

R30B26
Frostburg State University

Operating Budget Data

(\$ in Thousands)

	<u>FY 10</u> <u>Actual</u>	<u>FY 11</u> <u>Working</u>	<u>FY 12</u> <u>Allowance</u>	<u>FY 11-12</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$31,451	\$31,626	\$31,562	-\$64	-0.2%
Contingent & Back of Bill Reductions	0	0	-401	-401	
Adjusted General Fund	\$31,451	\$31,626	\$31,161	-\$465	-1.5%
Special Funds	1,261	1,226	1,703	477	38.9%
Adjusted Special Fund	\$1,261	\$1,226	\$1,703	\$477	38.9%
Other Unrestricted Funds	53,348	54,476	55,937	1,460	2.7%
Contingent & Back of Bill Reductions	0	0	-66	-66	
Adjusted Other Unrestricted Fund	\$53,348	\$54,476	\$55,870	\$1,394	2.6%
Total Unrestricted Funds	86,059	87,328	89,202	1,874	2.1%
Contingent & Back of Bill Reductions	0	0	-468	-468	
Adjusted Total Unrestricted Funds	\$86,059	\$87,328	\$88,734	\$1,406	1.6%
Restricted Funds	11,025	11,502	11,502	0	0%
Contingent & Back of Bill Reductions	0	0	-43	-43	
Adjusted Restricted Fund	\$11,025	\$11,502	\$11,459	-\$43	-0.4%
Adjusted Grand Total	\$97,084	\$98,830	\$100,193	\$1,363	1.4%

- General funds for Frostburg State University (FSU) decline \$0.5 million, or 1.5%, in the fiscal 2012 allowance after adjusting for \$0.4 million in health insurance and retirement savings. However, when accounting for a \$0.5 million increase in the Higher Education Investment Fund, State funds increase \$12,124 over fiscal 2011.
- Other unrestricted funds increase \$1.4 million, or 2.6%, and restricted funds decline \$43,102, or 0.4%, after adjusting the fiscal 2012 allowance for health insurance and retirement savings.

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

For further information contact: Sara J. Baker

Phone: (410) 946-5530

Personnel Data

	<u>FY 10 Actual</u>	<u>FY 11 Working</u>	<u>FY 12 Allowance</u>	<u>FY 11-12 Change</u>
Regular Positions	719.00	721.00	721.00	0.00
Contractual FTEs	<u>144.80</u>	<u>149.30</u>	<u>149.30</u>	<u>0.00</u>
Total Personnel	863.80	870.30	870.30	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	33.60	4.66%
Positions and Percentage Vacant as of 12/31/10	35.00	4.80%

- The fiscal 2012 allowance does not provide any new regular positions.

Analysis in Brief

Major Trends

Graduation Rates of Male Students Increase, Narrowing Gap with Female Students: FSU defines its achievement gap as differences in the six-year graduation rates between male and female students. While the graduation rate for female students remains relatively stable, the rate for male students has fluctuated over the years. The graduation rate for the 2003 male cohort increased 4 percentage points to 43%, narrowing the gap to 11 percentage points.

Second-year Retention Rate Falls While Third-year Rate Grows: The second-year retention rate declined from 74.3% in fiscal 2009 to 71.9% in fiscal 2010. After declining for three years, the third-year retention rate increased 3.7 percentage points to 71.9% in fiscal 2010.

Undergraduate Degrees per 100 Full-time Equivalent Students Decline for a Third Year: Over the past three years, degrees per 100 undergraduate full-time equivalent students declined from a high point of 21.0 in fiscal 2006 to 17.4 degrees in 2009. This is mainly due to an 11.2% drop in the number of degrees awarded.

Education and Related Expenditures Per Degree Continues to Increase: While FSU's education and related expenditures consistently fall below the mean of its peers, expenditures increased from \$50,182 in 2006 to \$55,865 in 2008, due to a decline in the number of undergraduate degrees awarded.

Issues

Making College Affordable: In fiscal 2010, FSU shifted \$0.7 million from mission and merit to need-based aid, consistent with the Board of Regents recommendation to increase the proportion of institutional aid allocated to need-based aid. In fiscal 2008, 44.2% of institutional aid awards went to students with an expected family contribution between \$0 and \$3,850.

Engineering at Arundel Mills: In fall 2010, FSU partnered with Anne Arundel Community College (AACC) to offer a Bachelors of Science in Engineering with a concentration in electrical engineering at the Anne Arundel Regional Higher Education Center. The program is open to students with an associate's degree in engineering from a community college but is designed to provide AACC students a seamless entry into a Bachelors of Science Engineering Program.

Mission Change: FSU has proposed changing its mission to include offering applied doctoral programs. Currently, FSU is collaborating with the University of Maryland, College Park in offering a Doctor of Education in educational leadership at the University System of Maryland at Hagerstown.

Recommended Actions

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

R30B26
Frostburg State University

Operating Budget Analysis

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

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 sciences. 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 business to ensure the collaborative nature of all ventures.

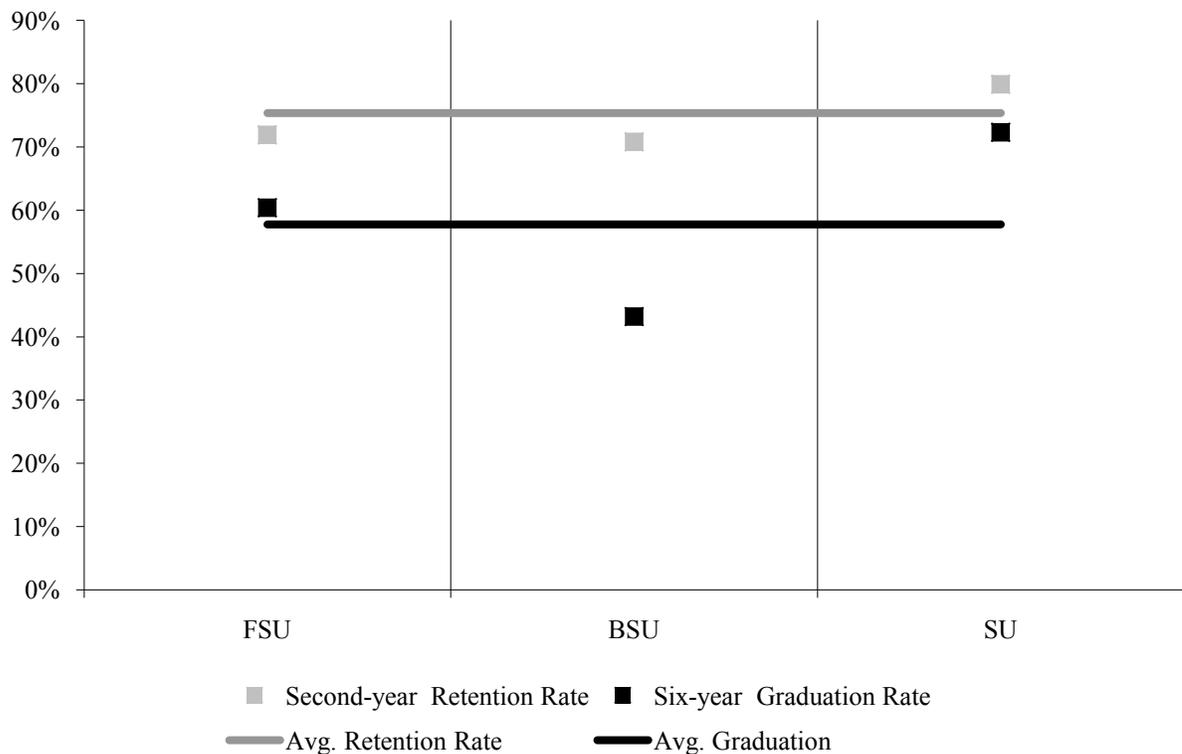
Carnegie Classification: Master's L: Master's Colleges and Universities (larger programs)

