

R30B23
Bowie State University
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	FY 02	FY 03	FY 04	FY 03 - 04	FY 03 - 04
	<u>Actual</u>	<u>Approp.</u>	<u>Allowance</u>	<u>Change</u>	<u>% Change</u>
General Funds	\$22,725	\$22,797	\$21,885	-\$912	-4.0%
FY 2003 Cost Containment	0	-912	0	912	
Adjusted General Funds	\$22,725	\$21,885	\$21,885	\$0	0.0%
Other Unrestricted Funds	\$28,148	\$29,278	\$34,849	\$5,571	19.0%
Total Unrestricted Funds	\$50,873	\$51,163	\$56,735	\$5,571	10.9%
Restricted Funds	\$12,973	\$13,600	\$13,650	\$50	0.4%
Adjusted Grand Total	\$63,846	\$64,763	\$70,385	\$5,621	8.7%

- Fiscal 2003 cost containment reduces general fund appropriations by \$912,000, or 4%.
- Other current unrestricted funds increase 19%, or \$5.6 million.
- Current restricted funds increase by \$50,000, or 0.4%.

Personnel Data

	FY 02	FY 03	FY 04	
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	435.00	423.00	423.00	0.00
Contractual FTEs	133.21	127.88	127.88	0.00
Total Personnel	568.21	550.88	550.88	0.00

Vacancy Data: Regular Positions

Budgeted Turnover: FY 04	9.31	2.20%
Positions Vacant as of 09/31/02	23.00	5.44%

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

For further information contact: Jessica E. Jordan

Phone: (410) 946-5530

Analysis in Brief

Major Trends

Bowie State University Outperforms All Peers on Six-year Graduation Rate: For minority students and African American students, the university exceeds all of its peers and has exceeded its own goal for white student graduation rates one year early.

Second-year Retention Rates Rising: The second-year retention rates for African American students and all minority students are progressing towards the 80% goal for 2005, but the retention rate of white students continues to rise and fall.

Recommended Actions

1. Concur with Governor's allowance.

R30B23
Bowie State University
University System of Maryland

Operating Budget Analysis

Program Description

Bowie State University (BSU) was established in 1865 as Maryland's first Historically Black Institution (HBI). BSU is a regional comprehensive university offering a broad array of baccalaureate programs, including business, education, social work, nursing, and selected professionally-oriented master's programs. BSU also offers doctoral degrees in education and educational leadership. BSU has recommitted itself to becoming the "premier teacher of teachers."

The university is committed to increasing diversity in its student population and providing students from under-represented minorities with the opportunity to earn advanced degrees in computer science, mathematics, information technology, and education.

BSU's undergraduate programs are designed to serve the top one-half of recent high school graduates from Maryland and nearby states. Selected students who are not in the top one-half of their class who demonstrate leadership qualities, academic potential, and the motivation to learn may be accepted and guided toward the achievement of their goals.

