

R30B27
Coppin State University
University System of Maryland

Operating Budget Data

(\$ in Thousands)

	<u>FY 15</u> <u>Actual</u>	<u>FY 16</u> <u>Working</u>	<u>FY 17</u> <u>Allowance</u>	<u>FY 16-17</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$40,416	\$42,728	\$43,773	\$1,045	2.4%
Deficiencies and Reductions	0	-308	-104	205	
Adjusted General Fund	\$40,416	\$42,420	\$43,670	\$1,250	2.9%
Special Funds	1,905	2,027	2,207	180	8.9%
Adjusted Special Fund	\$1,905	\$2,027	\$2,207	\$180	8.9%
Other Unrestricted Funds	25,527	28,585	29,114	529	1.9%
Adjusted Other Unrestricted Fund	\$25,527	\$28,585	\$29,114	\$529	1.9%
Total Unrestricted Funds	67,848	73,340	75,094	1,754	2.4%
Deficiencies and Reductions	0	-308	-104	205	
Adjusted Total Unrestricted Funds	\$67,848	\$73,032	\$74,991	\$1,959	2.7%
Restricted Funds	14,021	18,000	18,000	0	
Adjusted Restricted Fund	\$14,021	\$18,000	\$18,000	\$0	0.0%
Adjusted Grand Total	\$81,869	\$91,032	\$92,991	\$1,959	2.2%

- A fiscal 2016 deficiency appropriation is provided to the University System of Maryland Office to cover an increase in health insurance, which will be allocated among the institutions. However, Coppin State University (CSU) is projecting a surplus of health insurance funds, estimated to be \$308,163. Since these funds can only be used to cover health insurance cost, these savings will be allocated to other institutions.
- The General Fund increases \$1.3 million, or 2.9%, in fiscal 2017 after adjusting for the fiscal 2016 deficiency and the \$0.1 million across-the-board reduction in health insurance in fiscal 2017.
- The Higher Education Investment Fund increases \$0.2 million, or 8.9%, in fiscal 2017 resulting in an overall growth of 3.2%, or \$1.4 million, in State funds above fiscal 2016. The fiscal 2017 allowance also includes funding for increments budgeted in the Department of Budget and Management totaling \$0.8 million in general funds, and CSU will receive \$0.5 million in enhancement funds. If these are taken into account, State funds increase 6.1%, or \$2.7 million.

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

For further information contact: Sara J. Baker

Phone: (410) 946-5530

Personnel Data

	<u>FY 15</u> <u>Actual</u>	<u>FY 16</u> <u>Working</u>	<u>FY 17</u> <u>Allowance</u>	<u>FY 16-17</u> <u>Change</u>
Regular Positions	456.50	442.00	442.00	0.00
Contractual FTEs	<u>143.43</u>	<u>149.00</u>	<u>156.79</u>	<u>7.79</u>
Total Personnel	599.93	591.00	598.79	7.79

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	8.98	2.04%
Positions and Percentage Vacant as of 12/31/15	53.00	12.0%

- The allowance does not provide for any new regular positions. Contractual positions increase by 7.79 full-time equivalents (FTE) to cover any additional needed contractual administrative, clerical, and student employee support – 2.37 FTEs are funded with restricted funds and 5.42 FTEs are funded with self-supported (auxiliary) funds.

Analysis in Brief

Major Trends

Enrollment: Undergraduate enrollment declined 0.6% in fall 2015. Declines in first-time, full-time (FT/FT) students of 23.6% and continuing students of 2.6% were partially offset by a 20.7% increase in transfer students.

Student Performance: After the second-year retention rate dropped to 61.4% with the 2012 cohort, the retention rate improved to 68.2% with the 2013 cohort. Transfer students graduate at a higher rate than FT/FT students with 48.0% graduating within six years of enrolling compared to 21.0% of FT/FT students.

Expenditures Per Degree: Despite the cost per degree at CSU dropping by \$31,259 to \$119,080 in 2012, the cost at CSU still exceeds its peers by \$48,596.

Issues

Right Sizing Coppin: 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. Since at least fiscal 2007, CSU has been grappling with financial difficulties stemming from increased spending coupled with a continuing drop in enrollment and the associated tuition and fee revenue.

Efforts to Improve Enrollment and Retention: CSU has implemented several programs to increase enrollment and retention of students including forming a partnership with the University of Baltimore.

Meeting College Expenses: Since fiscal 2011, when expenditures on institutional aid fell to \$2.1 million due to the failure to disburse most of the need-based aid, expenditures rebounded, growing 74.5%, or \$1.5 million, by fiscal 2015. The amount spent on need-based aid increased 478.9% during this time period.

Recommended Actions

1. Add language to limit expenditures by reducing positions.

R30B27 – USM – Coppin State University

R30B27
Coppin State University
University System of Maryland

Operating Budget Analysis

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 L: Master's Colleges and Universities (Smaller Programs)

Fall 2015 Undergraduate Enrollment Headcount

Male	682
Female	1,986
Total	2,668 (87.2% In-State)

Fall 2015 Graduate Enrollment Headcount

Male	118
Female	322
Total	440

Fall 2015 New Students Headcount

First-time	263
Transfers/Others	374
Graduate	80
Total	717

Campus (Main Campus)

Acres	65
Buildings	13
Average Age	26 years
Oldest	Frances Murphy Center 1961

Programs

Bachelor's	33
Master's	11
Doctoral	1

Degrees Awarded (2014-2015)

Bachelor's	416
Master's	75
Doctoral	0
Total Degrees	491

Proposed Fiscal 2017 In-state Tuition and Fees*

Undergraduate Tuition	\$4,380
Mandatory Fees	\$2,068

% of Graduates with Federal Loans	67%
Average Federal Loan Debt	\$19,031

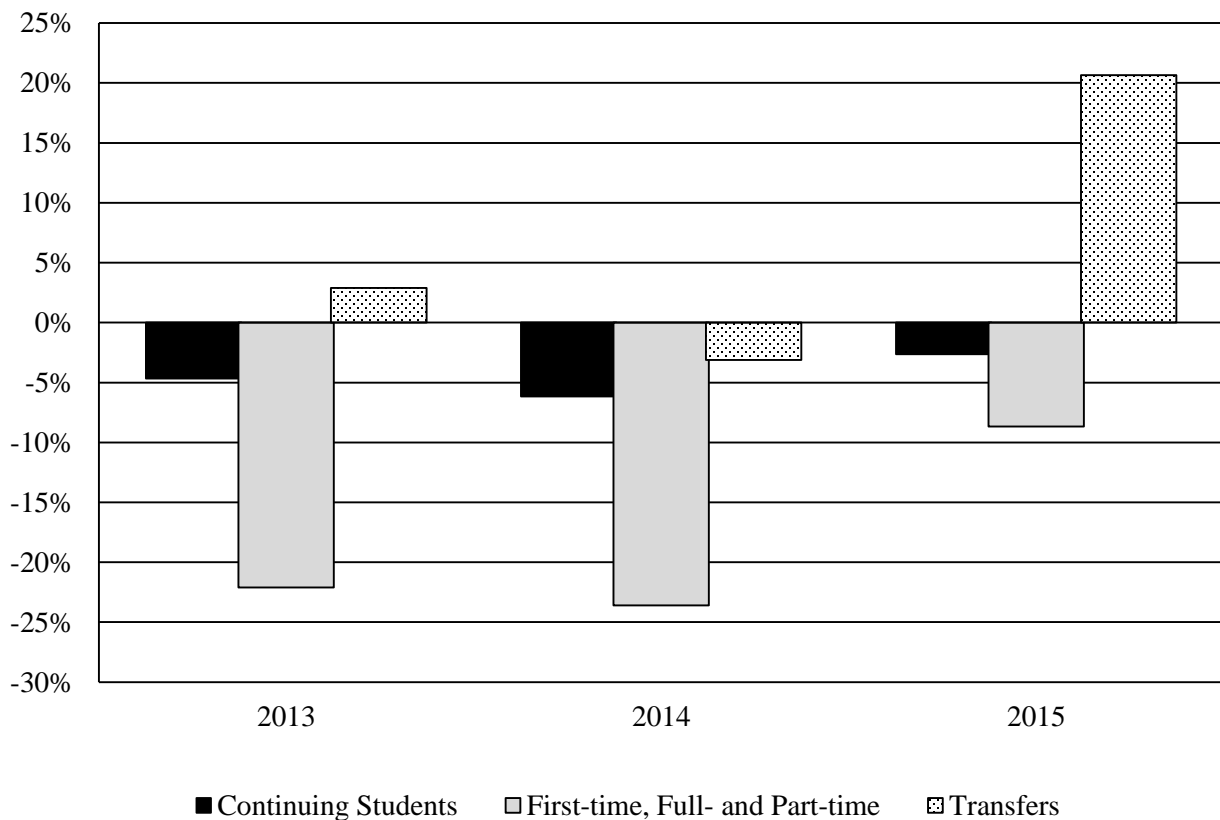
*Contingent on Board of Regents approval.