Fall 2010 Undergraduate Enrollment Headcount		Fall 2010 Graduate Enrollment Headcount	
Male	2,489	Male	201
Female	2,377	Female	403
Total	4,866	Total	604
	(140 at Hagerstown)		(194 at Hagerstown)
Fall 2010 New Students Headcount		Campus (Main Campus)	
First-time	1,033	Acres	260.5
Transfers/Others	413	Buildings	43
Graduate	122	Average Age	38 years
Total	1,568	Oldest	1902 Old Main
Programs		Degrees Awarded (2009-2010)	
Bachelor's	45	Bachelor's	768
Master's	9	Master's	230
		Total Degrees	998

Performance Analysis

FSU's second-year retention and six-year graduation rates for fiscal 2010 are shown in **Exhibit 1**, along with those for Bowie State University (BSU) and Salisbury University (SU), which have similar Carnegie classification as FSU. FSU's retention rate for fiscal 2010 was 71.9%, 3.5 percentage points below the unweighted average of 75.4%. FSU's graduation rate reached a 10-year high of 60.4%, exceeding the unweighted average of 57.8%.

Exhibit 1
Second-year Retention and Six-year Graduation Rates
Fiscal 2010 Actual



BSU: Bowie State University
FSU: Frostburg State University
SU: Salisbury State University

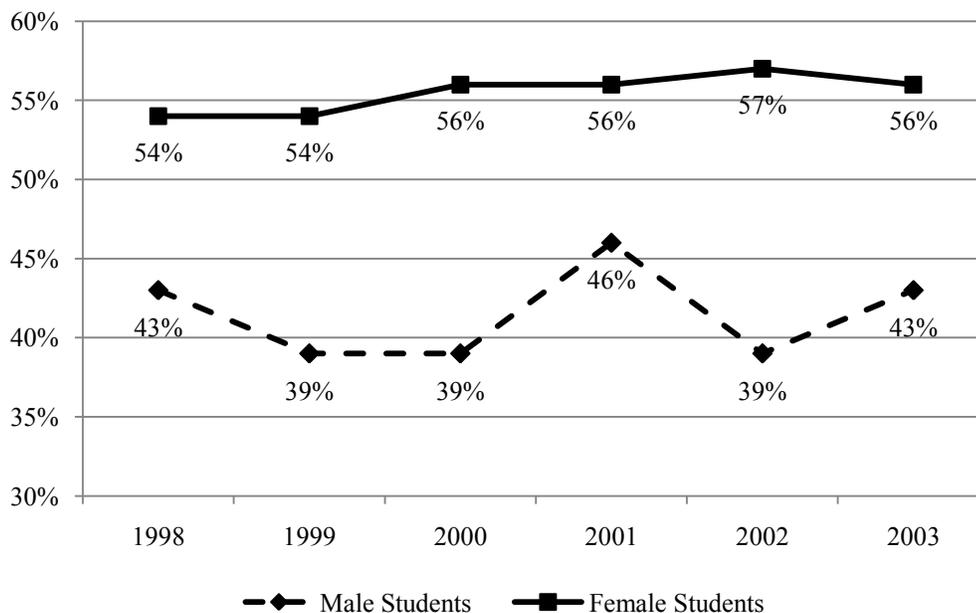
Source: Maryland Higher Education Commission Retention and Graduation Rates at Maryland Public Four-year Institutions June 2010

Graduation Rates of Male Students Increase, Narrowing Gap with Female Students

Closing the achievement gap is a major USM initiative aimed at addressing the challenges associated with the retention and graduation of lower-income and underrepresented students. The first annual achievement gap reports were submitted in 2010 and include an institution's definition of its achievement gap and detail initiatives designed to close the gap by 50% by 2015 and eliminate the gap by 2020. FSU defines its achievement gap as the difference in the six-year graduation rates between male and female students.

As shown in **Exhibit 2**, the graduation rate for female students remains relatively constant, averaging 56%, while the rate for the male students has fluctuated over the years. The rate for male students spiked at 46% with the fall 2001 cohort, resulting in the gap narrowing to the smallest margin of 10 percentage points. While the rate dropped for the 2002 male cohort, the rate for 2003 cohort increased to 43%, narrowing the gap by 11 percentage points.

Exhibit 2
Six-year Male and Female Graduation Rates
Fall 1998-2003 Cohorts



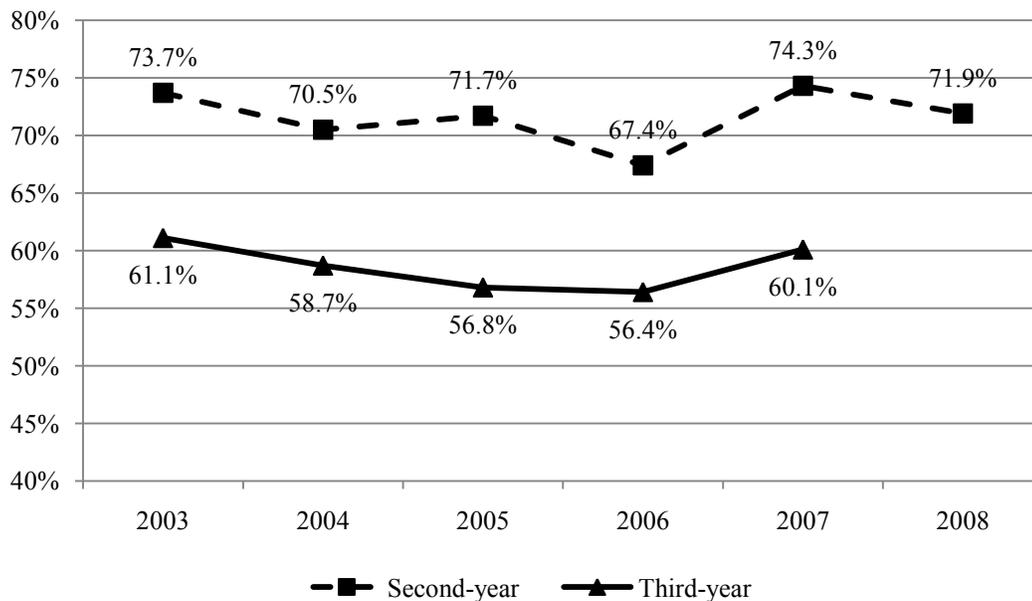
Source: University System of Maryland Institutional Reports on Progress in Closing the Achievement Gap, September 16, 2010

Some initiatives FSU is undertaking to close the gap include expanding learning communities to include all freshmen; providing supplemental instruction; and offering extensive student support and tutoring.