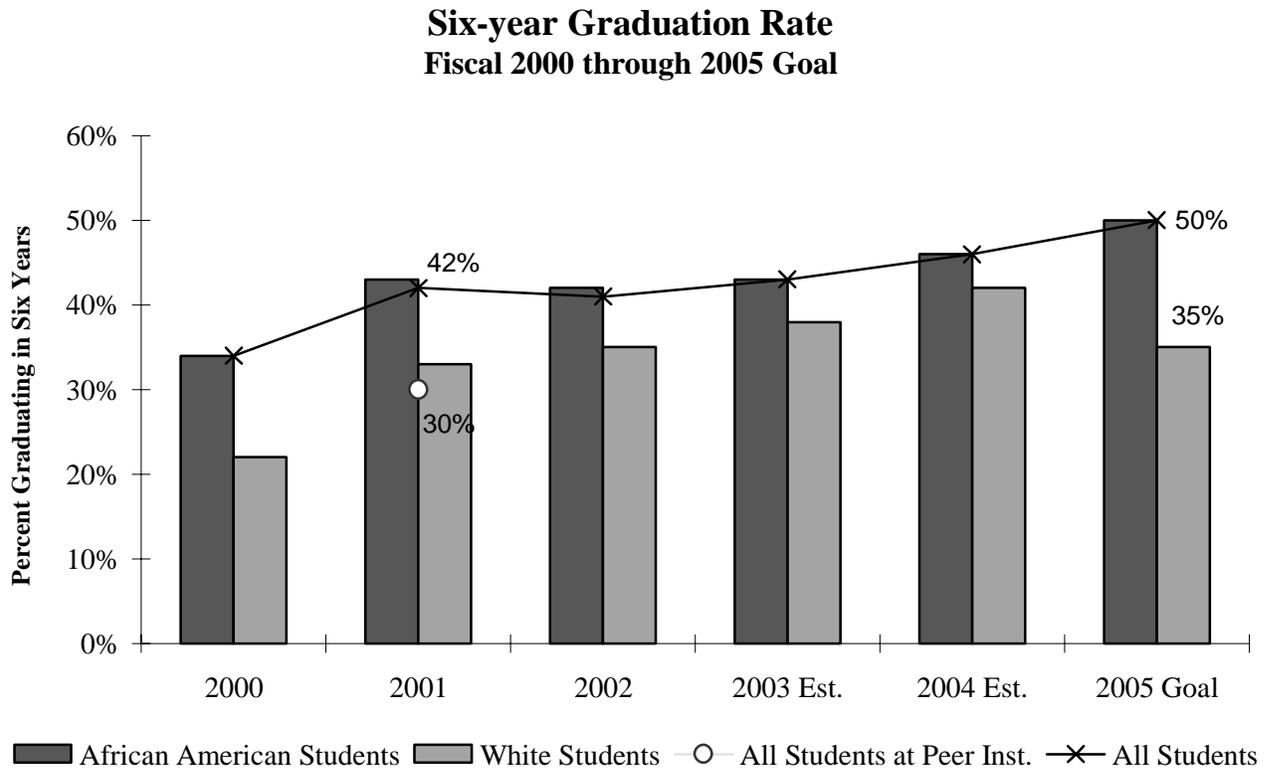
Performance Analysis: Managing for Results

The performance measures for Maryland's four-year public colleges and universities focus on graduation and retention rates for all students and African American students. Due to the shortage of workers in critical fields such as nursing and teaching, higher education institutions are placing importance on tracking students graduating from and entering the workforce in those fields. The following discussion of performance measurements tracks progress over a period of years and compares BSU to its nationwide peer group.

BSU has the highest six-year graduation rate of any of its peer institutions. The peer average graduation rate for minorities is 27% while BSU graduates 34%. For African American students, BSU exceeds the peer average by 12% – 40% at BSU compared with 28% at peer institutions. The six-year graduation rate for all students, minority students, and African American students is depicted in **Exhibit 1**. The following points are illustrated in Exhibit 1:

- BSU outperformed its peers for "all students" by 12% in fiscal 2001;
- BSU is expecting the graduation rate for white students in fiscal 2004 to exceed the fiscal 2005 goal for that population by 7%; and

