R30B23
Bowie State University
University System of Maryland

Operating Budget Data

($ in Thousands)

	FY 08 Actual	FY 09 Working	FY 10 Allowance	FY 09-10 Change	% Change Prior Year
General Funds	$33,232	$33,212	$36,330	$3,117	9.4%
Contingent & Back of Bill Reductions	0	0	-16	-16	
Adjusted General Fund	**$33,232**	**$33,212**	**$36,314**	**$3,102**	**9.3%**
Special Funds	0	2,645	0	-2,645	-100.0%
Adjusted Special Fund	**$0**	**$2,645**	**$0**	**-$2,645**	**-100.0%**
Other Unrestricted Funds	40,661	44,627	45,887	1,260	2.8%
Adjusted Other Unrestricted Fund	**$40,661**	**$44,627**	**$45,887**	**$1,260**	**2.8%**
Total Unrestricted Funds	73,893	80,484	82,217	1,733	2.2%
Contingent & Back of Bill Reductions	0	0	-16	-16	
Adjusted Total Unrestricted Funds	**$73,893**	**$80,484**	**$82,201**	**$1,717**	**2.1%**
Restricted Funds	12,500	15,067	15,067	0	
Contingent & Back of Bill Reductions	0	0	-2	-2	
Adjusted Restricted Fund	**$12,500**	**$15,067**	**$15,065**	**-$2**	**0.0%**
Adjusted Grand Total	**$86,393**	**$95,552**	**$97,266**	**$1,715**	**1.8%**

- General funds increase $3.1 million, or 9.4%, in the fiscal 2010 allowance. However, after adjusting for $2.6 million of Higher Education Investment Funds in fiscal 2009 that are budgeted as general funds in fiscal 2010 and contingent reductions to deferred compensation, the underlying increase is $457,000, or 1.3%, over fiscal 2009.

- Other unrestricted funds increase $1.3 million, or 2.8%, in the fiscal 2010 allowance.

- The Administration's budget plan assumes additional reductions to fiscal 2009 and 2010, some of which could affect higher education.

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

For further information contact: Rachel N. Silberman Phone: (410) 946-5530

Personnel Data

	FY 08 Actual	FY 09 Working	FY 10 Allowance	FY 09-10 Change
Regular Positions	466.00	466.00	466.00	0.00
Contractual FTEs	130.75	153.75	153.75	0.00
Total Personnel	**596.75**	**619.75**	**619.75**	**0.00**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	12.95	2.78%
Positions and Percentage Vacant as of 12/31/08	18.50	3.97%

- As of December 31, 2008, Bowie State University (BSU) had 18.5 vacant positions, of which 14.1 are State-supported; 4.0 of these State-supported positions have been vacant for more than one year.

- The fiscal 2010 allowance provides no new positions for BSU.

Analysis in Brief

Major Trends

Two-year Retention Declines: The two-year retention rate for all students declined from 77% in fiscal 2006, to 70% in fiscal 2008, though it is expected to stabilize in fiscal 2009 and 2010.

Number of Undergraduates Enrolled in Teacher Education Increases: The number of students enrolled in teacher education increased in fiscal 2008 after a decline in fiscal 2007. The number of teacher graduates employed in Maryland public schools decreased in fiscal 2008 after increasing for three consecutive years.

Issues

Institutional Aid: Need-based aid represents 11% of BSU's institutional financial aid, which is below the University System of Maryland (USM) average of 33%. While most need-based institutional aid was provided to students with the greatest financial need in fiscal 2007, 23% of non-need-based awards went to students with no demonstrated financial need.

Access and Success Funds: Access and Success funds were provided from fiscal 2001 to 2009 to improve student retention and graduation rates at Maryland historically black institutions. The *2008 Joint Chairmen's Report* (JCR) restricted BSU's fiscal 2009 $1.5 million appropriation until a report on the programs supported by those funds was submitted. On February 13, 2009, the Department of Legislative Services received BSU's *Access and Success* report in response to the JCR language. The report is currently under review, and the funds have not yet been released.

Closing the Achievement Gap: As a follow-up to USM's symposium held in November 2007, each campus identified and developed strategies to address institution-specific factors leading to gaps in retention and graduation rates for low-income and minority students. BSU defines the achievement gap as the difference in retention and graduation rates between African American students on campus and African American students in USM. The university's plan to address the gap outlines 45 strategies to improve the first two years of college life, instruction and support, and sustainability.

BSU Runs a Negative Fund Balance in Intercollegiate Athletics: BSU is one of three USM institutions with a negative fund balance in intercollegiate athletics (ICA). To address this issue, BSU plans to increase ICA revenues by increasing the cost of season tickets, participating in "guaranteed" football and basketball games against Division I teams, increasing alumni donations, and recruiting a corporate sponsor for the new stadium score board.

Recommended Actions

1. Add language to restrict expenditure of $1.5 million until Bowie State University submits a report.

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 provides high quality and affordable educational opportunities at the baccalaureate, master's, and doctoral levels for a diverse student population. The university offers a broad array of baccalaureate programs, including business, education, social work, and nursing; selected professionally oriented master's programs; and doctoral degrees in computer science; and in educational leadership.

The university is committed to increasing diversity in the student population and building on its image as a student-centered institution. The university excels in teacher education and looks to become the premier teacher of teachers. BSU provides under-represented minorities with the opportunity to earn advanced degrees in computer science, mathematics, information technology, and education. Students are equipped with a course of study that ensures a broad scope of knowledge and understanding deeply rooted in expanded research activities.

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

Fall 2008 Undergraduate Enrollment Headcount	
Male	1,618
Female	2,772
Total	**4,340**

Fall 2008 Graduate Enrollment Headcount	
Male	292
Female	851
Total	**1,143**

Fall 2008 New Students Headcount	
First-time	781
Transfers/Others	1,405
Graduate	318
Total	**2,504**

Campus (Main Campus)	
Acres	295
Buildings	21
Average Age	40
Oldest	1916

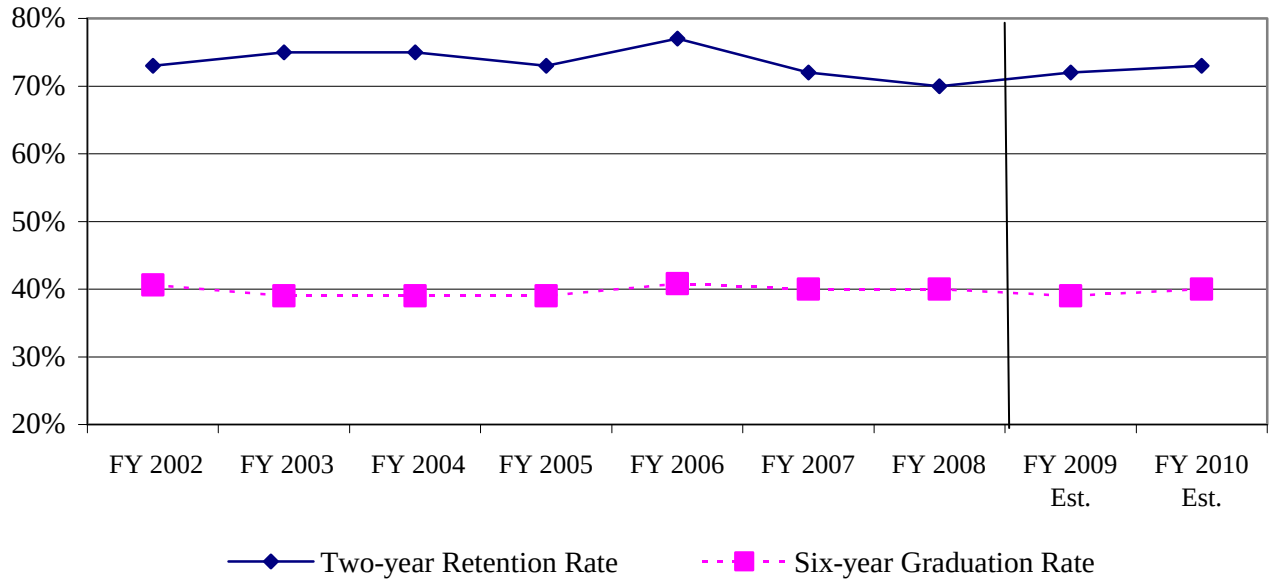
Programs	
Bachelor's	20
Master's	20
Doctoral	2

