

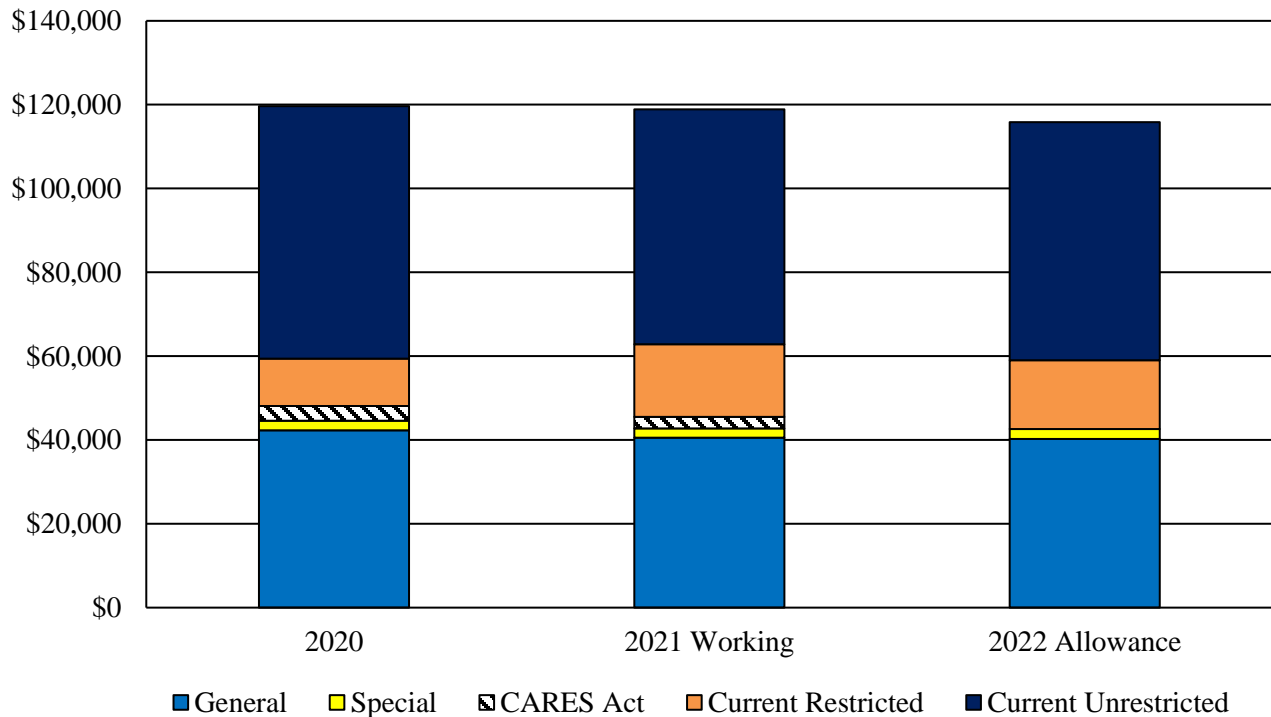
R30B26
Frostburg State University
University System of Maryland

Executive Summary

Frostburg State University (FSU) is an institution in the University System of Maryland (USM), accredited by the Middle States Commission on Higher Education. It is the only four-year institution of USM located west of the Baltimore-Washington corridor.

Operating Budget Summary

Fiscal 2022 Budget Decreases by \$3.0 Million, or 2.5%, to \$115.9 Million
(\$ in Thousands)



CARES: Coronavirus Aid, Relief, and Economic Security

Note: The fiscal 2021 appropriation includes deficiencies and general salary increases. The fiscal 2022 allowance includes annualization of general salary increases.

- There are three proposed deficiencies that would provide \$0.1 million in general funds to reimburse FSU for COVID-19-related expenses, \$1.1 million in reimbursable funds for public safety personnel costs related to COVID-19, and \$0.4 million in funding derived from bond premiums for a capital project.
- To date, FSU has received a total of \$5.0 million in federal and State Coronavirus Aid, Relief, and Economic Security Act funding in fiscal 2020 and 2021: \$4.1 million in federal funds, of which \$2.0 million was required to be used for emergency student financial aid and the remaining amount to cover revenue losses and COVID-19-related expenses; and \$0.9 million from the State Coronavirus Relief Fund to reimburse FSU for COVID-19 and public safety personnel related expenses.
- Fiscal 2022 State funding decreases by 3.1%, or \$1.4 million, compared to fiscal 2021.

Key Observations

- ***Enrollment:*** Total undergraduate enrollment declined for the fifth consecutive year, with fall 2020 undergraduate enrollment declining by 7% compared to fall 2019.
- ***Student Performance:*** Four- and six-year graduation rates have generally increased since the 2010 cohort.
- ***Revenue Loss:*** The move to remote learning and the closing of campus during the spring 2020 semester due to the spread of COVID-19 across the State led to revenue losses due to student refunds and increased costs related to the transition to online courses and maintaining a safe environment. A blended model was adopted for fiscal 2021 but revenue losses continued.

Operating Budget Recommended Actions

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

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Frostburg State University
 University System of Maryland

Operating Budget Analysis

Program Description

Frostburg State University (FSU) is a mid-size, comprehensive university. It is the only four-year institution within the University System of Maryland located west of the Baltimore-Washington corridor and serves as the premier educational and cultural center for Western Maryland. Approximately half of FSU's students are from Allegany, Frederick, Garrett, and Washington counties, although as largely a residential campus, it draws students from all counties in Maryland as well as neighboring states and foreign countries. FSU offers an array of high-quality and affordable undergraduate and graduate degrees, emphasizing academic programs in education, business, applied science and technology, and creative and performing arts, with selected programs in the humanities and social services. It also offers students opportunities to engage in regional volunteerism, service learning activities, undergraduate research, and internships. FSU promotes regional development through a variety of initiatives. For example, the university provides technical and business expertise, and space is made available for business incubation with an emphasis on engaging faculty and students with businesses to ensure the collaborative nature of all ventures.