Performance Measures

1. Enrollment

Undergraduate enrollment declined 0.6% in fall 2015. Declines in first-time, full-time (FT/FT) students of 8.7% and continuing students of 2.6% were partially offset by a 20.7% increase in transfer students, as shown in **Exhibit 1**. While the decline in FT/FT and continuing students persists in fall 2015, the percentage drop is less than previous years, which may indicate that efforts to improve enrollment and retention may be having an impact. **The President should comment on the efforts to stabilize enrollment and what efforts were taken to increase the enrollment of transfer students.**

Exhibit 1
Percentage Change in Undergraduate Headcount Enrollment
Fall 2013-2015

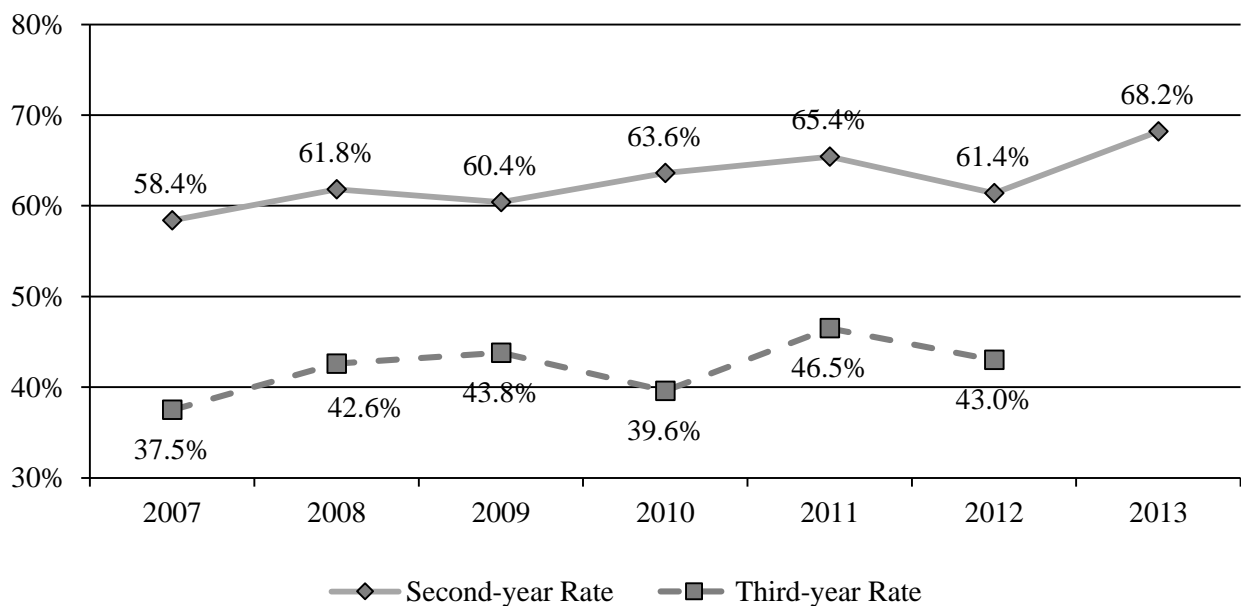


Source: University System of Maryland

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. After steadily improving, the second-year retention rate reached its highest point since the 2002 cohort of 65.4% with the 2011 cohort but dropped to 61.4% with the subsequent cohort, as shown in **Exhibit 2**. The drop could be an anomaly, as the rate for the 2013 cohort jumped 6.8 percentage points to 68.2%, which, if not for the 2012 cohort, appears to be a continuing upward trend in retention. CSU attributes the improvement in the retention rate to a variety of special programs and best practices implemented over the last five years such as the Summer Academic Success Academy, a variety of mentoring initiatives, and First-year Experience. The third-year retention rate fluctuated from a low of 37.5% with the 2007 cohort to a high of 46.5% with the 2011 cohort. Broadly speaking, there is a 20% gap in retention between the second- and third-year, implying that more needs to be done to retain students past their sophomore year.

Exhibit 2
Second- and Third-year Retention Rates
First-time, Full-time Students
2007-2013 Cohorts



Note: Percentages represent first-time, full-time students who remained enrolled at the same institution in the subsequent fall semesters.

Source: Maryland Higher Education Commission, *Retention and Graduation Rates at Maryland Four-year Institutions*, September 2015

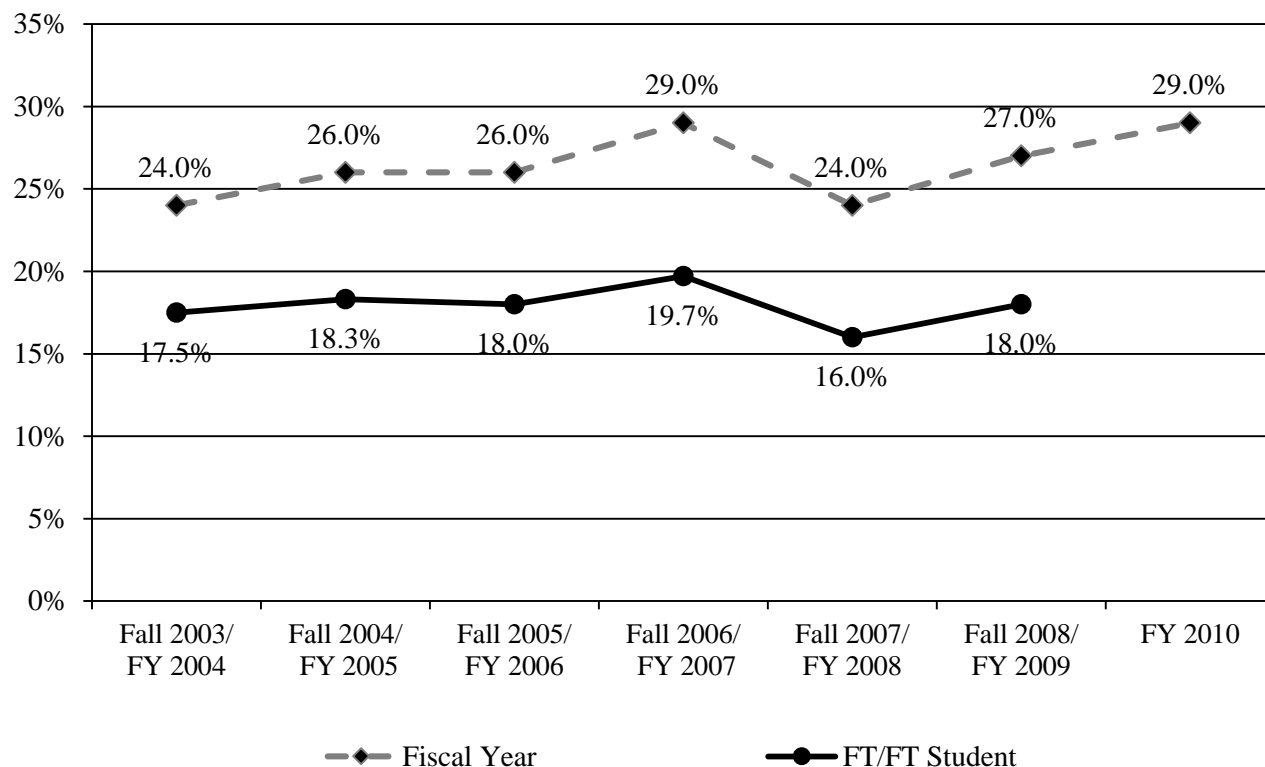
Completion rates are greatly influenced by time – the longer it takes a student to graduate, the more likely (s)he will drop out as other priorities compete with classes. Longer completion times translate into increased costs, not only for the student, but the institution and State as well. According to *College Measures*, the total cost for all FT/FT students not returning for a second year at CSU totals \$3.3 million, or \$20,369 per full-time equivalent student (FTES) in 2012. The average time to degree according to the *Report on the Instructional Workload of the USM Faculty* for those graduating in 2015 and 2014 was 5.8 years.

Traditional student progress measures, such as those reported by the Maryland Higher Education Commission and the federal government, only track the success of the “traditional” FT/FT student – those enrolled at an institution at the start of the academic year and continuously enrolled as a full-time student until completion. These measures do not include part-time students, transfer students, those who enroll in the spring, changed enrollment status, or stopped-out, and thus only providing a partial picture of an institution’s performance. The University System of Maryland (USM) revised the six-year graduation measure to include this broader measure of students by defining the cohort as all new degree-seeking students who enrolled during the fiscal year.

Exhibit 3 compares the traditional six-year graduation rate to a more inclusive graduation rate based on all new students enrolled at CSU during the fiscal year. The graduation rate for the fiscal year cohorts is consistently higher than that for the FT/FT cohorts with an average difference of 8.1 percentage points between the two rates. This is due to CSU having a higher portion of part-time and transfer students who do better than FT/FT students. The fiscal 2007 cohort reached a high rate of 29.0%, which was 9.3 percentage points higher than the rate for the FT/FT 2006 cohort of 19.7%. Although, the fiscal year rate fell to 24.0% with the following cohort, it has since improved to 29.0% with the 2010 fiscal year cohort.