Degrees Awarded (2007-2008)	
Bachelor's	621
Master's	369
Doctoral	13
Total Degrees	**1,003**

Performance Analysis: Managing for Results

Exhibit 1 shows six-year graduation and two-year retention rates from fiscal 2002 to 2010. BSU's six-year graduation rates fluctuated slightly from fiscal 2002 to 2008, hovering near 40% over the entire period. The two-year retention rate fluctuated from fiscal 2002 to 2005, increased in fiscal 2006, and declined to 70% in fiscal 2008. The two-year retention rate is expected to increase in fiscal 2009 and 2010, while the six-year graduation rate is expected to decline slightly in fiscal 2009 before stabilizing in fiscal 2010.

Exhibit 1
Retention and Graduation Rates
Fiscal 2002-2010

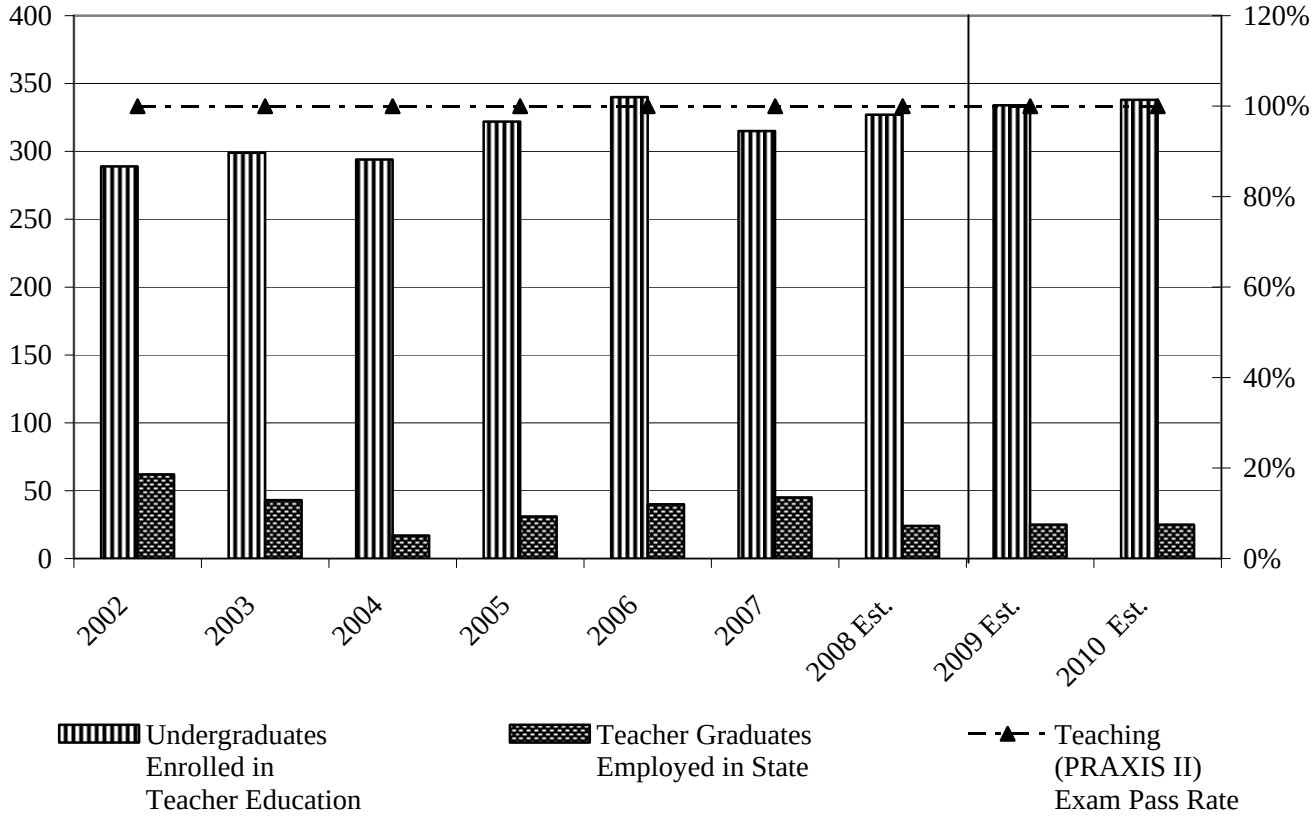


Source: Governor's Budget Books, Fiscal 2005, 2007, 2009, and 2010

Pursuant to language in the 2008 *Joint Chairmen's Report*, each public four-year institution submitted disaggregated minority enrollment data for African American, Asian, Hispanic, and Native American students. Projected data for minority enrollment was not included in institutional Managing for Results reports to avoid the suggestion that they are performance goals. In fiscal 2007, enrollment at BSU was 90.4% African American, 1.4% Hispanic, 1.5% Asian, and 0.2% Native American. Enrollment among these minority groups remained relatively level between fiscal 2007 and 2008 and is expected to remain so in fiscal 2009 and 2010.

BSU is committed to increasing the State's supply of graduates in the workforce shortage fields of education and nursing. **Exhibit 2** shows trends in teacher education from fiscal 2002 to 2010. The number of undergraduates enrolled in teacher education steadily increased from fiscal 2004 to 2006, declined in fiscal 2007, and increased in fiscal 2008. Undergraduate enrollment is expected to continue increasing in fiscal 2009 and 2010. The number of undergraduates who complete a teacher education program and pass the teacher licensure exam, Praxis II, is 100% because passage is a graduation requirement. The number of graduates from BSU's teacher education program employed in Maryland's public schools declined from fiscal 2002 to 2004, increased from fiscal 2005 to 2007, and decreased in fiscal 2008 to 24. The number is expected to remain level in fiscal 2009 and 2010. According to data reported by MHEC, the number of bachelor's degrees awarded at BSU in education increased from 22 in academic year 2002-2003 to 41 in academic year 2007-2008. BSU attributes the decline in the number of graduates employed as teachers in the State to the region's high cost of living and to students seeking jobs in states with smaller class sizes and more competitive salaries.