Carnegie Classification: Master's Colleges and Universities: Larger Programs

Fall 2020 Undergraduate Enrollment Headcount		Fall 2020 Graduate Enrollment Headcount	
Male	1,907	Male	245
Female	2,212	Female	494
Total	4,119	Total	739

Fall 2020 New Students Headcount		Campus (Main Campus)	
First-time	629	Acres	260
Transfers/Others	351	Buildings	47
Graduate	136	Average Age	43
Concurrent High School	10	Oldest	1902
Total	1,126		

Programs		Degrees Awarded (2019-2020)	
Bachelor's	46	Bachelor's	966
Master's	12	Master's	214
Doctoral	1	Doctoral	11
Certificates	1	Total Degrees	1,191

Proposed Fiscal 2022 In-state Tuition and Fees*

Undergraduate Tuition	\$6,834
Mandatory Fees	\$2,760

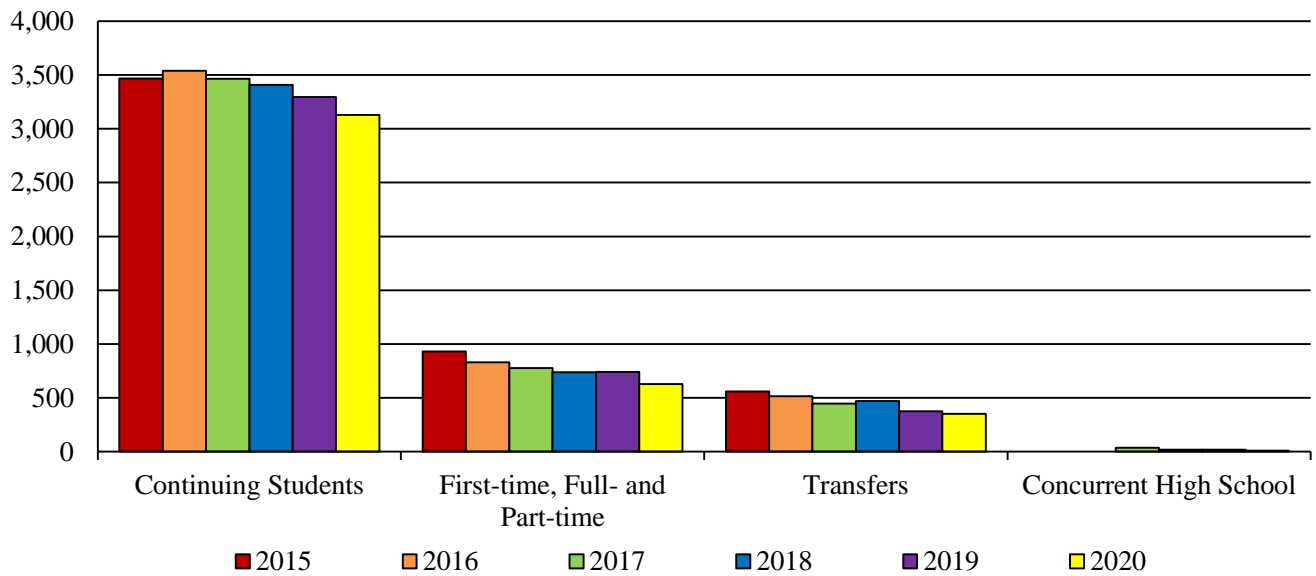
*Contingent on Board of Regents approval.

Performance Analysis

1. Undergraduate Enrollment

Undergraduate enrollment decreased by 310 students from fall 2019 to fall 2020, as shown in **Exhibit 1**. The continuing student population experienced the largest numeric decrease, falling by 165 students, followed by first-time, full- and part-time students at 111 students. All segments of the undergraduate student population experienced a decline in enrollment; 2017 was the last time this occurred. From fall 2015 to fall 2020, the total undergraduate student population has decreased 17.0%, falling from 4,961 students to 4,119 students. FSU attributes this decrease to reductions in community college enrollments and stagnation of high-school graduates in Western Maryland. Additionally, the COVID-19 pandemic played a role in the decline of first-time new students.

Exhibit 1
Undergraduate Enrollment
Fall 2015-2020

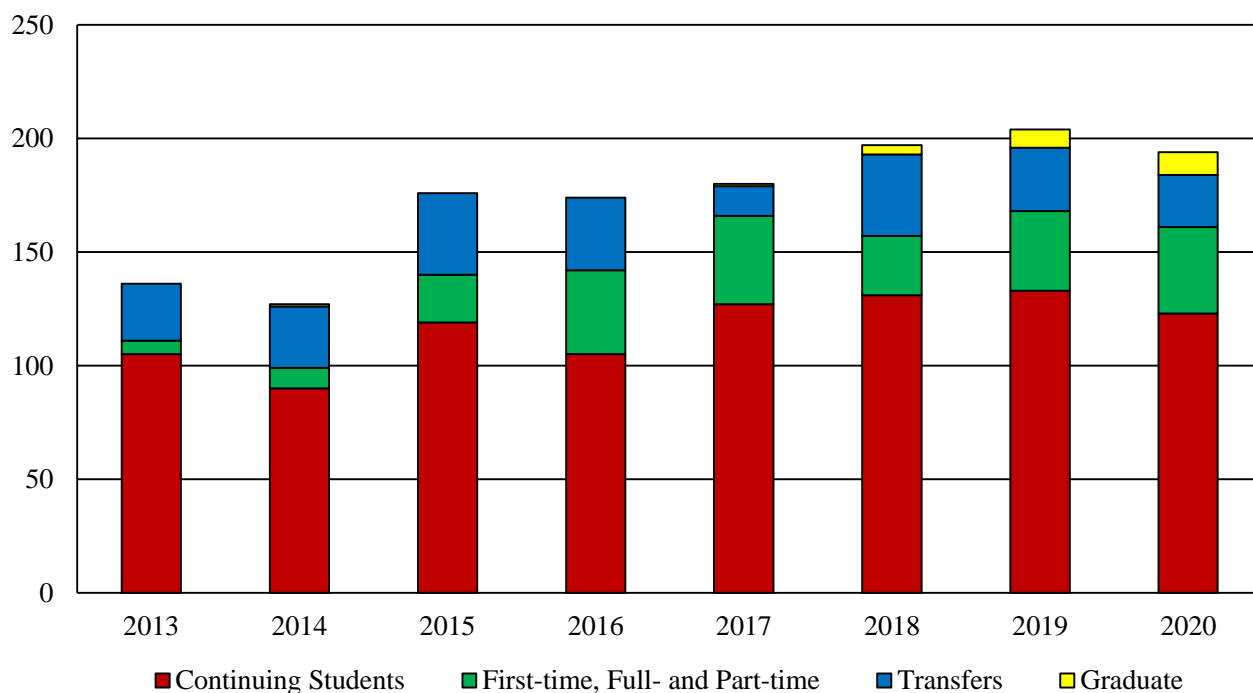


	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Continuing Students	3,468	3,539	3,463	3,409	3,294	3,129
First-time, Full- and Part-time	933	831	777	737	740	629
Transfers	560	514	448	472	376	351
Concurrent High School			37	20	19	10
Total Undergraduate Enrollment	4,961	4,884	4,725	4,638	4,429	4,119

