

**R30B27**  
**Coppin State University**  
**University System of Maryland**

***Operating Budget Data***

(\$ in Thousands)

	<b><u>FY 14</u></b> <b><u>Actual</u></b>	<b><u>FY 15</u></b> <b><u>Working</u></b>	<b><u>FY 16</u></b> <b><u>Allowance</u></b>	<b><u>FY 15-16</u></b> <b><u>Change</u></b>	<b><u>% Change</u></b> <b><u>Prior Year</u></b>
General Funds	\$38,467	\$41,834	\$44,938	\$3,104	7.4%
Deficiencies and Reductions	0	-1,418	-2,451	-1,033	
<b>Adjusted General Fund</b>	<b>\$38,467</b>	<b>\$40,416</b>	<b>\$42,487</b>	<b>\$2,071</b>	<b>5.1%</b>
Special Funds	2,268	1,905	2,027	122	6.4%
<b>Adjusted Special Fund</b>	<b>\$2,268</b>	<b>\$1,905</b>	<b>\$2,027</b>	<b>\$122</b>	<b>6.4%</b>
Other Unrestricted Funds	25,278	29,126	28,546	-580	-2.0%
<b>Adjusted Other Unrestricted Fund</b>	<b>\$25,278</b>	<b>\$29,126</b>	<b>\$28,546</b>	<b>-\$580</b>	<b>-2.0%</b>
Total Unrestricted Funds	66,013	72,864	75,511	2,647	3.6%
Deficiencies and Reductions	0	-1,418	-2,451	-1,033	
<b>Adjusted Total Unrestricted Funds</b>	<b>\$66,013</b>	<b>\$71,446</b>	<b>\$73,060</b>	<b>\$1,614</b>	<b>2.3%</b>
Restricted Funds	15,963	18,000	18,000	0	
<b>Adjusted Restricted Fund</b>	<b>\$15,963</b>	<b>\$18,000</b>	<b>\$18,000</b>	<b>\$0</b>	<b>0.0%</b>
<b>Adjusted Grand Total</b>	<b>\$81,977</b>	<b>\$89,446</b>	<b>\$91,060</b>	<b>\$1,614</b>	<b>1.8%</b>

Note: The fiscal 2015 working appropriation reflects the Board of Public Works reductions. The fiscal 2016 allowance reflects back of the bill reductions to the University System of Maryland, which were allocated to institutions based on the Department of Legislative Services estimates.

- The general fund increases \$2.1 million, or 5.1%, in fiscal 2016 after adjusting for a fiscal 2015 Board of Public Works reduction and \$2.5 million in back of the bill reductions in fiscal 2016.
- The Higher Education Investment Fund increases \$0.1, or 6.4%, in fiscal 2016, resulting in an overall growth of 5.2%, or \$2.2 million, in State funds above fiscal 2015.

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

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***Analysis of the FY 2016 Maryland Executive Budget, 2015***

## ***Personnel Data***

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	<b><u>FY 14 Actual</u></b>	<b><u>FY 15 Working</u></b>	<b><u>FY 16 Allowance</u></b>	<b><u>FY 15-16 Change</u></b>
Regular Positions	458.50	456.50	456.50	0.00
Contractual FTEs	<u>164.33</u>	<u>159.97</u>	<u>159.97</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>622.83</b>	<b>616.47</b>	<b>616.47</b>	<b>0.00</b>

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

Turnover and Necessary Vacancies, Excluding New Positions	13.92	3.05%
Positions and Percentage Vacant as of 12/31/14	42.00	9.2%

- The allowance does not provide for any new positions.

## ***Analysis in Brief***

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### **Major Trends**

***Enrollment:*** Undergraduate enrollment declined 8.1% in fall 2014 with continuing students falling 6.2%. Since fall 2012, enrollment declined 14.2% with first-time (full- and part-time) students dropping 40.5%.

***Student Performance:*** The 2011 cohort second-year retention rate of 65.4% was the highest rate since the 2002 cohort. However, the 2012 cohort second-year retention rate fell to 61.4%. Overall, transfer students graduate at a higher rate than the first-time, full-time (FT/FT) students with the two-year graduation rate for transfers increasing from 2.6% with the 2005 cohort to a high of 17.5% with the 2011 cohort. The six-year graduation rate for FT/FT fell to 16.0% with the 2007 cohort, the lowest rate since the 1991 cohort.

***Degree Production Efficiency:*** In fiscal 2012, the number of undergraduate degrees per 100 full-time equivalent students jumped to 16.1 due to falling enrollment coupled with an increase in degrees. Coppin State University's (CSU) ratio surpassed the average of its peers but declined the following year. After declining for two years, education and related expenditures per degree increased to \$147,878 in fiscal 2011.

### **Issues**

***Meeting College Expenses:*** While total expenditures on institutional aid increase \$0.4 million in fiscal 2015, the amount spent on need-based aid decreases 19.9% and scholarships, or merit-based aid, increases 64.2%. In fiscal 2014, 95.8% of those receiving need-based institutional aid were Pell-eligible students who received an average award of \$1,044.

***The Future of CSU:*** While CSU has received significant State funding in both the operating and capital budgets and offers some successful academic programs, it continues to struggle with poor student performance and declining enrollment. With a change in leadership, the University System of Maryland Board of Regents decided it was an appropriate time to take actions to address the various issues affecting CSU's overall performance.

### **Recommended Actions**

1. Add language to restrict general funds for need-based financial aid

*R30B27 – USM – Coppin State University*

**R30B27**  
**Coppin State University**  
**University System of Maryland**

## ***Operating Budget Analysis***

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### **Program Description**

Coppin State University (CSU) is a comprehensive, urban institution offering programs in nursing, humanities, education, and liberal arts and sciences. CSU provides access to education and diverse opportunities for students with high potential for success and those whose promise may have been hindered by a lack of social, personal, or financial opportunity. While serving all students in the State, CSU will continue to enhance the connection to first generation college students and Baltimore City.

**Carnegie Classification:** Master's Colleges and Universities (smaller programs)

#### **Fall 2014 Undergraduate Enrollment Headcount**

Male	741
Female	1,943
<b>Total</b>	<b>2,684</b>

#### **Fall 2014 Graduate Enrollment Headcount**

Male	11
Female	338
<b>Total</b>	<b>449</b>

#### **Fall 2014 New Students Headcount**

First-time	297
Transfers/Others	310
Graduate	102
<b>Total</b>	<b>709</b>

#### **Campus (Main Campus)**

Acres	65
Buildings	12
Average Age	31 years
Oldest	1958

#### **Programs**

Bachelor's	33
Master's	11
Doctoral	1

#### **Degrees Awarded (2013-2014)**

Bachelor's	478
Master's	83
<b>Total Degrees</b>	<b>561</b>

#### **Proposed Fiscal 2016 In-state Tuition and Fees\***

Undergraduate Tuition	\$4,294
Mandatory Fees	\$2,068

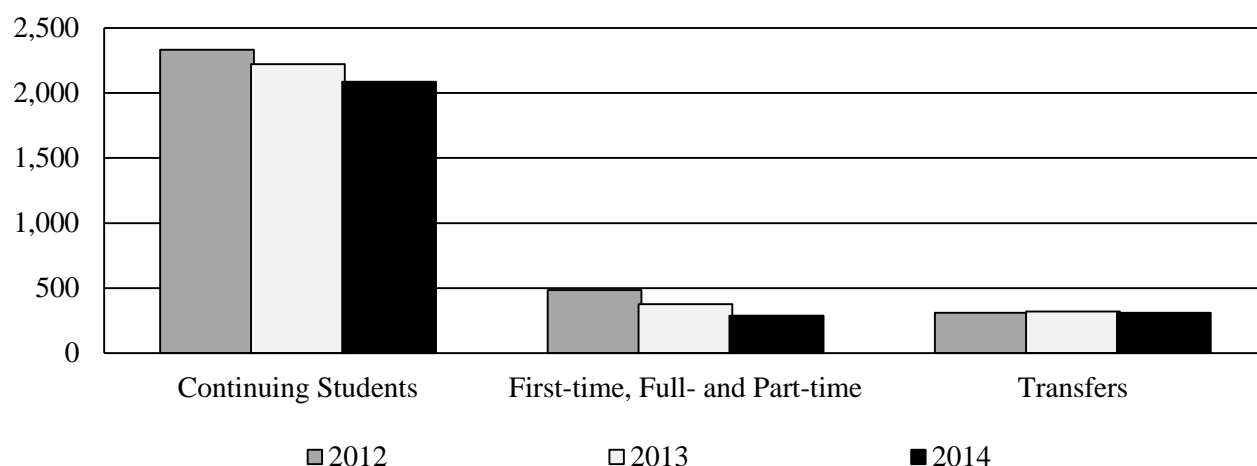
\*Contingent on Board of Regents approval.

## Performance Analysis

### 1. Enrollment

Undergraduate enrollment declined 8.1% in fall 2014 with continuing students dropping 6.2%, as illustrated in **Exhibit 1**. Since fall 2012, continuing students declined 10.6%, implying recent efforts to improve the retention of students have not proven to be successful. First-time (full- and part-time) students dropped 23.6% in fall 2014 and since fall 2012, have declined 40.5%. Overall, since fall 2012, undergraduate enrollment declined 14.2%. Enrollment in graduate programs declined 3.0% in fall 2014 resulting in total enrollment falling by 7.4%.