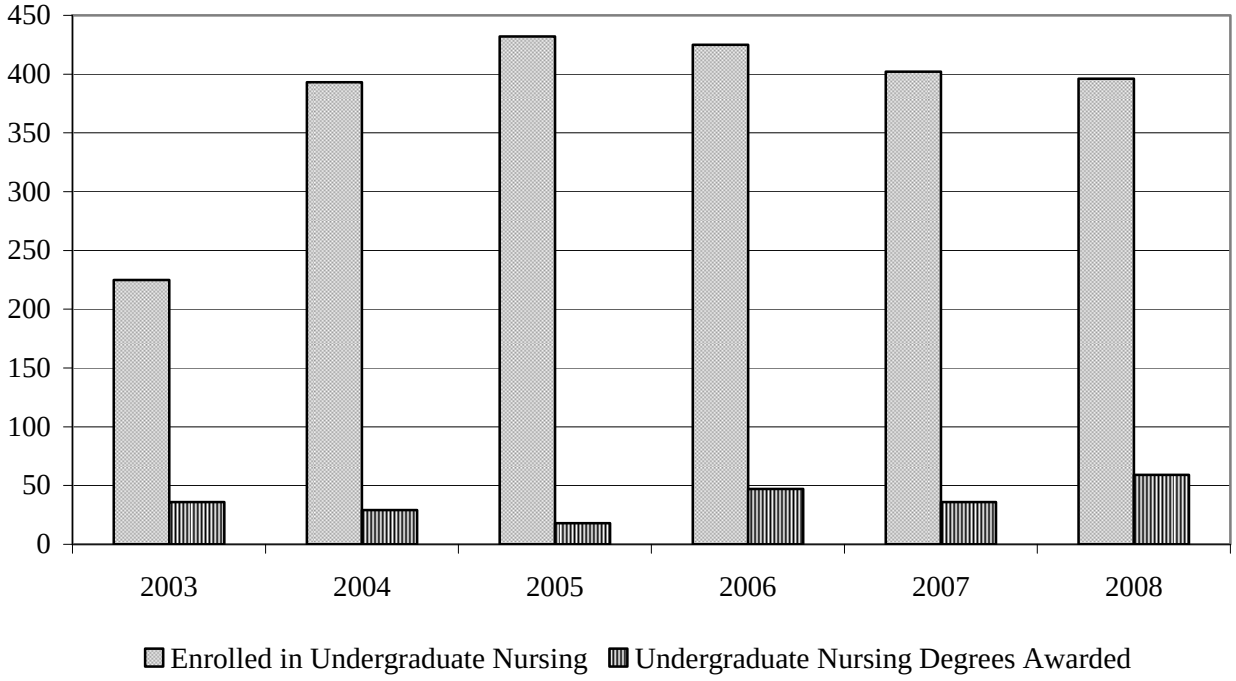
Exhibit 2
Trends in Teacher Education
Fiscal 2002-2010



Source: Governor's Budget Books, Fiscal 2005, 2007, 2009, and 2010

Exhibit 3 shows trends in undergraduate nursing programs from fiscal 2003 to 2008. The number of undergraduates enrolled in nursing programs increased from fiscal 2003 to 2005 and declined from fiscal 2006 to 2008. The number of students graduating from undergraduate nursing programs declined from fiscal 2003 to 2005, fluctuated in fiscal 2006 and 2007, and increased in fiscal 2008. BSU reports having introduced a new undergraduate nursing program in fall 2006 that has increased student retention, graduation, and passage rates for the NCLEX, the nursing licensure exam. BSU has also developed a Registered Nurse to Bachelors of Science in Nursing (RN to BSN) partnership with Prince George's Community College and is developing similar partnerships with Anne Arundel, Howard, and Southern Maryland community colleges and Southern Maryland hospitals. **The President should comment on the decline in the number of undergraduate students enrolled in nursing, on the progress of BSU's new undergraduate nursing program, and on the development of RN to BSN partnerships with community colleges.**

Exhibit 3
Trends in Nursing
Fiscal 2003-2008



Source: Maryland Higher Education Commission, Trends in Degrees Awarded by Program, 2008; Trends in Enrollment by Program, 2008

Impact of Cost Containment

In June 2008, the Board of Public Works (BPW) approved cost containment measures resulting in a $75,037 reduction in BSU's general funds which were to be replaced with revenues previously restricted for Other Post Employment Benefits liability costs. In October 2008, BPW approved a second cost containment measure reducing BSU's State appropriation $338,961, or 1%. To absorb the reduction, BSU reduced expenditures in academic programs and support, facilities management and administration, student services, and fundraising.

Furthermore, BSU was requested to reduce its current salary and wage budget by $415,767 as part of a statewide furlough plan. According to BSU's plan, an employee's furlough days are based on annual salary. Short-term contractual employees making less than $50,000, H-1B visa employees, students, adjunct faculty, and graduate assistants are exempt. Employees have until May 21, 2009, to take the furlough days. Classes were cancelled on January 20 in observance of Inauguration Day and for employee furlough.

The Administration's Budget Reconciliation and Financing Act (BRFA) of 2009 includes a provision to transfer $20.0 million from USM's fund balance to the general fund in fiscal 2009. BSU's portion of this total is $680,858. According to USM, the proposed fund balance transfer will leave the university with a $1.6 million State-supported fund balance. At the end of fiscal 2009, it is estimated that BSU's total fund balance (State and non-State-supported) will be $12.4 million.

In addition, an unexpected fiscal 2009 shortfall in the Higher Education Investment Funds (HEIF), due to lower than expected corporate tax revenues, may lead to a $213,999 cancellation of funds at the end of the fiscal year. Further reductions may occur as part of the $54 million in unspecified reductions to the Executive Branch in fiscal 2009.

Proposed Budget

As **Exhibit 4** shows, BSU's total State allowance for fiscal 2010, including general funds and HEIF, is $36.3 million. This reflects a 1.9% increase from fiscal 2009 when accounting for the HEIF shortfall. The fiscal 2010 allowance includes $580,130 to continue to hold undergraduate resident tuition at fiscal 2006 rates. Other unrestricted funds increase 2.8%, and restricted funds remain level from fiscal 2009.

Contingent across-the-board reductions of $15,778 in general funds and $2,370 in restricted funds to delete the deferred compensation match are effected in BSU's fiscal 2010 budget. Additional personnel reductions may occur at BSU as part of statewide $30 million unallocated across-the-board reductions, although the Administration is now indicating that these reductions may not occur.

Exhibit 4
Proposed Budget
USM – Bowie State University
($ in Thousands)

	FY 08 Actual	FY 09 Working	FY 10 Adjusted Allowance	FY 09-10 $ Change	% Change Prior Year
General Funds	$33,232	$33,212	$36,314	$3,102	9.3%
Higher Education Investment Fund [(1)]	0	2,431	0	-2,431	-100.0%
Total State Funds	33,232	35,643	36,314	671	1.9%
Other Unrestricted Funds	40,661	44,627	45,887	1,260	2.8%
Total Unrestricted Funds	73,893	80,270	82,201	1,931	2.4%
Restricted Funds	12,500	15,067	15,065	-2	0.0%
Total Funds	**$86,393**	**$95,338**	**$97,266**	**$1,929**	**2.0%**

USM: University System of Maryland

[(1)] It is expected Higher Education Investment Fund appropriations in fiscal 2009 will be reduced by $213,999 due to underattainment of revenues. Does not include pending furlough reductions.

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

Unrestricted fund budget changes in the allowance, by program, are shown in **Exhibit 5.** This exhibit considers only unrestricted funds which are comprised mostly of general funds and tuition and fee revenues. In fiscal 2010, scholarships and fellowships and operation and maintenance of plant show the greatest percent increase at 10.1% and 7.1%, respectively. Operation and maintenance of plant also has the largest absolute increase at $650,000. Instruction, the largest category, increases 0.8%, or $236,000, over fiscal 2009.

Tuition and fee revenues increase $246,000 over fiscal 2009 due to a 1.5% increase in non-resident and graduate tuition rates and an increase to supplemental course fees. Auxiliary enterprises increase $1.2 million, or 9.5%, due to increases in self-supporting fees including a 5.0% and 6.0% increase to room and board rates respectively, and a 3.0% increase to parking fees, and a $35 increase to mandatory student fees.

