

R30B23
Bowie State University
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Working</u>	<u>FY 14</u> <u>Allowance</u>	<u>FY 13-14</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$34,019	\$33,074	\$36,196	\$3,122	9.4%
Contingent & Back of Bill Reductions	0	0	-34	-34	
Adjusted General Fund	\$34,019	\$33,074	\$36,162	\$3,088	9.3%
Special Funds	1,810	2,959	2,556	-403	-13.6%
Adjusted Special Fund	\$1,810	\$2,959	\$2,556	-\$403	-13.6%
Other Unrestricted Funds	47,973	49,316	50,790	1,474	3.0%
Adjusted Other Unrestricted Fund	\$47,973	\$49,316	\$50,790	\$1,474	3.0%
Total Unrestricted Funds	83,802	85,349	89,542	4,194	4.9%
Contingent & Back of Bill Reductions	0	0	-34	-34	
Adjusted Total Unrestricted Funds	\$83,802	\$85,349	\$89,508	\$4,160	4.9%
Restricted Funds	18,557	20,500	20,500	0	
Adjusted Restricted Fund	\$18,557	\$20,500	\$20,500	\$0	0.0%
Adjusted Grand Total	\$102,359	\$105,849	\$110,008	\$4,160	3.9%

- General funds increase approximately \$3.1 million, or 9.3%, in the fiscal 2014 allowance after adjusting for the \$33,975 across-the-board reduction. Overall, funds increase approximately \$4.2 million, or 3.9%.
- Of the general fund increase, \$1.4 million is due to the replacement of fiscal 2013 Budget Restoration Funds, created by Chapter 1 of the First Special Session of 2012, with general funds. In all, State funds increase \$2.7 million, or 7.5%, from fiscal 2013.

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

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Personnel Data

	<u>FY 12 Actual</u>	<u>FY 13 Working</u>	<u>FY 14 Allowance</u>	<u>FY 13-14 Change</u>
Regular Positions	483.00	494.00	494.00	0.00
Contractual FTEs	<u>140.62</u>	<u>146.53</u>	<u>168.53</u>	<u>22.00</u>
Total Personnel	623.62	640.53	662.53	22.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	13.78	2.79%
Positions and Percentage Vacant as of 12/31/12	21.50	4.40%

- As of December 31, 2012, Bowie State University (BSU) had 21.5 vacant positions, 15.5 of which are State-supported.
- The allowance reflects no changes to regular positions and an increase of 22.0 contractual positions. Most of these positions are related to new initiatives planned by the University System of Maryland in 2014.

Analysis in Brief

Major Trends

Second- and Third-year Retention Rates Improve: Both second- and third-year retention rates have increased for first-time, full-time students for the most recent cohorts. Second-year retention for the 2010 cohort increased 3.1 percentage points to 73.5%, while third-year retention for the 2009 cohort increased 2.4 percentage points to 57.6%.

Six-year Graduation Rate: BSU's six-year graduation rate for first-time, full-time students in fiscal 2011 rose 2 percentage points to 41%, which is the highest rate reported since 2005.

Degree Production and Cost Per Degree: BSU awards a similar number of degrees per 100 full-time equivalent students (FTES) as its peers, yet in 2009, the most recent data available, each BSU degree cost about \$7,000 more than peer institutions. This is the largest gap between peers' degree cost and BSU's since at least 2004.

Issues

Making College Affordable: From fiscal 2007 to 2012, need-based aid at BSU increased at a slower rate than merit-based aid, 20.4 compared to 30.0%. Federal Pell grants grew very quickly from about \$4 million to \$10 million, an increase of 150.0% in five years. Despite a 3.0% tuition increase in 2012, total institutional aid at BSU decreased 0.8% in 2012, meaning higher education could become less accessible for students at BSU.

Access and Success Program Review: Access and Success (A&S) funds have been provided since fiscal 2001 to improve student retention and graduation rates at Maryland's historically black institutions. Due to changes in funding use, the fiscal 2012 cohort is not directly comparable to prior cohorts at BSU. However, compared to the general student body, students in the A&S program accumulate more credits and require less developmental education.

Recommended Actions

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

Updates

Intercollegiate Athletics Deficit: After many years of running deficits currently totaling \$2.4 million, BSU's Division II athletics program broke even in fiscal 2009. BSU reports it has reduced its total intercollegiate athletics debt by \$440,000 so far. Relying mainly on student fees, BSU plans to pay off the debt in fiscal 2024.

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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 educational leadership.

The university is committed to increasing student diversity and building on its image as a student-centered institution. The university excels in teacher education and looks to become a premier teacher of teachers. BSU provides underrepresented 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: DRU: Doctoral/Research University*

Fall 2012 Undergraduate Enrollment Headcount		Fall 2012 Graduate Enrollment Headcount	
Male	1,620	Male	320
Female	2,663	Female	818
Total	4,283	Total	1,138
Fall 2012 New Students Headcount		Campus (Main Campus)	
First-time	484	Acres	342
Transfers/Others	494	Buildings	23
Graduate	309	Average Age	40
Total	1,287	Oldest	1916
Programs		Degrees Awarded (2011-2012)	
Bachelor’s	23	Bachelor’s	688
Master’s	19	Master’s	284
Doctoral	2	Doctoral	9
		Total Degrees	981
Proposed Fiscal 2014 In-state Tuition and Fees**			
Undergraduate Tuition	\$4,824		
Mandatory Fees	\$2,147		

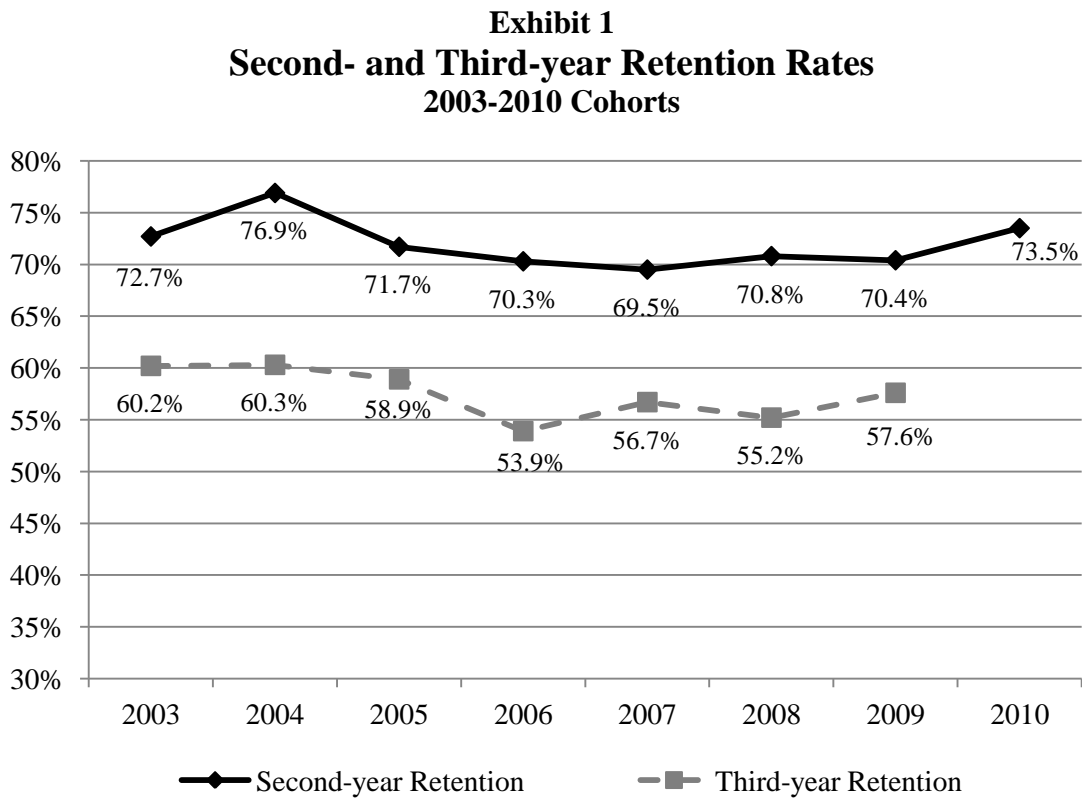
*BSU plans to return to “Master’s Colleges and Universities (larger programs)” status after its next Carnegie reclassification.