**Exhibit 1**  
**Undergraduate Headcount Enrollment**  
**Fall 2012-2014**

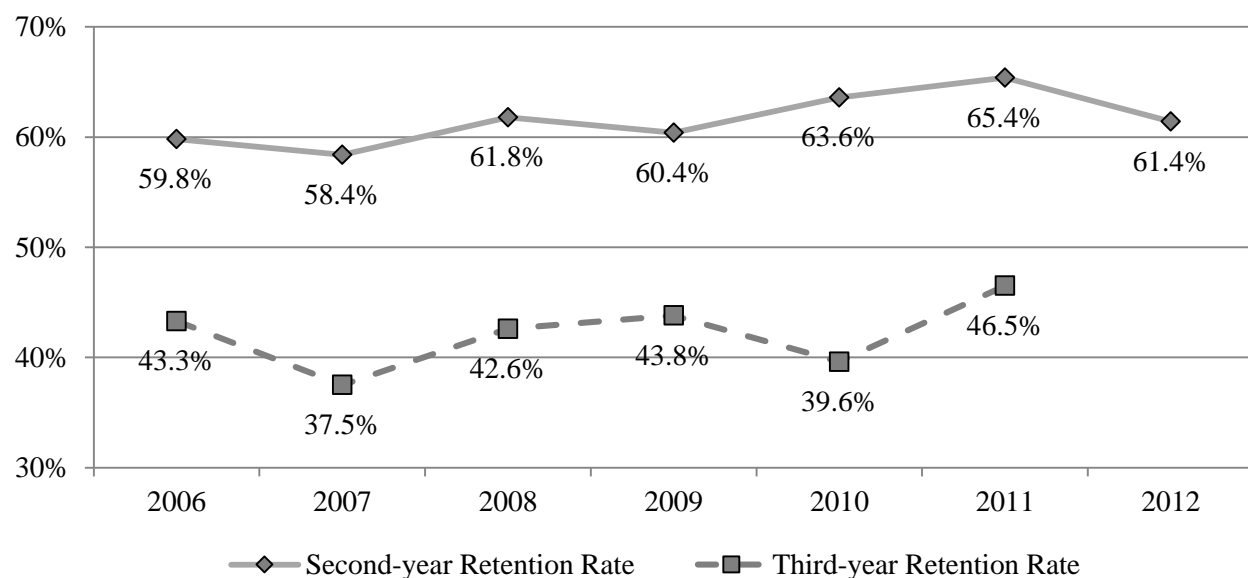


Source: University System of Maryland

### 2. Student Performance

Student persistence, or retention, provides a measure of student progress and an indication of an institution's performance; the higher the retention rate, the more likely students will persist and graduate. As shown in **Exhibit 2**, there was steady progress in retaining students with the 2011 cohort achieving a second-year retention rate of 65.4%, the highest rate since the 2002 cohort. However, the rate fell 4 percentage points to 61.4% with the 2012 cohort. The trend is better for the third-year rate, which fluctuated from a low of 37.5% with the 2007 cohort to reach a high of 46.5% with the 2011 cohort, the highest rate since the 2003 cohort.

**Exhibit 2**  
**Second- and Third-year Retention Rates**  
**First-time, Full-time 2006-2012 Cohorts**

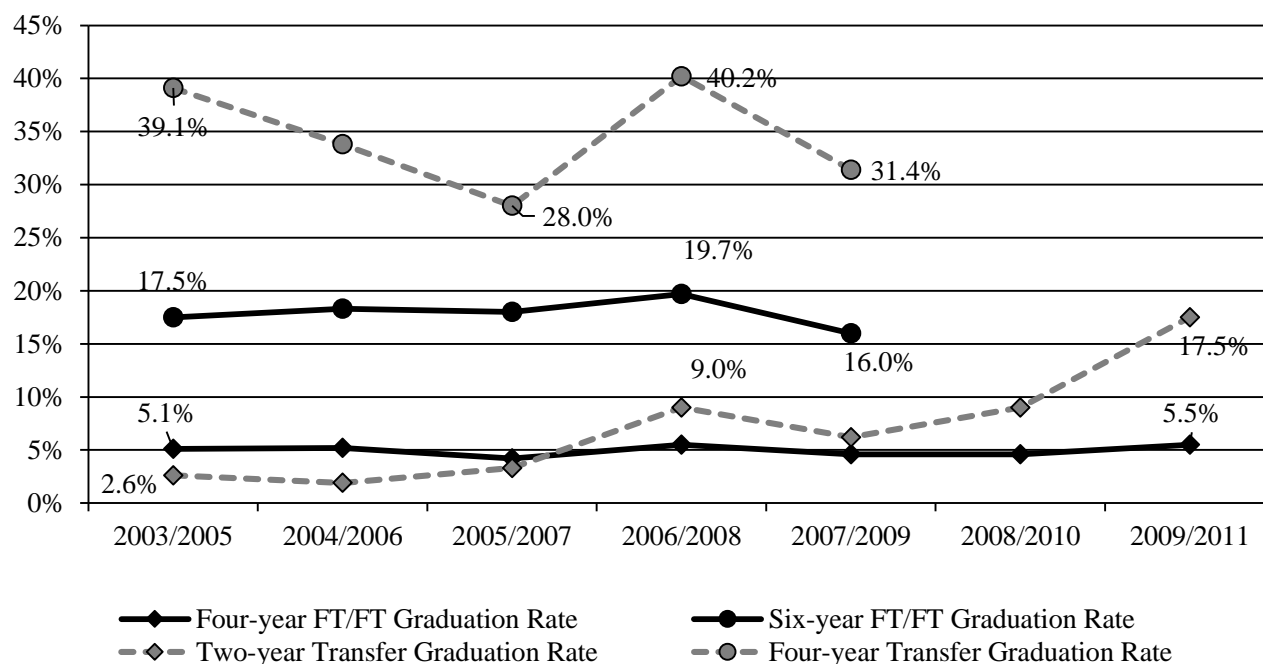


Source: Maryland Higher Education Commission, Retention and Graduation Rates at Maryland Four-year Institutions, October 2014

Completion or graduation rates are greatly influenced by time – the longer it takes a student to graduate, the more likely (s)he will drop out as other priorities compete with classes. Longer completion time translates into increased costs, not only for the student, but the institution and the State as well. According to the most recent data, time to degree for the first-time, full-time (FT/FT) 2006 cohort decreased from 9.9 to 9.5 semesters, a little under five years.

Graduation rates are, in part, another measure of student persistence and efficiency. **Exhibit 3** shows the four- and six-year graduation rates for FT/FT and the equivalent rate for transfer students – the two- and four-year graduation rates. Overall, transfer students graduate at a higher rate than the FT/FT students. The four-year FT/FT rate remained fairly stable around 5.0%, while the two-year transfer rate increased from 2.6% with the 2005 cohort reaching a high of 17.5% with the 2011 cohort. According to CSU, the two-year rate for the 2008 cohort appears to be an anomaly while the 17.5% rate is more consistent with the overall trend in graduation. However, as shown in the exhibit, it is the 17.5% rate that looks more like the anomaly. CSU further notes fluctuations are due the number of transfers in a cohort, credit hours needed for completion, and access to finance.

**Exhibit 3**  
**Graduation Rate of First-time, Full-time and Transfer Students**  
**2003-2011 Cohorts**



FT/FT: first-time, full-time

Note: The graduation rates for the FT/FT cohort includes those graduated from the institution or those that transferred and graduated from any Maryland public four-year institution. The rates for the Maryland community college transfer includes those that graduate from the institution or those that transferred and graduated from any other USM institution.

Source: Maryland Higher Education Commission, Retention and Graduation Rates at Maryland Four-year Institutions; University System of Maryland, Transfer Students to the University of Maryland System

After the four-year transfer graduation rate fell to 28.0% with the 2007 cohort, it jumped to 40.2% with the 2008 cohort and subsequently fell to 31.4% with the next cohort. CSU attributes this swing to a variety of factors including size of the cohort, which averaged 215, so 20 students not completing in four years greatly affects the rate; transfers entering with varying number of credits; and students running out of financial aid resulting in them dropping out. Furthermore, CSU states the 28.0% rate was an anomaly, again, that does not seem to be the case, as shown in the exhibit. Meanwhile, the six-year FT/FT rate fell to 16.0% with the 2007 cohort, the lowest since the 1991 cohort. This trend corresponds to the third-year retention rate, previously shown in Exhibit 2, in which the rate for the 2006 cohort increased 3.7 percentage points and dropped by 5.8 percentage points with the next cohort.