Tuition and Fees and State Revenues

Exhibit 6 shows tuition and fees and State revenues per full-time equivalent student (FTES) between fiscal 2003 and 2010. In fiscal 2004, tuition and fees increased and surpassed State funding per FTES. State funding per FTES declined from fiscal 2002 through 2005 and began stabilizing in fiscal 2006. After significantly increasing in fiscal 2007, State funding exceeded tuition and fee revenues in fiscal 2008 and 2009. Tuition and fees per FTES and State funding per FTES are expected to remain level in fiscal 2010.

Exhibit 5
Budget Changes for Unrestricted Funds by Program
Fiscal 2008-2010
($ in Thousands)

	2008	Working 2009	% Change 2008-09	Allowance 2010	$ Change 2009-10	% Change 2009-10
Expenditures						
Instruction	$25,549	$28,575	11.84%	$28,811	$236	0.83%
Public Service	10	15	48.31%	15	0	0.00%
Academic Support	4,548	6,020	32.36%	6,088	68	1.13%
Student Services	3,758	4,759	26.64%	4,818	59	1.25%
Institutional Support	13,321	14,884	11.73%	14,561	-323	-2.17%
Operation and Maintenance of Plant	10,363	9,144	-11.76%	9,795	650	7.11%
Scholarships and Fellowships	3,998	4,493	12.40%	4,947	454	10.10%
Subtotal Education and General	**$61,548**	**$67,891**	**10.31%**	**$69,035**	**$1,145**	**1.69%**
Auxiliary Enterprises	$12,345	$12,593	2.01%	$13,182	$588	4.67%
Pending Unrestricted Reductions		-214		-16	198	
Total	**$73,893**	**$80,270**	**8.63%**	**$82,201**	**$1,931**	**2.41%**
Funds Specific to HBIs [(1)]	1,268	1,158	-8.68%	1,139	-19	-1.64%
Adjusted Total	**$75,161**	**$81,428**	**8.34%**	**$83,340**	**$1,912**	**2.35%**
Revenues						
Tuition and Fees	$29,755	$31,151	4.69%	$31,396	$246	0.79%
General Funds	33,232	33,212	-0.06%	36,314	3,102	9.34%
Higher Education Investment Fund		2,431			-2,431	-100%
Other Unrestricted Funds	1,463	1,563	6.84%	1,522	-41	-2.63%
Subtotal	**$64,450**	**$68,357**	6.06%	**$69,232**	**$875**	**1.28%**
Auxiliary Enterprises	$12,954	$12,989	0.28%	$14,222	$1,233	9.49%
Transfers (to) from Fund Balance	-3,511	-1,076	-69.35%	-1,254	-178	16.50%
Total	**$73,893**	**$80,270**	8.63%	**$82,201**	**$1,931**	**2.41%**
Funds Specific to HBIs [(1)]	$1,268	$1,158	-$8.68%	$1,139	-$19	-1.64%
Adjusted Total	**$75,161**	**$81,428**	**8.34%**	**$83,340**	**$1,912**	**2.35%**

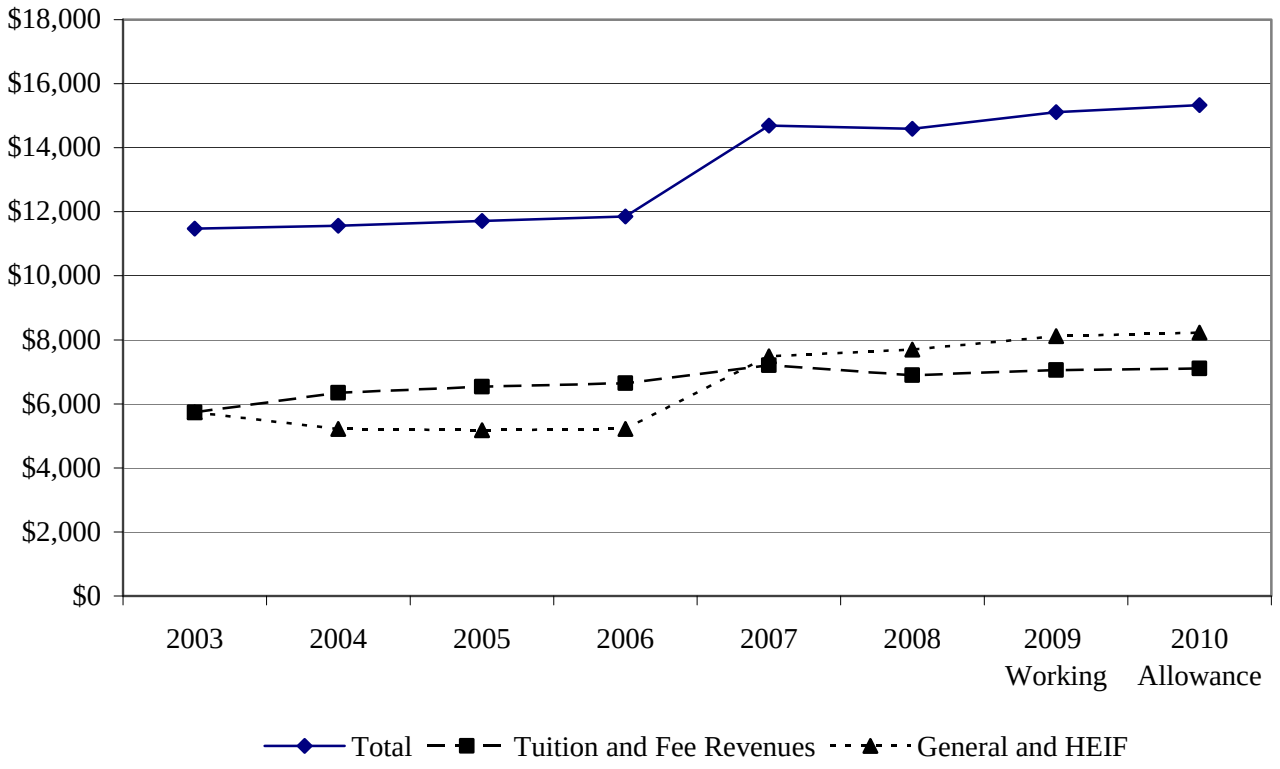
HBI: historically black institution

[(1)] HBI enhancement funds

Note: Does not include pending furlough reductions

Source: Governor's Budget Books, Fiscal 2010

Exhibit 6
Tuition and Fees and State Revenues
Per Full-time Equivalent Student
Fiscal 2003-2010



HEIF: Higher Education Investment Fund

Source: Governor's Budget Books, Fiscal 2010

Administrative Expenditures

The University System of Maryland (USM) collects annual data on a series of performance measures to help assess the progress and enhance the accountability of each institution in a report called the *USM Dashboard Indicators.* According to the 2008 *USM Dashboard Indicators*, BSU's expenditures for administration as a percentage of operating expenditures was the second highest among USM institutions in fiscal 2007 at 24%. The university attributes this in part to the fact that in fiscal 2007, all administrative expenditures for auxiliary activities were budgeted in institutional support, though in fiscal 2008, these costs were reallocated to the appropriate auxiliary enterprise. In addition, all information technology and public safety costs are currently budgeted in institutional support and, therefore, counted as an administrative expense. BSU plans to prorate and reallocate these costs to the appropriate program area in future years to match expenditures with their true function.

HBI Enhancement Funds

In fiscal 2009, BSU received $1.2 million in enhancement funds specific to HBIs. HBI Enhancement Funds were established as part of Maryland's partnership with the United States Department of Education, Office of Civil Rights to eliminate the vestiges of segregation in Maryland's public colleges and universities. The funds are intended for one-time expenditures to enhance educational and support services. BSU's fiscal 2009 appropriation was used to replace a cooling tower for the Martin Luther King Arts and Communications Center and the Leonidas S. James Physical Education Complex roof, pave gravel and dirt surfaces, and provide lighting for residence hall parking lots and the campus entrance.