Exhibit 1



Source: Bowie State University

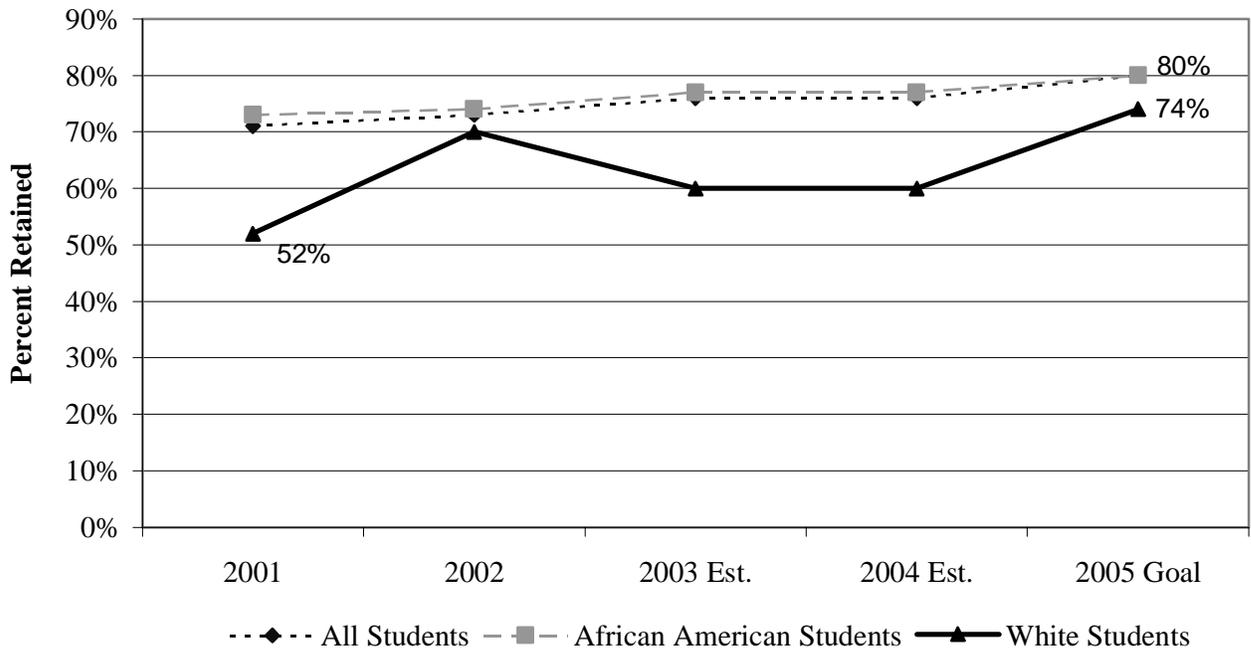
- the graduation rate for African American students is nearly always the same as for all students.

BSU also performs very well on second-year retention rate in comparison to its peers, with only one peer institution having a higher rate for all students. **Exhibit 2** shows the second-year retention rate for three categories of students at BSU: all students, African American students, and white students. The following points are depicted in Exhibit 2:

- the number of white students continuing on from their first year greatly increased, from 52% in 2001 to 70% in 2002; however, the number of white students retained is expected to drop down to 60% for 2003 and 2004; and
- the second-year retention rate for both African American students and all students remains close and continues to increase, with a goal of 80% in 2005.