The traditional retention and graduation rates only measure the progress of FT/FT students, which accounted for 51% of CSU's enrollment in 2013, according the National Center for Education



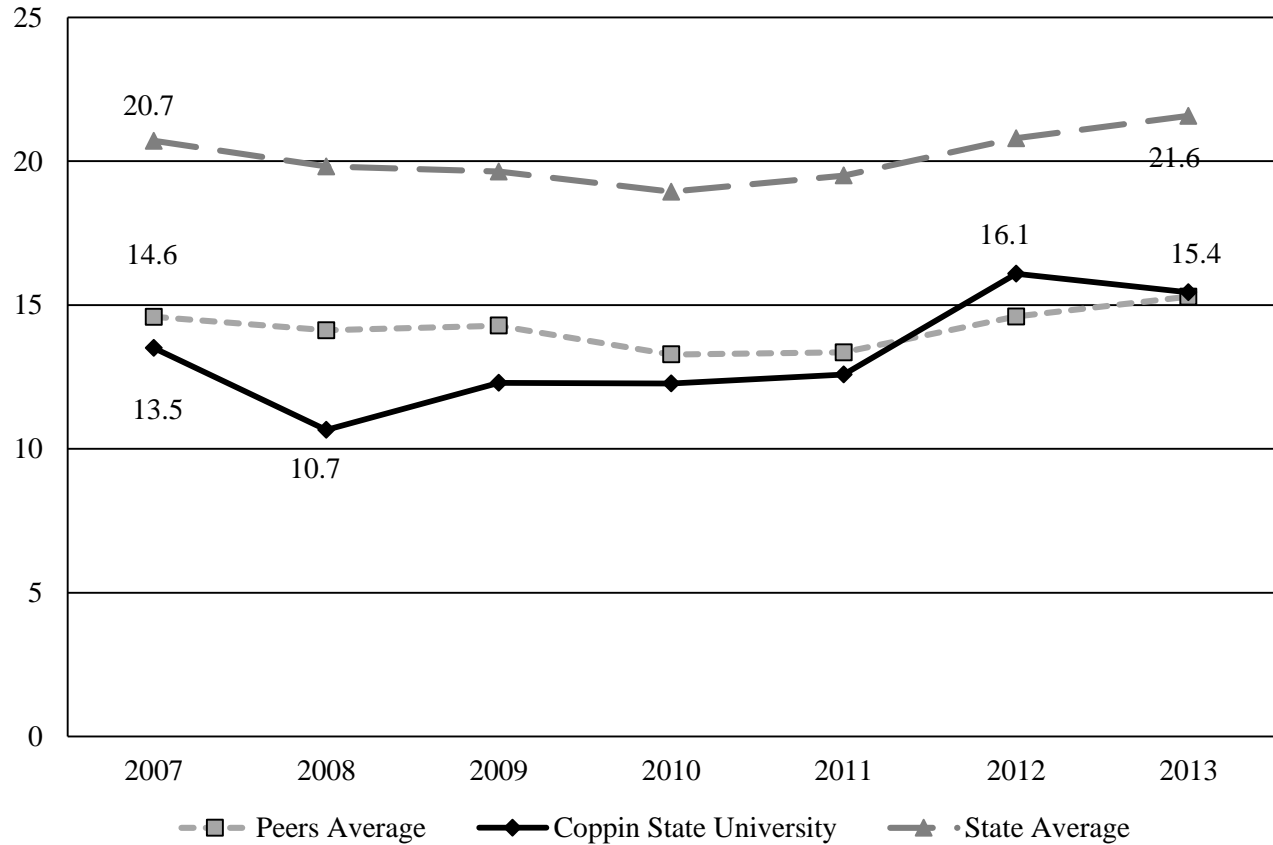
Statistics' College Navigator. Additionally, these measures do not capture the outcomes of those students who fall outside the traditional metrics, *i.e.*, students whose enrollment status changes from full- to part-time and back again (known as mixed enrollment) or transfers to multiple institutions. At CSU, 26% of the 2007 FT/FT cohort transferred to another institution within six years of enrolling at the institution, according to College Navigator. In order to provide a more comprehensive picture of student progress to a degree, higher education organizations developed two voluntary reporting models – Voluntary Student Assessment (VSA) and Student Achievement Measures (SAM). These are interrelated reporting systems in which institutions can sync its data from VSA to SAM. According to CSU, due to staffing limitations in institutional research, they only submit data to VSA; however, the only information on VSA's website for CSU is admission's contact information. CSU reports it will submit data to SAM during the next reporting cycle. It should be noted that CSU is the only University System of Maryland (USM) institution that does not submit data to SAM. Given that CSU students are largely nontraditional, data on these students would provide more insight on their progression and, therefore, help CSU target or focus resources on those students in which it will have the greatest impact in helping students earn a degree. **The President should comment if CSU currently tracks the progress of all students, and if so, provide data on the progress of its students and how data is used to focus its efforts to improve student performance.**

### **3. Degree Production Efficiency**

How well an institution meets its mission is ultimately measured by the number of undergraduate degrees awarded. Trends in the number of undergraduate degrees awarded per 100 undergraduate full-time equivalent students (FTES) shows if an institution is being more or less productive in graduating students. Ideal performance on this indicator would be 25 completions per 100 FTES since, in general, one-quarter of all students enrolled would graduate each year. **Exhibit 4** compares CSU's ratio to the average of its peers and the State's public four-year institutions. Peer institutions are those used to benchmark CSU's performance in USM Dashboard Indicators. CSU's ratio remained fairly stable from fiscal 2009 to 2011 but fell below the average of its peers and the State. In fiscal 2012, the ratio spiked to 16.1 degrees, which can be attributed to falling enrollment coupled with an increase in degrees. The ratio fell to 15.4 degrees in fiscal 2013, equaling that of its peers. The ratio remains well below the State average.

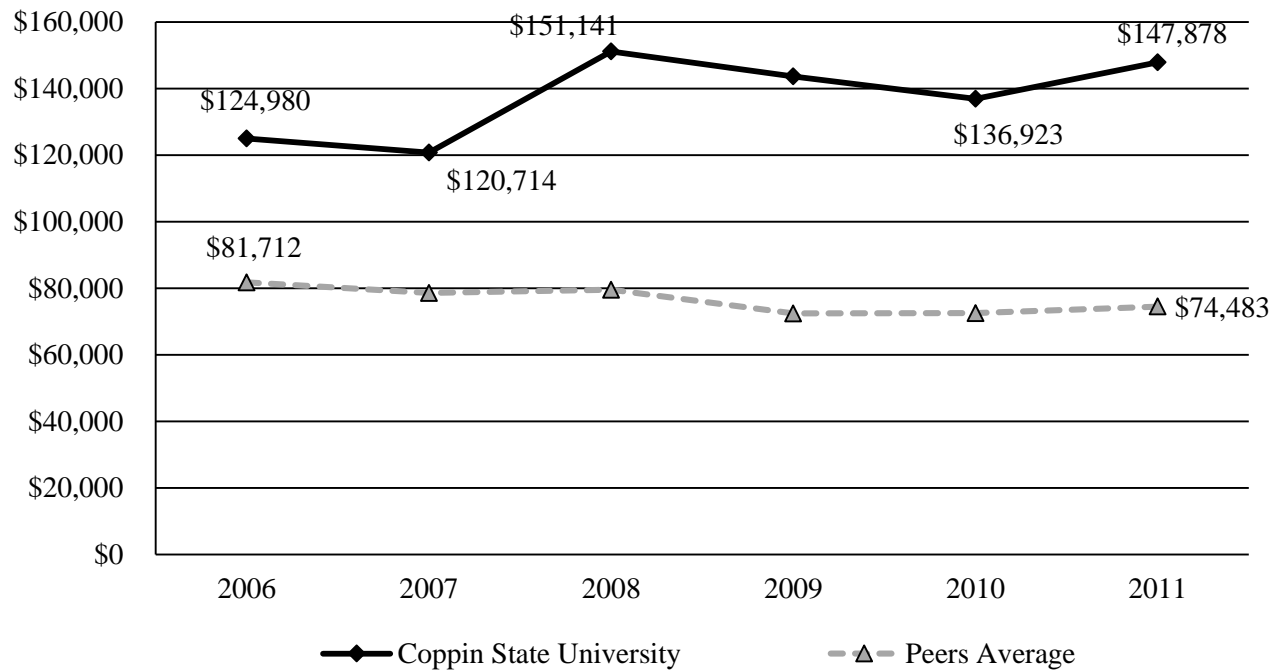
Education and related expenditures per degree measures the cost of producing a degree, showing if an institution is becoming more or less productive over time in using its resources to produce degrees. Therefore, the lower the expenditures, the more efficient an institution is in producing degrees. On average, expenditures per degree at CSU exceeded that of its peers by \$61,020, as shown in **Exhibit 5**. After dropping to a low of \$120,714 in fiscal 2007, expenditures per degree jumped to \$151,141 in fiscal 2008. While expenditures per degree declined over the next two fiscal years, it rose to \$147,878 in fiscal 2011. Meanwhile the expenditures per degree of its peers declined by \$7,229 over the five-year time period. In other words, it takes twice as much to produce a degree at CSU than at its peer institutions.

**Exhibit 4**  
**Undergraduate Degrees Per 100 Full-time Equivalent Students**  
**Fiscal 2007-2013**



Source: Integrated Postsecondary Education System; Department of Legislative Services

**Exhibit 5**  
**Education and Related Expenditures Per Degree Completed**  
**Academic Year 2006-2011**



Note: Education and related expenditures include direct spending on instruction, student services, education share of spending on academic and institutional support, and operations and maintenance. All dollar amounts are reported in 2011 dollars (Higher Education Price Index adjusted).

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

## **Fiscal 2015 Actions**

### **Cost Containment**

The Board of Public Works (BPW) approved two rounds of cost containment measures resulting in a total reduction of \$1.6 million to CSU's State appropriation. The first measure approved in July 2014 reduced CSU's State appropriation by \$0.2 million, which included the elimination of 1 position and \$78,346 in the associated salary and wages and \$0.1 million in operating expenses.

The second cost containment measure, approved by BPW in January 2015, resulted in a \$1.4 million reduction of CSU's State appropriation. CSU plans to meet this reduction through a combination of reducing expenditures and using fund balance. Operating expenditures will be reduced by \$1.1 million: \$0.7 million from the general operating budget through a reduction in expenses and a spending freeze; \$0.3 million from facilities renewal; and \$0.1 million from elimination of 1 position and 1 layoff. In addition, \$0.3 million will be transferred from the fund balance to cover operating expenses. After the transfer, CSU's balance in the State-supported portion of the fund balance will total -\$17.2 million at the end of fiscal 2015, but the non-State-supported portion will total \$19.1 million after a planned transfer of \$0.7 million. According to USM, institutions with negative balances in the State-supported portion of their fund balance are to have plans to restore the necessary balance to the State-supported portion of their fund balance.