Source: Frostburg State University

Despite declining total undergraduate enrollment, revenues from tuition and fees have increased by 0.7% from fiscal 2015 to 2020, rising from \$36.8 million to \$37.1 million. FSU has supplemented losses in tuition and fees from the overall undergraduate student decline with an increase in regional enrollment as shown in **Exhibit 2**. Starting with the fall 2015 semester, FSU has provided a regional tuition rate for individuals who live within 120 miles of the campus, which impacts residents in portions of Ohio, Pennsylvania, Virginia, and West Virginia. The effect of this modification is illustrated with the 38.6% increase in regional enrollment from 2014 to 2015, increasing from 127 students to 176. While a small overall portion of the total undergraduate student population, regional students’ tuition and fee rate is just under double what the price of an in-state student would pay while out-of-state students’ tuition and fee rates tend to be triple the price for an in-state student. From a financial perspective, the addition of a single regional student is roughly equivalent to the addition of two in-state students.

Exhibit 2
Regional Enrollment Trends
Fiscal 2013-2020

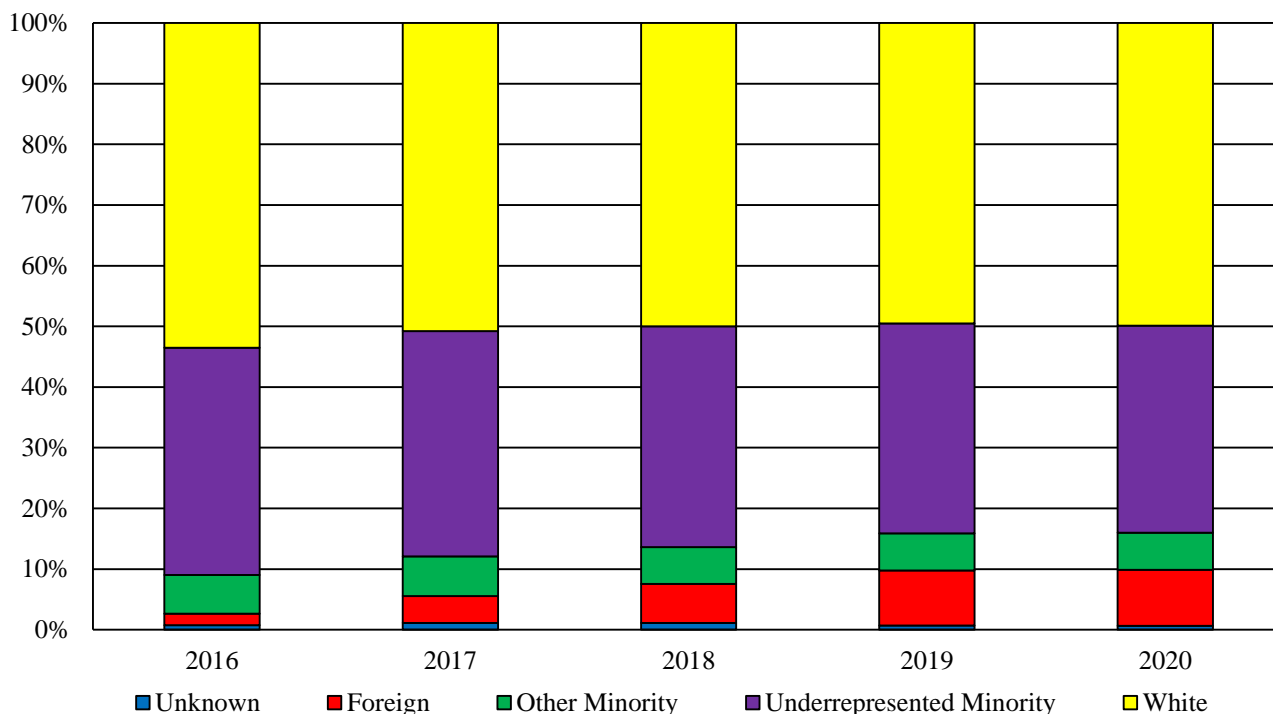


Source: Frostburg State University

The ethnic composition of the undergraduate student population at FSU has remained fairly stable from 2016 through 2020, as shown in **Exhibit 3**. On average, White students represented 51.3% of the undergraduate student population over that period, while underrepresented minorities, including

African American, Hispanic, American Indian, and Native Hawaiian students, represented 36.4% of the undergraduate student population.