Private Donation Incentive Program

The Private Donation Incentive Program (PDIP) was first created by the General Assembly in fiscal 1990 to provide State matching funds for donations made to the endowments of public institutions and their affiliated foundations. In fiscal 1999, the General Assembly reauthorized the program for six years. The grant period began in fiscal 1999, and with the exception of the State's HBIs, all donation payments were to be made by June 30, 2004. The Maryland Higher Education Commission (MHEC) was appropriated $2.3 million in fiscal 2009 to satisfy remaining payments. That year, BSU submitted a late report justifying $119,730 in State PDIP funding for collections raised in fiscal 2007, which displaced payment for remaining balances to all the other institutions in fiscal 2009. A general fund allowance of $265,000 in MHEC's fiscal 2010 budget provides funding for the $119,730 in balances due to other institutions in addition to funding for BSU based on fiscal 2008 reported collections. The Budget Reconciliation and Financing Act of 1999 defers payment of the $265,000 to fiscal 2011.

BSU is the only institution with matching funds remaining and has $752,092 left to raise by January 1, 2010, to reach the PDIP maximum. This would qualify BSU to receive matching funds through fiscal 2012, due to a two-year lag between when money is raised and when State matching funds are awarded. BSU reports that a recent gift of $500,000 to establish the Teel Scholars Program and $200,000 in endowment pledges that are expected by December 31, 2009, will satisfy the PDIP maximum by January 1, 2010. BSU attributes the delay in reaching the fund maximum to the lack of a development division until fiscal 2008. Since establishing this office, the university reports having received several significant gifts.

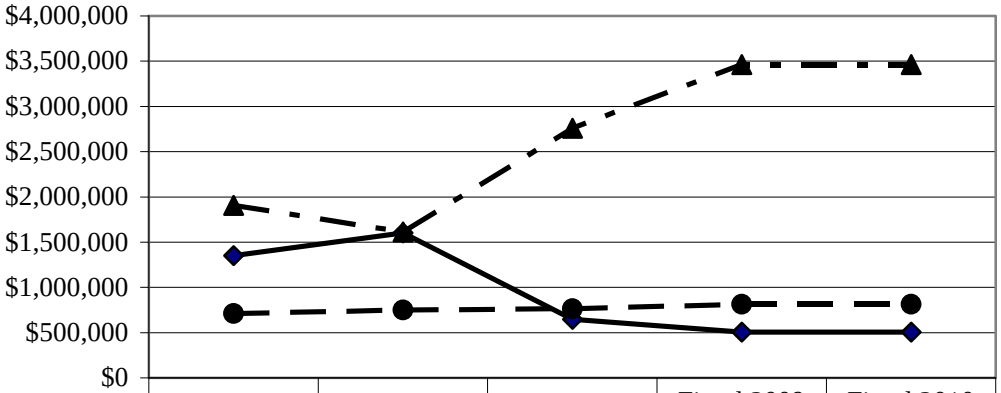
Issues

1. Institutional Aid

Financial aid is important to helping many students achieving their educational goals. A lack of financial support is one of many factors attributed to students dropping out of school. Along with federal and State financial aid, the university provides financial assistance to students in categories including need, athletic, merit, and mission. USM institutions have committed to increasing institutional need-based aid for students.

In fiscal 2009, 33% of institutional aid across USM was need-based, 57% merit and mission, and 10% athletic. Need-based aid constitutes 11% of BSU's institutional aid, merit and mission 72%, and athletic 17%. As shown in **Exhibit 7,** need-based aid increased in fiscal 2007, declined in fiscal 2008, and is expected to decline in fiscal 2009. Merit and mission aid declined in fiscal 2007 and increased significantly in fiscal 2008. By fiscal 2009, merit and mission is expected to have increased 115% since fiscal 2007. Athletic aid has remained level since fiscal 2006. BSU reports that only students with demonstrated financial need qualify for mission-aid based on the institution's criteria. **The President should comment on measures being taken to increase the amount of need-based aid offered at the university.**

Exhibit 7
Institutional Financial Aid
Fiscal 2006-2010



	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009 Est.	Fiscal 2010 Est.
Need-based Aid	$1,349,617	$1,602,083	$645,624	$504,119	$504,119
Athletic	710,449	748,666	765,133	813,643	813,643
Merit & Mission/Other	1,904,764	1,611,246	2,758,352	3,464,167	3,464,167
Total Undergraduate	$3,964,830	$3,961,995	$4,169,109	$4,781,929	$4,781,929

Source: University System of Maryland

The Maryland Higher Education Commission collects annual data for the Financial Aid Information System (FAIS) database. The FAIS data has information for institutional aid awarded at BSU for fiscal 2007 for students that completed the Free Application for Federal Student Aid (FAFSA) to determine the student's expected family contribution (EFC). In general, the lower a student's EFC, the greater a student's financial need. Students with an EFC of $0 to $3,850 are eligible for the Federal Pell Grant program and have the most need. **Exhibit 8** shows the percent of awards made for need-based aid and merit and mission, athletic, and other aid for each EFC category. Most need-based financial aid awards were given to students in the $0 to $3,850 range while 38% of other awards went to students in this category. Approximately 23% of other awards went to students who did not file a FAFSA, meaning that they had not demonstrated financial need. **The President should comment on the number of awards given to students without demonstrated financial need.**

Exhibit 8
Institutional Financial Aid Awards by EFC
Fiscal 2007

EFC Category	Percent of All Need-based Aid	Percent of All Other Aid	# of Awards
$0	46.9%	18.1%	520
$1 – $3,850	44.9%	19.4%	509
$3,851 – $6,999	5.3%	11.4%	110
$7,000 – $9,999	1.7%	5.9%	47
$10,000 – $14,999	1.1%	9.6%	62
$15,000 – $19,999	0.0%	4.2%	23
$20,000 +	0.1%	8.3%	46
Total	**100.0%**	**76.9%**	**1,317**

EFC: expected family contribution

Source: Maryland Higher Education Commission, Financial Aid Information System 2006 and 2007

According to the *2008 USM Dashboard Indicators*, BSU has the lowest percentage of students receiving financial aid among USM's HBIs at 69%. BSU reports that the family income of students enrolled at the university is significantly higher than that of other USM HBIs due to the large number of students from Prince George's and other neighboring affluent counties. The percent of Pell Grant recipients at BSU is 45%, which is lower than other USM HBIs. To increase the percentage of undergraduate students receiving financial aid and insure that students receive maximum consideration for State financial assistance, BSU changed the institution's financial aid deadline to correspond with MHECs deadline for State awards.

The 2008 *USM Dashboard Indicators* also show that average undergraduate debt burden upon graduation at BSU has increased significantly since fiscal 2004 from $10,842 to $16,754 in

fiscal 2006. USM's fiscal 2006 average undergraduate debt burden, excluding the University of Baltimore which has a unique undergraduate program, was $15,965. The Board of Regents recommends decreasing the debt burden for all undergraduate students, particularly those with the greatest need by increasing institutional grants. Furthermore, the debt burden for students with the greatest need should be at least 25% less than the institutional average debt burden for undergraduate students. **The President should comment on how BSU plans to reduce average debt burden for the university's neediest undergraduate students.**

2. Access and Success Funds

The purpose of the Access and Success Program is to improve retention and graduation rates among African American students by enhancing the relationship between administration, enrollment management, and teaching and learning practices at HBIs. Originally funded through MHEC from fiscal 2001 to 2006, funds were released after each HBI submitted proposals to MHEC outlining how the funds would be spent in the coming year. Beginning in fiscal 2007, Access and Success funds were budgeted in the HBIs' budgets.