### **Proposed Budget**

As shown in **Exhibit 6**, the general fund allowance for fiscal 2016 is 5.1%, or \$2.1 million, higher than fiscal 2015 after including the fiscal 2015 cost containment actions and adjusting for across-the-board reductions in the fiscal 2016 allowance. This includes a general 2% reduction, the elimination of employee increments, and a 2% pay reduction. The Department of Legislative Services (DLS) estimates CSU's share of these reductions to be \$2.5 million. The Higher Education Investment Fund (HEIF) increases 6.4%, or \$0.1 million, over fiscal 2015, resulting in an overall growth in State funds of 5.2%, or \$2.2 million, to \$44.5 million. Other unrestricted funds decline 2.0%, or \$0.6 million, due to auxiliary and tuition and fee revenues decreasing \$0.5 million and \$0.1 million, respectively, because of a projected enrollment decline.

The allowance also provides \$3.1 million in current unrestricted funds for expenses related to: opening of the New Science and Technology Center (\$2.2 million); fuel and utilities (\$0.4 million); facilities renewal (\$0.3 million); financial aid (\$0.2 million); debt service (\$45,351); and costs related to implementing the sexual misconduct policy (\$15,000).

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

	<b><u>FY 14</u></b>	<b><u>FY 15</u></b>	<b><u>FY 16</u></b>	<b><u>FY 15-16</u></b>	<b><u>% Change</u></b>
	<b><u>Actual</u></b>	<b><u>Adjusted</u></b>	<b><u>Adjusted</u></b>	<b><u>Change</u></b>	<b><u>Prior Year</u></b>
General Funds	\$38,467	\$42,055	\$44,938		
July 2014 BPW		-222			
January 2015 BPW		-1,418			
Across the Board			-2,451		
<b>Total General Funds</b>	<b>\$38,467</b>	<b>\$40,416</b>	<b>\$42,487</b>	<b>\$2,071</b>	<b>5.1%</b>
Higher Education Investment Fund	\$2,268	\$1,905	\$2,027	\$122	6.4%
Total State Funds	40,736	42,320	44,514	2,194	5.2%
Other Unrestricted Funds	25,278	29,126	28,546	-580	-2.0%
Total Unrestricted Funds	66,013	71,446	73,060	1,614	2.3%
Restricted Funds	15,963	18,000	18,000	0	0.0%
<b>Total Funds</b>	<b>\$81,977</b>	<b>\$89,446</b>	<b>\$91,060</b>	<b>\$1,614</b>	<b>1.8%</b>

BPW: Board of Public Works

Note: The fiscal 2016 allowance is adjusted to reflect Coppin State University's (CSU) portion of the University System of Maryland's (USM) across-the-board reductions: \$0.9 million related to the 2% reduction was based on CSU's share of USM's total State appropriations; \$0.7 million for the fiscal 2015 cost-of-living adjustment (COLA) was calculated by annualizing the half year fiscal 2015 COLA; and \$0.9 million attributed to salary increments was based on CSU's portion of fiscal 2016 salary increments as estimated by the Department of Legislative Services.

Source: Governor's Budget Books, Fiscal 2016, Department of Legislative Services

Budget changes by program area in the allowance are shown in **Exhibit 7**. This data includes unrestricted funds only, the majority of which consist of general funds, the HEIF, and tuition and fee revenues. Overall, education and general expenditures (E&G) increase 9.2% from fiscal 2014 to 2015, adjusted for total cost containment of \$1.1 million, \$0.3 million transfer from fund balance, and \$0.7 million in funds specific to historically black colleges and universities (HBCU). Expenditures in all program areas increase, except scholarships and fellowship, due to growth in personnel costs (e.g., annualization of the fiscal 2014 salary increments and the cost-of-living adjustment (COLA), the fiscal 2015 COLA, and salary increments, and the addition of 3 full-time equivalent positions). Expenditures on operation and maintenance of plant also included the opening of the new Science and Technology Center in February 2015, which has been delayed until spring 2015. Expenditures

**Exhibit 7**  
**Coppin State University Budget Changes for Unrestricted Funds by Program**  
**Fiscal 2014-2016**  
**(\$ in Thousands)**

	<u>2014</u>	<u>Adjusted Working 2015</u>	<u>% Change 2014-15</u>	<u>Adjusted 2016</u>	<u>\$ Change 2015-16</u>	<u>% Change 2015-16</u>
<b>Expenditures</b>						
Instruction	\$18,085	\$19,017	5.2%	\$19,703	\$686	3.6%
Academic Support	6,492	6,932	6.8%	7,021	89	1.3%
Student Services	4,362	5,027	15.2%	5,126	99	2.0%
Institutional Support	13,554	13,624	0.5%	14,214	590	4.3%
Operation and Maintenance of Plant	11,254	14,790	31.4%	14,962	172	1.2%
Scholarships and Fellowships	2,406	2,390	-0.7%	2,860	470	19.7%
Net Cost Containment/ATB						
Reductions Adjusted for Fund						
Balance Transfer (Fiscal 2015						
Only)		-1,135		-2,451		
Funds Specific to HBCU		663		661	-3	-0.4%
<b>Subtotal Education and General</b>	<b>\$56,152</b>	<b>\$61,309</b>	<b>9.2%</b>	<b>\$62,096</b>	<b>\$787</b>	<b>1.3%</b>
Auxiliary Enterprises	\$9,861	\$11,084	12.4%	\$11,625	\$541	4.9%
<b>Total</b>	<b>\$66,013</b>	<b>\$72,393</b>	<b>9.7%</b>	<b>\$73,721</b>	<b>\$1,328</b>	<b>1.8%</b>
<b>Revenues</b>						
Tuition and Fees	\$16,462	\$16,665	1.2%	\$16,538	-\$127	-0.8%
General Funds	38,467	40,416	5.1%	42,487	2,071	5.1%
Higher Education Investment Fund	2,268	1,905	-16.0%	2,027	122	6.4%
Other Unrestricted Funds	-2,244	1,301	-158.0%	731	-570	-43.8%
Funds Specific to HBCUs		663		661	-3	-0.4%
<b>Subtotal</b>	<b>\$54,953</b>	<b>\$60,003</b>	<b>9.2%</b>	<b>\$61,784</b>	<b>\$1,781</b>	<b>3.0%</b>
Auxiliary Enterprises	\$12,403	\$13,125	5.8%	\$12,672	-\$453	-3.5%
Transfers (to) from Fund Balance	-1,343	-735		-735		
<b>Total</b>	<b>\$66,013</b>	<b>\$72,393</b>	<b>9.7%</b>	<b>\$73,721</b>	<b>\$1,328</b>	<b>1.8%</b>

ATB: across the board

HBCU: historically black college and university

Note: Fiscal 2015 general funds reflect \$1.4 million of cost containment actions, and other unrestricted funds are adjusted by \$0.3 million to reflect transfer from fund balance. Fiscal 2016 general funds are adjusted by \$2.5 million to reflect across-the-board reductions.

Source: Governor's Budget Books, Fiscal 2016; Department of Legislative Services

on scholarships and fellowships decrease 0.7%; however, CSU states that it used the working budget process to add \$174,000 to enhance student recruitment efforts by offering scholarships. In regard to revenues, other unrestricted funds decrease \$1.6 million due a transfer of \$2.4 million to the plant fund in fiscal 2014 and a planned transfer of \$62,000 in fiscal 2015. Overall, E&G expenditures of \$61.3 million exceed revenues of \$60.0 million by \$1.3 million, resulting in a continuing reliance on auxiliary surpluses to cover academic expenses, which will be further discussed in Issue 2.

Total expenditures grow 1.8%, or \$1.3 million, in fiscal 2016 after adjusting for across-the-board reductions of \$2.5 million and \$0.7 million in funds specific to HBCUs. However, since at this time, it is not known how CSU will allocate the reduction across the program areas, it is difficult to compare the difference in expenditures between fiscal 2015 and 2016. **The President should comment on the institutional priorities when determining how the budget reductions will be allocated over the program areas and in particular minimizing the impact on financial aid.**

## *Issues*

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### 1. Meeting College Expenses

The lack of financial resources frequently contributes to a student's decision to stop or drop out of college. As the costs of a college education continue to escalate, students and families are relying more on various types of financial aid, *e.g.*, federal, State, and institutional, to effectively bring down the cost of college. According to the National Center for Education Statistics' College Navigator, the total cost for a FT/FT Maryland undergraduate student at CSU in fiscal 2013 was \$18,572 (based on 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 aid, the average cost of attendance was \$9,667, a 47.9% reduction in the net cost of attendance.

In fiscal 2014, 72.3% of CSU's undergraduate students received Pell awards, which are given to those who otherwise could not afford college and have an expected family contribution (EFC) of less than a specific amount, which was, \$5,081, in fiscal 2014. EFC is an indicator of the amount a family is required to contribute to pay for a student's college education; therefore the lower EFC, the greater the financial aid.