While the new six-year graduation rate provides a more accurate picture of the total graduation rate of an institution, it does not tell what happened to those who did not graduate nor how transfers perform. To help address this lack of information, the Student Achievement Measures was created, which is a voluntary reporting system that tracks the progress of FT/FT and transfer students throughout their college career. Transfer students achieve greater success than FT/FT students with 48% graduating within six years of enrolling at CSU compared to 21% of FT/FT students, as shown in **Exhibit 4**. The status is not known for 52% of the FT/FT students and for 27% of the transfer students. In addition, within six years of enrolling at CSU, 22% and 19% of FT/FT and transfer students are either still enrolled at CSU or another institution. It should be noted that CSU did not report on student measures for the fall 2007 cohort. **The President should comment on if CSU follows up with those students who leave, especially those whose status is unknown, and if so why students stop or drop out and what can be done to encourage students to stay and earn their degree.**

Exhibit 3
Comparison of Six-year Graduation Rates
First-time, Full-time Students
2003-2008 and Fiscal 2004-2010 Cohorts

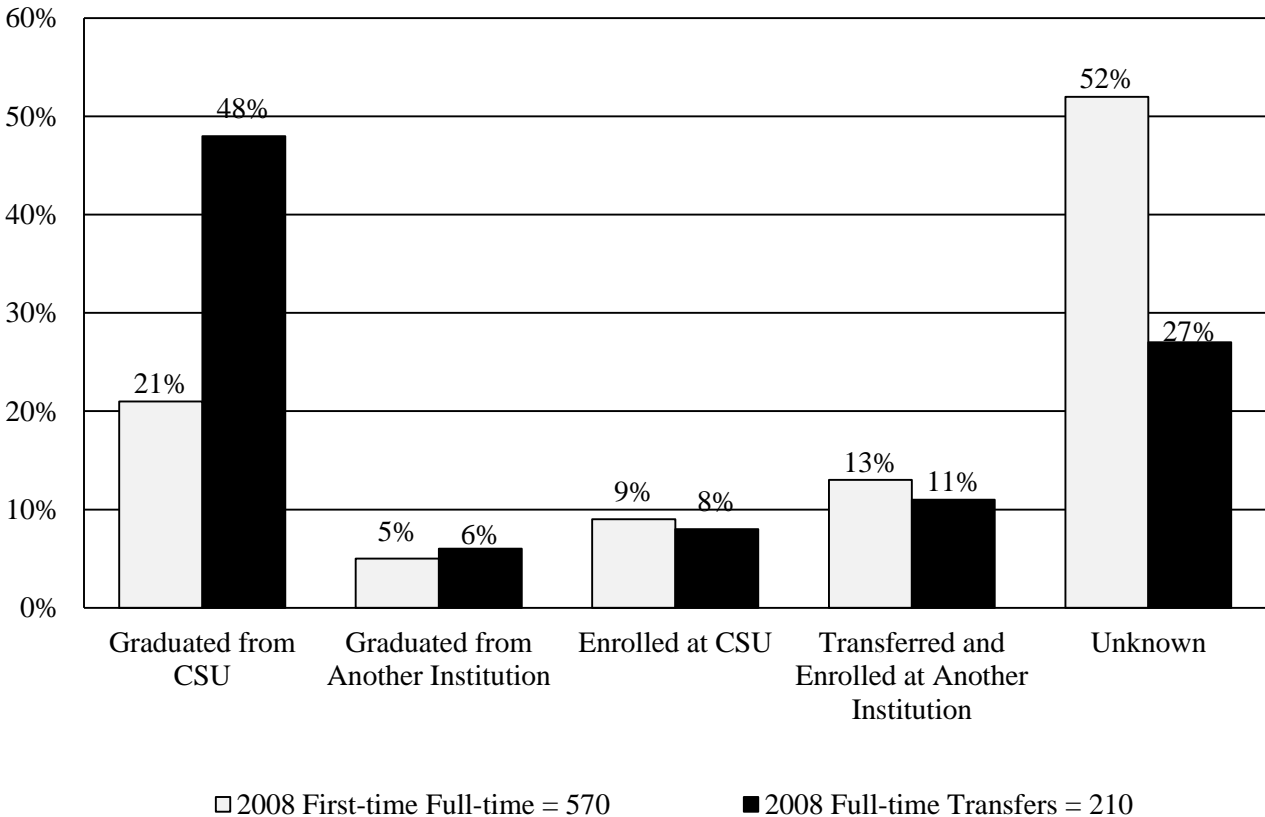


FT/FT: first-time, full-time
FY: fiscal year

Note: Percentages include FT/FT students who persisted at and graduated from the institution they initially enrolled in and those who transferred and graduated from any Maryland public or private four-year institution. Fiscal year cohorts include all degree-seeking students (FT/FT, part-time, and transfers) who enrolled in the fiscal year.

Source: Maryland Higher Education Commission; University System of Maryland

Exhibit 4
Status of First-time, Full-time and Full-time Transfer Students
Seeking a Bachelor's Degree within Six Years
Fall 2008 Cohort



CSU: Coppin State University

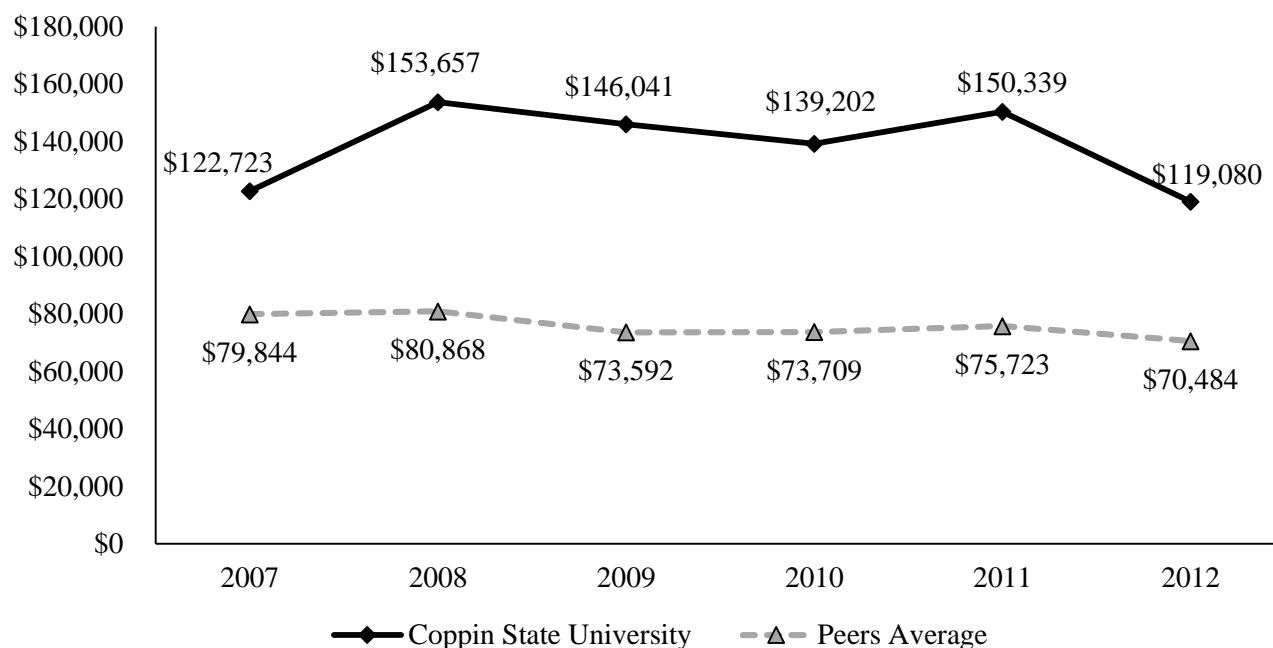
Source: Student Achievement Measures

3. Expenditures Per Degree

Education and related expenditures per degree measure 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 level of expenditures, the more efficient an institution is in producing degrees. **Exhibit 5** compares CSU to the average of its peers, which are those used to benchmark CSU's performance in the USM Dashboard Indicators. The cost per degree for CSU and the peer average is highest in fiscal 2008 at \$153,657 and \$80,868, respectively. Since 2008, the cost per degree at CSU

has fallen by \$34,577 and for the peers by \$10,384. However, at \$119,080 per degree, the cost per degree at CSU in 2012 exceeds its peers by \$48,596.

Exhibit 5
Education and Related Expenditures Per Degree Completed
Academic Year 2007-2012



Note: Education and related expenditures include direct spending on instruction and student services and the education share of spending on academic and institutional support and operations and maintenance. All dollar amounts are reported in 2012 dollars (Higher Education Price Index adjusted). Direct educational costs per degree is calculated as the total education and related expenses for all students divided by all degrees (undergraduate, graduate, and professional) awarded in that year.

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

Fiscal 2016 Actions

Proposed Deficiency

A fiscal 2016 deficiency would provide the University System of Maryland Office (USMO) with \$16.5 million to cover an increase in health insurance costs at all USM institutions (see USM

Overview for further discussion). However, CSU does not have a shortfall in health insurance and is projecting a surplus of \$0.3 million. Since these funds can only be used to cover health insurance expenditures, these savings CSU achieves will be allocated to other USM institutions.

Cost Containment

Cost containment measures in fiscal 2016 resulted in a 2%, or \$0.9 million, reduction in CSU appropriations, which was met by the elimination of 23 filled positions – 10 facilities-related positions, 8 administrative support positions, 3 faculty positions, and 2 positions in other areas. It is likely that this action contributes significantly to the surplus of health insurance funds noted above.

Proposed Budget

As shown in **Exhibit 6**, the general fund allowance for fiscal 2017 is 4.0%, or \$1.7 million, higher than in fiscal 2016 after including the fiscal 2016 deficiency, adjusting for the fiscal 2017 across-the-board reduction for employee health insurance based on a revised estimate of the amount of funding needed, enhancement funds, and funds specific to historically black colleges and universities. The Higher Education Investment Fund (HEIF) increases 8.9%, or \$0.2 million, over fiscal 2016, resulting in an overall growth in State funds of 4.3%, or \$1.9 million, to \$47.0 million. However, when also including \$0.8 million in general funds for salary increments budgeted in the Department of Budget and Management, State funds grow 6.0%, or \$2.7 million. Other unrestricted funds grow by 1.9%, or \$0.5 million, primarily due to tuition and fee revenues increasing \$0.4 million. The allowance provides \$0.9 million in unrestricted funds for expenses related to financial aid (\$0.5 million), facilities renewal (\$0.3 million), fuel and utilities (\$70,550), and debt service (\$48,931).

The fiscal 2017 allowance includes \$89,421 to replace revenue equivalent to a 1% increase in resident tuition rates. The Governor's allowance assumes a 2% increase in resident undergraduate tuition. As previously mentioned, the allowance provides for a salary increment, which totals \$0.9 million, of which the general fund portion is \$0.8 million with the remaining \$0.1 million to be funded from other current unrestricted and restricted revenues.