Second-year Retention Rate Falls While Third-year Rate Grows

Student persistence, or retention, not only provides a measure of student success and an indication of an institution’s performance but is an important means to growing the graduation rate, thereby increasing the number of citizens with a degree. As shown in **Exhibit 3**, the second- and third-year retention rate for the 2007 cohort grew. Over the past five years, the second-year retention rate has fluctuated, reaching a low of 67.4% for the 2006 cohort to the 2007 cohort persisting at the highest rate of 74.3%. However, the second-year rate for the 2008 cohort declined 2.4 percentage points to 71.9%. After declining for three years to a low of 56.4%, the third-year retention rate of the 2007 cohort increased to 60.1%.

Exhibit 3
Second- and Third-year Retention Rates
2003-2008 Cohorts



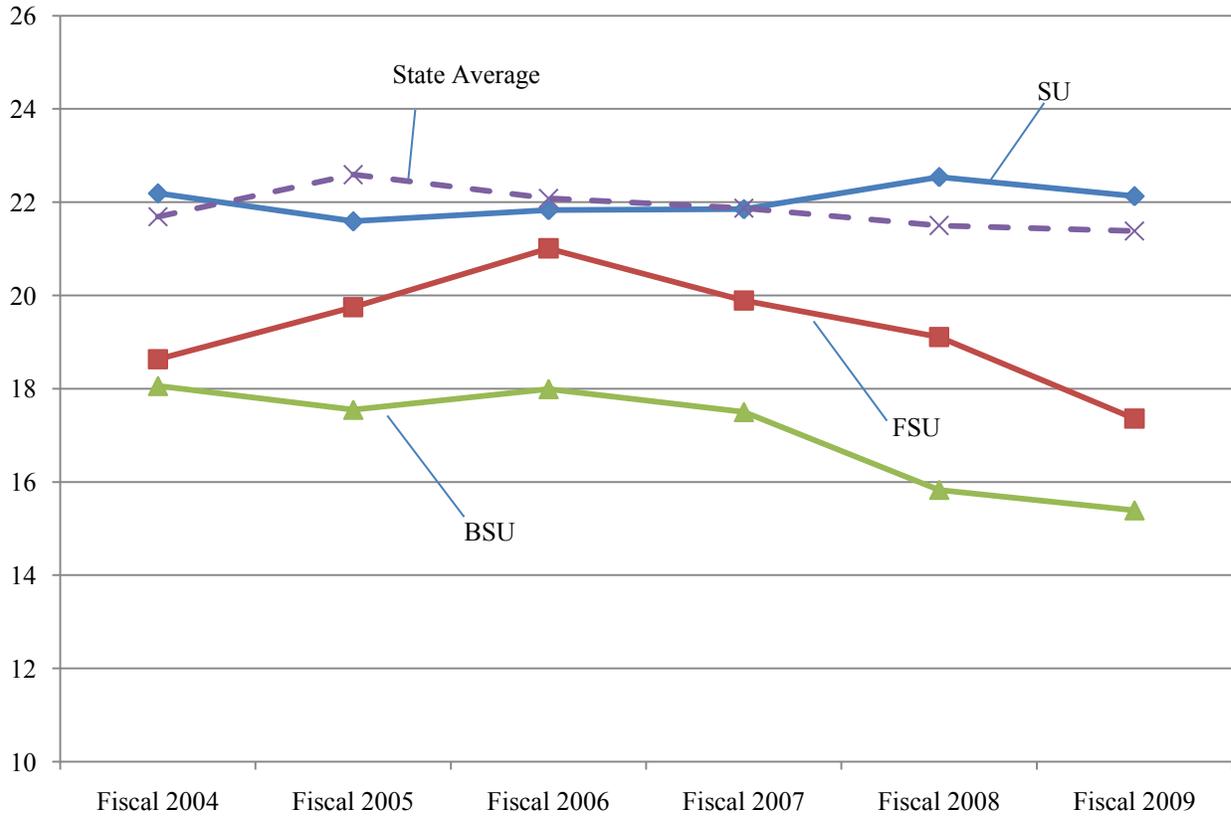
Source: Maryland Higher Education Commission Retention and Graduation Rates at Maryland Public Four-year Institutions, June 2010

Undergraduate Degrees Per 100 Full-time Equivalent Students Decline for a Third Year

Ultimately, how well an institution meets its mission is measured by the number of degrees awarded. The number of undergraduate degrees per 100 undergraduate full-time equivalent students (FTES) shows how degree production changes relative to enrollment growth and number of degrees awarded. **Exhibit 4** compares FSU's degrees per 100 FTES to BSU and SU, institutions with a similar Carnegie classification, and the State average. The number of degrees awarded steadily declined from 849 in fiscal 2006 to 752 in fiscal 2009, a drop of 11.2%. This resulted in a three-year decline in FSU's ratio from 21.0 to 17.4 degrees per 100 FTES, even though enrollment grew 7.2%. A substantial drop of 1.8 degrees occurred in fiscal 2009, due to a 4.8% decline in the number of degrees awarded and enrollment growth of 4.7%. It should be noted the decline in the number of degrees in fiscal 2009 corresponds with the drop in undergraduate enrollment in fiscal 2005. It is expected the downward trend will reverse as undergraduate enrollment continues to grow and more students graduate.

The President should comment on factors leading to the three-year decline in degrees awarded and efforts being taken to improve student success.

**Exhibit 4
Undergraduate Degrees Awarded Per 100 Full-time Equivalent Students
FSU, BSU, and SU**



	<u>FTES</u>	<u>Degrees</u>										
BSU	3,300	596	3,305	580	3,390	610	3,549	621	3,891	616	3,984	613
SU	5,864	1,301	6,081	1,313	6,419	1,401	6,585	1,439	6,891	1,553	7,267	1,608
FSU	4,278	797	4,227	835	4,041	849	4,027	801	4,135	790	4,331	752

BSU: Bowie State University
FSU: Frostburg State University

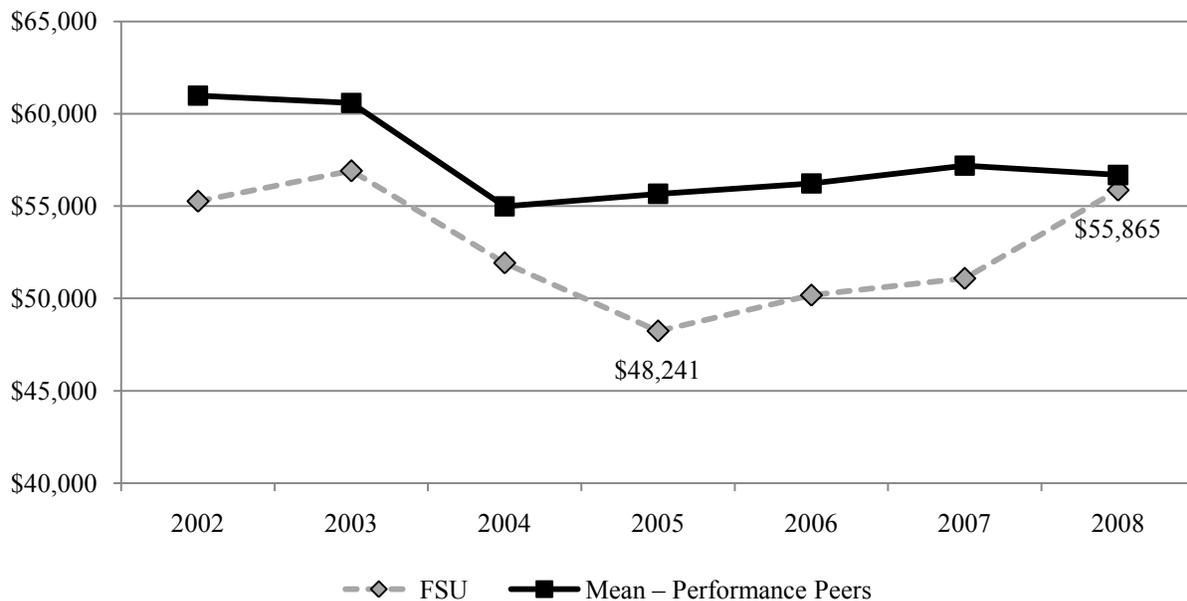
FTES: full-time equivalent student
SU: Salisbury State University