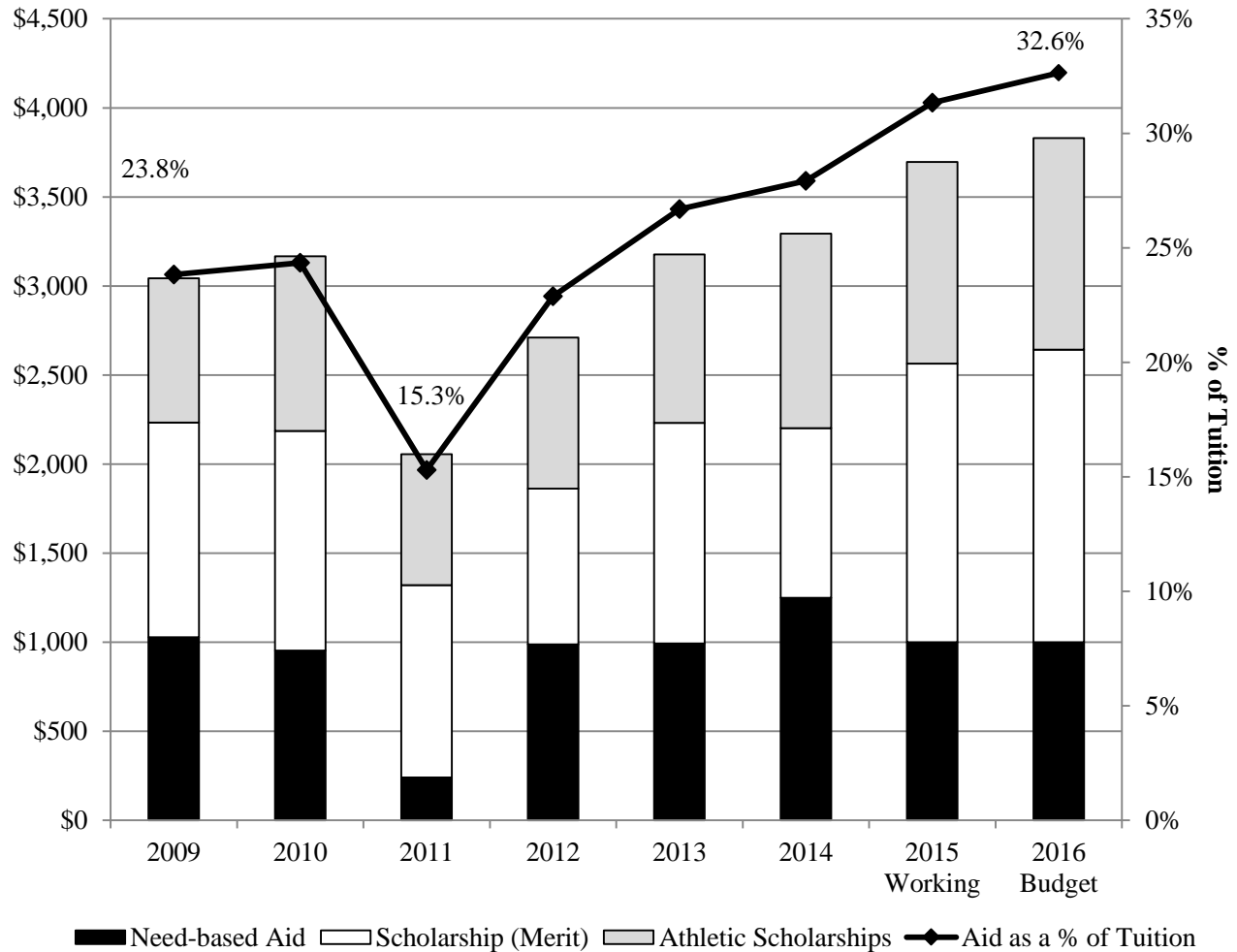
After declining by \$1.1 million in fiscal 2011 due to a failure to disburse most of its need-based aid, expenditures on institutional aid increased to the pre-2011 level of \$3.2 million in fiscal 2013, as shown in **Exhibit 8**. The fiscal 2014 expenditures on need-based aid increased \$254,919; however, the fiscal 2014 supplemental budget provided \$378,000 to be used specifically to increase the amount spent on need-based aid over fiscal 2013. According to CSU, the remaining \$123,081 of the appropriation went toward other institutional scholarships which includes a waiver for out-of-state tuition differential for athletes. It should be noted that expenditures on athletic scholarships increased \$147,143 while scholarships, or merit-based aid, declined \$284,463. **Since CSU did not use its fiscal 2014 appropriation as specified in the supplement budget, DLS recommends restricting the use of \$378,000 of its general fund appropriation to be used only for institutional need-based aid awards.**

While total expenditures on institutional aid increase \$0.4 million in fiscal 2015, the amount spent on need-based aid decreases 19.9% and scholarships, or merit, increases 64.2%. **The President should comment on the decreased spending on need-based aid in fiscal 2015 and on the use of funds provided specifically for need-based aid being used for athletic scholarships.**

The USM Board of Regents (BOR) instructed institutions to use a portion of recent tuition revenue increases for institutional aid directed toward those undergraduate students with the highest financial need, offsetting increases in tuition rates, thereby holding harmless those with the greatest need. Since fiscal 2011, when institutional aid at CSU as a percentage of undergraduate tuition revenue fell to 15.3%, it has steadily increased and is projected to increase to its highest level of 32.6% in fiscal 2016.



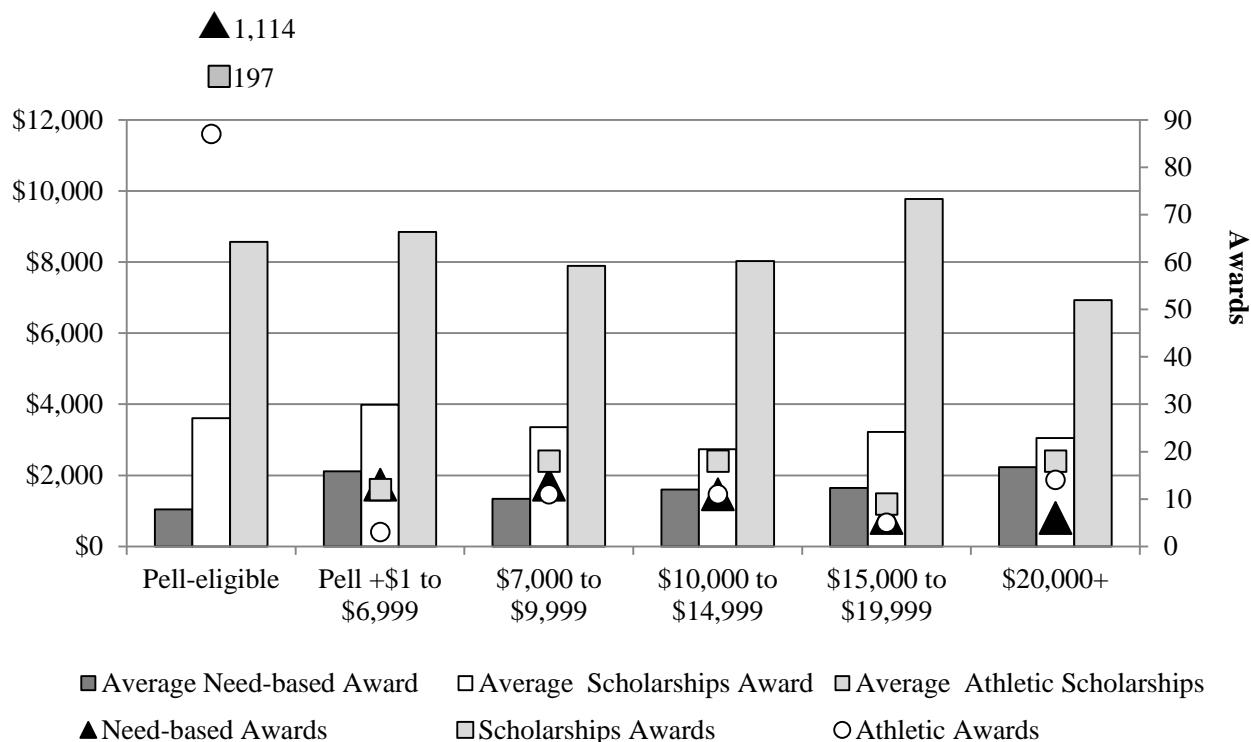
**Exhibit 8**  
**Institutional Aid and Percentage of Undergraduate Tuition**  
**Fiscal 2009-2016**  
**(\$ in Thousands)**



Source: University System of Maryland; Department of Legislative Services

In fiscal 2014, 95.8% of those receiving need-based institutional aid were Pell-eligible students who received an average award of \$1,044, as shown in **Exhibit 9**. However, six students with an EFC over \$20,000 received the highest average award of \$2,233. Students in all EFC categories received institutional scholarships (or merit). Of the 272 awards, 12 students in the Pell plus \$1 to \$6,999 EFC category received the highest average award amount of \$3,985.