**Contingent on Board of Regents approval.

Performance Analysis: Managing for Results

1. Second- and Third-year Retention Rates Improve

Maintaining and strengthening academic excellence and effectiveness to meet the educational needs of the State is a key strategic goal of the University System of Maryland (USM) and BSU. **Exhibit 1** shows the most recent data for second- and third-year retention rates for first time, full-time undergraduate students at BSU.



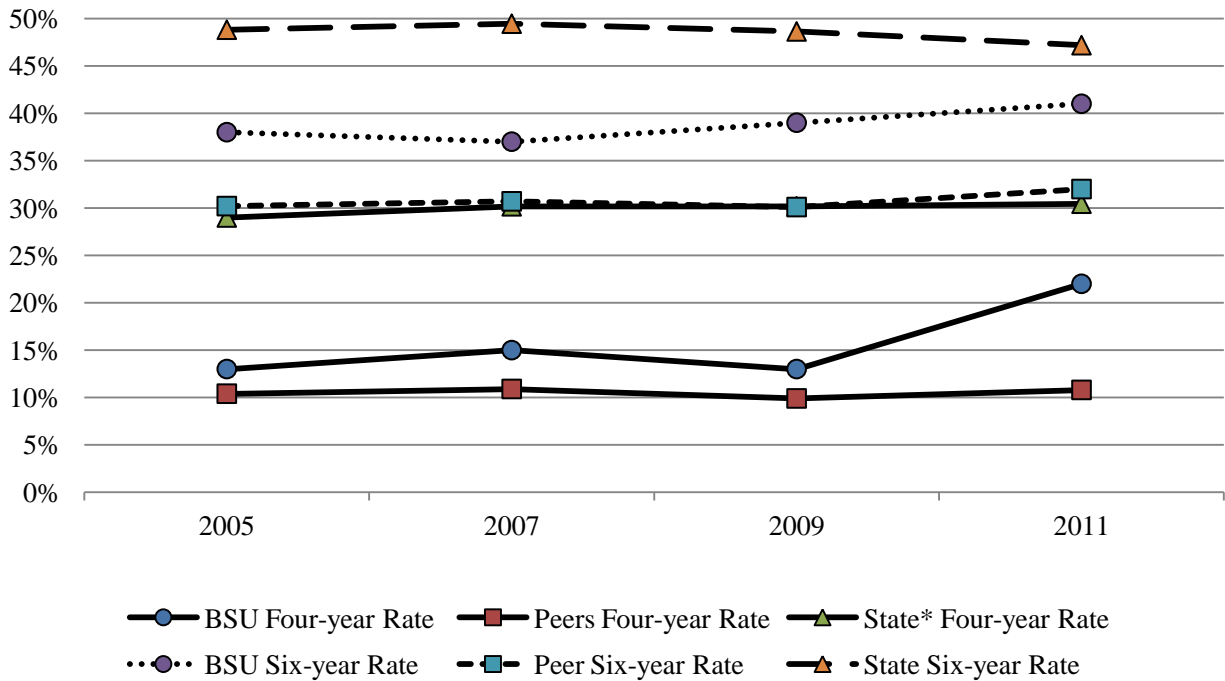
Source: Maryland Higher Education Commission

BSU's second-year retention rate increased 3.1 percentage points to 73.5% from the 2009 to 2010 cohort. While this is a six-year high, it remains 8.6 percentage points below the average for all State schools of 82.1%. The third-year retention rate increased 2.4 percentage points to 57.6%, a gain of 3.7 percentage points in three years and the highest rate in the past four years. This rate is 14.5 percentage points below the State average of 72.1%. It is not clear why both of BSU's retention rates peaked in 2004 and then mostly declined for the next four years, although the recession may be a contributing factor.

2. Six-year Graduation Rate

Exhibit 2 compares the four- and six-year graduation rates of BSU to the average of its peer institutions using national data from the Integrated Postsecondary Education Data System (IPEDS). Peer institutions are determined to be similar to BSU based upon a variety of characteristics, designated by USM as performance peers, and used as a basis to assess BSU’s performance. BSU’s four-year rate has remained at least 2.0 percentage points above its peers since 2005, and by 2011, the gap had reached 11.2 percentage points. This means that despite flat retention rates, BSU has been performing increasingly better versus its peer group. The trend in the six-year rates is similar. BSU’s graduation rate increased from 38 to 41% from 2005 to 2011. The gap between BSU and its peers grew from 7.8 to 9.0 percentage points. Overall, over time, BSU increasingly outperformed its peers.

Exhibit 2
Four- and Six-year Graduation Rates
 Fiscal 2005-2011



*The State rates do not include the University of Maryland, Baltimore or the University of Baltimore.

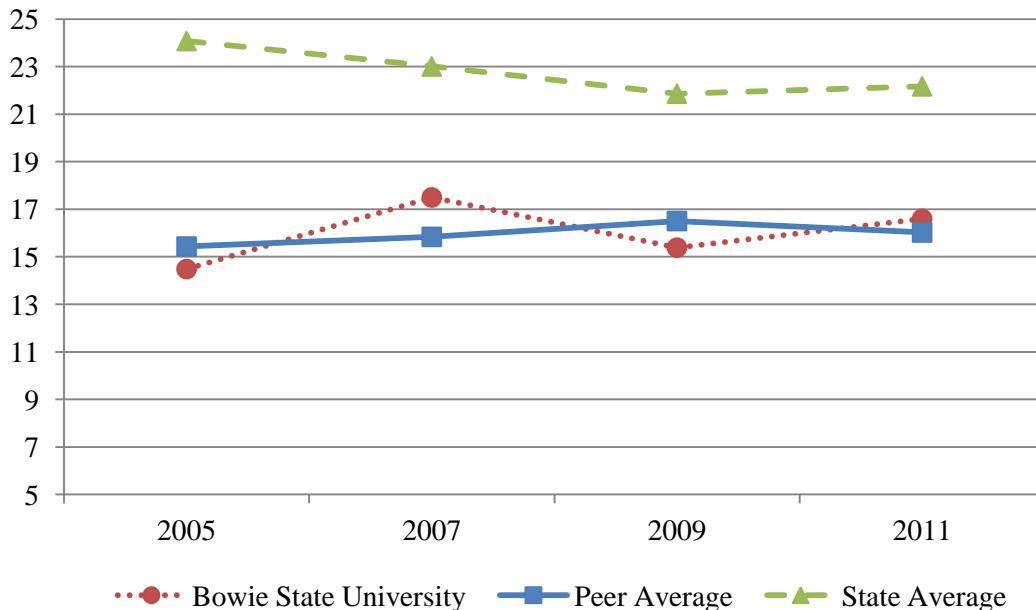
Source: Integrated Postsecondary Education Data System; Department of Legislative Services

The President should comment on why BSU significantly outperforms its peers who were statistically chosen for having many similar institutional characteristics.

3. Degree Production and Cost Per Degree

Institutional quality can be measured by the number of undergraduate degrees awarded per 100 undergraduate full-time equivalent students (FTES). Trends in bachelor’s degrees per 100 FTES provide information regarding whether or not an institution is becoming more effective at turning inputs (undergraduate students) into outputs (bachelor’s degree holders). **Exhibit 3** shows the number of bachelor’s degrees per 100 undergraduate FTES at BSU compared to its peer institutions and the State average between fiscal 2005 and 2011. Unlike the first two exhibits, Exhibit 3 captures nontraditional students who are not enrolled full-time. BSU’s data point for fiscal 2005 in IPEDS is omitted here due to problematic data and has been replaced with budget book data. From 2005 to 2011, the number of bachelor’s degrees awarded at BSU was significantly lower than the State average, but near BSU’s peers. Over this period, the State average declined 1.9 percentage points, while BSU fluctuated up and down. The peers showed less variation than BSU. BSU’s overall lower rate than the State average is due to its mission to serve students who are not always adequately prepared for college and may not follow a traditional four-year path to graduation. Although BSU has a higher graduation rate, BSU’s peers may remain close to BSU in degrees per FTES because they serve more nontraditional students, such as part-time or adult students.