Exhibit 2

Second-year Retention Rate
Fiscal 2001 through 2005 Goal

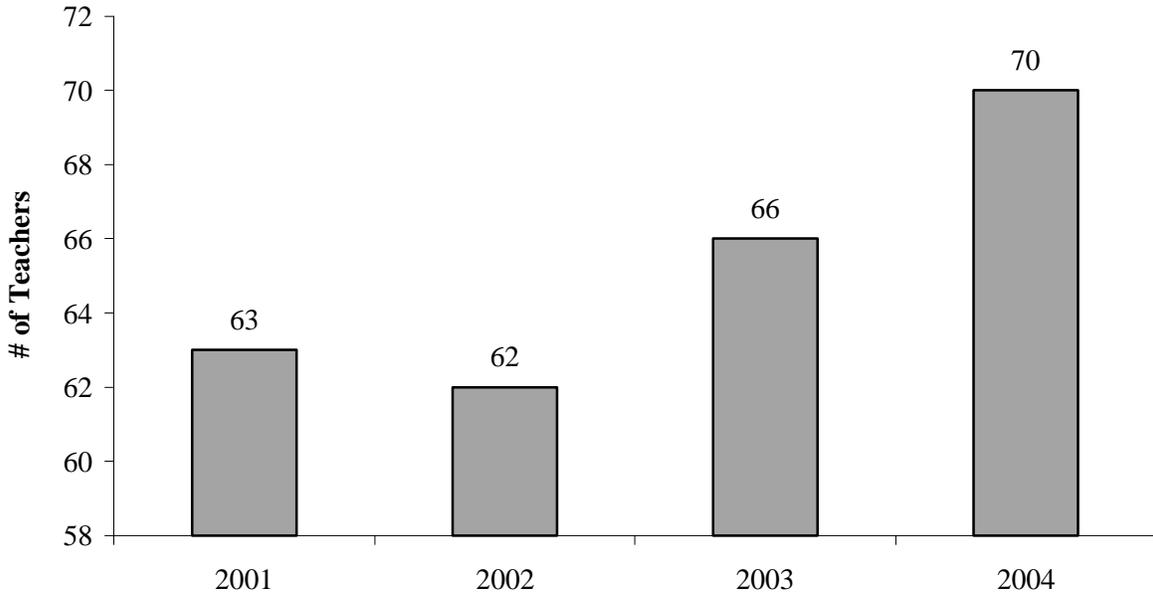


Source: Bowie State University

One of BSU’s goals is to become the “premier teacher of teachers.” The university has added resources to its teacher education programs, both at the undergraduate and graduate levels in order to help alleviate the teacher shortage in Maryland. **Exhibit 3** shows that the number of students who have completed all teacher education requirements and are employed in Maryland public schools will increase 11% between fiscal 2001 and the fiscal 2004 estimate. **However, because BSU does not provide a goal against which to measure this outcome, the department recommends the President comment on BSU’s progress in increasing the number of teachers it produces and the placement of graduates in Maryland schools.**

Exhibit 3

Number of Teachers Employed in Maryland



Source: Bowie State University

Another teacher education goal is to increase the number of graduates from teacher education graduate programs. The only measurement for this goal is the number of enrollees; BSU does not track the number graduating or the number that go on to teach in Maryland schools. **DLS recommends that BSU revisit this goal and begin to provide data that will allow it to measure performance in this area, including the number of graduates from the Masters of Art in Teaching and Masters in Education programs each year and what percent of the enrolled class this represents.**

One of the goals of the University System of Maryland (USM) and its institutions is to measure the growth in alternative sources of funding, such as private grants and gifts, alumni donations, Campaign for Maryland fundraising, and non-State research grants. BSU currently does not report measures for alternative fund sources in its Managing for Results data. **The department recommends that the President brief the committees on BSU’s performance on securing alternative fund sources and the steps it will take in the future to increase alternative funding.**

Fiscal 2003 Actions

Impact of Cost Containment

Fiscal 2003 cost containment actions will reduce BSU's budget by \$912,000, or 4%. The first round of cost containment approved by the Board of Public Works on January 8, 2003, reduced the appropriation by \$274,000. Governor Robert Ehrlich has proposed an additional \$638,000 reduction. The total savings are accomplished through the following measures:

- employee furlough for one to three days for both faculty and staff (\$170,000);
- reduction in technical and special fees in institutional support related to the hiring of contingent help (\$100,000);
- reduction of travel expenses for conferences, workshops, and training (\$15,000);
- contractual services reductions related to licensing fees (\$100,000);
- delaying replacement of personal computers and outdated office equipment (\$59,000); and
- spending money from the university's fund balance (\$83,000).

The remainder of the savings (42%) will be offset by the mid-year tuition increase, which is expected to generate approximately \$385,000.

Governor's Proposed Budget

The fiscal 2004 general fund allowance is \$21.9 million, the same as the fiscal 2003 working appropriation after cost containment, as shown in **Exhibit 4**. Other current unrestricted funds increase \$5.6 million, or 19% from \$29.3 to \$34.9 million. Current restricted funds increase \$50,000, less than 1% above the fiscal 2003 working appropriation.