**Exhibit 9**  
**Number and Average Amount of Institutional Aid Received Per Recipient**  
**Fiscal 2014**

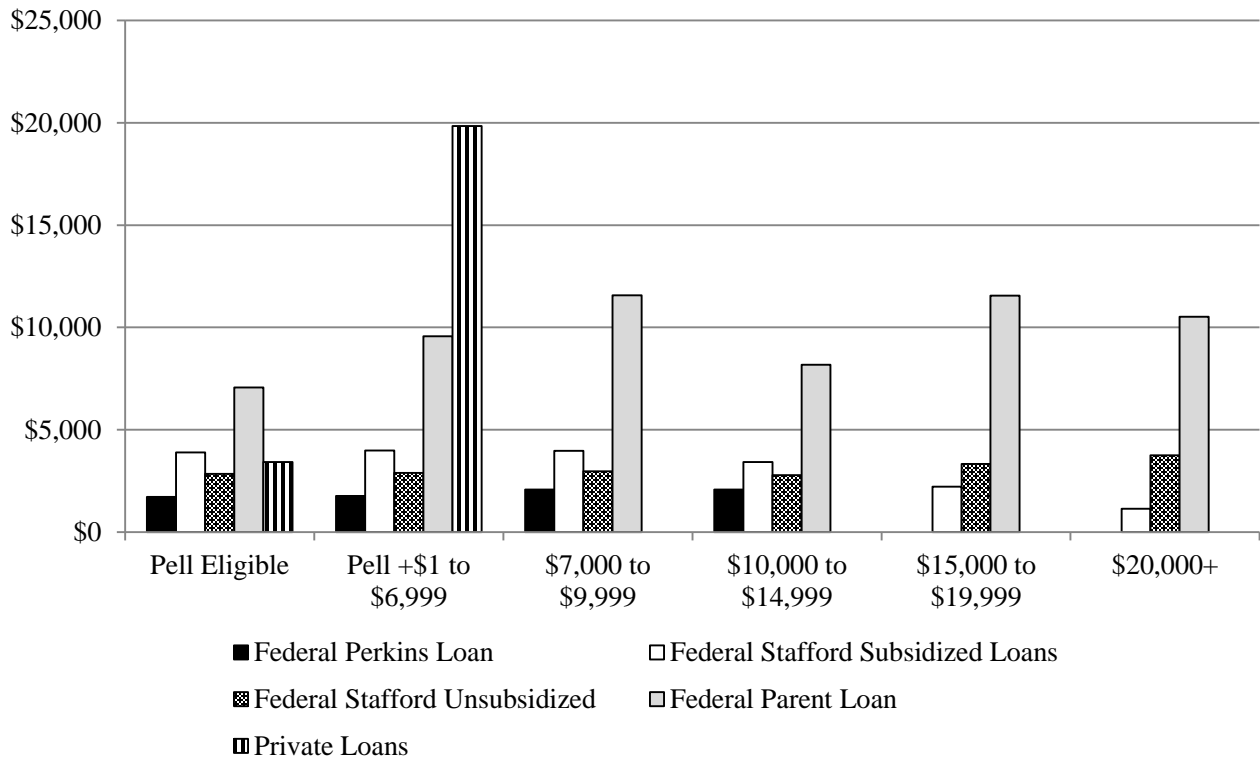


Source: University System of Maryland

While the students with the greatest financial need typically receive Pell and institutional aid, it is still not enough to cover the cost of college. As shown in **Exhibit 10**, students in all EFC categories take out various types of loans to finance their education. These are three types of loans:

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

**Exhibit 10**  
**Mean Loan Amount by Type and Expected Family Contribution**  
**Fiscal 2014**



Source: University System of Maryland

In fiscal 2014, of the 1,966 Pell-eligible students, 87.5% and 61.2% used a Stafford subsidized and unsubsidized loan, respectively, to help finance their college education with average loans of \$3,889 and \$2,849. On average, the highest loans taken out for all EFC categories were the federal plus parent loans, with four students with an EFC of \$7,000 to \$9,999 taking out the highest average loans of \$11,578. One student in the Pell plus \$1 to \$6,999 took out a private loan of \$19,839, which has a higher interest rate than federal loans.

**The President should comment on if financial literacy or other programs are offered to students to educate them about options and implications of using various methods to finance their college education.**

## **2. The Future of CSU**

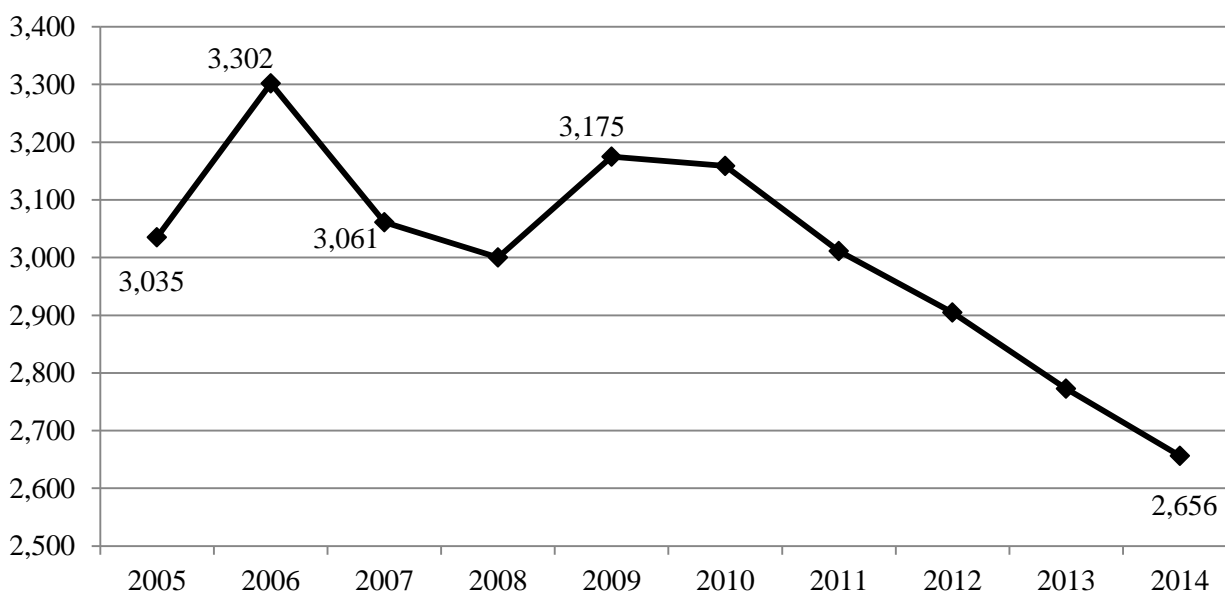
While CSU has received significant State funding in both the operating and capital budgets and offers some successful academic programs such as nursing, criminal justice, and applied psychology, it continues to struggle with poor student performance and declining enrollment. In addition, from at least fiscal 2007 to 2014, CSU has been grappling with financial difficulties due to increased spending during times of falling enrollment. Given these issues, coupled with the president stepping down in 2012, USM BOR appointed a special review committee to conduct a comprehensive review of CSU and recommend strategies and actions to improve overall performance of the institution. Overall, the committee found a lack of strong leadership, ineffective and inefficient use of resources, and a lack of accountability. Other findings included that:

- despite an enrollment decline of 3% between 2002 and 2012, 20 new academic programs were added, and the number of faculty grew 49%, while professional and staff positions increased 92% and 14%, respectively;
- student services are not well integrated, timely, or adequately focused to ensure that students receive needed assistance to maximize academic success;
- student center services were inadequate, recreational programs were insufficient, and access to the new sports complex for recreational use was limited; and
- while, on average, the faculty teaching load is the highest among USM's comprehensive institutions, CSU faculty generate the lowest number of student credit hours, which is attributed to a large number of programs being offered to a small number of students.

### **Budget Shortfall**

The committee learned that in spite of its high per-student funding, CSU has been struggling with an ongoing operating budget deficit and had concerns regarding budget planning, expenditure controls, implementation of PeopleSoft (a business software program for much of the administrative functions), and audit reviews. CSU's financial difficulties started in fiscal 2007 when enrollment declined 7.3%, from 3,302 FTES in fiscal 2006 to 3,061 FTES, as shown in **Exhibit 11**. The resulting decline in tuition and fee revenues was mitigated by an increase of \$9.6 million in State funds; however, spending exceeded revenues by \$1.0 million. Overall, since fiscal 2009 enrollment has fallen 16.3%, or 519 FTES.

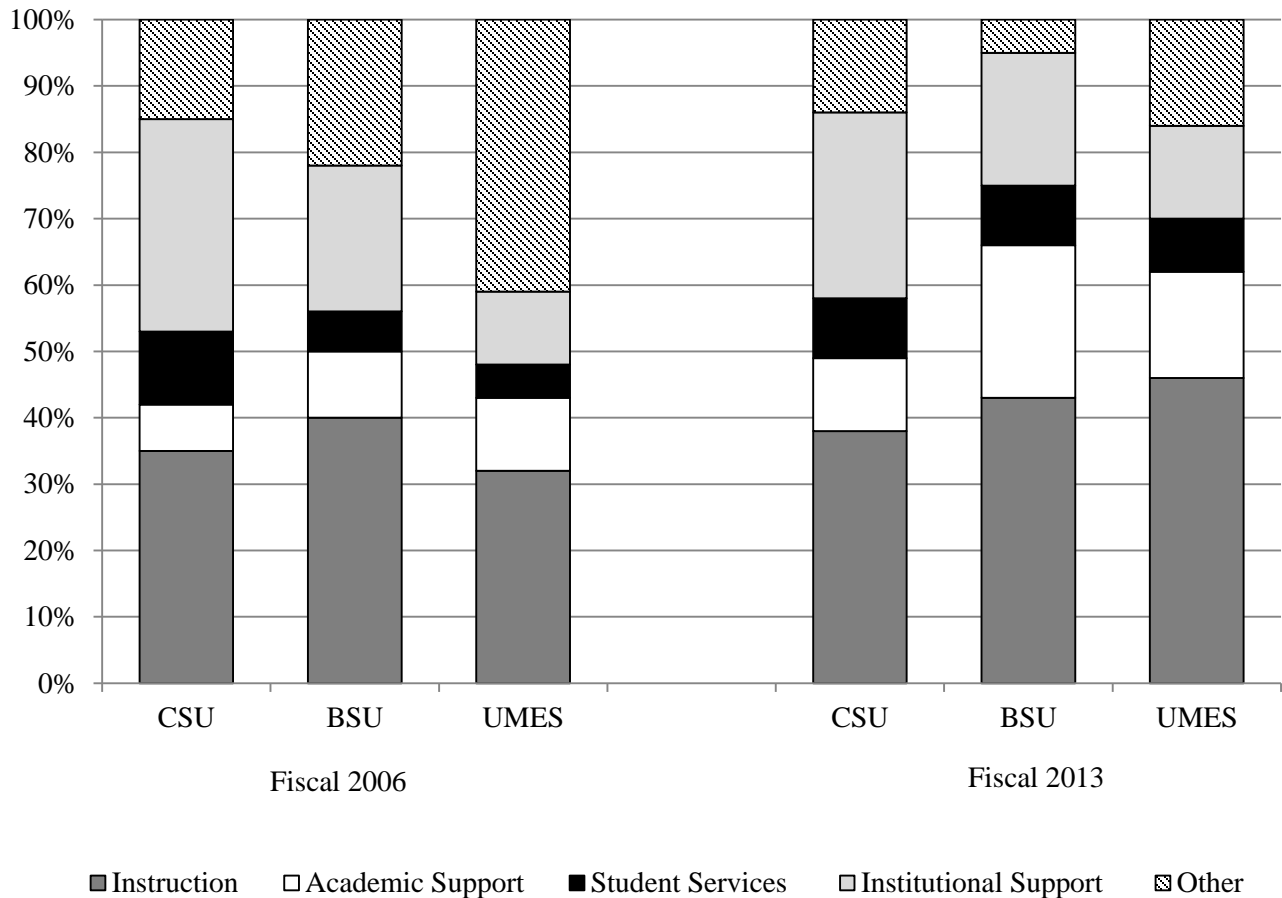
**Exhibit 11**  
**Full-time Equivalent Student Enrollment**  
**Fiscal 2005-2014**