Exhibit 3
Degrees Per 100 FTES
Fiscal 2005-2011

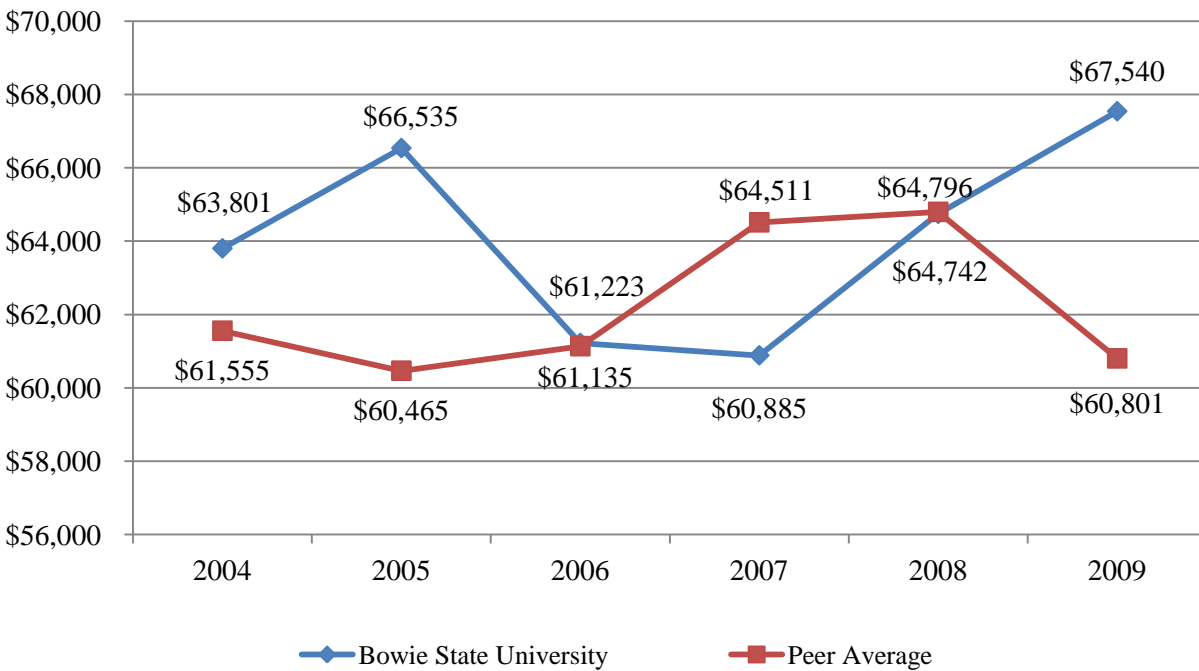


FTES: full-time equivalent student

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

Another measure of how effectively institutions translate resources into degrees is the ratio of education and related (E&R) expenditures per degree (undergraduate and graduate). E&R expenditures include total spending on direct educational costs, such as instruction and student services, and the educational share of spending on administrative overhead, such as academic support, institutional support, and operations and maintenance. **Exhibit 4** shows BSU’s E&R expenditures per degree compared to the mean of its performance peers from fiscal 2004 to 2009, the most recent year for which data is available.

Exhibit 4
Educational and Related Expenditures Per Degree
Academic Year 2004-2009



Note: Education and related expenditures include direct spending on instruction and student services, the education share of spending on academic and institutional support, and operations and maintenance. All dollar amounts are reported in 2009 dollars.

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

In 2004, BSU’s E&R expenditures per degree were \$2,246 above those of its peers, at \$63,801. By 2009, however, spending per degree at BSU had increased 5.9% to \$67,540, while spending at BSU’s peer institutions actually decreased 1.2% to \$60,801. From just 2007 to 2009, BSU’s spending per degree increased 10.9%. BSU’s increased spending per degree is likely due to steady State support during the recent recession. Over this period, total degrees awarded went from 929 degrees in fiscal 2004 to 940 in 2009, so the number of annual degrees awarded did not substantially change.

Proposed Budget

As shown in **Exhibit 5**, BSU’s total State allowance for fiscal 2014, including general funds and Higher Education Investment Funds (HEIF), is \$38.7 million, a 7.5% increase over fiscal 2013. Other unrestricted funds increase about \$1.5 million, or 3.0%, due primarily to changes in enrollment. Restricted funds are flat at \$20.5 million.

Exhibit 5
Proposed Budget
Bowie State University
(\$ in Thousands)

	<u>Actual</u> <u>FY 12</u>	<u>Working</u> <u>FY 13</u>	<u>Adjusted</u> <u>Allowance</u> <u>FY 14</u>	<u>\$ Change</u> <u>FY 13-14</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$34,019	\$33,074	\$36,162	\$3,088	9.3%
HEIF	1,810	1,531	2,556	1,025	67.0%
BRF	0	1,428	0	-1,428	-100.0%
Total State Funds	35,829	36,033	38,719	2,686	7.5%
Other Unrestricted Funds	47,973	49,316	50,790	1,474	3.0%
Total Unrestricted Funds	83,802	85,349	89,508	4,160	4.9%
Restricted Funds	18,557	20,500	20,500		0.0%
Total Funds	\$102,359	\$105,849	\$110,008	\$4,160	3.9%

HEIF: Higher Education Investment Funds

BRF: Budget Restoration Funds

Note: Fiscal 2014 general funds are reduced by \$33,975 to reflect across-the-board reductions. Numbers may not sum to total due to rounding.

Unrestricted budget changes in the allowance by program are shown in **Exhibit 6**. This exhibit considers only unrestricted funds, which are comprised mostly of State funds and tuition and fee revenues.

Exhibit 6
BSU Budget Changes for Current Unrestricted Funds by Program
Fiscal 2012-2014
(\$ in Thousands)

	<u>2012</u>	<u>Working</u> <u>2013</u>	<u>% Change</u> <u>2012-13</u>	<u>Adjusted</u> <u>2014</u>	<u>\$ Change</u> <u>2013-14</u>	<u>% Change</u> <u>2013-14</u>
Expenditures						
Instruction	\$24,880	\$26,513	6.6%	\$27,560	\$1,047	3.9%
Public Service	\$75	\$120	60.7%	\$122	\$2	2.0%
Academic Support	7,394	8,529	15.3%	9,692	1,163	13.6%
Student Services	4,536	5,124	13.0%	5,288	164	3.2%
Institutional Support	12,210	14,152	15.9%	14,620	468	3.3%
Operation and Maintenance of Plant	15,345	10,856	-29.3%	10,743	-113	-1.0%
Scholarships and Fellowships	4,389	4,818	9.8%	5,523	705	14.6%
Subtotal Education and General	\$68,830	\$70,113	1.9%	\$73,548	\$3,436	4.9%
Auxiliary Enterprises	14,972	15,236	1.8%	15,960	724	4.8%
Total	\$83,802	\$85,349	1.8%	\$89,508	\$4,160	4.9%
HBI Enhancement Funds	1,149	1,129	-1.8%	1,072	-\$56	-5.0%
Adjusted Total	\$84,951	\$86,477	1.8%	\$90,581	\$4,103	4.7%
Revenues						
Tuition and Fees	\$32,394	\$33,316	2.8%	\$33,656	340	1.0%
General Funds	34,019	33,074	-2.8%	36,162	3,088	9.3%
Higher Education Investment Fund	1,810	1,531	-15.4%	2,556	1,025	67.0%
Other*	1,562	3,240	107.5%	1,693	-1,547	-47.7%
Subtotal	\$69,784	\$71,161	2.0%	\$74,068	\$2,907	4.1%
Auxiliary Enterprises	15,126	16,187	7.0%	17,014	826	5.1%
Transfers (to) from Fund Balance	-1,108	-2,000	80.4%	-1,573	0	0.0%
Total	\$83,802	\$85,349	7.7%	\$89,508	\$3,733	4.4%
HBI Enhancement Funds	1,149	1,129	-1.8%	1,072	-\$56	-5.0%
Adjusted Total	\$84,951	\$86,477	1.8%	\$90,581	\$4,103	4.7%

HBI: historically black institutions

* Includes Budget Restoration Funds in fiscal 2013. In total, State support increased \$204,000 or 0.6% in fiscal 2013.