Exhibit 4

**Governor's Proposed Budget
Bowie State University
(\$ in Thousands)**

	<u>FY 02 Actual</u>	<u>FY 03 Approp.</u>	<u>FY 04 Allowance</u>	<u>FY 03 - 04 Change</u>	<u>FY 03 - 04 % Change</u>
General Funds	\$22,725	\$22,797	\$21,885	-\$912	-4.0%
FY 2003 Cost Containment	0	-912	0	912	
Adjusted General Funds	\$22,725	\$21,885	\$21,885	\$0	0.0%
Other Unrestricted Funds	\$28,148	\$29,278	\$34,849	\$5,571	19.0%
Total Unrestricted Funds	\$50,873	\$51,163	\$56,735	\$5,571	10.9%
Restricted Funds	\$12,973	\$13,600	\$13,650	\$50	0.4%
Adjusted Grand Total	\$63,846	\$64,763	\$70,385	\$5,621	8.7%

Where It Goes:

Personnel Expenses

Employee and retiree health insurance.....	\$814
Other personnel.....	646

Other Changes

Increase in need-based financial aid	203
Operating costs for new science building opening in fiscal 2004	191
Additional/replacement vehicles; facility renewal increases; and systemwide Academic Revenue Bonds payments	841
Loan repayment for energy conservation loan.....	566
Equipment replacement in auxiliary services including the student center, residence halls, and the dining facility.....	677
Educational scholarship and fellowship grants	491
Building renovations and improvements (Marshall Library, James Gymnasium, Crawford Science Building, parking lot resurfacing, and Center for Learning and Technology).....	300

R30B23 – USM – Bowie State University

Where It Goes:

Restoration of cost containment reductions (equipment replacement, contractual services, employee furlough, and costs which will be funded through fund balance and tuition increases in fiscal 2003).....	797
Other.....	95
Total	\$5,621

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

Funding for Historically Black Institutions

Prior to the Office of Civil Rights (OCR) Agreement that was signed in 2000 and first funded in fiscal 2003, the four HBIs in Maryland received State funding for various programs seeking to improve the higher educational experiences of African American students. **Exhibit 5** shows the general fund support without the HBI-specific (nonbase) funds and total general funds available with them. In 1999 BSU received \$500,000 for the *Access and Success* program targeted at improving retention and graduation rates of African American students. Fiscal 2003 was the largest year of nonbase funding to date, attributable to the enhancement funds distributed under the OCR agreement as well as increased *Access and Success* funds. It is expected that OCR enhancement funds will continue to be distributed to the HBIs for the next four years and will include funds for *Access and Success*; the exact amount and how it will be allocated is yet to be determined. **The fiscal 2004 Maryland Higher Education Commission allowance provides \$6 million in OCR enhancement funds for HBIs. DLS recommends that BSU discuss how it plans to spend any money it receives under this agreement.**

Exhibit 5

General Fund Support Including Funds Specific to HBIs
Fiscal 1999 through 2003
(\$ in Thousands)

	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02*</u>	<u>FY 03*</u>	<u>Average Ann. Chg.</u>
Base General Funds	\$16,330	\$18,604	\$21,311	\$22,725	\$21,885	8%
Access/Success	500	500	764	1,125	1,500	32%
Enhancement Funds	0	0	0	0	438	n/a
IT Enhancements	0	0	0	0	400	n/a
Private Donation Incentive Grants	0	0	0	0	0	n/a
Campus Master Plan Grant	0	0	0	350	0	n/a
Nonbase Total	\$500	\$500	\$764	\$1,475	\$2,338	47%
Adjusted Total General Fund	\$16,830	\$19,104	\$22,389	\$24,200	\$24,223	10%

*Fiscal 2002 and 2003 base general funds reflect the actual and working appropriations after cost containment.