Source: Governor's Budget Books

The trend of increased spending despite a continual decline in enrollment and the associated tuition and fee and other revenues continued through fiscal 2013, as shown in **Exhibit 12**, which compares program expenses to total core expenses in fiscal 2006 and 2013. During this time period, enrollment declined 8.6% while expenditures increased 39.9%, and revenues grew 35.7%. In fiscal 2006, 35.0% of CSU core expenditures were in instruction, which increased to 38.0% in fiscal 2013, below that of Bowie State University (BSU) and the University of Maryland Eastern Shore (UMES) of 43.0% and 46.0%, respectively. Academic support (those activities and services that support the institution's primary mission of instruction, *e.g.*, academic deans but not department chairpersons, information technology, and libraries) increased from 7.0% to 11.0% of core expenditures. Institutional support (expenses related to day-to-day operations, *e.g.*, general administrative services and executive level activities including management, planning, legal, fiscal operations, human resources, and procurement) declined 4 percentage points between fiscal 2006 and 2013, accounting for 28.0% of total expenditures in fiscal 2013. However, the percent of spending on institutional support still exceeds BSU and UMES by 8 and 14 percentage points, respectively. The other category includes research, public service, scholarships, and other expenditures. Given UMES' research mission, about 14.0% of the expenditures are related to research. While the percentage of other expenditures declines in fiscal 2013 for all the institutions, this may be a result of a change in reporting.

**Exhibit 12**  
**Comparison of Expenses as a Percentage of Total Core Expenditures**  
**Fiscal 2006 and 2013**



Note: Core expenses are total expenses for the essential educational activities of the institutions; excludes auxiliary. Other includes research, public service, scholarships and fellowships, and other core expenditures.

Source: Integrated Postsecondary Education System

In order to cover the persistent budget shortfall, CSU relied on a combination of transfers from the fund balance and auxiliary surplus revenues. The use of the fund balance is evident with the balance declining from \$6.2 million in fiscal 2007 to almost being depleted in fiscal 2013 with a balance of \$0.2 million. The estimated ending balance in fiscal 2015 is \$1.9 million; \$19.1 million and -\$17.2 million in the non-State and State-support portion, respectively. Since auxiliary enterprises

are self-supporting, they typically generate a profit, which is generally transferred to the fund balance or plant fund to be used to fund future projects. In times when E&G revenues may not cover academic expenses, institutions will use excess auxiliary revenues to help with the shortfall. As shown in **Exhibit 13**, the trend of using auxiliary surplus revenues to cover shortfalls in E&G persist into fiscal 2016. However, the annual E&G deficit significantly shrinks in fiscal 2016, indicating that CSU has taken actions to align expenditures and revenues, which began in fiscal 2013 and resulted in closing the year with an overall surplus of \$0.5 million. Since then, CSU assured BOR that it will continue to operate with a balanced budget each year. According to CSU, it closed fiscal 2014 with a \$0.7 million surplus, of which \$0.6 million was subsequently transferred to the general fund as part of USM’s total transfer of \$31.0 million from fund balance. In addition, in fiscal 2014, CSU transferred \$1.3 million to the fund balance. It should be noted that CSU’s contribution to the quasi-endowment fund established in fiscal 2014 and funded with transfers from institution’s non-State-supported portion of the fund balance was \$750,198. In order to participate in the endowment, USM Office (USMO) provided the funds to CSU with the agreement they would reimburse USMO once enrollment returned to more “historical” levels, which would ease their finances. It was agreed that CSU would pay back USMO within a five-year timeframe.

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**Exhibit 13**  
**Education and General Expenses and Unrestricted Revenues**  
**Fiscal 2010-2016**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Working 2015</u>	<u>Budget 2016</u>
E&G Expenses	\$55,571	\$57,561	\$58,686	\$56,342	\$56,152	\$61,309	\$62,096
Unrestricted Revenues	55,029	55,443	54,135	53,959	54,953	60,003	61,784
E&G Deficit	-542	-2,118	-4,551	-2,383	-1,199	-1,306	-312
Auxiliary Surplus	3,178	3,024	3,167	2,883	2,542	2,041	1,047

E&G: education and general

Source: Governor’s Budget Book

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However, financial struggles persist with a continuing decline in enrollment, dropping 216 FTES in fiscal 2015. This resulted in a \$2.5 million shortfall in revenues including tuition and fees and auxiliary enterprises. In order to meet this reduction, CSU laid off 14 staff employees; eliminated 1 director position; froze 11 and 10 vacant staff and faculty positions, respectively; and froze several part-time contractual positions. These personnel reductions were taken in academic affairs, administrative and finance, and other divisions. In addition, CSU faces \$2.5 million of cost containment measures in fiscal 2015 and the opening of the New Science and Technology Center at a

cost of \$2.4 million. USM is helping ease some of the financial burden, which is evident with a 5.2% increase in State funds in fiscal 2016 while, on average, other USM institutions receive an increase of 1.8%.

### **Progress in Executing the Implementation Plan**

The committee emphasized that the overriding priority is the academic success of the students, and to that end, the recommendations fell under three goals to (1) improve student retention and graduation rates and increase enrollment; (2) strengthen academic programs and faculty; and (3) improve administrative operations and shared governance practices. An implementation plan was developed, establishing a definitive, detailed plan with timelines for the recommended actions to be completed along with accountability measures. An implementation team was established to provide oversight, guidance, and feedback on carrying out the recommendations. Overall, 50 targeted corrective actions were identified to achieve efficiencies in the academic enterprise, improve operations, and change and improve processes. To date, progress has been made on 49 of the actions, of which 23 have been completed, including:

- 6 of the 8 immediate actions (to be completed by August 31, 2013);
- 9 of the 16 short-term actions (to be completed by December 31, 2013);
- 0 of the 1 immediate to mid-term actions (to be completed by June 30, 2014);
- 8 of the 18 mid-term action actions (to be completed by June 30, 2013); and
- 0 of the 7 long-term actions (to be completed by June 30, 2018).

Some of the completed actions include:

- opening a child care development center;
- developing a strategic enrollment management plan with a target of growing enrollment to 5,000 by 2020;
- implementing intrusive academic advisory intervention which included assigning every student an advisor; and
- identifying the functions and personnel in the Office of Administration and Finance necessary to accomplish critical components of the institution.

While CSU provided regular reports on the status of the actions identified in the implementation plan, there are inconsistencies in the reporting on the progress of those actions. While detailed information was provided for some activities, many lacked details on the outcomes of the actions. For



example, even though CSU opened a child care center, there is no information about whether the students are using it, and while students have been assigned an advisor, it is not known whether students are meeting with them.

### **The Future Remains in Question**

While CSU continues to make progress toward completing the actions identified in the implementation plan, other metrics point in the opposite direction:

- enrollment continues to drop;
- there has been little, if any, improvement in student performance or success; and
- absent disproportionate financial support and forbearance from USM, its financial struggles would be much more.

Through cost containment measures, CSU has recently been able to stay within its budget, but it is not clear whether these are short-term actions to balance the current year budget or strategic decisions to right size the university in the long-term; aligning resources with enrollment. Furthermore, the current president is set to resign at the end of fiscal 2015.

Recognizing the opportunities that exist with the change of leadership in several Baltimore City institutions of higher education, the budget committees requested a report in 2014 on not only current partnerships but also specific plans to increase and enhance collaborations and partnerships between those institutions. The report, submitted on October 29, 2014, lacked any discussions on unique or innovative collaborations in which each institution could take advantage of each others strengths and create a synergy among the campuses. This could not only benefit the students by providing opportunities that may not exist at their home campus but create efficiencies that would benefit the institutions as well as the students.

Overall, while the actions completed in the implementation plan purport to be small steps in moving CSU in the right direction, the hard discussions and decisions have yet to be made such as eliminating some programs while focusing resources to build up other programs. In addition, conversations have yet to take place among CSU, the University of Baltimore, and Baltimore City Community College to explore innovative collaborations. While the institutions state that their unique missions limit collaborative activities, they should instead view their unique missions as a collective continuum in the college career of a student.

**The Chancellor should comment on the extent to which the implementation plan can truly be a transformational one and, if so, how and how long the State should tolerate the underperformance and financial struggles at CSU before USM implements more fundamental changes.**

## ***Recommended Actions***

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

. provided that \$378,000 of this appropriation made for the purpose of increasing expenditures on institutional need-based financial aid above the fiscal 2015 level may only be expended for that purpose. Funds not expended for this restricted purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund.