Note: Fiscal 2014 expenditures and general funds are reduced by \$33,975 to reflect across-the-board reductions.

Source: Governor's Budget books, Fiscal 2014

In fiscal 2014, all budget categories except Operation and Maintenance of Plant show funding increases. Overall, the current services budget increases \$2.5 million to account for rising personnel costs and facilities renewal. Instruction, the largest budget category, increases nearly \$1.1 million, or 3.9%, due to USM initiatives in academic transformation and personnel costs. Scholarships and fellowships increase 14.6%, compared to an increase in tuition of 3.0% in 2014, due to enhancement funding to continue several undergraduate financial aid programs. Academic support and student services grow 13.6 and 3.2%, respectively, due to USM initiative money in Achievement Gap/Completion that will be used to fund the Bulldog Academy, a Summer Bridge program discussed later in this analysis. Institutional support spending increases nearly \$500,000, or 3.3%, mainly to support disaster preparedness for campus information technology, a deficiency highlighted in BSU's most recent legislative audit. After decreasing last year by 29%, operation and maintenance of plant decreases a further 1.0% due to BSU having received one-time increased funds for campus improvement in fiscal 2012 and due to a more efficient campus infrastructure. Research activity, not a priority at BSU, receives no unrestricted funding. Although tuition rates increase 3.0%, tuition revenue only grows 1.0% due to enrollment decreasing almost 100 FTES in fiscal 2013. From fiscal 2010 to 2012, BSU's closing unrestricted fund balance grew \$1.1 million, or 6.1%, to \$19.4 million; projections through fiscal 2014 bring the fund balance to \$22.8 million.

HBI Enhancement Funds

In fiscal 2013, BSU received \$1,128,884 in HBI enhancement funds, which were established as part of Maryland's partnership with the U.S. Department of Education Office for Civil Rights to eliminate the vestiges of segregation in Maryland public institutions. The funds are intended for one-time expenditures to enhance educational and support services. BSU's fiscal 2013 appropriation is being used as follows:

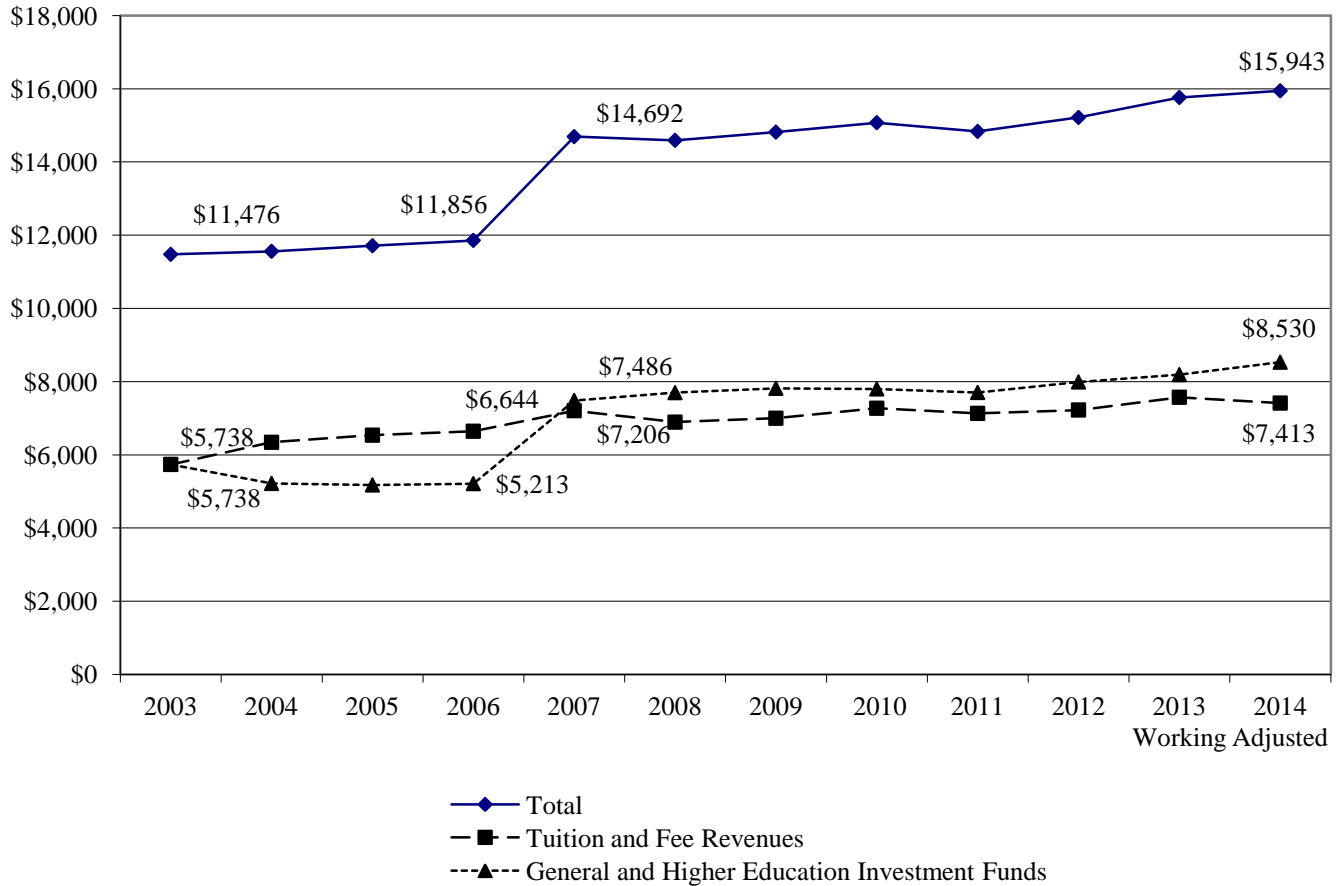
- Charles Robinson Hall roof replacement – \$250,000;
- William E. Henry Administration Building roof replacement – \$328,884;
- Leonidas S. James Physical Education Complex for renovation of the student fitness room to add climate control, updated equipment, and new flooring – \$550,000

BSU's budgeted fiscal 2014 enhancement fund appropriation is \$1,072,398, a decrease of \$56,486, or 5.0%, from fiscal 2013 due to a redistribution of aid among HBIs.

Funding Increases Per FTES

FTES enrollment at BSU reached a new high of 4,534 in fiscal 2011, having grown over 17.6% since fiscal 2003. **Exhibit 7** shows tuition and fees revenue and State funding per FTES between fiscal 2003 and 2014. Tuition and fee revenue increased slowly from fiscal 2003 and 2014, reflecting modest tuition increases and campus growth. Total funding per FTES grew each year,

Exhibit 7
BSU Tuition and Fees and State Revenues
Per Full-time Equivalent Student
Fiscal 2003-2014



BSU: Bowie State University

Source: Governor’s Budget Books

although general funds decreased slightly from 2003 to 2006. Fiscal 2007 saw a large increase in general funds and the HEIF and, overall, State funding has grown continuously since 2006. Since fiscal 2007, State funding has represented a larger proportion of per student revenues than tuition and fees, though the two sources of funding have remained within a few percent of each other since fiscal 2007. In fiscal 2014, State funds represent 53.5% of total funding per FTES compared to 44.0% in fiscal 2006.

Issues

1. Making College Affordable

Financial aid is an important component to helping many students succeed in earning a degree. Lack of financial support frequently contributes to a student's decision to stop out or drop out of college. Generally, by combining various types of aid – federal, State, and institutional – students are able to effectively lower the cost of college. According to the *College Navigator* of the National Center for Education Statistics, the total cost, or “sticker price,” for a Maryland student attending BSU in fiscal 2011 was \$18,769 (this includes tuition, mandatory fees, books and supplies, other expenses, and the weighted average of room and board). However, when accounting for the average amount of federal, State, and institutional grants and scholarships, the average net cost of attendance was \$11,075, a 41% reduction from the sticker price.