From fiscal 2001 to 2007, BSU received $8.6 million in general funds for the Access and Success Program. BSU used these funds to strengthen and expand academic and student support services through retention counselors and advisors, the Student Success and Retention Center, the Center for Excellence in Teaching and Learning, Outcomes Assessment, Campus Learning Laboratories, Freshman Laptop Initiative, and the Summer Bridge Initiative.

The General Assembly added language to the fiscal 2009 budget bill restricting the expenditure of $1.5 million in general funds for the purpose of improving retention and graduation rates until submission of a report to the budget committees detailing how funds will be spent. The report was to include measures used to evaluate performance of programs designed to improve student success.

In a letter to the budget committees dated August 4, 2008, the Presidents of the four HBIs expressed concern over evaluating the effectiveness of the Access and Success Program, which has been in existence for seven years. They also stated that since each institution developed programs to meet the needs of their students, it would be difficult to identify common measures across institutions for evaluation. Finally, it was stated that retention and graduation rates were not good measures because funding for the program has not been sufficient to address the various factors known to affect these rates.

The Panel on the Comparability and Competiveness of Historically Black Institutions in Maryland (study panel), recognizing the considerable remediation effort and continuing support demanded of the HBIs at the undergraduate level, recommended supplemental funding be provided over and above the level determined from the Higher Education Funding Model for Maryland. Supplemental funding would only be used for strategies and initiatives that are proven best practices in improving graduation rates. MHEC would coordinate representatives of the State's HBIs and other experts who would outline programs and services needed to ensure that less-prepared students graduate. The study panel further recommended the existing Access and Success Program be replaced by a new program and existing State funds and institutional support for the former efforts be

transferred to the new program. HBIs would provide measurable goals such as graduation rates and annually report results against these goals.

In December 2008, the Commission to Develop the Maryland Model for Funding Higher Education released its report endorsing the recommendations of the study panel. The study panel noted that undergraduate education is the first priority of HBIs, and that earning a bachelor's degree should be the key measure of success. Therefore, graduation rates should be the primary criterion to determine competitiveness in HBI undergraduate outcomes. Legislation has been introduced (House Bill 789/Senate Bill 861) to implement the commission's recommendations, including those of the HBI study panel.

The Department of Legislative Services (DLS) received *Access and Success* reports in response to the 2008 *Joint Chairmen's Report* language on February 13, 2009, from BSU, the University of Maryland Eastern Shore, and Coppin State University. The reports are currently under review, and the funds have not yet been released. Though the fiscal 2009 Access and Success funds have not yet been released, BSU reports allocating $930,000 to support the Academic Advisement Center which targets first- and second-year students, $150,000 for tutoring labs, and $420,000 for the Summer Bridge Program.

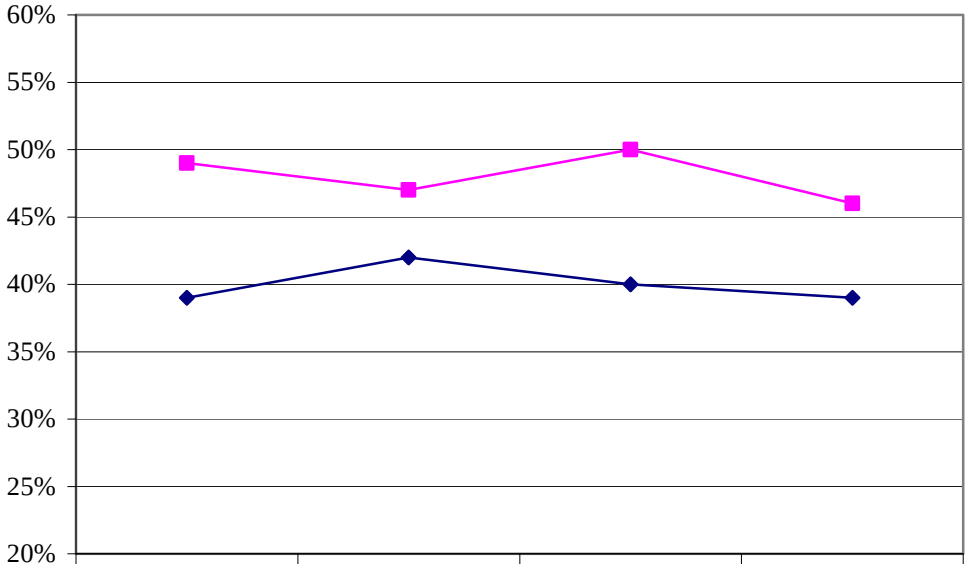
DLS recommends that the fiscal 2009 funding be re-programmed to support the start-up of the new program recommended by the study panel and the commission, in effect doubling the funds available for the new program in fiscal 2010. DLS further recommends budget bill language restricting expenditure of $1.5 million of the fiscal 2010 appropriation until a report is submitted to the budget committees from the HBIs and MHEC on the best practices identified to be used in the new program to improve student graduation rates and the common measures to evaluate performance, including graduation rate. Each university must also provide a report describing the new program, how the funds will be used to support the new program, and performance measures.

3. Closing the Achievement Gap

As a follow-up to USM's symposium held in November 2007, each campus identified and developed strategies to address institution-specific factors leading to gaps in retention and graduation rates for low-income and minority students. This resulted in the development of an Achievement Gap Action Plan and Funding Initiative which campuses implemented in fall 2008 to reduce the achievement gap by one-half by fiscal 2015.

BSU submitted a report to USM in April 2008 that defines the achievement gap, sets a goal for the reduction, and identifies strategies to meet the goal. BSU defines the achievement gap as the difference in graduation and retention rates between African American students on campus and African American students in USM. **Exhibit 9** shows the six-year graduation rate of African American students at BSU and USM as reported by USM. According to USM, the six-year graduation rate gap is 7 percentage points at 39% and 46%, respectively, which has narrowed since the 1997 cohort when there was a 10 percentage point difference between the graduation rate of BSU and USM African American students.

Exhibit 9
Six-year Graduation Rate Achievement Gap
1997-2000 Cohorts



	1997 Cohort	1998 Cohort	1999 Cohort	2000 Cohort
BSU African American Students	39%	42%	40%	39%
USM African American Students	49%	47%	50%	46%
Percentage Point Achievement Gap	10%	5%	10%	7%

BSU: Bowie State University
USM: University System of Maryland

Source: University System of Maryland

The Plan

BSU aims to reduce the six-year graduation rate gap by 5 percentage points over seven years. Thereafter, BSU plans to reduce the gap by 2 percentage points annually. The Achievement Gap Plan includes 45 strategies in three major areas: the first two years of college life, instruction and support, and sustainability. The university plans to strengthen new student orientation; expand operating hours for advising, counseling, and health and wellness resources; and increase student financial aid resources and information. Other strategies BSU will implement include reinstituting a small class size policy for foundation courses, revisiting placement testing, expanding the tutoring program, and reinstituting the monitoring system for Summer Bridge students.