CSU was awarded \$0.5 million of the \$6.8 million of enhancement funding included in USMO's budget (see USM Overview for further discussion), of which \$250,000 will be used to expand CSU's data analytic capacity by hiring a consultant. The funds will also support professional development of faculty and staff on the use of the new analytical tools and functions. The remaining \$250,000 will be used to hire an enrollment management consultant, who will focus on student recruitment, and customer relations management systems and techniques to improve response time, engagement, and yield.

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

	<u>FY 15</u>	<u>FY 16</u>	<u>FY 17</u>	<u>FY 16-17</u>	<u>% Change</u>
	<u>Actual</u>	<u>Adjusted</u>	<u>Adjusted</u>	<u>Change</u>	<u>Prior Year</u>
General Funds	\$40,416	\$42,728	\$43,773		
Deficiencies		-308			
Across-the-board Reduction			-104		
Enhancement Funds			500		
Funds Specific to HBCU		661	650		
Total General Funds	\$40,416	\$43,080	\$44,819	\$1,739	4.0%
Higher Education Investment Fund	\$1,905	2,027	2,207	180	8.9%
Total State Funds	42,320	45,108	47,026	1,919	4.3%
Other Unrestricted Funds	25,527	28,585	29,114	529	1.9%
Total Unrestricted Funds	67,848	73,693	76,140	2,448	3.3%
Restricted Funds	14,021	18,000	18,000		0.0%
Total Funds	\$81,869	\$91,693	\$94,140	\$2,448	2.7%

HBCU: historically black colleges and universities

Note: Fiscal 2016 general funds are adjusted to reflect Coppin State University estimated portion of the deficiency and HBCU enhancement funds. Fiscal 2017 general funds are adjusted to reflect the across-the board reduction, enhancement funds, and HBCU enhancement funds.

Source: Governor's Budget Books, Fiscal 2017; 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. Education and general (E&G) expenditures grew 7.0%, or \$4.0 million, in fiscal 2016. Operations and maintenance of plant grew at the highest rate of 21.2%, or \$2.4 million, due to costs associated with the opening of the new Science and Technology Building (\$1.7 million), fuel and utilities (\$0.5 million), facilities renewal (\$0.3 million), and equipment purchases (\$0.2 million). These increases were partly offset by a reduction of \$0.3 million from reducing staff as part of the budget reduction plan. Expenditures on instruction increased 8.2%, or \$1.5 million, primarily due to \$1.0 million in costs associated with the Science and Technology building including equipment, materials, supplies, and contractual services; and \$0.6 million related to increasing the number of full-time faculty, which is partly offset by \$0.2 million associated with reducing the number of adjunct faculty. Spending increase of \$0.2 million on student services is related to major contracts (\$80,841), materials and supplies (\$62,850), personnel related costs (\$43,613), and additional contractual personnel (\$28,670).

Exhibit 7
Budget Changes for Unrestricted Funds by Program
Fiscal 2015-2017
(\$ in Thousands)

	<u>2015</u>	<u>Adjusted Working 2016</u>	<u>% Change 2015-16</u>	<u>Adjusted 2017</u>	<u>\$ Change 2016-17</u>	<u>% Change 2016-17</u>
Expenditures						
Instruction	\$18,008	\$19,486	8.2%	\$19,780	\$294	1.5%
Academic Support	6,745	6,658	-1.3%	6,927	269	4.0%
Student Services	4,466	4,689	5.0%	4,757	69	1.5%
Institutional Support	15,107	14,426	-4.5%	15,159	733	5.1%
Operation and Maintenance of Plant	11,279	13,675	21.2%	14,241	565	4.1%
Scholarships and Fellowships	2,499	2,860	14.5%	2,860	0	0.0%
Deficiency/ATB Reductions		-308		-104		
Enhancement Funds				500		
Funds Specific to HBCU		661		650	-11	
Subtotal Education and General	\$58,104	\$62,147	7.0%	\$64,770	\$2,623	4.2%
Auxiliary Enterprises	9,744	11,546	18.5%	11,370	-176	-1.5%
Total	\$67,848	\$73,693	8.6%	\$76,140	\$2,448	3.3%
Revenues						
Tuition and Fees	15,861	16,883	6.4%	17,264	381	2.3%
General Funds	40,416	43,080	6.6%	44,819	1,739	4.0%
Higher Education Investment Fund	1,905	2,027	6.4%	2,207	180	8.9%
Other Unrestricted Funds	-771	119	-115.4%	119	0	0.0%
Subtotal	\$57,411	\$62,109	8.2%	\$64,409	\$2,300	3.7%
Auxiliary Enterprises	12,165	12,318	1.3%	12,466	148	1.2%
Transfers (to) from Fund Balance	-1,728	-735		-735		
Total	\$67,848	\$73,693	8.6%	\$76,140	\$2,448	3.3%

ATB: across-the-board

HBCU: historically black colleges and universities

Note: Fiscal 2016 general funds are adjusted by \$0.3 million to reflect proposed deficiency and \$0.6 million in funds specific HBCU. Fiscal 2017 general funds are adjusted to reflect \$0.1 million across-the-board reduction, \$0.5 million in enhancement funds, and \$0.6 million in funds specific to HBCU.

Source: Governor's Budget Books, Fiscal 2017; Department of Legislative Services

Expenditures on institutional support declined 4.5%, or \$0.7 million, primarily due to writing off \$1.6 million of uncollectable student accounts receivables that have accumulated over the years that were partially offset by increases of \$0.5 million in personnel costs and \$0.4 million in various fixed costs.

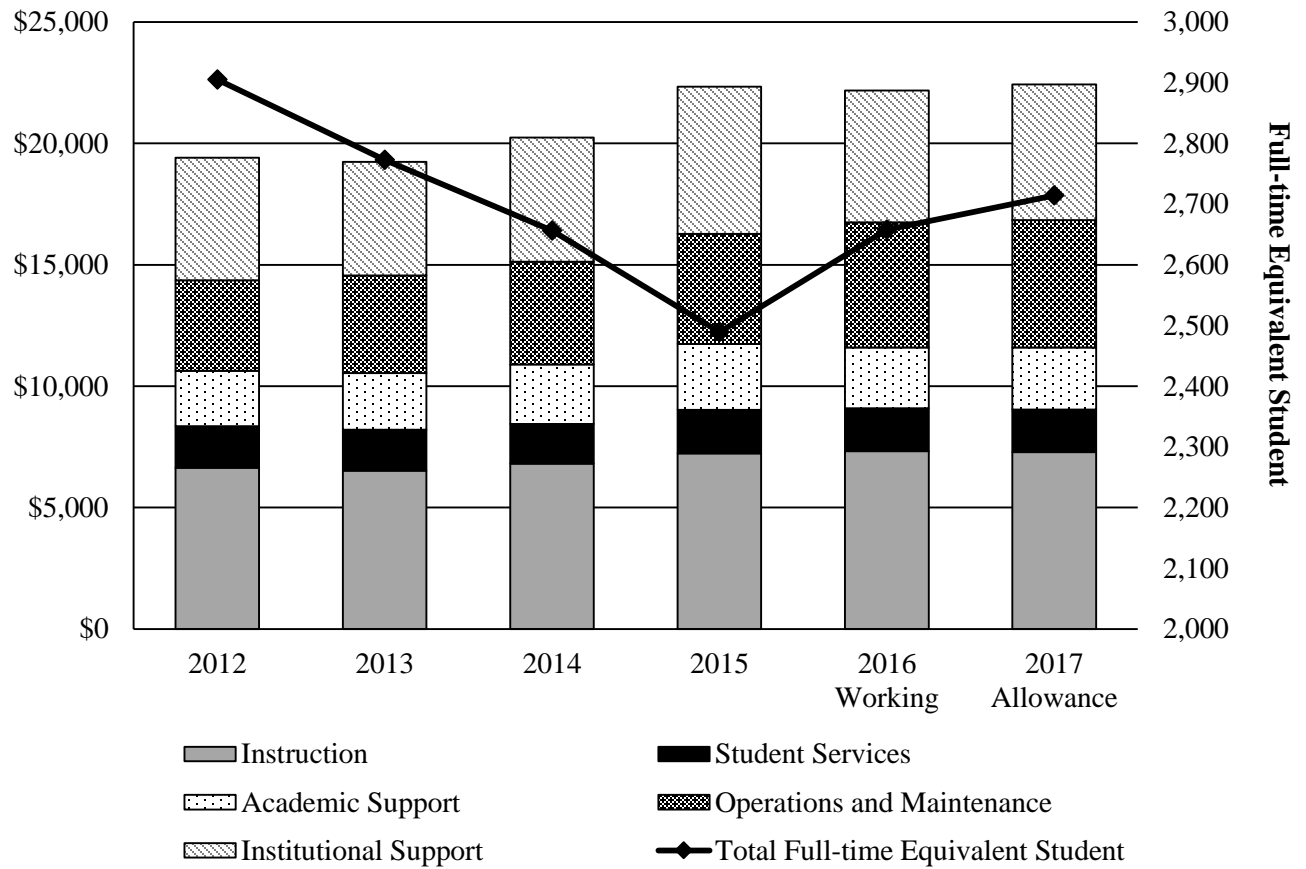
In fiscal 2017, E&G expenditures grow 4.2%, or \$2.6 million, after adjusting for \$0.5 million in enhancement funding and \$0.1 million in an across-the-board reduction. When including \$0.8 million for salary increments in fiscal 2017, E&G expenditures increase 5.5%, or \$3.4 million. Spending on institutional support grows at the highest rate of 5.1%, or \$0.7 million, mainly related to personnel expenditures (\$0.6 million), and association dues and licenses (\$0.1 million). Operations and maintenance of plant grows 4.1%, or \$0.6 million, primarily due to increases in the cost of major contracts (\$0.4 million), and fuel and utilities (\$0.1 million). Spending increases of \$0.3 million on academic support are related to personnel costs.