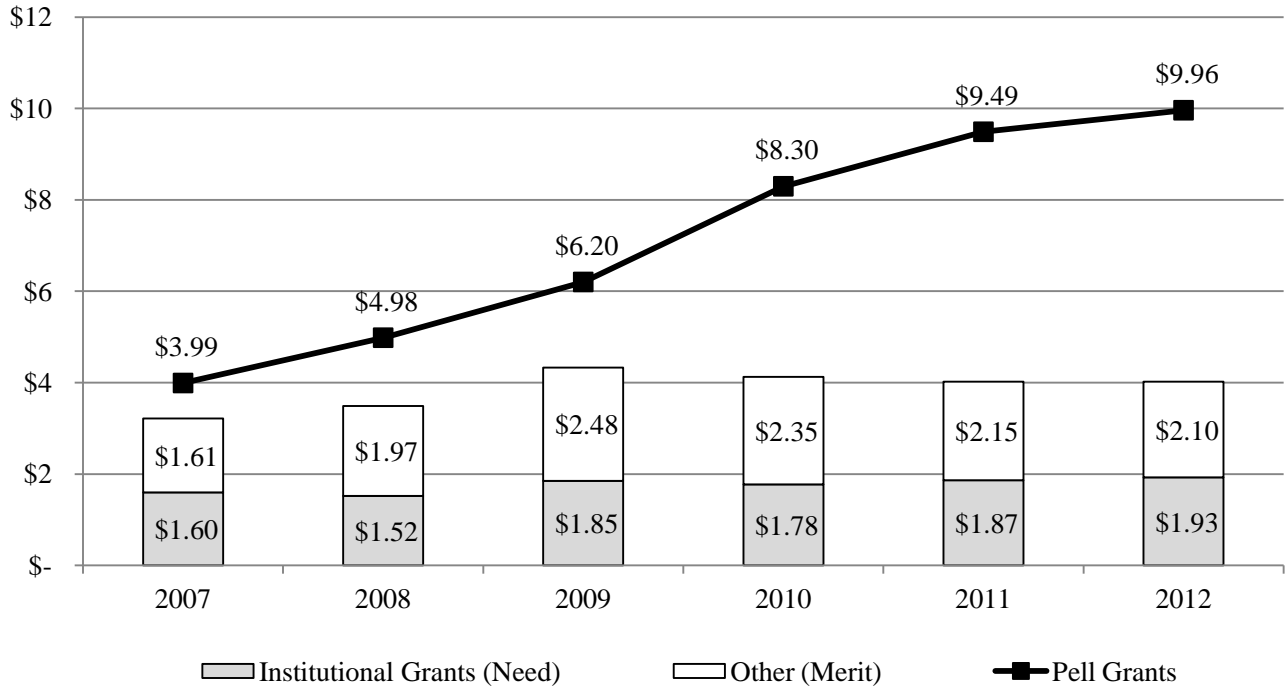
Institutional Aid and Pell Awards

About 57% of BSU's students receive Pell awards which are given to those that could not otherwise afford college and have an expected family contribution (EFC) of less than a specified amount, which was \$5,273 in 2012. EFC is an indicator of the amount a family is required to contribute to pay for a student's college education; therefore, the lower the EFC, the greater the financial need.

Exhibit 8 shows total institutional aid (need-based grants and merit-based scholarships) and federal Pell expenditures from fiscal 2007 to 2012. Over these five years, Pell grant aid to Bowie students grew about \$6 million, or 150.0%. Fiscal 2010 had the largest single year change, an increase of \$2 million, or 33.7%.

In terms of institutional aid, merit- and need-based aid were similar amounts in fiscal 2007. Merit-based aid grew quickly over the next two years, before gradually declining from fiscal 2010 to 2012. Need-based aid fell from fiscal 2007 to 2008, grew slightly in 2009, and then remained fairly level through 2012. Although the amounts of merit- and need-based aid fluctuated from 2007 to 2012, the percent split between them went from 50/50% in 2007 to 48/52% in 2012, for a slight shift toward merit-based aid. Overall, merit-based aid grew by \$484,000, or 30.0%, over this time period, while need-based aid grew \$327,000, or 20.4%. This trend is inconsistent with the Board of Regents' recommendation to increase the portion of aid allocated to need-based aid.

Exhibit 8
Total Institutional Aid and Pell Grant Expenditures
Fiscal 2007-2012
(\$ in Millions)

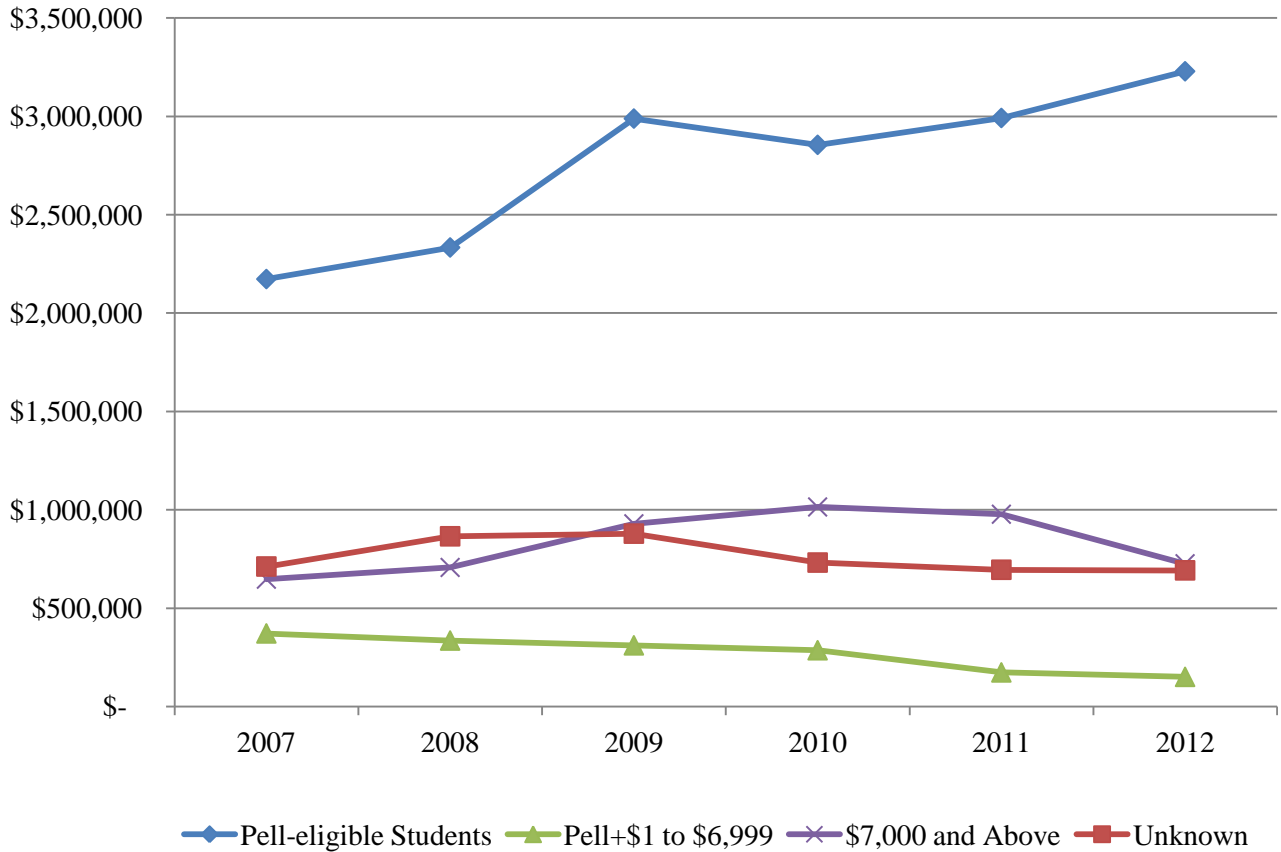


Source: University System of Maryland

As the expenditures on need-based aid grew, there was a corresponding increase in the amount of institutional aid awarded to Pell-eligible students, as shown in **Exhibit 9**. In fiscal 2012, Pell-eligible students received 89.4% of institutional aid – an increase of 11 percentage points and more than \$1.0 million since fiscal 2007. In fiscal 2009, the impact of the recession can be readily seen with an additional \$0.7 million, or 28.1%, awarded to Pell-eligible students. Those in the Pell+\$1 to \$6,999 range saw a decrease of \$221,000 or almost 60%, as more money went to Pell-eligible students.