Progress

Twenty strategies were scheduled for fall 2008 implementation. **Exhibit 10** summarizes the status of these projects

Exhibit 10
Achievement Gap Progress

Strategies	Progress to Date
Strengthen student orientation process *(i.e.,* additional support staff, counselors, advisors, and student leaders).	Increased number of orientation advisors, topics covered during orientation, and advisor training.
Expand hours of operation for student support service on campus.	Expanded hours of operation for student support services.
Strengthen link between Divisions of Information Technology, Academic Affairs, and Student Affairs.	Reorganization; transferred all function information technology analysts to the Division of Information Technology.
Strengthen personal financial training workshop for new students.	Added financial aid information session for parents and students to orientation.
Provide more comprehensive Financial Aid information to students and families.	Added financial aid information session for parents and students to orientation.
Require training in the delivery of instruction to diverse populations.	Search underway for Coordinator of International Programs; anticipated start date July 1.
Improve student evaluation process by holding formative evaluations at mid-semester.	Piloting an online evaluation instrument to measure teaching effectiveness.
Improve weekend college experience *(i.e.,* advisement, counseling services, and student support services).	Expanded hours of operation for student support services.
Hire faculty committed to engaging students in the learning process.	Accomplished.
Review and redesign identified courses to ensure a rigorous and engaging curriculum.	Participating in USM course redesign and redesigning honor's program curriculum.
Ensure that faculty have a physical environment conducive to teaching and learning.	Increasing the number of smart classroom and enhancing the student computer labs.
Revisit the accountability standards to ensure it reflect campus values.	Under review.
Assign beginning level courses to the "best and brightest" faculty.	Presently identifying senior faculty to teach entry level courses.
Revisit the placement testing policies and procedures for new undergraduate students.	Under review.

Strategies	Progress to Date
Promote student use of the academic progress report.	Students encouraged to take advantage of the Academic Advising Report via Peoplesoft.
Reinstitute faculty and staff monitoring system for all students in academic difficulty and Summer Bridge admits.	Reinstituted the mid-term progress report.
Implement mandatory annual advisement workshops for all faculty.	Via Center for Excellence in Teaching and Learning. sponsored workshops.
Establish a stronger linkage between the counseling and advisement centers.	Accomplished.
Reinstitute the University Retention Committee.	Considering TRIO program proposal to expand services and enhance recruitment.
Support the Writing Across the Curriculum Initiative.	Investigating ways to include writing intensive programs into campus curriculum.

USM: University System of Maryland

Source: Bowie State University

The President should comment on the university's progress in implementing the achievement gap plan.

Budget

BSU expects the cost of these efforts to total $3.4 million. **The President should comment on which parts of the plan will be prioritized and implemented given the constraints of the Governor's fiscal 2010 allowance and on the study panel's recommendations concerning comparability and competitiveness.**

4. BSU Runs a Negative Fund Balance in Intercollegiate Athletics

BSU is one of three USM institutions with a negative fund balance in intercollegiate athletics (ICA). While no written policy prohibits this, the Board of Regents has clearly expressed an expectation that ICA be operated using its own revenue without support from other auxiliary activities. On June 5, 2008, the USM Board of Regents instructed athletic directors from these institutions to provide the Regents Educational Policy Committee with their plans to eradicate the fund deficit.

According to BSU, ICA has operated at a deficit since at least fiscal 2001 when the campus transitioned to the current accounting software. In fiscal 2001, BSU ended the year with a $418,550 ICA deficit. The fiscal 2009 accumulated balance is $2.8 million, though ICA revenues are expected to outpace expenditures by $196,905 in fiscal 2009, reducing the deficit to $2.6 million. The university attributes the ICA deficit to BSU's location in the Central Intercollegiate Athletic Association (CIAA) which often necessitates overnight stays for away games. The CIAA has 12 teams, 8 of which are located in North Carolina.

The ICA deficit has been covered each year by drawing loans from the net revenues of other auxiliary funds. Upon implementation of the deficit reduction plan, ICA will use the new revenues to pay back the accumulated debt plus interest to the auxiliary fund balances from which it has borrowed.

The Plan

BSU plans to increase ICA revenues to pay off the accumulated negative fund balance using nine strategies. Each strategy and the estimated revenue in fiscal 2009 is summarized in **Exhibit 11**.

By the end of fiscal 2009, BSU expects to have implemented the bowling tournament, corporate scoreboard sponsorship, summer youth athletic camps, and high school track meets. The largest revenue source, guaranteed football and basketball games, have been delayed due to inclement weather and scheduling conflicts.

Exhibit 11
Intercollegiate Athletics Deficit Reduction Plan

Strategy	Est. Revenue Fiscal 2009
Compete in one football game against a Division I opponent	$40,000
Compete in one pre-season exhibition basketball game against a Division I opponent	35,000
Host a regional bowling tournament	8,000
Obtain corporate sponsor for football scoreboard	15,000
Increase ticket prices and enhance marketing to increase ticket sales	5,000
Conduct camps for football, basketball, and cheerleading	35,000
Increase annual giving	10,000
Host two high school track and field meets annually	8,000
Create Athletic Hall of Fame to increase athletic revenues	5,000

Source: Bowie State University

As proposed, the plan would increase ICA revenues $161,000 in fiscal 2009, $120,750 of which would be used to pay down ICA debt. At this rate, based on BSU projections, a negative fund balance of $375,000 will remain in fiscal 2023. If, however, all additional revenues generated by the plan were used to pay off ICA debt, it would be fully paid down by fiscal 2022. **The President should comment on why some revenues generated by the deficit reduction plan will not be used to pay down the negative fund balance.**

Recommended Actions

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

,provided that $1,500,000 of this appropriation, for the purpose of improving student retention and graduation rates, may not be expended until:

(1) The public historically black institutions (HBIs) and the Maryland Higher Education Commission (MHEC) have prepared and submitted a report to the budget committees that outlines the programs and services that are needed, and have shown success, in promoting academic achievement to ensure that undergraduate students at HBIs that are less prepared for college, graduate.

The programs and services should be comprehensive and use criteria for academic achievement that are shared by all HBIs, which shall include graduation rates as the primary criterion; and

(2) Bowie State University (BSU) has prepared and submitted a report to the budget committees that outlines how the funds will be used to implement the new program and the measures that will be used to evaluate performance, including graduation rate. The report should include how all funds for the new program including the $1,500,000 originally appropriated in fiscal 2009, will be spent.

The budget committees shall have 45 days to review each report.

Further provided that it is the intent of the General Assembly that $1,500,000 restricted in R30B23 and R75T of the fiscal 2009 operating budget bill not revert at the end of the fiscal year and be available for expenditure in fiscal 2010 only for the purpose of improving student retention and graduation rates subject to the same restriction as the original appropriation.

Explanation: This language restricts expenditures of funds until MHEC and the HBIs submit a report outlining programs and services needed to ensure student success and BSU submits a report outlining how funds will be expended to implement the new program and measures to evaluate the program.

Information Request	**Authors**	**Due Date**
Report on programs and services needed at HBIs to ensure graduation of less prepared undergraduate students	MHEC HBIs	September 1, 2009

Report on expenditures of funds and measures to evaluate the new program to improve success and graduation of undergraduate students	BSU	October 1, 2009

Appendix 1

Current and Prior Year Budgets

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

	General Fund	Special Fund	Other Unrestricted Fund	Total Unrestricted Fund	Restricted Fund	Total
Fiscal 2008						
Legislative Appropriation	$33,053	$0	$41,193	$74,246	$15,118	$89,364
Budget Amendments	576	0	-372	204	0	204
Cost Containment	-397	0	0	-397	0	-397
Reversions and Cancellations	0	0	-160	-160	-2,618	-2,778
Actual Expenditures	**$33,232**		**$40,661**	**$73,893**	**$12,500**	**$86,393**
Fiscal 2009						
Legislative Appropriation	$33,037	$1,703	$43,504	$78,244	$15,067	$93,311
Cost Containment	-414	0	0	-414	0	-414
Budget Amendments	589	942	1,123	2,654	0	2,654
Working Appropriation	**$33,212**	**$2,645**	**$44,627**	**$80,484**	**$15,067**	**$95,551**

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

Fiscal 2008

General funds increased $576,018 to cover costs associated with the fiscal 2006 general salary increase but also decreased $396,836 due to cost containment actions.