In terms of revenue, the decrease in other revenues in fiscal 2015 is due to \$1.3 million in transfer of funds to plant funds of which \$0.5 million is related to a repayment to CSU's plant funds. These funds were used to finance two capital projects – the renovation of the Frances Murphy Research facility where the Coppin Academy is located and an upgrade of the quad in front of the library. The 10-year repayment period ends in fiscal 2021. It should be noted that in all years, E&G expenditures exceed revenues. Therefore, CSU has needed to use surplus auxiliary revenues to cover the shortfall. This is further discussed in Issue 1.

Program Expenditures Per FTES

Expenditures per FTES grew 15.5% between fiscal 2012 and 2017 from \$19,411 to \$22,426, respectively. As shown in **Exhibit 8**, over half of the increase is related to spending on operations and maintenance of plant. This increase can be partly attributed to an enrollment decline of 6.6% over the same period. The largest growth in spending per FTES, 10.4%, \$2,104, occurred in fiscal 2015 despite CSU experiencing \$1.6 million in cost containment measures. Part of the increase can be attributed to a 6.3% decline in enrollment. Spending on institutional support and instruction accounted for 66.2% of the increase of \$967 and \$426, respectively. Overall, since fiscal 2012, expenditures on student services and academic support increased 2.7% (\$46) and 11.8% (\$270), respectively, raising concerns about the quality of support and services available to the students to help them succeed and graduate.

Exhibit 8
Unrestricted Fund Expenditures Per Full-time Equivalent Student
Fiscal 2012-2017



Note: Does not reflect fiscal 2016 deficiency or fiscal 2017 across-the-board reduction or enhancement funds.

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

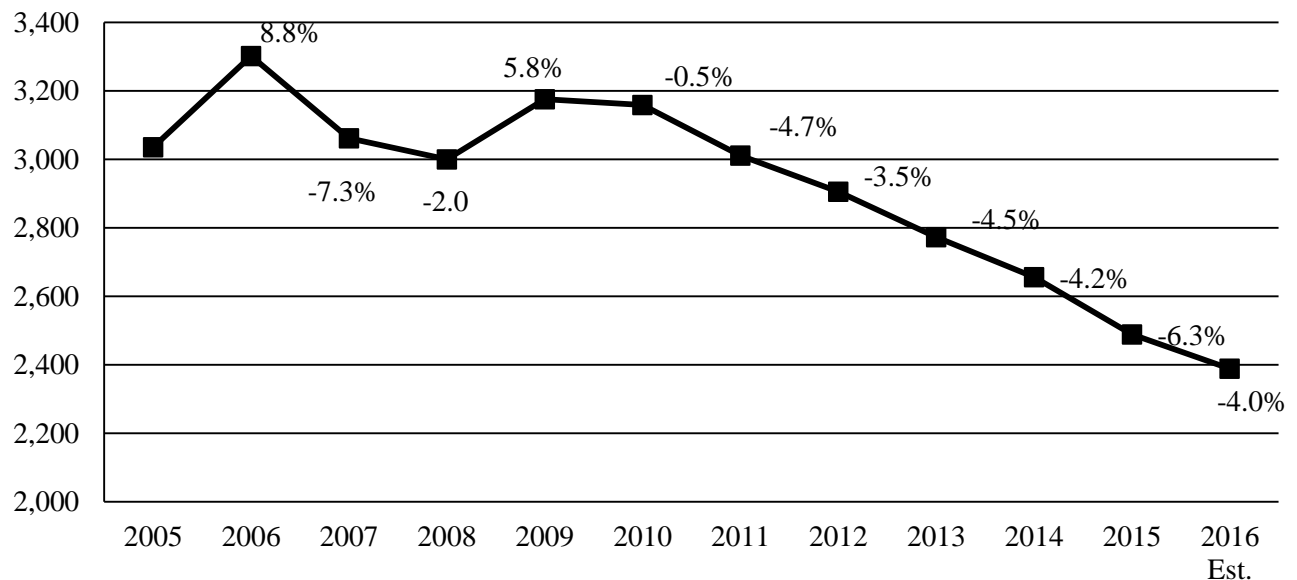
Issues

1. Right Sizing Coppin

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. Since at least fiscal 2007, CSU has been grappling with financial difficulties stemming from increased spending coupled with a continuing drop in enrollment and the associated tuition and fee revenue.

In 2007, for example, enrollment declined 7.3% from 3,302 FTES in fiscal 2006 to 3,061 FTES in fiscal 2007, as shown in **Exhibit 9**. While the resulting tuition and fee revenue decline of \$0.4 million was mitigated by a \$9.6 million increase in State funds, spending still exceeded revenues by \$1.0 million. In fiscal 2012, a combination of a 3.5% enrollment decline and a 35.0%, or \$4,600, reduction in the out-of-state tuition rate resulted in a \$1.3 million decline in tuition and fee revenues. It does not appear that CSU accounted for the fiscal impact that this action would have as tuition and fee revenues were budgeted to only decrease by \$0.7 million. As shown in **Exhibit 10**, spending increased \$1.1 million in fiscal 2012 resulting in a \$4.6 million E&G deficit.

Exhibit 9
Full-time Equivalent Student Enrollment and Percentage Change
Fiscal 2005-2016 Est.



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

Exhibit 10
Education and General Expenses and Unrestricted Revenues
Fiscal 2010-2017

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Working</u> <u>2016</u>	<u>Budget</u> <u>2017</u>
E&G Expenses	\$55,571	\$57,561	\$58,686	\$56,342	\$56,152	\$58,104	\$61,839	63,769
Unrestricted								
Revenues	55,029	55,443	54,135	53,959	54,953	57,411	61,757	63,363
E&G Deficit	-542	-2,118	-4,551	-2,383	-1,199	-693	-82	-406
Auxiliary								
Surplus	3,178	3,024	3,167	2,883	2,542	2,421	772	1,096

E&G: education and general

Note: Unrestricted revenues exclude auxiliary enterprises. In fiscal 2016, a transfer from the fund balance was used to cover expenses. Fiscal 2016 does not reflect the deficiency, and fiscal 2017 does not include the across-the-board reduction, enhancement funds, or funds specific to historically black colleges and universities.

Source: Governor's Budget Book

In order to cover persistent budget shortfalls, CSU has relied on a combination of fund balance transfers and auxiliary revenues. The use of the State-supported portion 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. Since auxiliary enterprises are self-supporting, they typically generate a profit, which is generally transferred to the fund balance to be used to fund future projects such as renovations and construction of auxiliary-related facilities. In times when E&G revenues may not cover academic expenses, institutions will use excess auxiliary revenues to help offset shortfalls. Auxiliary revenues were used to cover shortfalls in the academic enterprise in fiscal 2008 and fiscal 2010 through 2016 and will be needed to cover a shortfall in E&G expenditures in fiscal 2017.

The persistent financial challenges are being met through various measures not simply fund balance transfers. For example, in fiscal 2015, 14 staff were laid off and 19 long-term, nonfunded vacant positions were eliminated; and in fiscal 2016, 23 filled positions were eliminated and 15 long-term, nonfunded positions were abolished. In order to achieve a balanced budget, CSU is also monitoring revenue collection and controlling spending, monitoring and staggering the filling of positions, and reorganizing various departments and eliminating unneeded positions. However, the fiscal actions taken to date have not negated the use of auxiliary funds to cover shortfalls in the academic enterprise.

In addition, CSU is further hampered by paying back two internal loans. One, as previously discussed, involves repayment of funds used for two capital projects to the plant fund of which the remaining balance of \$808,578 will be paid back by fiscal 2021. In addition, since CSU did not have sufficient funds in its fund balance to be able to participate in the quasi-endowment fund (see USMO analysis for further discussion), USMO provided \$750,000. USMO lent the funds with the agreement that CSU would reimburse USMO once enrollment returned to more “historical” levels and that CSU would pay back USMO within five years.

Overcoming its persistent budgetary challenges will require CSU to continue to right size the organization, aligning its resources to focus on high-demand courses and programs. However, in fiscal 2015, CSU expanded to Hagerstown by offering two programs in health information science and sports management, which had a total enrollment of only 2.8 FTES. This raises concerns about the benefit of expending resources to expand programs offsite in light of the current enrollment and budgetary challenges. In addition, according to the results of the USM periodic review of academic programs, the Global Studies program is considered a low-productivity program which needs to increase enrollment and degree production over the next two years or risk potential suspension or elimination. Rather than eliminate the program, CSU is planning to offer the program at Hagerstown and is expected to begin outreach in fall 2016.