Students in the \$7,000 and above EFC as well as those with an unknown EFC saw little change in total expenditures over the five year period. An unknown EFC is due to a student not filing for federal financial aid and is generally an indicator of a more affluent student. It is interesting that these two higher EFC ranges did see slight increases in 2008 and 2009, which were the same years that merit-based aid increased in Exhibit 8.

Exhibit 9
Total Expenditures on Institutional Aid by EFC
Fiscal 2007-2012



EFC: Expected Family Contribution

Source: University System of Maryland

However, Financial Aid Does Not Cover All Costs

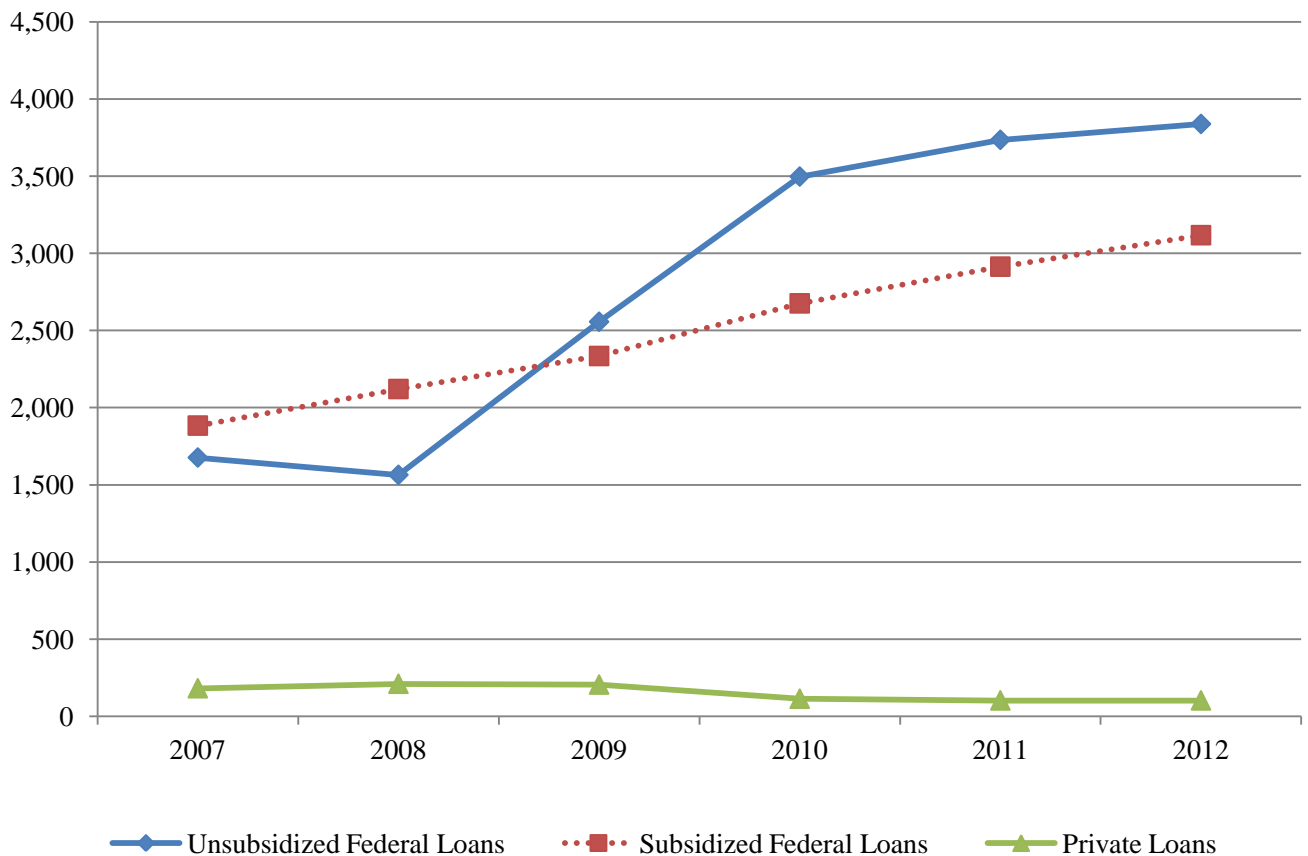
In addition to Pell grants and institutional aid, students may take out loans to pay for higher education. There are three types of loans:

- **Federal Subsidized** – based on financial need; the government pays the interest while the student is enrolled in school;

- **Federal Unsubsidized** – generally for students who do not demonstrate financial need; interest is added to the balance of the loan while the student is enrolled in school; and
- **Private Sources** – often used to cover any remaining unmet need; offered by banking institutions whose interest rates and repayment policies vary.

As illustrated in **Exhibit 10**, the number of unsubsidized loans grew nearly 124%, or 1,933, between fiscal 2008 and 2010 suggesting the economic downturn started to impact students very quickly beginning in fiscal 2009. This may also be due to the change in the federal loan limits. In 2008, the annual loan limit for dependent and independent students increased by \$2,000 and \$1,000, respectively. Growth in unsubsidized loans slowed considerably in 2011.

Exhibit 10
Loans by Type
Fiscal 2007-2012

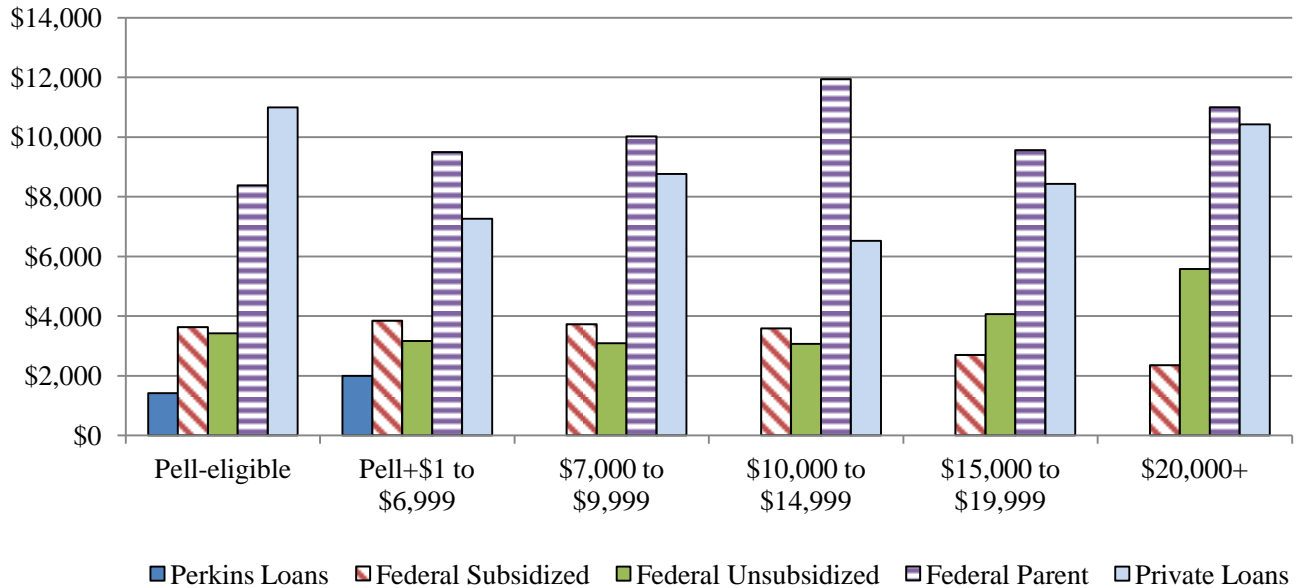


Source: University System of Maryland

Over the past four years, the number of subsidized loans taken out by BSU students and their families annually increased, on average, about 13% per year. It should be noted that in 2009, the Federal Family Educational Loan program was eliminated, and, in addition, borrowers were no longer able to consolidate multiple federal loans into one loan. Meanwhile, from 2008 to 2011, the number of private loans taken out by students fell by half, from 210 to 102 loans per year. This trend suggests that, with the economic downturn, families with higher incomes are filing the Free Application for Federal Student Aid (FAFSA) to receive unsubsidized federal loans rather than take out more burdensome private loans, which increasingly now require cosigners and adherence to tighter credit criteria.