Unrestricted funds decreased $532,629 as a result of decreased tuition revenue from lower enrollment, a decrease in miscellaneous revenue and a transfer to the fund balance, and cancellations related to turnover in academic administrators.

Restricted funds decreased $2,617,904 from cancellations related to anticipated grants that did not materialize including the NASA Model Institutions for Excellence, Teacher Technology grants, and additional funding for the high speed computer program.

Fiscal 2009

General funds decreased $413,998 due to cost containment actions. Of this, $75,037 was replaced with revenue previously restricted from Other Post Employment Benefits liability costs. General funds increased $589,493 to cover costs associated with the fiscal 2007 general salary increase.

Special funds increased $941,891 from Higher Education Investment Funds authorized by the general assembly to replace general funds cut during the 2008 legislative session.

Appendix 2

Audit Findings

Audit Period for Last Audit:	January 13, 2004 – April 30, 2007
Issue Date:	January 2008
Number of Findings:	15
Number of Repeat Findings:	6
% of Repeat Findings:	47%
Rating: (if applicable)	n/a

Finding 1: **BSU's computer network was not adequately secured.**

Finding 2: Administration and monitoring of critical BSU network devices need improvement.

Finding 3: Sensitive personal and financial information of BSU students and employees was unnecessarily stored on two administrative servers.

Finding 4: Critical software, which supported BSU's most significant systems, was out of date.

Finding 5: **BSU did have adequate backup procedures for critical devices or an adequate disaster recovery plan.**

Finding 6: **Controls over system services, monitoring of critical systems, and related account and password controls were inadequate.**

Finding 7: **BSU did not always take appropriate action to collect outstanding student account balances.**

Finding 8: BSU lacked adequate controls over non-cash credit adjustments.

Finding 9: Controls over student refund payments were inadequate.

Finding 10: BSU had not established adequate controls over tuition related to an educational partnership program offered to students employed as teachers by a local public school system.

Finding 11: **BSU lacked adequate documentation over corporate purchasing card purchases and did not always comply with related policies and procedures.**

Finding 12: Internal controls over electronic transfers of federal financial aid funds were inadequate.

***Finding 13*:** **Sufficient controls were not in place to ensure the propriety of certain critical student data maintained on BSU's automated systems.**

***Finding 14*:** BSU did not ensure that user access to certain critical automated applications was proper.

***Finding 15*:** BSU had not investigated, as of June 2007, certain equipment items totaling $1.9 million that were not located during its calendar 2006 physical inventory.

*Bold denotes item repeated in full or part from preceding audit report.

Object/Fund Difference Report
USM – Bowie State University

Object/Fund	FY08 Actual	FY09 Working Appropriation	FY10 Allowance	FY09 - FY10 Amount Change	Percent Change
Positions					
01 Regular	466.00	466.00	466.00	0	0%
02 Contractual	130.75	153.75	153.75	0	0%
Total Positions	**596.75**	**619.75**	**619.75**	**0**	**0%**
Objects					
01 Salaries and Wages	$ 35,558,438	$ 41,613,031	$ 42,158,732	$ 545,701	1.3%
02 Technical and Spec. Fees	10,020,311	12,456,854	12,456,854	0	0%
03 Communication	426,281	660,226	645,260	-14,966	-2.3%
04 Travel	1,194,462	1,349,121	1,349,121	0	0%
06 Fuel and Utilities	3,082,020	4,273,812	4,328,206	54,394	1.3%
07 Motor Vehicles	101,141	121,519	188,709	67,190	55.3%
08 Contractual Services	11,545,400	12,805,378	13,193,593	388,215	3.0%
09 Supplies and Materials	1,100,588	1,749,742	1,749,743	1	0%
10 Equipment – Replacement	991,652	856,683	856,682	-1	0%
11 Equipment – Additional	1,747,705	2,796,684	2,796,684	0	0%
12 Grants, Subsidies, and Contributions	10,775,243	11,226,835	11,680,764	453,929	4.0%
13 Fixed Charges	4,999,598	4,529,787	4,529,787	0	0%
14 Land and Structures	4,850,304	1,111,855	1,350,146	238,291	21.4%
Total Objects	**$ 86,393,143**	**$ 95,551,527**	**$ 97,284,281**	**$ 1,732,754**	**1.8%**
Funds					
40 Unrestricted Fund	$ 73,892,997	$ 80,484,050	$ 82,216,804	$ 1,732,754	2.2%
43 Restricted Fund	12,500,146	15,067,477	15,067,477	0	0%
Total Funds	**$ 86,393,143**	**$ 95,551,527**	**$ 97,284,281**	**$ 1,732,754**	**1.8%**

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

Fiscal Summary
USM – Bowie State University

Program/Unit	FY08 Actual	FY09 Wrk Approp	FY10 Allowance	Change	FY09 - FY10 % Change
01 Instruction	$ 25,861,335	$ 30,081,602	$ 30,317,431	$ 235,829	0.8%
02 Research	1,724,256	2,928,094	2,928,807	713	0%
03 Public Service	249,381	297,241	297,241	0	0%
04 Academic Support	6,393,125	9,070,012	9,137,128	67,116	0.7%
05 Student Services	4,510,191	5,503,992	5,563,455	59,463	1.1%
06 Institutional Support	15,488,741	16,794,297	16,471,554	-322,743	-1.9%
07 Operation and Maintenance of Plant	10,494,213	9,144,443	9,794,652	650,209	7.1%
08 Auxiliary Enterprises	12,345,447	12,593,437	13,181,675	588,238	4.7%
17 Scholarships and Fellowships	9,326,454	9,138,409	9,592,338	453,929	5.0%
Total Expenditures	**$ 86,393,143**	**$ 95,551,527**	**$ 97,284,281**	**$ 1,732,754**	**1.8%**
Unrestricted Fund	$ 73,892,997	$ 80,484,050	$ 82,216,804	$ 1,732,754	2.2%
Restricted Fund	12,500,146	15,067,477	15,067,477	0	0%
Total Appropriations	**$ 86,393,143**	**$ 95,551,527**	**$ 97,284,281**	**$ 1,732,754**	**1.8%**

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

Personnel by Budget Program
Fiscal 2007, 2008, and 2009

	Fiscal 2007		Fiscal 2008		Fiscal 2009		
Budget Program	**FTEs**	**%FTEs**	**FTEs**	**%FTEs**	**FTEs**	**%FTEs**	**% Change in FTEs 08-09**
Instruction	198.00	45.8%	199.00	45.64%	199.18	44.10%	0.09%
Research	7.00	1.6%	3.00	0.69%	3.21	0.71%	6.83%
Academic Support	36.00	8.3%	32.00	7.34%	39.00	8.64%	21.88%
Student Services	38.00	8.8%	48.00	11.01%	42.60	9.43%	-11.25%
Institutional Support	115.00	26.6%	106.00	24.31%	108.51	24.03%	2.37%
Operations and Maintenance of Plant	21.00	4.9%	17.00	3.90%	18.30	4.05%	7.65%
Auxiliary Enterprises	17.00	3.9%	31.00	7.11%	40.81	9.04%	31.65%
Total	**432.00**	**100.0%**	**436**	**100.00%**	**451.60**	**100.00%**	**3.58%**

FTEs: full-time equivalents

Note: Data are for filled regular positions

Source: University System of Maryland