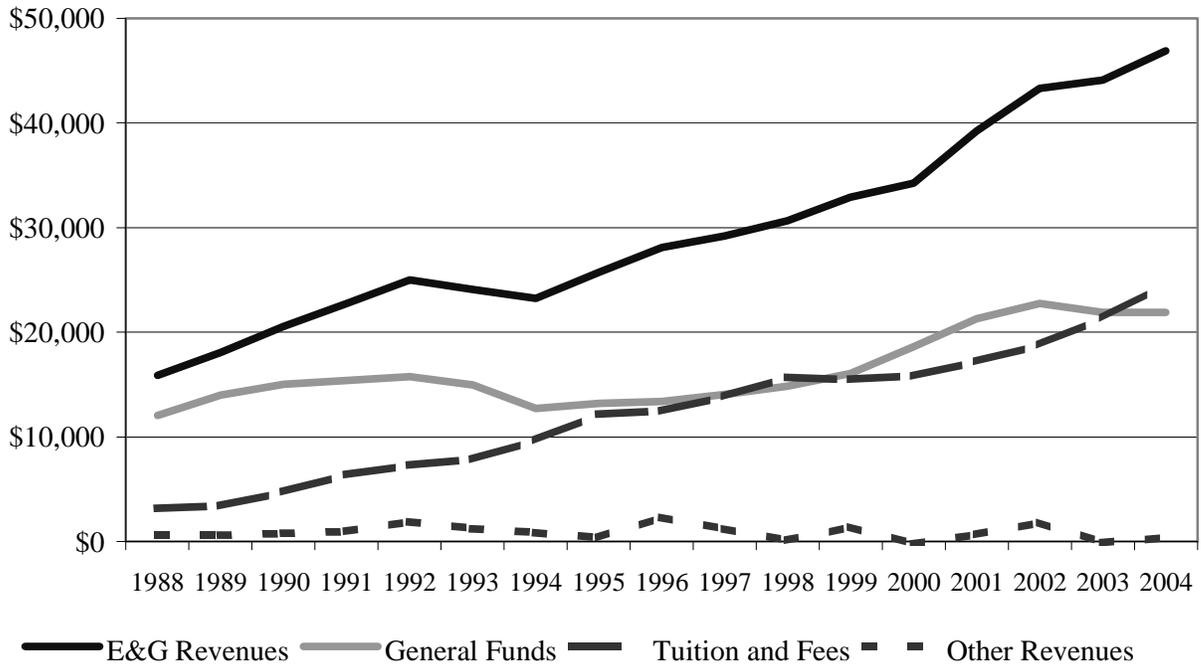
Source: Bowie State University

Education and General Revenues

Exhibit 6 shows Education and General (E&G) revenues. E&G funds can be used to examine the primary, mission-related, operating revenues of an institution, excluding restricted funds, those over which the institution has little or no discretion, and auxiliary funds, used in noncore functions such as dining halls, athletics, and dormitories. E&G funds at BSU declined in fiscal 1993 and 1994 but have grown ever since. On average, E&G revenues have increased 6% per year since 1990.

Exhibit 6

**Education and General Revenues
Fiscal 1988 through 2004
(\$ in Thousands)**



Source: Maryland State Budgets, 1990 - 2004

Exhibit 6 also shows general fund support for BSU since 1988. Beginning in 1992, State support declined \$3 million over two years, from \$15.8 million in 1991 to \$12.7 million in fiscal 1994. State support did not rebound to pre-decline levels until fiscal 1999. On average, State support for BSU has increased 2.7% since 1990.

Tuition and Fees

The final major portion of E&G revenue, tuition and fees, has increased steadily since 1988. This is the primary reason E&G revenues increased during the mid-1990s. Despite efforts to moderate full-time, resident undergraduate tuition at USM institutions in the late 1990s, tuition and fee revenue has increased an average of 12.5% annually since 1990 and has never been flat or declined.