Exhibit 3
Undergraduate Headcount Enrollment by Ethnicity
Fall 2016-2020



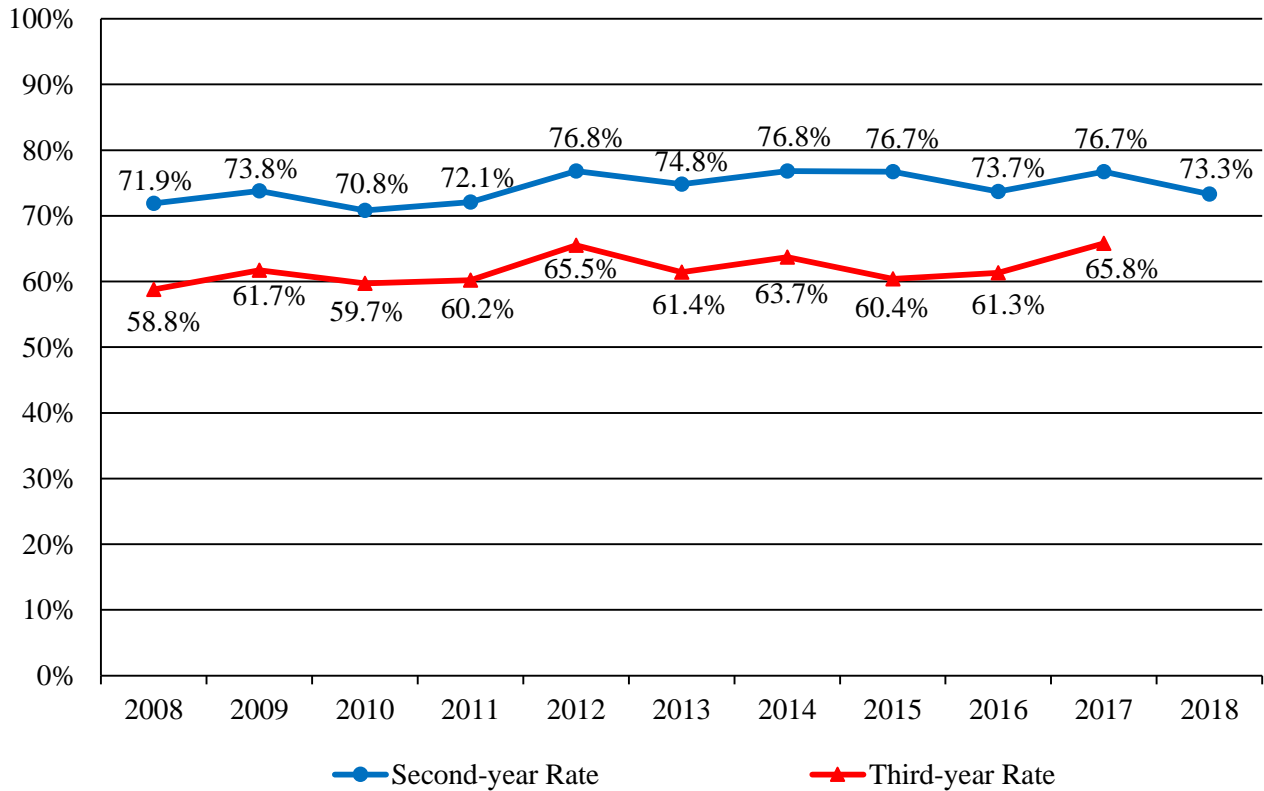
Note: Underrepresented Minority includes African American/Black, Hispanic, American Indian, and Native American. Other includes Asian and multiple races.

Source: Frostburg State University

2. Student Performance

It is important to look at student retention rates because they foreshadow graduation rates. Universities with high retention rates tend to have high graduation rates as they reflect student engagement on campus and a commitment to finishing a degree program. **Exhibit 4** shows the second- and third-year retention rates for students at FSU. The second-year retention rate fell by 3.4 percentage points, from 76.7% to 73.3%, in 2018 when compared to 2017. Despite this drop, the FSU second-year retention rate has not fallen below 70% since the 2006 cohort. The third-year retention rate reached 65.8% in 2017; this rate has not fallen below 60% since the 2010 cohort.

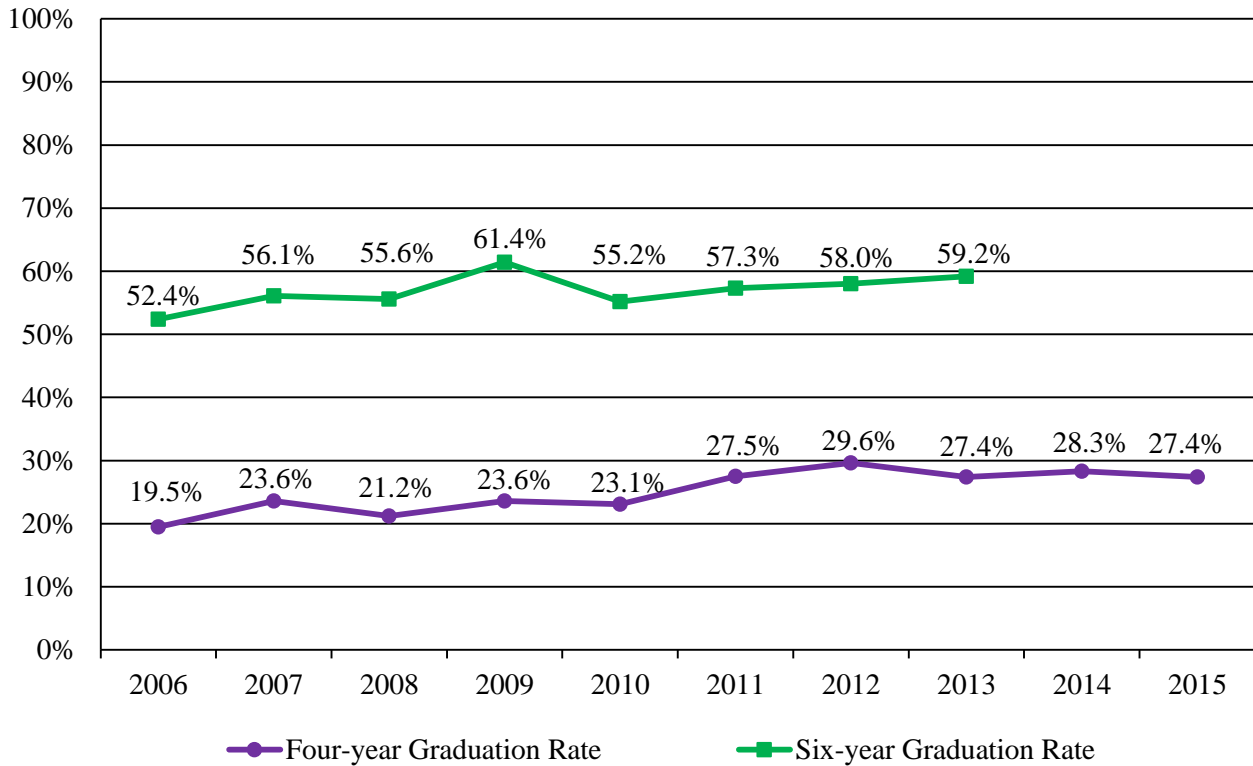
**Exhibit 4
Second- and Third-year Retention Rates
Fall 2008-2018**



Source: Frostburg State University

One of the most direct ways to measure the effectiveness of a college is to look at the graduation rates of its students. **Exhibit 5** shows the four- and six-year graduation rates of students at FSU. The four-year graduation rate generally increased from the 2006 cohort through the 2012 cohort before falling to 27.4% with the 2013 cohort. From the 2013 cohort through the 2015 cohort, the four-year graduation rate has remained fairly level. The six-year graduation rate has been generally increasing from the 2006 cohort through the 2013 cohort, rising from 52.4% to 59.2%.