Lastly, **Exhibit 11** shows the average loan amount by student EFC and the type of loan. A Parent PLUS loan is taken out on behalf of the student by the student’s parent or legal guardian if the cosigner meets certain credit-worthiness criteria. Unsubsidized Stafford loans and Parent PLUS loans constitute the unsubsidized loan category. Perkins loans are special low-interest loans from the federal government to needy students.

Exhibit 11
Average Loan Amount by Type and EFC
Fiscal 2012



Source: University System of Maryland

As noted in Exhibit 10, the number of private loans is small, but Exhibit 11 shows that Pell-eligible students took out the largest average dollar amount in private loans, despite qualifying for other need-based aid. Parent PLUS loans tend to be higher in the upper EFC categories,

suggesting those students have greater access to cosigners for loans. An unusual sign is that Pell-eligible and Pell+\$1 to \$6,999 students may not be taking full advantage of Perkins loans, as their Perkins loan averages are only \$1,413 and \$2,000, respectively, when the yearly cap is up to \$5,500. Parent PLUS loans are high across all EFC categories.

The President should comment on what BSU is doing to increase financial aid literacy and responsible borrowing among new students, such as encouraging students to maximize the use of subsidized federal loans before taking out private loans.

2. Access and Success Program Review

Access and Success (A&S) funds have been provided annually since fiscal 2001 to improve student retention and graduation rates at Maryland's four HBIs and can be used to develop new or enhance existing programs. The fiscal 2012 *Joint Chairmen's Report* (JCR) required a report entitled *2012 Outcomes of Students Participating in Access and Success Programs by Cohort* by the Maryland Higher Education Commission (MHEC) to review efforts at HBIs, including student completion rates in coursework immediately following remedial education in A&S programs. In A&S programs, MHEC particularly monitors whether full-time students accumulate 20 credits in the first year of college, a strong indicator of degree completion.

BSU Summer Bridge Programs

Through fiscal 2011, BSU operated two five-week summer bridge programs supported by A&S funds: the Bulldog Academy, which gives admitted students an opportunity to complete developmental courses before the fall semester, and the Summer Bridge Program for students who do not meet admissions standards but show academic promise. Participants in both programs took noncredit courses in English, mathematics, reading, and college skills infused with technology and group work.

After fiscal 2011, the Summer Bridge Program for non-admitted students was discontinued, leaving only the Bulldog Academy. As a result, conditionally admitted students with a minimum 2.0 grade point average (GPA) and 740-839 score on the combined reading and math Scholastic Aptitude Test will be targeted toward the Bulldog Academy, which will also be open to admitted students on a first-come first-serve basis. Because of this shift in the Summer Bridge population, from fiscal 2011 to 2012, the participation rate in developmental courses fell from about 89% of students to about 15%. As earlier data combined both Summer Bridge and Bulldog Academy students, it is excluded here because it is uncomparable to the most recent data for Bulldog Academy students alone.

Exhibit 12 shows selected outcomes of the fiscal 2012 Bulldog Academy cohort compared to the entire first-year student body. Bulldog Academy students significantly outperformed general first-year students in the number of credit earned, 30.4 to 22. MHEC considers this a very strong

Exhibit 12
Performance Difference of Bulldog Academy
Versus All First-year Students
Fiscal 2012

<u>Indicator</u>	<u>Bulldog Academy</u>	<u>All First-years</u>
Enrollment	27	573
First-year Credits Earned	30.4	22
First-year Grade Point Average	2.33	2.34
Participation, Any Developmental Course	14.8%	77.1%
Participation Rate, Developmental Math	*	94.3%
Completion Rate, Developmental Math	*	64.7%
Participation Rate, Developmental English	*	27.6%
Completion Rate, Developmental English	*	64.7%
Throughput Completion Rate, Credit-bearing Math	*	37.4%
Throughput Completion Rate, Credit-bearing English	*	27.0%

*Only four students enrolled in developmental coursework. Data has been suppressed due to the small number of students.

Note: Percentages in the developmental coursework categories represent percentages of the subpopulation enrolled in developmental work.

Source: Bowie State University

marker for student persistence. Although Bulldog Academy students earn more credits, their GPA is comparable to the GPA of all students which indicates they are not “burned out” by attending what is, essentially, a longer school year.

Two concerns arise from the 2012 data. First, the number of Bulldog Academy participants is very low. Only 27 enrolled from the fiscal 2012 cohort. This number is significantly smaller than the target populations reached at other HBIs and below what BSU would like to see in the program. Similar to the University of Maryland Eastern Shore, Bulldog Academy is partly funded through student payments. At BSU, students pay \$500, \$650, or \$750 depending on whether a student needs zero, one, or two developmental courses. While this price may seem significant to students, it is, in fact, considerably cheaper than paying the regular rate of \$318 per credit hour for coursework assuming a normal class is three hours. BSU believes the program cost may contribute to the low enrollment, although the fiscal 2011 program enrolled 64 students at a flat \$1,757.

Another concern is that in the fiscal 2012 cohort, only four Bulldog Academy students enrolled in developmental courses, rendering percentage comparisons between Bulldog Academy students and all students unhelpful.

Although the prior years of A&S-funded programs are not comparable to the fiscal 2012 results above, the 2008 cohort, which was the first A&S cohort to be targeted with HBI retention and graduation best practices, has now reached the four-year mark; this is when a full-time student is normally expected to graduate. According to the MHEC report, while generally 7.8% of first-time, full-time students at BSU graduate in four years, no summer bridge students from fiscal 2008 graduated in four years. This overall four-year graduation rate seems very low compared to the four-year rates shown in Exhibit 2. The Department of Legislative Services is concerned that A&S program participants, so far, have not been any more successful than the general student body.

The President should comment on whether stronger results should be expected from the Bulldog Academy given the resources focused on these students.

The President should comment on how BSU may increase enrollment in Bulldog Academy and what the enrollment target is for summer 2013.

Recommended Actions

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

Updates

1. Intercollegiate Athletics Deficit

Unlike Maryland's other three HBIs, BSU competes in the Central Intercollegiate Athletic Association within Division II of the National Collegiate Athletic Association. Currently, BSU has total intercollegiate athletics (ICA) debt of about \$2.4 million. As BSU is the only Maryland school in Division II, its ICA debt is not directly comparable to Division I or Division III schools. ICA is mainly funded through mandatory student athletic fees. From fiscal 2007 to 2013, such fees rose from \$398 to \$688 a year, an increase of about 73%. No general funds are used to support ICA, per USM policy. However, BSU has used auxiliary fund balance from various sources to cover some of the shortfall in annual ICA budgets.

After many years of running deficits, ICA was finally balanced in fiscal 2009. BSU states ICA expenditures have not decreased in recent years, although revenue has improved due to improved budget monitoring, fundraising from the athletics department, and more guarantee games for the men's basketball team. A guarantee game is where a weaker team travels to a stronger team. In exchange for an almost certain loss, the traveling team receives a large payout.

BSU reports it has reduced its total ICA debt by \$440,000 so far. In fiscal 2012, BSU ended with a positive fund balance of about \$36,800. In fiscal 2013, BSU is planning on at least \$65,000 being placed in fund balance to begin paying off total ICA debt. Despite this small ICA fund balance, BSU maintains it can pay down the total ICA debt around fiscal 2024.