R30B23 – USM – Bowie State University

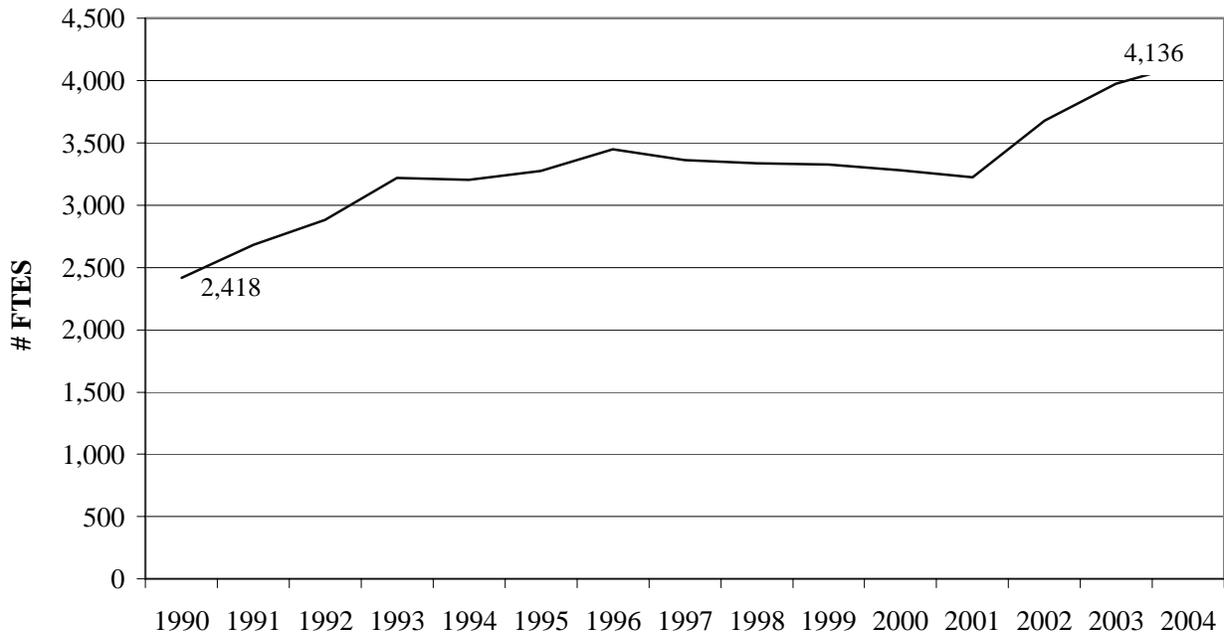
For the 2004 academic year, tuition and fees are expected to rise 8.2% for in-state undergraduate full-time equivalent students (FTES) to \$4,398 annually. For out-of-state undergraduate FTES tuition and fees will total \$11,071, an increase of 5.6%. The total revenue from tuition and fees is expected to be slightly over \$24.6 million. For fiscal 2003, BSU will adopt a 5% mid-year tuition increase which will cost in-state undergraduate FTES \$77, and out-of-state undergraduate FTES \$238.

Enrollment Trends

FTES enrollment at BSU has increased, on average, 4% per year since 1990. As **Exhibit 7** illustrates, despite some years of stagnant and declining enrollment, BSU will nearly double its FTES in 14 years.

Exhibit 7

**Bowie State University Enrollment
Fiscal 1990 through 2004 Estimate**



Source: The Department of Budget and Management

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Other Unrestricted Fund</u>	<u>Total Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Total</u>
Fiscal 2002					
Legislative Appropriation	\$22,725	\$24,527	\$47,252	\$8,611	\$55,863
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	3,948	3,948	4,389	8,337
Reversions and Cancellations	0	-327	-327	-27	-354
Actual Expenditures	\$22,725	\$28,148	\$50,873	\$12,973	\$63,846
Fiscal 2003					
Legislative Appropriation	\$22,797	\$25,546	\$48,343	\$8,869	\$57,212
Budget Amendments	0	3,732	3,732	4,731	8,463
Cost Containment	-912	0	-912	0	-912
Working Appropriation	\$21,885	\$29,278	\$51,163	\$13,600	\$64,763

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

Fiscal 2002

Fiscal 2002 budget amendments for current unrestricted funds brought in \$4 million of additional revenue from enrollment increases, increased contracts and grants, and increased auxiliary revenues. Current restricted revenue was increased through budget amendments for increased contracts and grants from both private and governmental sources.

Fiscal 2003

The budget amendment for fiscal 2003 increased BSU's current unrestricted funds by \$3.7 million. \$3.4 million of this is due to the 4% tuition increase, the technology fee, and the enrollment of 687 FTES above projections. The remaining portion involves transfers from auxiliary sales and services and grants and contracts.

Current restricted funds increase \$4.3 million over the fiscal 2003 appropriation due to an increase in financial aid and private grants and contracts.