It should be noted that in 2012, the USM Board of Regents (BOR) appointed a special review committee to conduct a comprehensive review of CSU and recommend strategies and action to improve the overall performance of the institution. The committee found a lack of strong leadership, ineffective and inefficient use of resources, and a lack of accountability. The result of the committee was the development of an implementation plan, which identified 50 targeted corrective actions to achieve efficiencies in the academic enterprise, improve operations, and change and improve processes. However, despite the implementation of all the actions, enrollment and the associated revenue continue to decline. Until CSU can make progress in first stabilizing and then increasing enrollment, difficult and unpopular decisions will need to be made in order to focus the limited resources on programs or areas that have the greatest impact on students. **The President should comment on strategies and initiatives to improve the financial situation while maintaining quality.**

In fiscal 2017, the E&G deficit persists and is estimated to be \$0.4 million. However, this may be understated given the projections of tuition and fee revenues used in the budget of \$17.3 million, based on a flat enrollment growth. In looking at the past trends, as shown in **Exhibit 11**, this appears to be optimistic, as actual tuition and fee revenues consistently came in below budget due to the continual assumption that enrollment would basically remain flat each year. Assuming a 3% enrollment decline and including \$0.5 million in enhancement funds, the E&G deficit would grow by approximately \$1.2 million. **Therefore, the Department of Legislative Services recommends that CSU achieve total salary savings of \$1.2 million by reducing the number of funded faculty positions in low-demand courses or programs to achieve salary savings of \$0.6 million, reducing the number of funded nonfaculty positions to achieve salary savings of \$0.6 million, and submitting a report on the position reductions.**

Exhibit 11
Tuition and Fee Revenue Compared to Enrollment Growth and Tuition Increases
Fiscal 2013-2017

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Budgeted	\$16,982	\$16,568	\$16,710	\$16,883	\$17,264
Actual	15,465	16,462	15,861		
Difference	-\$1,517	-\$106	-\$849		
Enrollment Growth	-4.5%	-4.2%	-6.3%	-4.0%	
Tuition Growth Rate %	3.0%	3.0%	3.0%	5.0%	2.0%

Note: Fiscal 2016 reflects working budget. Fiscal 2016 and 2017 enrollment is the estimated growth.

Source: Governor's Budget Books; University System of Maryland; Department of Legislative Services

2. Efforts to Improve Enrollment and Retention

CSU has implemented several programs to increase enrollment and retention. Enrollment efforts included:

- adding Enrollment Planning Services from the College Board, an analysis and reporting service that will allow the Admissions Office to better understand the student market and precisely locate students and conduct more strategic recruitment activities;
- contracting with StudentBridge to develop an interactive virtual campus map, which is fully optimizeable for the mobile experience, creating opportunities to recruit students virtually; and
- selecting Zone 5 to redesign recruitment publications with the intent of building a cohesive presentation for print and the Internet.

Retention efforts included:

- participating in the Predictive Analytics Reporting (PAR) Framework Student Success Matrix (see USM Overview for further discussion) and recently becoming a member of the PAR Framework's predicting analyses and benchmarking collaborative;

- establishing the Our House Community Mentoring Program, an intensive mentoring program providing students access to mentors who support their academic goals, social development, and career goals. Each “house” consists of 10 students and 5 to 6 mentors – 1 faculty, staff, alumni, upper classman, and a member from the faith-based community. The second-year retention rate of the 48 fall 2014 participants was 83%, with an average grade point average of 2.8;
- establishing the Student Success Council, which is charged with researching and recommending data supported strategies to the campus community to achieve institutional goals and reviewing data collected by campus units that impact recruitment, retention, and graduation rates; reviewing the impact of campus policies; and monitoring changes in student outcomes;
- adding a financial literacy/Free Application for Federal Student Aid review to the freshman orientation course;
- creating a financial aid newsletter targeting new and continuing students; and
- renovating the Eagles Nest to provide space for veterans and Reserve Officer Training Corps students to be used as a resource center.

In order to facilitate the transfer of students from community colleges, the Office of Transfer and Transition Services (TTS) was established to serve as the point of contact during a student’s transfer process and throughout their academic career at CSU. TTS manages the transfer admission process, transcript evaluations, ARTSYS updates, retention of transfer students, and partnership agreements with community colleges including guaranteed admissions, articulation, and reverse transfer agreements. Currently, CSU has articulation agreements with Anne Arundel Community College (AACC), Baltimore City Community College (BCCC), Community College of Baltimore County, and College of Southern Maryland (CSM). In addition, CSU has reverse transfer agreements with CSM and AACC and is expected to have agreements in place with BCCC and Hagerstown Community College this year.

Collaboration with the University of Baltimore

CSU signed a Memorandum of Understanding (MOU) with the University of Baltimore (UB) in June 2015 to facilitate the growth of science, technology, engineering, and mathematics (STEM) programs and initiatives and achieve greater efficiencies between the institutions. The MOU is intended to encourage collaborative faculty research in STEM areas through the sharing of instructional expertise, laboratory equipment, and space. Emphasis is also placed on the innovation and the acquisition of computer software licenses for STEM disciplines.

The Coppin-UB Partnership for Education and Research Committee (PERC) was established to review programs and strategies on both campuses and make recommendations to leadership on

potential areas of collaboration. PERC meets regularly throughout the academic year and is chaired by a steering committee of faculty from each campus and its goals include:

- establishing the Center for Environmental Science to attract students and faculty to use space on both campuses, primarily the Science and Technology Center (STC);
- providing students with research experiences and collaborative opportunities with faculty from both campuses; and
- increasing enrollment in STEM areas by providing academic and student support services *e.g.*, customized advisement, adequate living environments, and shuttle transportation between the campuses.

Recent activities of PERC include:

- Collaborating on a research project in Carroll County on the Laurel Cemetery Project – funded with a grant from the UB Foundation to support students and faculty in using penetrating radar equipment to conduct excavation in helping to relocate a historic African American gravesite. This has led both institutions to explore the possibility of offering a joint course or program in anthropology.
- Sharing of facilities and equipment – plans are in progress to facilitate the use of laboratories within STC through UB’s field studies program in Environmental Sciences in which CSU students will be able to take upper division research courses in Environmental Sciences while UB students will have access to the laboratories.
- Interinstitutional software licensing – currently exploring the use of software for current and future initiatives.

The President should comment on strategies to improve student performance, efforts to fully utilize facilities, and the status of current and future collaborations with Baltimore institutions.

3. Meeting College Expenses

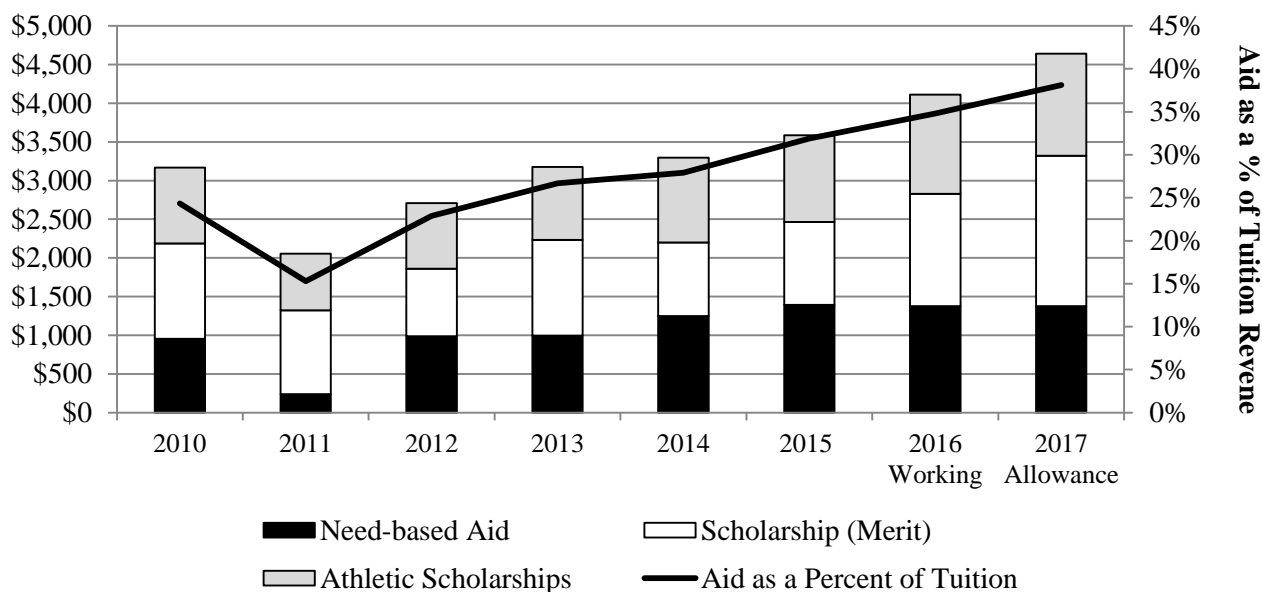
As the cost of college continues to increase, students and families are relying on a variety of financial aid to pay for college with more students taking out loans. When accounting for the average amount of federal, State, and institutional aid awarded to all CSU students, the average net price for a FT/FT Maryland undergraduate student at CSU was \$9,407 in fiscal 2015 compared to the list price of \$20,146 (based on tuition, mandatory fees, books and supplies, other expenses, and the weighted average of room and board), according to the National Center for Education Statistics’ *College*

Navigator. This amounts to a 53.3% reduction in the net cost of attendance. For those with a family income up to \$30,000, the average net price was \$9,340 in fiscal 2015.

In fiscal 2015, 71% of CSU’s undergraduate students receive 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 \$5,730 in fiscal 2015. EFC is an indicator of the amount a family is able to contribute to pay for a student’s college education: the lower the EFC, the greater the financial aid.

Since fiscal 2011, when expenditures on institutional aid fell to \$2.1 million due to the failure to disburse most of the need-based aid, expenditures have rebounded, growing 74.5%, or \$1.5 million by fiscal 2015. The amount spent on need-based aid increased 478.9% during this time period, as shown in **Exhibit 12**. Between fiscal 2013 and 2015, expenditures on need-based aid grew 40.2 % due to a fiscal 2014 supplemental budget, which provided \$378,000 to increase need-based aid. During the same time period, expenditures on scholarships declined \$0.2 million which was offset by an increase in athletic scholarships. In fiscal 2016, total spending on institutional aid increases \$0.5 million of which \$0.4 million is going to scholarships.