Current and Prior Year Budgets

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

Fiscal 2011	General Fund	Special Fund	Federal Fund	Other Unrestricted Fund	Total Unrestricted Fund	Restricted Fund	Total
Legislative Appropriation	\$33,619	\$0	\$0	\$48,669	\$82,287	\$15,500	\$97,787
Deficiency Appropriation	0	0	0	0	0	0	0
Budget Amendments	0	1,303	0	-1,135	167	4,100	4,267
Reversions and Cancellations	0	0	0	-2,261	-\$2,261	-939	-\$3,201
Actual Expenditures	\$33,619	\$1,303	\$0	\$45,272	\$80,194	\$18,661	\$98,854
Fiscal 2012							
Legislative Appropriation	\$33,494	\$1,810	\$0	\$49,433	\$84,737	\$17,051	\$101,788
Deficiency Appropriation	0	0	0	0	0	0	0
Budget Amendments	525	0	0	344	868	3,449	4,318
Reversions and Cancellations	0	0	0	-1,804	-1,804	-1,943	-3,746
Actual Expenditures	\$34,019	\$1,810	\$0	\$47,973	\$83,802	\$18,557	\$102,359
Fiscal 2013							
Legislative Appropriation	\$33,074	\$2,622	\$0	\$48,916	\$84,612	\$19,600	\$104,212
Budget Amendments		337	0	400	737	900	1,637
Working Appropriation	\$33,074	\$2,959	\$0	\$49,316	\$85,349	\$20,500	\$105,849

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

Fiscal 2011

Special funds increased \$1,302,856 from the HEIF authorized by the General Assembly to replace general funds reduced during the 2010 legislative session.

Other unrestricted funds decreased \$3,396,604 overall due to a \$1,135,372 decrease from revenue related to a new food service contract, additional interest income, and reduced contributions to the fund balance. A cancellation of \$2,261,231 resulted from vacancies and delays in hiring consistent with the statewide hiring freeze and a reorganization of budgetary matters of the European and Asian programs with the University of Maryland University College.

Restricted funds increased \$4,100,000 from additional federal Pell grant funds, Title III grant funds, and other financial aid sources. A cancellation of \$939,295 decreased the appropriation to account for an overestimation of federal Pell awards and a delay in equipment purchasing using Title III/CCRAA funds.

Fiscal 2012

General funds increased \$333,656 to allocate funds for the one-time \$750 bonus appropriated in the Department of Budget and Management to the various State agencies. General funds also increased \$191,258 to realign personnel costs with health insurance rates.

Other unrestricted funds increased \$343,511 overall due to a \$983,854 increase in tuition revenue and a decrease of \$547,733 in fund balance transfer. A cancellation of \$1,803,651 realigned budget projections with actual expenditures.

Restricted funds increased \$3,449,234 from Pell grants and other federal contracts and grants. A cancellation of \$1,942,738 accounts for an overestimation of federal Pell awards.

Fiscal 2013

Special funds increased \$329,584 to account for the cost-of-living increase for State employees. Special funds also increased \$7,601 due to HEIF adjustments.

Other unrestricted funds increased \$399,712 due to an increase in tuition revenue and auxiliary revenue from student center fees and food service contracts and a decrease from an additional transfer to the fund balance.

Restricted funds increase \$900,000 to account for an increase in federal Pell grant revenue and miscellaneous revenue, as well as a decrease in other federal grants and private gifts.

Audit Findings

Audit Period for Last Audit:	May 1, 2007 – April 15, 2010
Issue Date:	February 2011
Number of Findings:	7
Number of Repeat Findings:	3
% of Repeat Findings:	43%
Rating: (if applicable)	n/a

- Finding 1:*** **BSU’s computer network was not adequately secured.**
- Finding 2:*** **Monitoring of critical BSU network devices needs improvement.**
- Finding 3:*** Controls over logging and reporting of critical security-related events were not adequate.
- Finding 4:*** **Offsite backup of critical network devices and a complete and comprehensive disaster recovery plan did not exist.**
- Finding 5:*** BSU did not comply with USM policy when granting tuition waivers to dependents of employees from other USM institutions.
- Finding 6:*** Sufficient controls were not in place to ensure the propriety of certain critical student data maintained on BSU’s automated systems.
- Finding 7:*** BSU did not adequately reconcile the results of its most recently completed physical inventory to the related detail equipment records.

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

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

<u>Object/Fund</u>	<u>FY 12 Actual</u>	<u>FY 13 Working Appropriation</u>	<u>FY 14 Allowance</u>	<u>FY 13 - FY 14 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	483.00	494.00	494.00	0.00	0%
02 Contractual	140.62	146.53	168.53	22.00	15.0%
Total Positions	623.62	640.53	662.53	22.00	3.4%
Objects					
01 Salaries and Wages	\$ 40,441,998	\$ 44,461,869	\$ 46,014,615	\$ 1,552,746	3.5%
02 Technical and Spec. Fees	11,033,540	11,476,771	11,832,987	356,216	3.1%
03 Communication	309,481	464,978	468,442	3,464	0.7%
04 Travel	1,212,610	1,246,380	1,246,380	0	0%
06 Fuel and Utilities	4,330,667	3,995,253	2,956,599	-1,038,654	-26.0%
07 Motor Vehicles	213,122	118,902	119,910	1,008	0.8%
08 Contractual Services	10,929,634	12,716,789	13,548,085	831,296	6.5%
09 Supplies and Materials	1,348,521	1,263,948	1,407,698	143,750	11.4%
10 Equipment – Replacement	571,399	2,150,741	2,150,741	0	0%
11 Equipment – Additional	1,868,212	1,565,277	1,881,531	316,254	20.2%
12 Grants, Subsidies, and Contributions	16,123,935	16,938,738	17,643,958	705,220	4.2%
13 Fixed Charges	4,905,825	6,235,790	6,863,177	627,387	10.1%
14 Land and Structures	9,070,278	3,213,080	3,908,176	695,096	21.6%
Total Objects	\$ 102,359,222	\$ 105,848,516	\$ 110,042,299	\$ 4,193,783	4.0%
Funds					
40 Unrestricted Fund	\$ 83,801,960	\$ 85,348,516	\$ 89,542,299	\$ 4,193,783	4.9%
43 Restricted Fund	18,557,262	20,500,000	20,500,000	0	0%
Total Funds	\$ 102,359,222	\$ 105,848,516	\$ 110,042,299	\$ 4,193,783	4.0%

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

Fiscal Summary
USM – Bowie State University

<u>Program/Unit</u>	<u>FY 12 Actual</u>	<u>FY 13 Wrk Approp</u>	<u>FY 14 Allowance</u>	<u>Change</u>	<u>FY 13 - FY 14 % Change</u>
01 Instruction	\$ 24,880,324	\$ 26,513,085	\$ 27,574,081	\$ 1,060,996	4.0%
02 Research	1,091,957	1,165,489	1,166,192	703	0.1%
03 Public Service	831,416	1,051,736	1,054,355	2,619	0.2%
04 Academic Support	10,974,681	13,102,565	14,266,121	1,163,556	8.9%
05 Student Services	5,805,958	6,365,771	6,534,778	169,007	2.7%
06 Institutional Support	12,396,708	14,474,990	14,951,431	476,441	3.3%
07 Operation and Maintenance of Plant	16,642,603	12,195,432	12,083,584	-111,848	-0.9%
08 Auxiliary Enterprises	14,972,061	15,236,008	15,963,097	727,089	4.8%
17 Scholarships and Fellowships	14,763,514	15,743,440	16,448,660	705,220	4.5%
Total Expenditures	\$ 102,359,222	\$ 105,848,516	\$ 110,042,299	\$ 4,193,783	4.0%
Unrestricted Fund	\$ 83,801,960	\$ 85,348,516	\$ 89,542,299	\$ 4,193,783	4.9%
Restricted Fund	18,557,262	20,500,000	20,500,000	0	0%
Total Appropriations	\$ 102,359,222	\$ 105,848,516	\$ 110,042,299	\$ 4,193,783	4.0%

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.