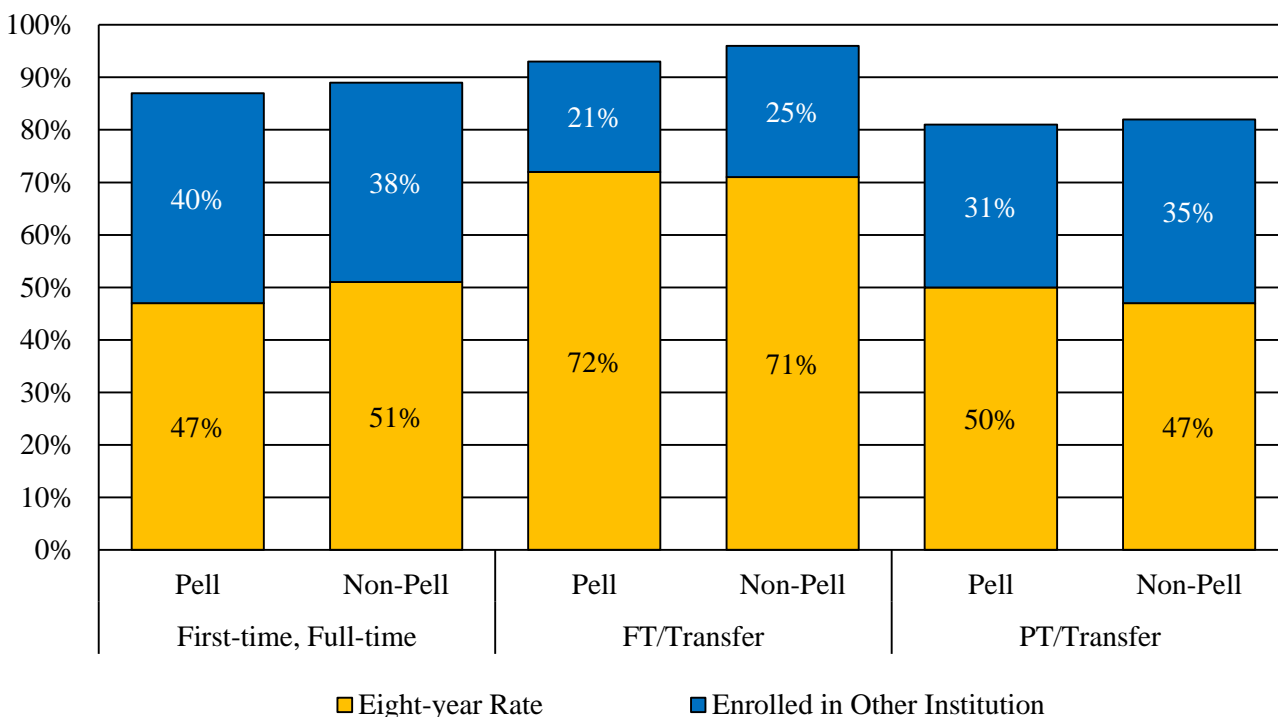
Exhibit 5
Four- and Six-year Graduation Rates
Fiscal 2006-2015 Cohorts



Source: Frostburg State University

Traditionally, graduation measures only capture the outcomes of the traditional first-time, full-time (FT/FT) students who are increasingly comprising a smaller portion of the student population. In order to have a more inclusive graduation rate that captures the progress of nontraditional students, the Integrated Postsecondary Education Data System reports on the outcomes of first-time, transfer, and part-time transfer students by Pell and non-Pell recipients. As shown in **Exhibit 6**, full-time transfer Pell students have the highest graduation rate of 72%, followed closely by non-Pell full-time transfer students at 71%. Non-Pell and Pell-eligible FT/FT student’s eight-year graduation rates are also close, at 51% and 47%, respectively.

Exhibit 6
Eight-year Graduation Rate
Students Entering in Academic Year 2011-2012