Source: Integrated Postsecondary Education Data System; Department of Legislative Services

Education and Related Expenditures Per Degree Continue to Increase

A performance measure showing if an institution is becoming more or less productive in using its resources to produce degrees is education and related (E&R) expenditures per degree completed. Spending per degree would be similar among those institutions that have comparable spending and enrollment patterns; therefore, **Exhibit 5** compares E&R expenditures of FSU to the mean of its peers, those institutions used to benchmark its performance in USM’s *2010 Dashboard Indicators*. Overall, FSU’s expenditures consistently falls below the mean of its peers, suggesting it is more productive in graduating students. Even though expenditures increased 15.8% from 2006 to 2008 due to the decline in the number of undergraduate degrees and an increase in enrollment, FSU’s expenditures still fall below the mean of its peers. In 2008, FSU’s E&R expenditures almost equaled that of its performance peers.

Exhibit 5
Education and Related Expenditures Per Degree
Academic Years 2002-2008



FSU: Frostburg State University

Note: Education and related expenditures include direct spending on instruction, student services and education share of spending on academic and institutional support, and operations and maintenance.

Source: Delta Project, Trends in College Spending Online

Fiscal 2011 Actions

Impact of Cost Containment

Section 44 of the fiscal 2011 budget bill required the Governor to abolish 500 positions in the Executive Branch as of June 30, 2011, which have been removed from the fiscal 2011 working appropriation. FSU’s share of the reduction was 2 full-time equivalent positions.

Proposed Budget

The general fund allowance for fiscal 2012 is \$0.5 million lower than fiscal 2011, a decrease of 1.5%, after adjusting for health insurance and retirement savings of \$0.4 million, as shown in **Exhibit 6**. When accounting for the Higher Education Investment Fund (HEIF) increase of \$0.5 million, the underlying increase in State funds is \$12,124, or 0.04%, over fiscal 2011.

Exhibit 6
Proposed Budget
Frostburg State University
(\$ in Thousands)

	FY 10 <u>Actual</u>	FY 11 <u>Working</u>	FY 12 <u>Adjusted</u>	FY 11-12 <u>\$ Change</u>	Prior Year <u>% Change</u>
General Funds	\$31,451	\$31,626	\$31,161	-\$465	-1.5%
Higher Education Investment Fund	1,261	1,226	1,703	\$477	38.9%
Total State Funds	32,711	32,852	32,864	12	0.04%
Other Unrestricted Funds	53,348	54,476	55,870	1,394	2.6%
Total Unrestricted Funds	86,059	87,328	88,734	1,406	1.6%
Restricted Funds	11,025	11,502	11,459	-43	-0.4%
Total Funds	\$97,084	\$98,830	\$100,193	\$1,363	1.4%

Note: Fiscal 2012 general funds are adjusted by \$0.4 million, other unrestricted funds by \$66,360, and restricted funds by \$43,102 to reflect across-the-board reductions. Numbers may not sum to total due to rounding.

Source: Governor’s Budget Book, Fiscal 2012; Department of Budget and Management

Other unrestricted funds increase \$1.4 million, or 2.6%, over fiscal 2011 after adjusting for health insurance and retirement savings. Tuition and fee revenues grow 2.1%, or \$0.7 million, and auxiliary revenues increase 2.9%, or \$0.6 million.

Impact of Cost Containment

The fiscal 2012 budget reflects several across-the-board actions. In fiscal 2012, FSU's share of the reduction is \$0.1 million in general funds, \$24,993 in other unrestricted funds, and \$16,233 in restricted funds for changes in employee health insurance. Reductions contingent upon statutory changes include \$0.2 million in general funds, \$41,367 in other unrestricted funds, and \$26,869 in restricted funds for retiree prescription drug benefits, and \$0.1 million in general funds for retirement benefits.

Expenditures on Scholarships and Fellowships Increase at the Highest Rate

Budget changes by program in the allowance are shown in **Exhibit 7**. The data considers unrestricted funds only, the majority of which consist of general funds and tuition and fee revenues. Expenditures on scholarships and fellowships increase at the highest rate of 6.8%, or \$0.4 million. Student services grow at the next highest rate of 7.2%, or \$0.3 million, followed by academic support of 4.2%, or \$0.4 million. Increases are primarily related to higher fringe benefit costs and lowering of the budgeted turnover. Expenditures for operation and maintenance of plant decline 2.7%, or \$0.4 million, due to a reduction in the amount to be spent on facility renewal.

Exhibit 7
Budget Changes for Unrestricted Funds by Program
 Frostburg State University
 Fiscal 2010-2012
 (\$ in Thousands)

	<u>Actual 2010</u>	<u>Working 2011</u>	<u>% Change 2010-2011</u>	<u>Adjusted 2012</u>	<u>\$ Change 2011-2012</u>	<u>% Change 2011-2012</u>
Expenditures						
Instruction	\$27,196	\$28,424	4.5%	\$29,098	\$674	2.4%
Public Service	169	61	-64.2%	61	0	0.0%
Academic Support	8,325	8,400	0.9%	8,757	357	4.2%
Student Services	4,257	4,244	-0.3%	4,549	305	7.2%
Institutional Support	9,179	10,070	9.7%	10,412	342	3.4%
Operation and Maintenance of Plant	14,211	13,818	-2.8%	13,439	-379	-2.7%
Scholarships and Fellowships	5,342	5,459	2.2%	5,832	374	6.8%
Education and General Total	\$68,680	\$70,476	2.6%	\$72,149	\$1,672	2.4%

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	<u>Actual 2010</u>	<u>Working 2011</u>	<u>% Change 2010-2011</u>	<u>Adjusted 2012</u>	<u>\$ Change 2011-2012</u>	<u>% Change 2011-2012</u>
Auxiliary Enterprises	\$17,379	\$16,852	-3.0%	\$17,053	\$201	1.2%
Across-the-board Reductions				-\$468		
Grand Total	\$86,059	\$87,328	1.5%	\$88,734	\$1,406	1.6%
Revenues						
Tuition and Fees	\$31,585	\$31,895	1.0%	\$32,581	\$685	2.1%
General Funds	31,452	31,626	0.6%	31,161	-465	-1.5%
Higher Education Investment Fund	1,261	1,226	-2.8%	1,703	477	38.9%
Other Unrestricted Funds	3,767	1,907	-49.4%	2,009	103	5.4%
Subtotal	\$66,804	\$66,653	-0.2%	\$67,454	\$800	1.2%
Auxiliary Enterprises	\$20,838	\$20,785	-0.3%	\$21,391	\$606	2.9%
Transfer (to)/from Fund Balance	-1,583	-110		-110		
Grand Total	\$86,059	\$87,328	1.5%	\$88,734	\$1,406	1.6%