Exhibit 12
Institutional Aid: Total Aid and Aid as a Percentage of
Undergraduate Tuition Revenues
Fiscal 2010-2017
(\$ in Thousands)

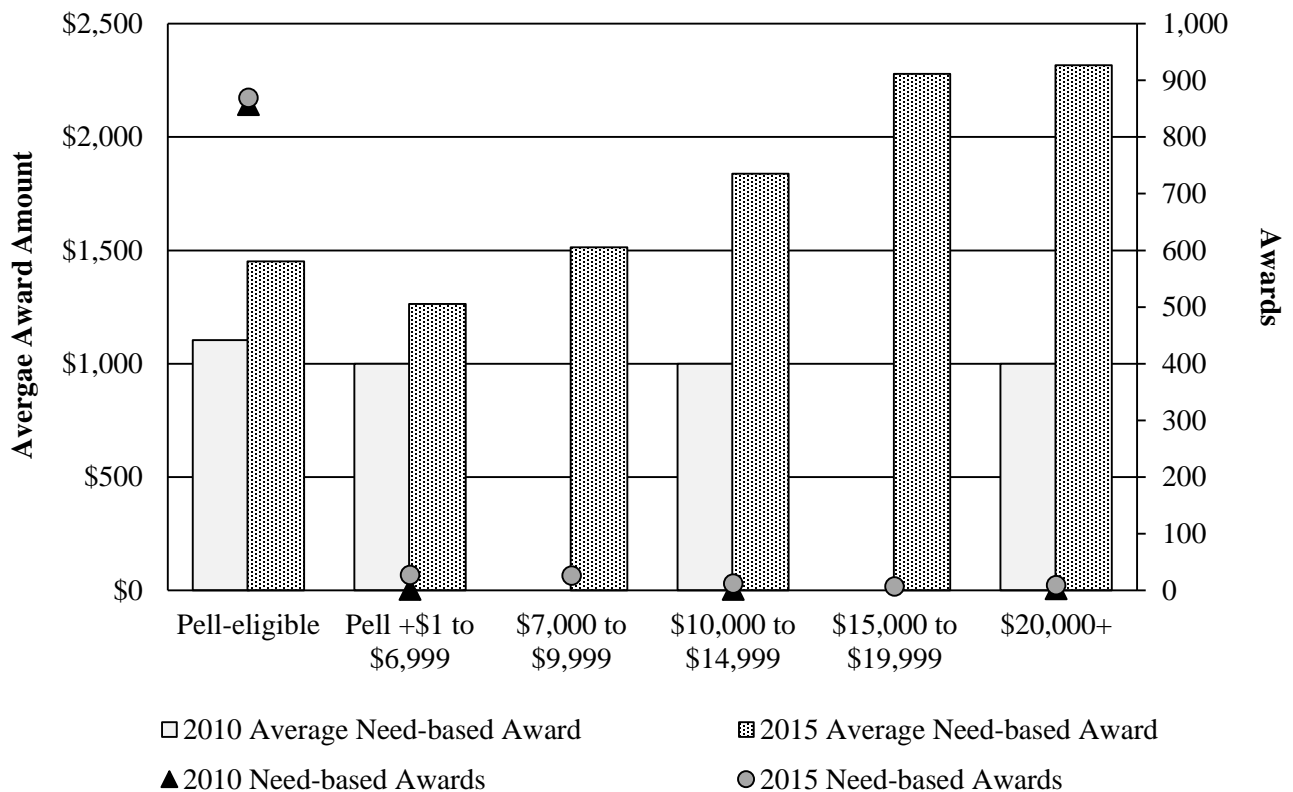


Source: University System of Maryland; Department of Legislative Services

The USM BOR has instructed institutions to use a portion of annual tuition revenue increases for institutional aid directed toward those undergraduate students with the highest financial need, offsetting increases in tuition rates and holding harmless those with the greatest need. Since fiscal 2011, when institutional aid as a percentage of tuition revenue fell to 15.3%, it has steadily increased to 38.1% in fiscal 2017.

Exhibit 13 compares how CSU distributed need-based aid between fiscal 2010 and 2015. While the number of awards going to Pell-eligible students increased, the portion of awards going to these students declined from 99.2% in fiscal 2010 to 91.5% in fiscal 2015. In fiscal 2015, students in all EFC categories received need-based aid. Overall, the average award increased across all EFC categories with students with an EFC greater than \$20,000 receiving the highest average award of \$2,316.

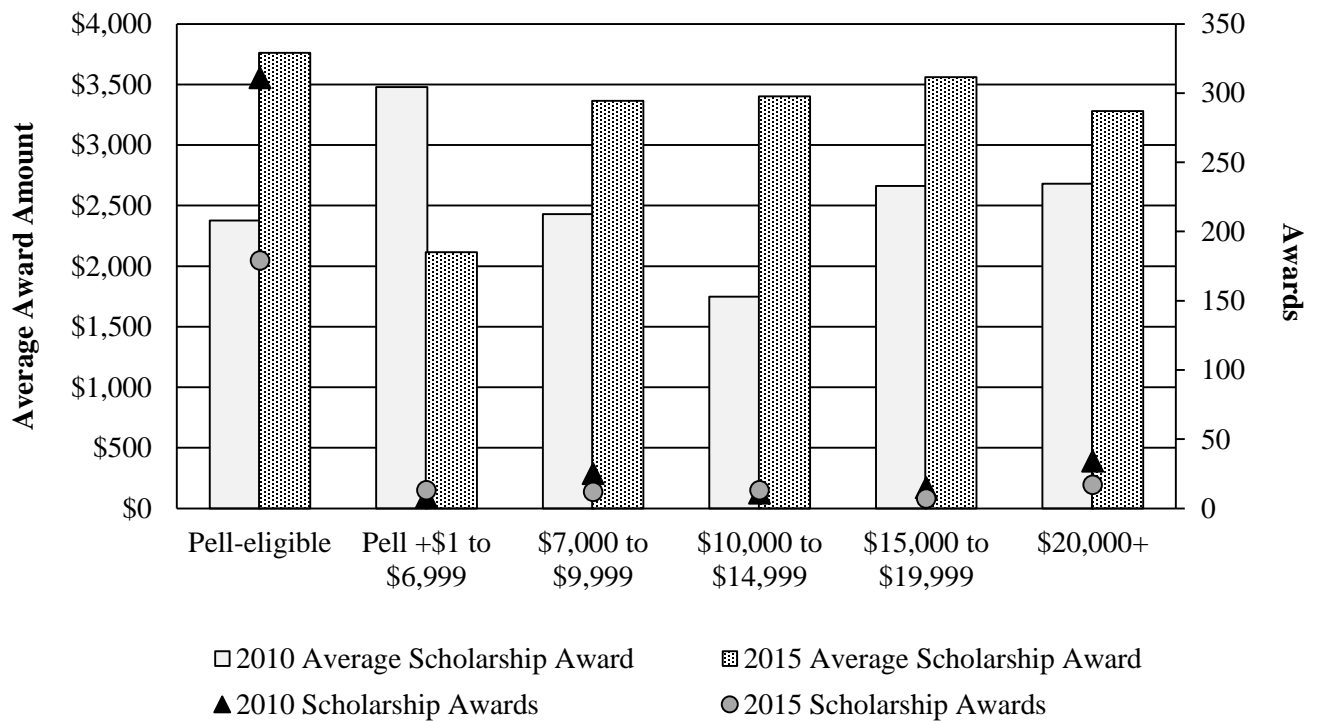
Exhibit 13
Comparison of Number and Average Amount of Need-based Aid Received
Per Recipient by Expected Family Contribution
Fiscal 2010 and 2015



Source: University System of Maryland

In fiscal 2015, 163 less scholarships were awarded than in fiscal 2010, which is to be expected given that total expenditures on scholarships declined \$0.2 million during this time period. Overall, approximately 75% of the scholarship awards in both years went to Pell-eligible students. The average amount of an award for Pell-eligible students increased by \$1,384 to \$3,762 in fiscal 2015, as shown in **Exhibit 14**. The average amount of awards increased for all students in all EFC categories except for those with an EFC of Pell+\$1 to \$6,999 whose award declined by \$1,364.

Exhibit 14
Comparison of Number and Average Amount of Scholarships Received
Per Recipient by Expected Family Contribution
Fiscal 2010 and 2015