FT: full time
 PT: part time

Source: National Center for Education Statistics' College Navigator

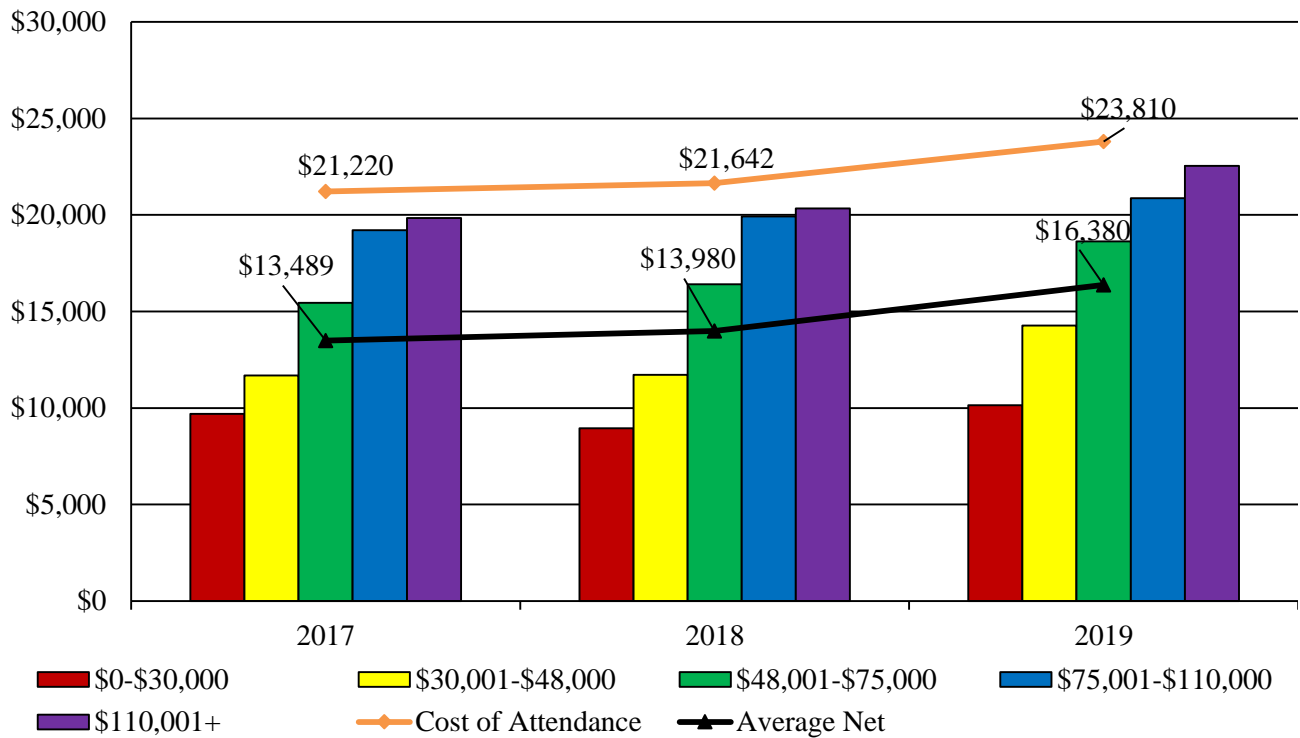
3. Affordability and Access

Cost of Attendance

When considering the affordability of college, students and families tend to focus on the published cost of attendance (COA), or sticker price. COA is the total cost of attending college for one year including tuition and fees, room and board, books, supplies, and other expenses. However, the focus should be on the average net price, which is the cost to the student after accounting for the average amount of federal, State, and institutional aid awarded to all undergraduate FSU students. As shown in **Exhibit 7**, on average between fiscal 2017 and 2019, the average net price was \$14,616, or 34.2% less than the published COA for a FT/FT student. The average cost to a student also varies by income level. Those with a lower family income receive more financial aid, thereby lowering the average price for

attending college. The average net price for a family with an income between \$0 and \$30,000 increased by \$445, from \$9,690 in fiscal 2017 to \$10,135 in fiscal 2019. Similarly, the average net price for families with incomes between \$75,001 and \$110,000 increased from fiscal 2017 to 2019 by \$2,705.

Exhibit 7
Estimated Cost of Attendance versus Average Net Price
For Full-time, In-state Students by Income Level
Fiscal 2017-2019



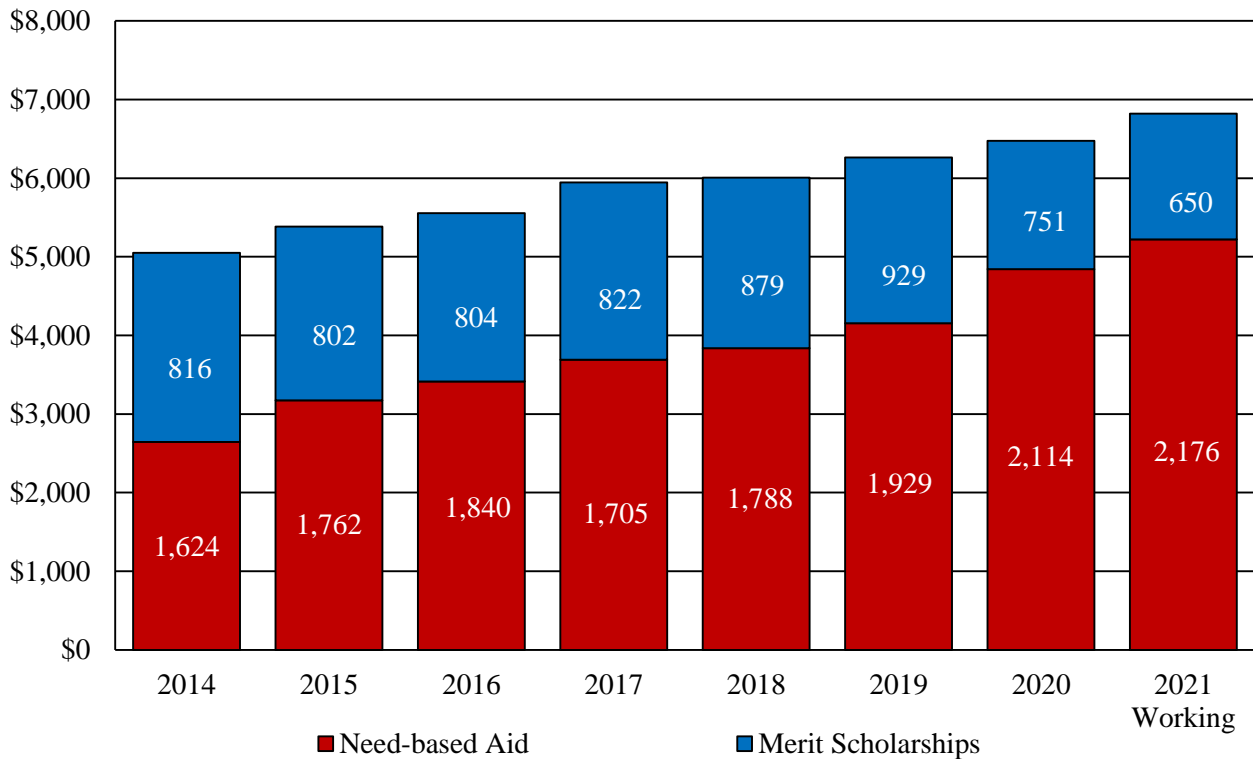
Source: National Center for Education Statistics' College Navigator

Institutional Aid

Spending on institutional aid at FSU has increased 35.0% from fiscal 2014 to the 2021 working budget, going from \$5.1 million to \$6.8 million, excluding Coronavirus Aid, Relief, and Economic Security (CARES) Act emergency student financial assistance, as shown in **Exhibit 8**. The fiscal 2021 working budget includes the greatest amount of institutional aid awarded by the institution. Expenditures on need-based aid have reached their highest point in the fiscal 2021 working budget, totaling \$5.2 million, while merit scholarships totaled \$1.6 million. From fiscal 2014 through the 2021 working budget, the percentage of institutional aid provided for need-based aid has steadily increased,

going from 52.4% to 76.5%. The number of students who receive need-based aid has also generally increased from fiscal 2014 through the 2021 working budget, growing from 1,624 to 2,176. On average over this period, the amount spent on need-based aid was 64.5% of total institutional aid, while merit scholarships averaged 35.5%.