Further provided that it is the intent of the General Assembly that spending on institutional need-based financial aid shall be at least equal to the amount spent in fiscal 2014.

**Explanation:** This language restricts \$0.4 million of the general fund appropriation provided in the fiscal 2014 supplemental budget to increase expenditures on institutional need-based financial aid only be expended to increase need-based aid above the fiscal 2015 level and expresses intent that expenditures on need-based aid should, at a minimum, be equivalent to expenditures in fiscal 2014.

## ***Current and Prior Year Budgets***

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<b>Current and Prior Year Budgets</b> <b>Coppin State University</b> <b>(\$ in Thousands)</b>							
	<b><u>General</u></b> <b><u>Fund</u></b>	<b><u>Special</u></b> <b><u>Fund</u></b>	<b><u>Federal</u></b> <b><u>Fund</u></b>	<b><u>Other</u></b> <b><u>Unrestricted</u></b> <b><u>Fund</u></b>	<b><u>Total</u></b> <b><u>Unrestricted</u></b> <b><u>Fund</u></b>	<b><u>Restricted</u></b> <b><u>Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2014</b>							
Legislative Appropriation	\$39,058	\$2,712	\$0	\$28,246	\$70,017	\$22,988	\$93,005
Deficiency Appropriation	-924	0	0	-202	-1,126	0	-1,126
Budget Amendments	449	-40	0	-276	134	-4,988	-4,854
Reversions and Cancellations	-116	-404	0	-2,491	-3,011	-2,037	-5,047
<b>Actual</b> <b>Expenditures</b>	<b>\$38,467</b>	<b>\$2,268</b>	<b>\$0</b>	<b>25,278</b>	<b>\$66,013</b>	<b>\$15,963</b>	<b>\$81,977</b>
<b>Fiscal 2015</b>							
Legislative Appropriation	\$41,832	\$1,799	\$0	\$29,126	\$72,757	\$18,900	\$91,657
Cost Containment	-222	0	0	0	-222	0	-222
Budget Amendments	223	106	0	0	329	-900	-571
<b>Working</b> <b>Appropriation</b>	<b>\$41,834</b>	<b>\$1,905</b>	<b>\$0</b>	<b>\$29,126</b>	<b>\$72,864</b>	<b>\$18,000</b>	<b>\$90,864</b>

Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies.

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## **Fiscal 2014**

For fiscal 2014, the general fund decreased \$0.6 million, which included \$0.9 million in reductions by deficiency appropriations related to health insurance, retirement, and the State personnel system. Budget amendments added \$0.4 million related to a 3% COLA. Language in the fiscal 2014 budget bill transferred funds to the Maryland Higher Education Commission to provide additional funding for the Educational Assistance Grants. However, since these funds were not used for this purpose \$0.1 million were reverted to the general fund.

The special fund appropriation decreased \$39,788 related to language in the fiscal 2014 budget bill that transferred a portion of the HEIF to St. Mary's College of Maryland, and by an additional \$0.4 million due to a cancellation resulting from the underattainment of the HEIF.

Other unrestricted funds decreased \$3.0 million, which included a reduction of \$0.2 million in deficiency appropriations related to retirement. Budget amendments reduce a further \$0.3 million including \$1.0 million in auxiliary operations to realign expenditures with current projections, \$0.5 million in tuition and fee revenues, and \$2,000 in federal indirect cost recovery. These decreases are offset by an increase of \$1.1 million related to reducing the amount of a planned transfer to the fund balance and \$0.1 million in other sources. Cancellations of unrestricted funds amounted to \$2.5 million due to reducing spending in order to meet a balanced budget goal.

Restricted funds decreased \$5.0 million through budget amendments primarily due to a \$4.6 million decline in federal grants and contracts related to the loss of several grants and a decline in Pell awards and a \$0.6 million decline in State grants and contracts. This reduction was partially offset by an increase of \$0.2 million in private grants and contracts. Cancellations of restricted funds totaled \$2.0 million due to lower than anticipated expenditures on financial aid related to an enrollment decline.

## **Fiscal 2015**

For fiscal 2015, general funds for CSU increased \$1,751. Budget amendments added \$0.2 million related to the fiscal 2015 2% COLA partially offset by \$0.2 million in cost containment measures, and a \$0.1 million decrease is offset by a corresponding increase in the HEIF.

Restricted funds declined \$0.9 million due to decreases in federal (\$0.8 million), State (\$88,250), and private (\$32,500) grants and contracts.

**Coppin State University Full-time Equivalent Personnel by Budget Program**  
**Fiscal 2007, 2014, and 2015**

	<u>2007</u>		<u>2014</u>		<u>2015</u>		<u>2007-2015</u>
	<u>FTEs</u>	<u>% of Total FTEs</u>	<u>FTEs</u>	<u>% of Total FTEs</u>	<u>FTEs</u>	<u>% of Total FTEs</u>	<u>Change of Share</u>
Instruction	140	37.5%	169	35.1%	147	35.8%	-1.7%
Academic Support	28	7.5%	60	12.4%	53	12.9%	5.4%
Student Services	53	14.2%	60	12.4%	51	12.4%	-1.8%
Institutional Support	108	29.0%	122	25.3%	95	23.2%	-5.8%
Operations and Maintenance of Plant	33	8.8%	39	8.1%	31	7.6%	-1.3%
Auxiliary Enterprises	11	2.9%	32	6.6%	34	8.2%	5.2%
<b>Total</b>	<b>373</b>		<b>482</b>		<b>410</b>		

FTE: full-time equivalent

Note: Data are for filled regular positions only. All data are self-reported and unaudited. Numbers may not sum to total due to rounding.

Source: Coppin State University

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

<u>Object/Fund</u>	<u>FY 14 Actual</u>	<u>FY 15 Working Appropriation</u>	<u>FY 16 Allowance</u>	<u>FY 15 - FY 16 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	458.50	456.50	456.50	0.00	0%
02 Contractual	164.33	159.97	159.97	0.00	0%
<b>Total Positions</b>	<b>622.83</b>	<b>616.47</b>	<b>616.47</b>	<b>0.00</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 38,684,109	\$ 42,158,457	\$ 43,591,787	\$ 1,433,330	3.4%
02 Technical and Spec. Fees	8,380,009	8,160,911	8,160,911	0	0%
03 Communication	299,553	336,500	359,487	22,987	6.8%
04 Travel	982,885	1,157,900	1,178,000	20,100	1.7%
06 Fuel and Utilities	3,288,945	3,536,917	3,987,313	450,396	12.7%
07 Motor Vehicles	130,633	165,000	205,429	40,429	24.5%
08 Contractual Services	10,274,341	11,973,355	11,653,094	-320,261	-2.7%
09 Supplies and Materials	1,503,781	1,825,000	1,941,539	116,539	6.4%
10 Equipment – Replacement	361,006	430,000	525,000	95,000	22.1%
11 Equipment – Additional	775,899	579,310	629,310	50,000	8.6%
12 Grants, Subsidies, and Contributions	13,062,438	14,097,060	14,817,060	720,000	5.1%
13 Fixed Charges	4,233,069	6,175,573	6,193,871	18,298	0.3%
14 Land and Structures	0	268,203	268,203	0	0%
<b>Total Objects</b>	<b>\$ 81,976,668</b>	<b>\$ 90,864,186</b>	<b>\$ 93,511,004</b>	<b>\$ 2,646,818</b>	<b>2.9%</b>
<b>Funds</b>					
40 Unrestricted Fund	\$ 66,013,383	\$ 72,864,186	\$ 75,511,004	\$ 2,646,818	3.6%
43 Restricted Fund	15,963,285	18,000,000	18,000,000	0	0%
<b>Total Funds</b>	<b>\$ 81,976,668</b>	<b>\$ 90,864,186</b>	<b>\$ 93,511,004</b>	<b>\$ 2,646,818</b>	<b>2.9%</b>

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.

**Fiscal Summary  
Coppin State University**

<u>Program/Unit</u>	<u>FY 14 Actual</u>	<u>FY 15 Wrk Approp</u>	<u>FY 16 Allowance</u>	<u>Change</u>	<u>FY 15 - FY 16 % Change</u>
01 Instruction	\$ 20,566,009	\$ 22,255,711	\$ 22,941,697	\$ 685,986	3.1%
02 Research	9,980	52,905	52,905	0	0%
04 Academic Support	7,179,221	7,682,836	7,771,918	89,082	1.2%
05 Student Services	5,065,237	5,838,180	5,937,022	98,842	1.7%
06 Institutional Support	16,006,339	16,114,506	16,704,519	590,013	3.7%
07 Operation and Maintenance of Plant	11,262,045	14,835,107	15,007,278	172,171	1.2%
08 Auxiliary Enterprises	10,674,905	11,909,432	12,450,156	540,724	4.5%
17 Scholarships and Fellowships	11,212,932	12,175,509	12,645,509	470,000	3.9%
<b>Total Expenditures</b>	<b>\$ 81,976,668</b>	<b>\$ 90,864,186</b>	<b>\$ 93,511,004</b>	<b>\$ 2,646,818</b>	<b>2.9%</b>
Unrestricted Fund	\$ 66,013,383	\$ 72,864,186	\$ 75,511,004	\$ 2,646,818	3.6%
Restricted Fund	15,963,285	18,000,000	18,000,000	0	0%
<b>Total Appropriations</b>	<b>\$ 81,976,668</b>	<b>\$ 90,864,186</b>	<b>\$ 93,511,004</b>	<b>\$ 2,646,818</b>	<b>2.9%</b>

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.