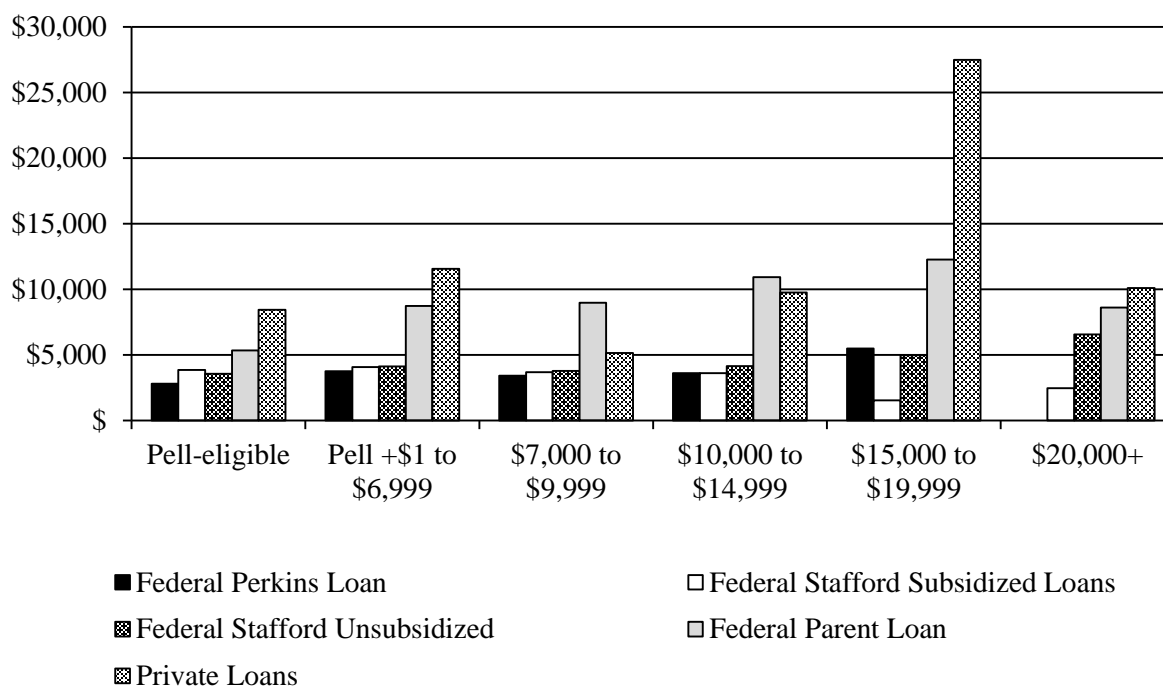
Source: University System of Maryland

While students with the greatest financial need typically receive Pell and institutional aid, it is not enough to cover the cost of college. As shown in **Exhibit 15**, students in all EFC categories take out various types of loans to finance their education. There are three types of loans:

- federal subsidized loans, which 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, which are 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 (Stafford and parent loans); and
- private loans.

Exhibit 15
Mean Loan Amount by Type and Expected Family Contribution
Fiscal 2015



Source: University System of Maryland

In fiscal 2015, of the 1,900 Pell-eligible students, 85.6% and 83.6% used subsidized and unsubsidized loans, respectively, to help pay for their college education with average loans of \$3,849 and \$3,561. As shown in Exhibit 15, in all but two EFC categories, the highest average loans were from private lenders with 26 Pell-eligible students taking out an average private loan of \$8,442 and students with an EFC of \$15,000 to \$19,999 borrowing \$27,500. **The President should comment on the financial counseling and programs available to students and if they are encouraged to use the federal loan programs rather than take out private loans.**

According to the U.S. Department of Education's College Scorecard, 69% of undergraduate students used federal loans to pay for college. This does not include the federal parent loans. The average federal debt of a CSU graduate is \$19,031, excluding federal parent loans. This does not include private loans that students may take out to finance their education. While other organizations collect more inclusive data on student debt such as *College Insights*, which is referenced in other institutions' budget analyses, CSU does not report on this data.

Recommended Actions

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

, provided that funded faculty positions shall be reduced to achieve salary savings of \$600,000 and that these positions be related to low-demand courses or programs. Further provided that funded nonfaculty positions shall be reduced to achieve salary savings of \$600,000. A report shall be submitted to the budget committees by December 15, 2016, detailing the reduction of the positions and associated savings.

Explanation: This language requires Coppin State University (CSU) to reduce funded faculty and nonfaculty positions to achieve salary savings totaling \$1.2 million and that the faculty positions be associated with low-demand courses and programs. A report is to be submitted on the position reductions by December 15, 2016.

Information Request	Author	Due Date
Reduction of positions	CSU	December 15, 2016

Current and Prior Year Budgets

Current and Prior Year Budgets USM – Coppin State University (\$ in Thousands)							
	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Other</u> <u>Unrestricted</u> <u>Fund</u>	<u>Total</u> <u>Unrestricted</u> <u>Fund</u>	<u>Restricted</u> <u>Fund</u>	<u>Total</u>
Fiscal 2015							
Legislative							
Appropriation	\$41,832	\$1,799	\$0	\$29,126	\$72,757	\$18,900	\$91,657
Deficiency							
Appropriation	0	0	0	0	0	0	0
Cost							
Containment	-1,640	0	0	0	-1,640	0	-1,640
Budget							
Amendments	223	106	0	0	329	-900	-571
Reversions and							
Cancellations	0	0	0	-3,598	-3,598	-3,979	-7,577
Actual							
Expenditures	\$40,416	\$1,905	\$0	\$25,527	\$67,848	\$14,021	\$81,869
Fiscal 2016							
Legislative							
Appropriation	\$42,069	\$2,027	\$0	\$28,546	\$72,642	\$18,000	\$90,642
Budget							
Amendments	659	0	0	39	698	0	698
Working							
Appropriation	\$42,728	\$2,027	\$0	\$28,585	\$73,340	\$18,000	\$91,340

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. Numbers may not sum to total due to rounding.

Fiscal 2015

The fiscal 2015 legislative appropriations for CSU declined by \$9.8 million. General funds decreased by \$1.4 million which included \$1.6 million in cost containment measures. A variety of strategies were used to meet this reduction including decreasing the general operating and facility renewal expenditures; eliminating one position; laying off one person; and transferring \$0.3 million

from the fund balance. A budget amendment added \$0.3 million related to a 2% cost-of-living adjustment, and a \$0.1 million decrease is offset by a corresponding increase in the special fund appropriation, which is comprised of the HEIF. Cancellations of unrestricted funds amounted to \$3.6 million due to reduced spending in order to meet a balanced budget goal driven primarily by an enrollment decline.

Restricted funds decreased by \$4.9 million. A budget amendment decreased funds \$0.9 million due to a decline in federal (\$0.8 million), State (\$88,250), and private (\$32,500) contract and grant activity. Cancellation of restricted funds totaled \$4.0 million due to lower than anticipated spending on financial aid related to a decline in enrollment.

Fiscal 2016

To date, the fiscal 2016 legislative appropriation has risen by \$0.7 million. General funds increased \$0.7 million by a budget amendment to restore a 2% pay reduction. Other unrestricted funds increased by \$38,964 and included \$0.3 million in tuition and fee revenue related to an increase in collection of various fees, \$43,000 in miscellaneous income, and \$5,000 in federal grants and contracts. These increases were offset by a \$0.4 million decrease in auxiliary enterprises.

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

<u>Object/Fund</u>	<u>FY 15 Actual</u>	<u>FY 16 Working Appropriation</u>	<u>FY 17 Allowance</u>	<u>FY 16 - FY 17 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	456.50	442.00	442.00	0.00	0%
02 Contractual	143.43	149.00	156.79	7.79	5.2%
Total Positions	599.93	591.00	598.79	7.79	1.3%
Objects					
01 Salaries and Wages	\$ 40,811,205	\$ 42,061,488	\$ 43,020,165	\$ 958,677	2.3%
02 Technical and Spec. Fees	7,476,806	7,655,402	8,335,975	680,573	8.9%
03 Communication	249,847	359,487	359,610	123	0%
04 Travel	892,925	1,178,000	1,178,000	0	0%
06 Fuel and Utilities	3,333,980	4,150,000	4,067,686	-82,314	-2.0%
07 Motor Vehicles	64,942	239,546	207,211	-32,335	-13.5%
08 Contractual Services	8,823,853	11,396,041	11,932,327	536,286	4.7%
09 Supplies and Materials	938,132	1,941,539	1,941,539	0	0%
10 Equipment – Replacement	36,402	525,000	525,000	0	0%
11 Equipment – Additional	338,296	1,054,310	629,310	-425,000	-40.3%
12 Grants, Subsidies, and Contributions	13,184,178	14,817,060	14,817,060	0	0%
13 Fixed Charges	5,718,200	5,693,871	5,812,072	118,201	2.1%
14 Land and Structures	0	268,203	268,203	0	0%
Total Objects	\$ 81,868,766	\$ 91,339,947	\$ 93,094,158	\$ 1,754,211	1.9%
Funds					
40 Unrestricted Fund	\$ 67,847,729	\$ 73,339,947	\$ 75,094,158	\$ 1,754,211	2.4%
43 Restricted Fund	14,021,037	18,000,000	18,000,000	0	0%
Total Funds	\$ 81,868,766	\$ 91,339,947	\$ 93,094,158	\$ 1,754,211	1.9%

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions

Fiscal Summary
USM – Coppin State University

<u>Program/Unit</u>	<u>FY 15 Actual</u>	<u>FY 16 Wrk Approp</u>	<u>FY 17 Allowance</u>	<u>Change</u>	<u>FY 16 - FY 17 % Change</u>
01 Instruction	\$ 20,044,121	\$ 22,732,761	\$ 22,911,225	\$ 178,464	0.8%
02 Research	-25,211	52,905	52,905	0	0%
03 Public Service	-3,430	0	0	0	0%
04 Academic Support	7,220,192	7,402,937	7,673,901	270,964	3.7%
05 Student Services	5,107,769	5,414,547	5,575,862	161,315	3.0%
06 Institutional Support	16,435,578	16,999,302	17,753,175	753,873	4.4%
07 Operation and Maintenance of Plant	11,409,956	13,720,704	14,286,043	565,339	4.1%
08 Auxiliary Enterprises	10,403,722	12,371,282	12,195,538	-175,744	-1.4%
17 Scholarships and Fellowships	11,276,069	12,645,509	12,645,509	0	0%
Total Expenditures	\$ 81,868,766	\$ 91,339,947	\$ 93,094,158	\$ 1,754,211	1.9%
Unrestricted Fund	\$ 67,847,729	\$ 73,339,947	\$ 75,094,158	\$ 1,754,211	2.4%
Restricted Fund	14,021,037	18,000,000	18,000,000	0	0%
Total Appropriations	\$ 81,868,766	\$ 91,339,947	\$ 93,094,158	\$ 1,754,211	1.9%

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions