

## **Fiscal 2019**

To date, total unrestricted funds have decreased by \$2,270,888.

A decrease in enrollment resulted in a decline of \$1,742,080 in tuition and fee revenues. There was a corresponding drop of \$1,710,215 in sales and services of auxiliary enterprises. These declines were partially offset by an increase in sales and services of educational activities (\$156,500); miscellaneous income (\$44,386); an increase based on a reduction in the amount of funds transferred to fund balance (\$549,190); and funding for a general salary increase effective January 1, 2019, that was centrally budgeted (\$431,331).

There was a reduction of \$361,472 in current restricted funds as a result of decreases in federal (\$73,000), State (\$255,500), and private (\$70,000) contracts and grants only partially offset by an increase of \$37,028 in other sources.

**Appendix 2**  
**Object/Fund Difference Report**  
**USM – Frostburg State University**

| <u>Object/Fund</u>                      | <u>FY 18</u><br><u>Actual</u> | <u>FY 19</u><br><u>Working</u><br><u>Appropriation</u> | <u>FY 20</u><br><u>Allowance</u> | <u>FY 19 - FY 20</u><br><u>Amount Change</u> | <u>Percent</u><br><u>Change</u> |
|---|-------------------------------|--|----------------------------------|--|---------------------------------|
| <b>Positions</b>                        |                               |  |                                  |  |                                 |
| 01 Regular                              | 734.00                        | 734.00   | 734.00                           | 0.00   | 0%                              |
| 02 Contractual                          | 163.10                        | 156.00   | 158.00                           | 2.00   | 1.3%                            |
| <b>Total Positions</b>                  | <b>897.10</b>                 | <b>890.00</b>  | <b>892.00</b>                    | <b>2.00</b>                                  | <b>0.2%</b>                     |
| <b>Objects</b>                          |                               |  |                                  |  |                                 |
| 01 Salaries and Wages                   | \$ 59,972,710                 | \$ 60,500,000  | \$ 61,304,089                    | \$ 804,089                                   | 1.3%                            |
| 02 Technical and Special Fees           | 9,155,928                     | 7,743,507  | 8,055,413                        | 311,906                                      | 4.0%                            |
| 03 Communication                        | 316,966                       | 548,797  | 548,797                          | 0  | 0%                              |
| 04 Travel                               | 1,149,272                     | 947,457  | 947,457                          | 0  | 0%                              |
| 06 Fuel and Utilities                   | 3,147,640                     | 3,860,564  | 3,860,564                        | 0  | 0%                              |
| 07 Motor Vehicles                       | 257,858                       | 418,569  | 418,428                          | -141   | 0%                              |
| 08 Contractual Services                 | 9,362,410                     | 10,215,985   | 10,368,722                       | 152,737                                      | 1.5%                            |
| 09 Supplies and Materials               | 2,812,270                     | 4,551,944  | 4,570,592                        | 18,648                                       | 0.4%                            |
| 10 Equipment – Replacement              | 232,134                       | 703,497  | 703,497                          | 0  | 0%                              |
| 11 Equipment – Additional               | 1,006,990                     | 1,498,111  | 1,498,111                        | 0  | 0%                              |
| 12 Grants, Subsidies, and Contributions | 16,692,693                    | 16,386,937   | 16,995,257                       | 608,320                                      | 3.7%                            |
| 13 Fixed Charges                        | 6,179,991                     | 5,466,999  | 5,685,110                        | 218,111                                      | 4.0%                            |
| 14 Land and Structures                  | 3,475,377                     | 2,957,633  | 3,406,364                        | 448,731                                      | 15.2%                           |
| <b>Total Objects</b>                    | <b>\$ 113,762,239</b>         | <b>\$ 115,800,000</b>                                  | <b>\$ 118,362,401</b>            | <b>\$ 2,562,401</b>                          | <b>2.2%</b>                     |
| <b>Funds</b>                            |                               |  |                                  |  |                                 |
| 40 Unrestricted Fund                    | \$ 100,347,557                | \$ 101,663,500   | \$ 104,217,546                   | \$ 2,554,046                                 | 2.5%                            |
| 43 Restricted Fund                      | 13,414,682                    | 14,136,500   | 14,144,855                       | 8,355  | 0.1%                            |
| <b>Total Funds</b>                      | <b>\$ 113,762,239</b>         | <b>\$ 115,800,000</b>                                  | <b>\$ 118,362,401</b>            | <b>\$ 2,562,401</b>                          | <b>2.2%</b>                     |

USM: University System of Maryland

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.



**Appendix 3  
Fiscal Summary  
USM – Frostburg State University**

| <u>Program/Unit</u>                   | <u>FY 18<br/>Actual</u> | <u>FY 19<br/>Wrk Approp</u> | <u>FY 20<br/>Allowance</u> | <u>Change</u>       | <u>FY 19 - FY 20<br/>% Change</u> |
|---------------------------------------|-------------------------|-----------------------------|----------------------------|---------------------|-----------------------------------|
| 01 Instruction                        | \$ 32,260,294           | \$ 33,100,349               | \$ 34,081,504              | \$ 981,155          | 3.0%                              |
| 02 Research                           | 206,580                 | 160,500                     | 160,500                    | 0                   | 0%                                |
| 03 Public Service                     | 4,072,448               | 4,130,000                   | 4,138,355                  | 8,355               | 0.2%                              |
| 04 Academic Support                   | 10,271,278              | 10,340,492                  | 10,463,119                 | 122,627             | 1.2%                              |
| 05 Student Services                   | 5,338,132               | 5,089,382                   | 5,138,230                  | 48,848              | 1.0%                              |
| 06 Institutional Support              | 11,043,133              | 12,095,968                  | 12,127,491                 | 31,523              | 0.3%                              |
| 07 Operation and Maintenance of Plant | 14,573,516              | 15,527,510                  | 16,046,650                 | 519,140             | 3.3%                              |
| 08 Auxiliary Enterprises              | 18,873,170              | 18,360,981                  | 18,811,734                 | 450,753             | 2.5%                              |
| 17 Scholarships and Fellowships       | 17,123,688              | 16,994,818                  | 17,394,818                 | 400,000             | 2.4%                              |
| <b>Total Expenditures</b>             | <b>\$ 113,762,239</b>   | <b>\$ 115,800,000</b>       | <b>\$ 118,362,401</b>      | <b>\$ 2,562,401</b> | <b>2.2%</b>                       |
| Unrestricted Fund                     | \$ 100,347,557          | \$ 101,663,500              | \$ 104,217,546             | \$ 2,554,046        | 2.5%                              |
| Restricted Fund                       | 13,414,682              | 14,136,500                  | 14,144,855                 | 8,355               | 0.1%                              |
| <b>Total Appropriations</b>           | <b>\$ 113,762,239</b>   | <b>\$ 115,800,000</b>       | <b>\$ 118,362,401</b>      | <b>\$ 2,562,401</b> | <b>2.2%</b>                       |

USM: University System of Maryland

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.