**Object/Fund Difference Report
USM - Bowie State University**

<u>Object/Fund</u>	<u>FY 02 Actual</u>	<u>FY 03 Working Appropriation</u>	<u>FY 04 Allowance</u>	<u>FY 03 – FY 04 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	435.00	423.00	423.00	0	0%
02 Contractual	133.21	127.88	127.88	0	0%
Total Positions	568.21	550.88	550.88	0	0%
Objects					
01 Salaries and Wages	\$ 27,830,328	\$ 28,297,547	\$ 29,757,236	\$ 1,459,689	5.2%
02 Technical & Spec Fees	10,292,045	9,907,548	10,761,947	854,399	8.6%
03 Communication	657,680	766,930	785,864	18,934	2.5%
04 Travel	507,405	609,561	607,535	-2,026	-0.3%
06 Fuel & Utilities	2,500,528	2,464,850	2,740,079	275,229	11.2%
07 Motor Vehicles	78,503	48,269	231,281	183,012	379.2%
08 Contractual Services	8,149,404	7,816,380	8,037,251	220,871	2.8%
09 Supplies & Materials	1,012,490	1,197,889	1,235,431	37,542	3.1%
10 Equip - Replacement	64,409	374,120	1,030,925	656,805	175.6%
11 Equip - Additional	1,215,147	2,300,068	1,665,864	-634,204	-27.6%
12 Grants, Subsidies, Contr	7,536,142	7,470,604	7,990,053	519,449	7.0%
13 Fixed Charges	3,067,177	4,033,627	4,241,086	207,459	5.1%
14 Land & Structures	934,961	387,600	1,300,000	912,400	235.4%
Total Objects	\$ 63,846,219	\$ 65,674,993	\$ 70,384,552	\$ 4,709,559	7.2%
Funds					
40 Unrestricted Fund	\$ 50,873,035	\$ 52,074,993	\$ 56,734,552	\$ 4,659,559	8.9%
43 Restricted Fund	12,973,184	13,600,000	13,650,000	50,000	0.4%
Total Funds	\$ 63,846,219	\$ 65,674,993	\$ 70,384,552	\$ 4,709,559	7.2%

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.

**Fiscal Summary
USM - Bowie State University**

<u>Unit/Program</u>	<u>FY 02 Actual</u>	<u>FY 03 Legislative Appropriation</u>	<u>FY 03 Working Appropriation</u>	<u>FY 02 – FY 03 % Change</u>	<u>FY 04 Allowance</u>	<u>FY 03 – FY 04 % Change</u>
01 Instruction	\$ 18,836,014	\$ 17,128,545	\$ 19,067,661	1.2%	\$ 20,524,505	7.6%
02 Research	2,714,918	2,946,485	2,434,580	-10.3%	2,525,048	3.7%
03 Public Service	1,041,933	0	1,158,584	11.2%	1,289,515	11.3%
04 Academic Support	6,574,975	5,572,266	6,146,847	-6.5%	5,869,671	-4.5%
05 Student Services	3,622,464	3,210,013	3,768,263	4.0%	3,845,920	2.1%
06 Institutional Support	11,179,897	10,246,684	11,807,321	5.6%	12,230,393	3.6%
07 Operation And Maintenance Of Plant	6,896,820	6,960,575	7,390,019	7.2%	8,176,156	10.6%
08 Auxiliary Enterprises	7,176,543	6,739,340	7,730,244	7.7%	9,307,825	20.4%
17 Scholarships And Fellowships	5,802,655	4,408,230	6,171,474	6.4%	6,615,519	7.2%
Total Expenditures	\$ 63,846,219	\$ 57,212,138	\$ 65,674,993	2.9%	\$ 70,384,552	7.2%
Unrestricted Fund	\$ 50,873,035	\$ 48,342,890	\$ 52,074,993	2.4%	\$ 56,734,552	8.9%
Restricted Fund	12,973,184	8,869,248	13,600,000	4.8%	13,650,000	0.4%
Total Appropriations	\$ 63,846,219	\$ 57,212,138	\$ 65,674,993	2.9%	\$ 70,384,552	7.2%

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.