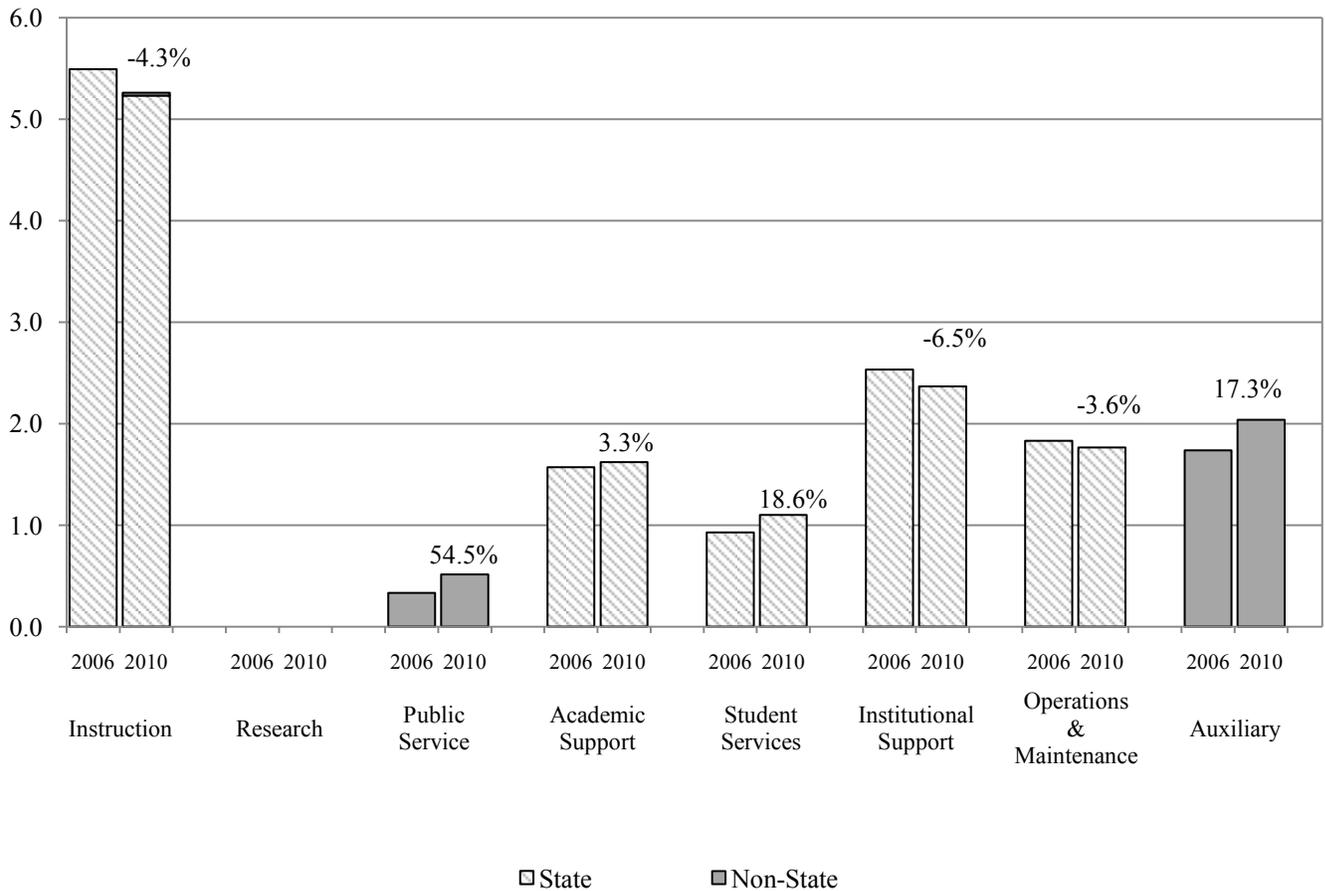
Note: Revenues are reduced by \$0.4 million in general funds and \$66,360 in other unrestricted funds to reflect across-the-board reductions. Unrestricted funds only. All programs.

Source: Governor's Budget Books, Fiscal 2012.

Positions

The total number of positions grew 12.3%, or 74.7 full-time equivalents (FTEs), between 2006 and 2010. **Exhibit 8** shows changes in FTEs by program area relative to enrollment growth of 10.6% between 2006 and 2010. In two of the three program areas directly affecting student education and quality, positions per 100 FTES increased – student services (*e.g.*, admissions, the registrar, counseling, and student health services) grew at the highest rate of 18.6% while academic support (*e.g.*, libraries, museums, academic computer support, and academic administration) grew at the next highest rate at 3.3%. Instruction declined 4.3% but it should be noted that due to its location in Western Maryland, FSU faces unique challenges in recruiting and retaining faculty.