Exhibit 8
Institutional Aid Expenditure and Awards by Category
Fiscal 2014-2021 Working
(\$ in Thousands)



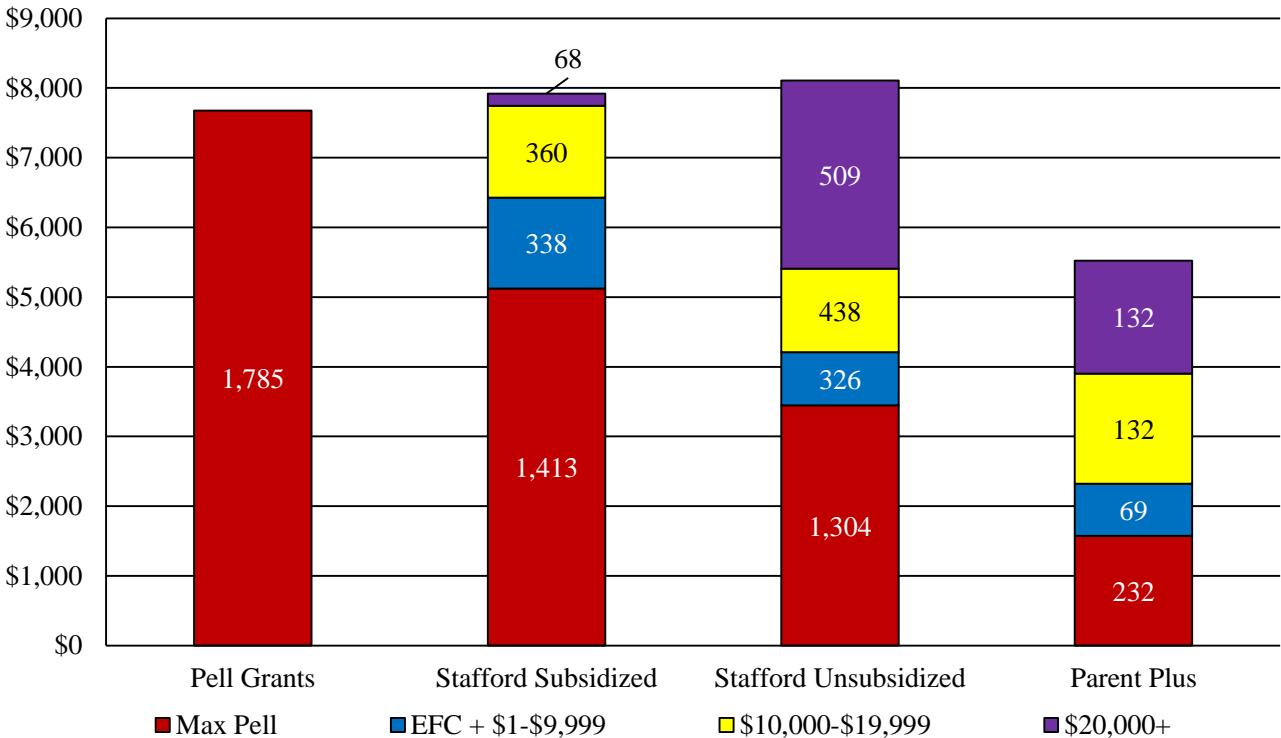
Note: Excludes Coronavirus Aid, Relief, and Economic Security Act funding for emergency student financial assistance.

Source: Maryland Higher Education Commission; Frostburg State University

Loans

In fiscal 2020, 1,785 undergraduate students received a Pell grant, totaling \$7.7 million, as shown in **Exhibit 9**. These grants are given to those students who otherwise could not afford college. These students have an expected family contribution (EFC) of less than a specific amount, which was \$5,140 in fiscal 2019. EFC is an indicator of the amount that a family is expected to contribute for a students’ college education; the lower the EFC, the greater the financial need.

**Exhibit 9
Federal Grants and Loans and
Expected Family Contribution
Fiscal 2019**



EFC: expected family contribution

Source: Maryland Higher Education Commission

While students with the greatest financial need typically receive Pell grants and institutional aid, it is not enough to cover the cost of attending college. Students in all EFC categories take out other types of federal loans to finance their education, including \$7.9 million in subsidized loans that are based on financial need with the government paying the interest while the student is enrolled in school (Stafford subsidized loans) and \$13.6 million in unsubsidized loans that are general loans for those who do not demonstrate financial need with interest added to the balance of the loan while the student is enrolled in school (Stafford unsubsidized and Parent PLUS loans).

Student Debt

Recently, the U.S. Department of Education’s College Scorecard started reporting the median debt (excluding private and Parent PLUS loans) for 2017 and 2018 graduates by field of study. This is an effort to give students a better picture of outcomes at the program rather than the institutional level.

The median debt of FSU students ranged from \$12,500 for nursing majors to \$27,000 for drama and theatre arts majors.

Fiscal Impact of COVID-19

Fiscal 2020

In March 2020, FSU switched to remote learning as COVID-19 spread across the State. FSU sent students home and began telework for all nonessential employees under temporary guidelines. Refunds were made to students for room and board and other student fees. The closure resulted in loss of revenue in other auxiliary enterprises, including the bookstore, dining services, conferences, and athletics. As shown in **Exhibit 10**, FSU experienced a \$4.2 million loss in auxiliary revenues and a \$0.6 million loss in tuition and fee revenues for total losses of \$4.8 million. FSU also incurred \$0.9 million of COVID-19-related expenses.

Exhibit 10 COVID-19-related Expenditure and Revenue Loss Fiscal 2020

Shortfalls/Costs	
Auxiliary Revenue	-\$4,221,910
Increased Operational Costs	-932,684
Tuition and Fee Loss	-627,224
Total Shortfall	-\$5,781,818
Revenues/Transfers	
Transfer from Fund Balance	\$2,929,642
CARES Act ¹	1,962,520
CRF Funds	889,656
Total Revenues	\$5,781,818

CARES: Coronavirus Aid, Relief, and Economic Security
CRF: Coronavirus Relief Fund

¹CARES Act federal funds totaled \$3.9 million, of which \$2.0 million was required to be used for emergency student financial aid.

Note: State CRF funds to reimburse for COVID-19 and public safety personnel-related expenses are classified as restricted funds in fiscal 2020.