**Exhibit 8
Total State and Non-State Full-time Equivalent Positions
Per 100 Full-time Equivalent Students**



Note: Reflects number of positions as of October of 2006 and 2010

Source: Frostburg State University

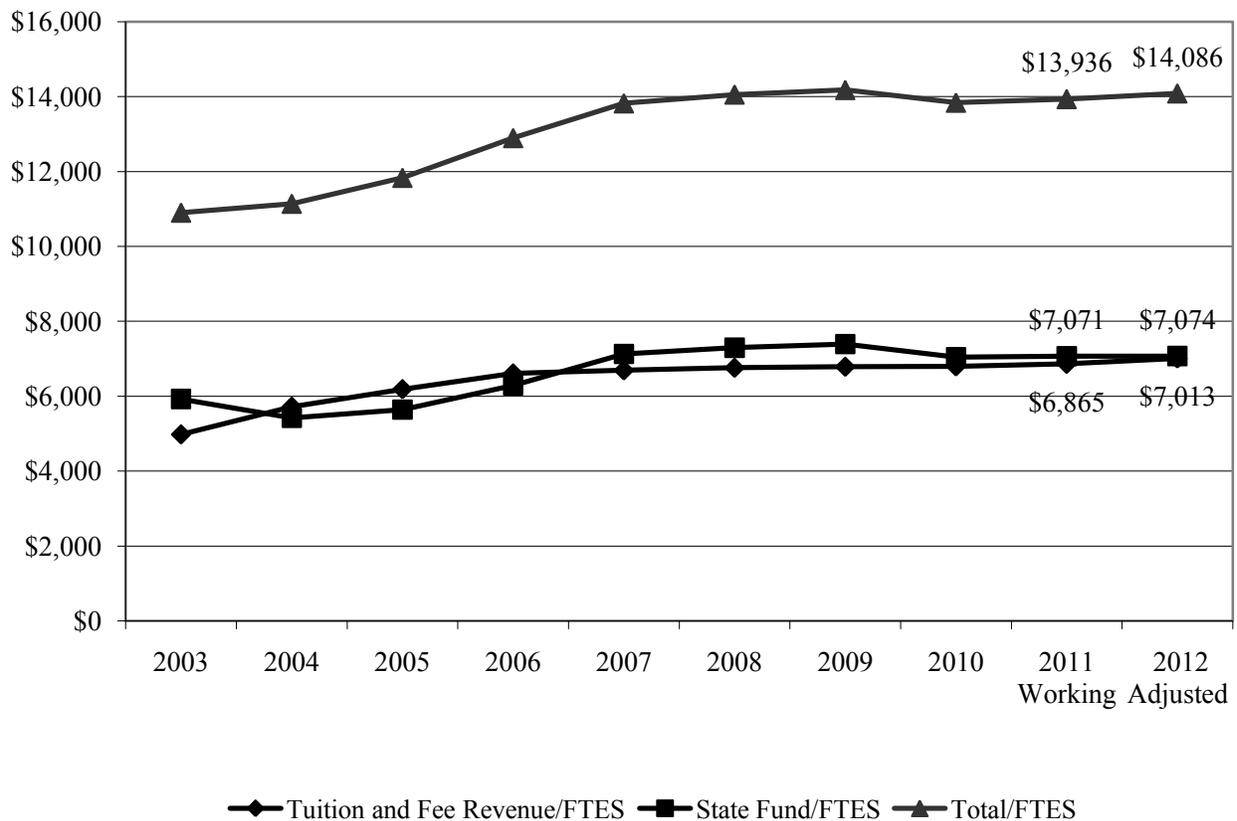
Institutional support, which includes executive management, fiscal operations, public safety, and computer support, declined 6.5%. Auxiliary increased 17.3% but is comprised solely of non-State supported positions, and since it includes self-supporting activities such as food services, residence halls, and intercollegiate athletics, it is expected positions would increase with enrollment growth.

The President should comment on the ability to hire and retain faculty and the impact this has on the quality of education in light of the increasing student population.

Total Revenues Per Full-time Equivalent Student Continue to Grow

During the first three years of the tuition freeze, fiscal 2007 to 2009, State funds and tuition and fee revenues per FTES were relatively flat, as shown in **Exhibit 9**. The decline in State funds per FTES in fiscal 2010 reflects a 4.8% rebound in enrollment growth after falling 7.6% over a three-year period. In fiscal 2012, the gap between State funds and tuition and fee revenues per FTES narrows to \$61 per FTES. Overall, revenues per FTES are expected to increase 1.1%, to \$14,086 per FTES.

Exhibit 9
State Funds and Tuition and Fees Revenues Per FTES
Fiscal 2003-2012



FTES: full-time equivalent student

Source: Governor’s Budget Books

Issues

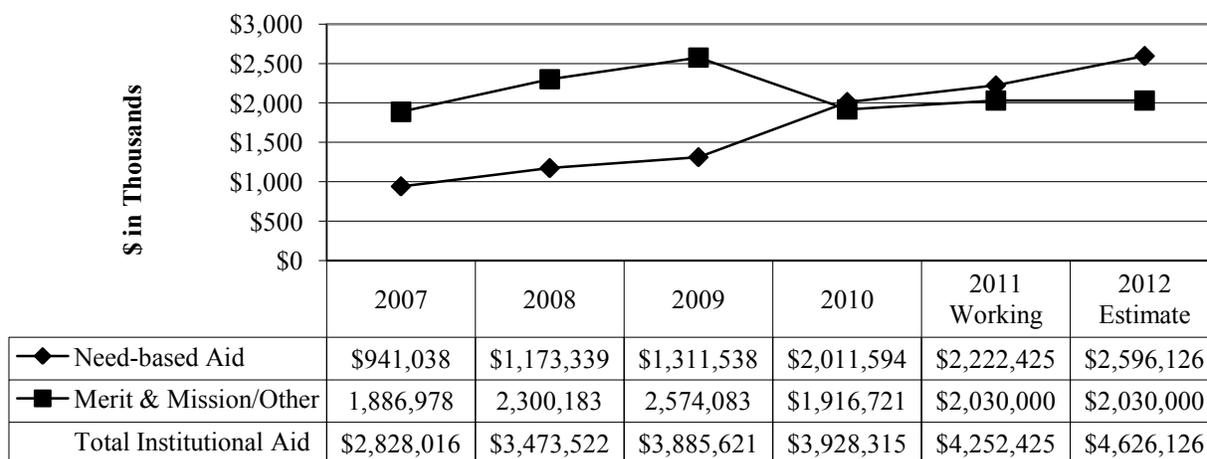
1. Making College Affordable

Two factors affecting affordability and accessibility are tuition and mandatory fees, and the availability of financial aid to pay for the cost of college. In fiscal 2011, the four-year tuition freeze was lifted resulting in tuition increasing 3.0%, or \$150, to \$5,150. Additionally, mandatory fees rose 4.2%, or \$70, to \$1,754. Overall, tuition and fees increase 3.3% bringing the total cost for a resident undergraduate student to \$6,904.

Distribution of Institutional Aid

The availability of institutional financial aid also affects access and affordability. Students at FSU may receive institutional aid which includes merit and mission and need-based aid, in addition to State and federal financial aid. In fiscal 2010, FSU began shifting resources from mission and merit (\$0.7 million) to need-based aid, resulting in expenditures for need-based aid increasing 53.4%, as shown in **Exhibit 10**. Previously, need-based aid comprised approximately one-third of total expenditures but since fiscal 2010, over half the total expenditures have gone to need-based aid. This is consistent with the Board of Regents recommendation for institutions to increase the proportion of institutional aid allocated to need-based aid.

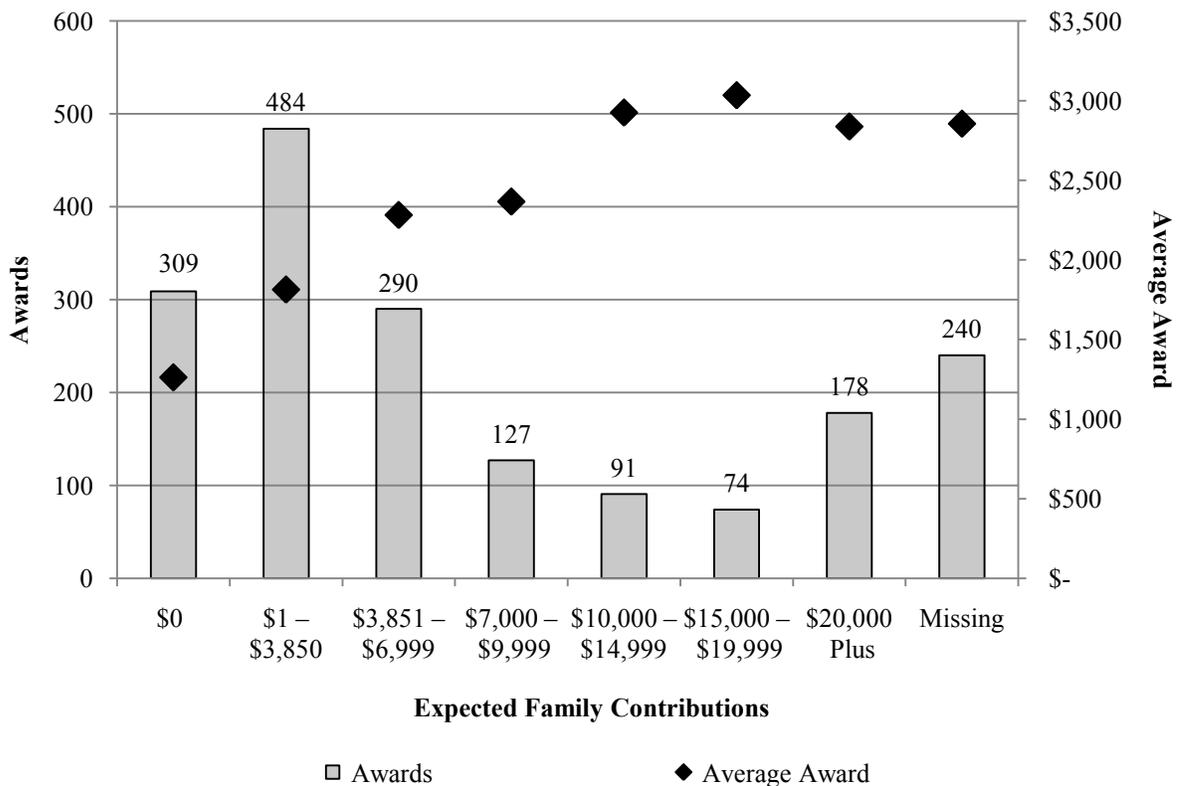
Exhibit 10
Distribution of Institutional Aid
Fiscal 2007-2012



Source: University System of Maryland

The Maryland Higher Education Commission (MHEC) annually collects data for the Financial Aid Information System database, which provides a profile of students receiving financial aid. The Financial Aid Information System data contains information on institutional aid awarded at FSU in fiscal 2008 to undergraduate students who completed the Free Application for Federal Student Aid (FAFSA), from which MHEC calculates the student expected family contribution (EFC). In general, the lower a student’s EFC, the greater their financial need. Though the EFC maximum for federal Pell Grant eligibility increases regularly, the maximum EFC in fiscal 2008 was \$4,350. Students with an EFC below this level have the greatest need. **Exhibit 11** shows the number of awards by EFC category and the average amount of the awards. In fiscal 2008, 44.2% of the awards went to those with an EFC between \$0 and \$3,850, with an average award of \$1,538. The average award increases at the higher EFC categories with those having an EFC between \$15,000 and \$19,999 receiving the highest average of award of \$3,033. Of the total number of aid awards, 13.4%, or 240, went to those who did not file a FAFSA, with an average award totaling \$2,854.

Exhibit 11
Institutional Aid Awards
Frostburg State University
Fiscal 2008



Source: Maryland Higher Education Commission Financial Aid Information Systems

2. Engineering at Arundel Mills

In fall 2010 FSU partnered with Anne Arundel Community College (AACC) to offer a Bachelors of Science in Engineering with a concentration in electrical engineering at the Anne Arundel Regional Higher Education Center. The program is open to students with an associate's degree in engineering from a community college but is designed to provide AACC students a seamless entry into a Bachelors of Science in Engineering program. Once admitted to the program students will complete engineering and upper division general education course work through a combination of on-site instruction, Internet, and interactive video.

AACC submitted a request for proposals to MHEC in October 2008 seeking a partner institution for a baccalaureate program in engineering. While there are other Maryland institutions offering electrical engineering or general engineering programs, only FSU expressed interest in offering the program on-site at Arundel Mills and was selected to partner with AACC.

For 30 years, FSU has offered a dual degree engineering program with the University of Maryland, College Park (UMCP) in which a student attends FSU for three years and UMCP for two years and receives two degrees – a Bachelor of Science in Physics from FSU and a Bachelor of Science in Engineering from UMCP. Currently, 5 students are enrolled in the dual program. Since 1997, FSU and UMCP have offered a collaborative degree in mechanical engineering (ME) which allows students to remain on FSU's campus while receiving a Bachelor of Science in ME from UMCP. Students are admitted to UMCP but remain at FSU, with the engineering courses delivered through the interactive video network. Presently, 23 students are enrolled in the collaborative program. In fall 2007, FSU started offering a Bachelor of Science in Engineering, with concentrations in four areas including electrical and materials engineering, engineering management, and industrial chemistry. The degree provides students a broad knowledge of fundamental sciences and engineering principles and depending on the area of concentration, a minor in physics, chemistry, or management. Currently, 156 students are enrolled the program.

For fall 2010, five of the six students who applied to the engineering program at Arundel Mills were accepted. All were transfers from AACC. Four courses were offered in fall 2010; two were taught on-site, one was an online course, and the other delivered via interactive video from FSU.

AACC constructed an electrical engineering laboratory at Arundel Mills, which is equipped with the tools needed for students to complete hands-on projects. Additionally, AACC is covering the salary and benefits of a full-time faculty member who has a PhD in Electrical Engineering and is located at Arundel Mills. The faculty member has a joint appointment with FSU and AACC, with evaluation, promotion, and tenure being determined by FSU with input from AACC.

The President should comment on the decision to bring FSU's engineering program to Arundel Mills, its partnership with AACC, and the status of the program.

3. Mission Change

The Board of Regents' Educational Policy Committee reviewed and discussed the proposed mission statements of all USM institutions and regional centers at the December 2010 meeting during which FSU proposed a significant change in its mission to include offering applied doctoral programs. Being the only four-year institution in Western Maryland, this change reflects the demand for programs in that region of the State. In response to requests from Washington, Allegany, and Garrett counties, FSU is collaborating with UMCP to offer a Doctor of Education degree in educational leadership at University System of Maryland at Hagerstown (USMH). The first cohort started in fall 2010. The intent is within the next two years FSU will take over the program and will continue to offer it at USMH and FSU. It should be noted mission statements require Board of Regents and MHEC approval.

The President should comment on the status of the Doctor of Education degree program, its relationship with UMCP in jointly offering the program, and plans to offer other applied doctoral programs.

Recommended Actions

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

Current and Prior Year Budgets

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

Fiscal 2010	General Fund	Special Fund	Federal Fund	Other Unrestricted Fund	Total Unrestricted Fund	Restricted Fund	Total
Legislative Appropriation	\$31,846	\$0	\$733	\$51,254	\$83,833	\$7,840	\$91,673
Deficiency Appropriation	0	0	0	0	0	0	0
Budget Amendments	202	1,261		4,651	6,114	3,670	9,784
Cost Containment	-597	0	-733	-522	-1,852	0	-1,852
Reversions and Cancellations	0	0	0	-2,036	-2,036	-485	-2,521,037
Actual Expenditures	\$31,451	\$1,261	\$	\$53,348	\$86,059	\$11,025	\$97,084
Fiscal 2011							
Legislative Appropriation	\$31,626	\$0	\$0	\$53,054	\$84,680	\$9,110	\$93,790
Budget Amendments	0	1,226	0	1,422	2,648	2,392	5,040
Working Appropriation	\$31,626	\$1,226	\$	\$54,476	\$87,328	\$11,502	\$98,830

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

Fiscal 2010

For fiscal 2010, general funds for FSU declined \$0.4 million through budget amendments and cost containment. Cost containment resulted in \$0.6 million reduction of general funds, while budget amendments increased general funds by \$0.2 million that included \$64,849 due to a realignment of health insurance expenditures and \$0.1 million from a USM reallocation of general funds among institutions. Special funds, comprised of the HEIF, increased \$1.3 million through a budget amendment authorized in the fiscal 2010 budget bill. Federal funds declined \$0.7 million through cost containment, thereby cancelling the appropriation. Other unrestricted funds increased by a total of \$4.1 million through budget amendments. Increases included:

- \$2.4 million in tuition and fee revenues due to additional fall and spring enrollment and increase in summer and winter sessions;
- \$2.2 million from the sales and services of auxiliary enterprises;
- \$0.2 million from sales and services of educational activities related to cultural events, USMH rental revenue and Savage Mountain Summer Arts Center; and
- \$10,000 from private gifts and grants.

Decreases included \$0.5 million related to furlough savings and \$0.2 million in interest income.

Cancellations of unrestricted funds totaled \$2.0 million and resulted from lower than anticipated expenditures for fuel and utilities; communications due to reduced reliance on mailings and increasing use of online communications; university police due to a decline in overtime and vacancy; and summer school expenses due to an increase in online courses. Also, the closure of the student union for renovations led to a decline in revenues and expenditures.

Restricted funds increased \$1.3 million, due to \$1.4 million in federal and private grants and contracts and \$11,116 in miscellaneous income. There was a decrease of \$0.1 million in State grants and contracts.

Cancellations of restricted funds totaled \$0.5 million, due to lower than anticipated expenditures for federal grants.

Fiscal 2011

For fiscal 2011, special funds, or the HEIF, increased \$1.2 million through a budget amendment, as authorized in the fiscal 2011 budget bill. Other unrestricted funds increased \$1.4 million through a budget amendment. Increases included:

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- \$1.6 million in tuition and fee revenues due to additional winter and summer enrollment;
- \$0.2 million from the sales and services of auxiliary enterprises related to room and board and athletic fees; and
- \$9,000 from the sales and services of educational activities.

There was a decrease of \$0.4 million in interest income.

Current restricted funds increased \$2.4 million, which included \$2.6 million in federal and State grants and contracts and \$10,000 in miscellaneous income. There was a \$0.2 million decrease in private grants and contracts.

**FSU Full-time Equivalent Personnel by Budget Program
Fiscal 2006, 2010, and 2011**

	Fiscal 2006		Fiscal 2010		Fiscal 2011		Change in Share of Total FY 2006-2011
	<u>FTEs</u>	<u>% of Total FTEs</u>	<u>FTEs</u>	<u>% of Total FTEs</u>	<u>FTEs</u>	<u>% of Total FTEs</u>	
Instruction	231	38.1%	243	36.0%	244	35.9%	-2.2%
Public Service	14	2.3%	24	3.6%	24	3.5%	1.2%
Academic Support	66	10.9%	72	10.6%	75	11.1%	0.2%
Student Services	39	6.4%	48	7.1%	51	7.5%	1.1%
Institutional Support	107	17.6%	112	16.6%	110	16.1%	-1.4%
Operations and Maintenance of Plant	77	12.7%	80	11.8%	82	12.0%	-0.7%
Auxiliary	73	12.0%	96	14.3%	95	13.9%	1.9%
Total	607		676		681		

Note: Data is for filled positions only. All data is self-reported and unaudited.

Source: Frostburg State University

**Object/Fund Difference Report
Frostburg State University**

<u>Object/Fund</u>	<u>FY 10 Actual</u>	<u>FY 11 Working Appropriation</u>	<u>FY 12 Allowance</u>	<u>FY 11 - FY 12 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	719.00	721.00	721.00	0.00	0%
02 Contractual	144.80	149.30	149.30	0.00	0%
Total Positions	863.80	870.30	870.30	0.00	0%
Objects					
01 Salaries and Wages	\$ 50,062,746	\$ 50,425,000	\$ 52,747,288	\$ 2,322,288	4.6%
02 Technical and Spec. Fees	6,419,874	6,718,991	6,718,991	0	0%
03 Communication	365,867	835,668	835,668	0	0%
04 Travel	903,101	857,237	857,237	0	0%
06 Fuel and Utilities	3,588,562	4,555,000	4,555,000	0	0%
07 Motor Vehicles	528,758	277,315	277,315	0	0%
08 Contractual Services	6,977,895	8,292,610	8,292,620	10	0%
09 Supplies and Materials	4,558,433	6,383,913	6,271,377	-112,536	-1.8%
10 Equipment – Replacement	310,826	410,996	410,996	0	0%
11 Equipment – Additional	1,283,591	1,096,560	1,096,560	0	0%
12 Grants, Subsidies, and Contributions	12,087,450	12,187,685	12,561,386	373,701	3.1%
13 Fixed Charges	4,132,303	5,264,025	5,378,066	114,041	2.2%
14 Land and Structures	5,864,307	1,525,000	701,269	-823,731	-54.0%
Total Objects	\$ 97,083,713	\$ 98,830,000	\$ 100,703,773	\$ 1,873,773	1.9%
Funds					
40 Unrestricted Fund	\$ 86,058,936	\$ 87,328,000	\$ 89,201,773	\$ 1,873,773	2.1%
43 Restricted Fund	11,024,777	11,502,000	11,502,000	0	0%
Total Funds	\$ 97,083,713	\$ 98,830,000	\$ 100,703,773	\$ 1,873,773	1.9%

Note: The fiscal 2011 appropriation does not include deficiencies. The fiscal 2012 allowance does not include contingent reductions.

**Fiscal Summary
Frostburg State University**

<u>Program/Unit</u>	<u>FY 10 Actual</u>	<u>FY 11 Wrk Approp</u>	<u>FY 12 Allowance</u>	<u>Change</u>	<u>FY 11 - FY 12 % Change</u>
01 Instruction	\$ 27,242,956	\$ 28,482,394	\$ 29,155,951	\$ 673,557	2.4%
02 Research	523,758	557,000	557,000	0	0%
03 Public Service	3,509,009	3,676,500	3,676,500	0	0%
04 Academic Support	8,335,166	8,410,462	8,767,393	356,931	4.2%
05 Student Services	4,292,967	4,274,195	4,579,069	304,874	7.1%
06 Institutional Support	9,183,964	10,081,247	10,423,165	341,918	3.4%
07 Operation and Maintenance of Plant	14,212,840	13,818,667	13,440,167	-378,500	-2.7%
08 Auxiliary Enterprises	17,407,196	16,886,969	17,088,261	201,292	1.2%
17 Scholarships and Fellowships	12,375,857	12,642,566	13,016,267	373,701	3.0%
Total Expenditures	\$ 97,083,713	\$ 98,830,000	\$ 100,703,773	\$ 1,873,773	1.9%
Unrestricted Fund	\$ 86,058,936	\$ 87,328,000	\$ 89,201,773	\$ 1,873,773	2.1%
Restricted Fund	11,024,777	11,502,000	11,502,000	0	0%
Total Appropriations	\$ 97,083,713	\$ 98,830,000	\$ 100,703,773	\$ 1,873,773	1.9%

Note: The fiscal 2011 appropriation does not include deficiencies. The fiscal 2012 allowance does not include contingent reductions.