Source: Frostburg State University

In fiscal 2020, FSU received a total of \$3.9 million of CARES Act funding, of which \$1.96 million was designated for emergency financial grants to 3,237 students. The remaining \$1.96 million was used to partially cover the revenue losses. In addition, FSU received \$0.9 million from the State’s Coronavirus Relief Fund (CRF) to offset additional COVID-19-related expenses. FSU still faced a \$2.9 million shortfall despite these fund sources. FSU utilized their fund balance to cover the remaining portion of the budget shortfall for fiscal 2020.

Fiscal 2021

In fall 2020 (fiscal 2021), FSU offered 70% of their courses through a “blended” format, a mix of both in-person and online instruction, while the remaining 30% was conducted entirely online. To ensure the safety of the students and campus personnel, FSU required all individuals to wear masks inside of buildings, modified the traffic flow of certain buildings, limited class sizes, and shifted all on-campus housing to single living units. As shown in **Exhibit 11**, the college experienced a loss of \$3.9 million from freezing tuition and fees and receiving less revenue from fewer students living on campus and participating in room and board programs, a \$2.5 million reduction in auxiliary revenues, and a \$3.6 million reduction from the July 2020 Board of Public Works action. FSU also experienced \$2.0 million of operational costs that were not previously budgeted.

FSU took various actions to cover the revenue loss, including across-the-board departmental operating budget reductions totaling \$4.9 million, holding open 36 full-time equivalent positions totaling \$3.2 million, delaying facilities renewal projects totaling \$1.6 million, utilizing CRF funds and CARES Act funds to offset the deficit totaling \$1.4 million. The CRF funding is from two deficiencies, \$0.1 million in general funds to reimburse FSU for expenditures related to COVID-19 and \$1.1 million in reimbursable funds to compensate FSU for public safety personnel costs incurred during the first six months of the fiscal year. FSU also proposes another transfer from fund balance totaling \$1.3 million to eliminate the fiscal 2021 deficit. The institution currently has a fund balance remaining of \$19.7 million.

It should be noted that FSU will receive a total of \$6.4 million in Consolidated Appropriations Act (CAA) funds in fiscal 2021, of which \$2.0 million are required to be used for financial aid. FSU has indicated that it is preliminarily planning to use CAA funding to backfill additional revenue losses related to COVID-19, cover COVID-19-related expenses, cover payroll expenses, and for indirect cost recoveries in fiscal 2021. FSU recently negotiated with employees represented by the American Federation of State, County and Municipal Employees in fall 2020 to adopt temporary pay reductions to avert layoffs to address the budget shortfall; FSU will utilize \$0.9 million of the institutional CAA funding to suspend these salary reductions.

Exhibit 11
Impact of COVID-19 on Fiscal 2021

Shortfalls/Costs	
Tuition and Fee Loss	-\$3,926,690
Board of Public Works Reduction	-3,561,722
Auxiliary Revenue	-2,500,000
Increased Operational Costs	-1,972,000
Other Costs	-450,000
Total Shortfall	-\$12,410,412
Revenues/Savings	
Operating Cuts	\$4,922,358
Personnel Actions	2,300,000
Facilities Renewal	1,566,317
Transfer from Fund Balance	1,308,038
CRF Deficiency Funds	1,219,389
CAA Funds	900,000
CARES Act	194,310
Total Revenues	\$12,410,412

CAA: Consolidated Appropriations Act

CARES: Coronavirus Aid, Relief, and Economic Security

CRF: Coronavirus Relief Fund

Note: State CRF funds to reimburse for COVID-19 and public safety personnel-related expenses are classified as restricted funds in fiscal 2021. Frostburg State University will also have access to the remaining \$3.6 million in CAA funding that may be used to offset additional COVID-19-related expenditures and operating losses. These funds can be expended through September 2022 and, as a result, this funding may roll over into fiscal 2023.

Source: Frostburg State University

Fiscal 2021 Working Budget

Actions Affecting Fiscal 2021 Budget

In addition to the deficiencies noted above, FSU will be allocated \$0.4 million in bond premiums that the institution plans to utilize for the Gunter Hall Roof Replacement project.

Fiscal 2022 Proposed Budget

As shown in **Exhibit 12**, the adjusted fiscal 2022 allowance for State funds is \$1.4 million, or 3.1%, lower than the adjusted fiscal 2021 working appropriation.

Exhibit 12					
Proposed Budget					
Frostburg State University					
Fiscal 2020-2022					
(\$ in Thousands)					
	2020	2021	2022	2021-2022	% Change
	<u>Actual</u>	<u>Adjusted</u>	<u>Adjusted</u>	<u>Change</u>	<u>Prior Year</u>
General Funds	\$42,338	\$40,075	\$39,333	-\$742	-1.9%
General Salary Increase		440	880		
Total General Funds	\$42,338	\$40,516	\$40,213	-\$302	-0.7%
HEIF	2,272	2,233	2,402	170	7.6%
CARES ACT – State CRF ¹	890	0	0		
Deficiency: CARES Act – State CRF ¹	0	1,219	0		
Total State Funds	\$45,500	\$43,968	\$42,616	-\$1,352	-3.1%
Other Unrestricted Funds	58,118	55,522	57,835	2,313	4.2%
Transfer (to)/from Fund Balance	2,122	500	-979		
Net Unrestricted Funds	\$104,850	\$98,770	\$99,472	\$701	0.7%
Restricted Funds	11,352	16,909	16,389	-520	3.1%
CARES Act – Direct Federal Support	2,578	1,542	0		
Deficiency: Bond Premium		437			
Total Restricted Funds	\$14,819	\$20,107	\$16,389	-\$3,718	18.5%
Total Funds	\$119,669	\$118,877	\$115,860	-\$3,017	-2.5%
CAA – Institutional Funds ²		\$4,454			
CAA – Financial Aid ²		\$1,963			

CAA: Consolidated Appropriations Act

CARES: Coronavirus Aid, Relief, and Economic Security

CRF: Coronavirus Relief Fund

HEIF: Higher Education Investment Fund

¹ State CRF Funds classified as restricted funds.

² Institutions have until September 30, 2022, to expend CAA funds and therefore, these funds may carry over to fiscal 2023. Frostburg State University will expend \$0.9 million of the institutional funds in fiscal 2021 to eliminate salary reductions undertaken by employees represented by the American Federation of State, County and Municipal Employees.

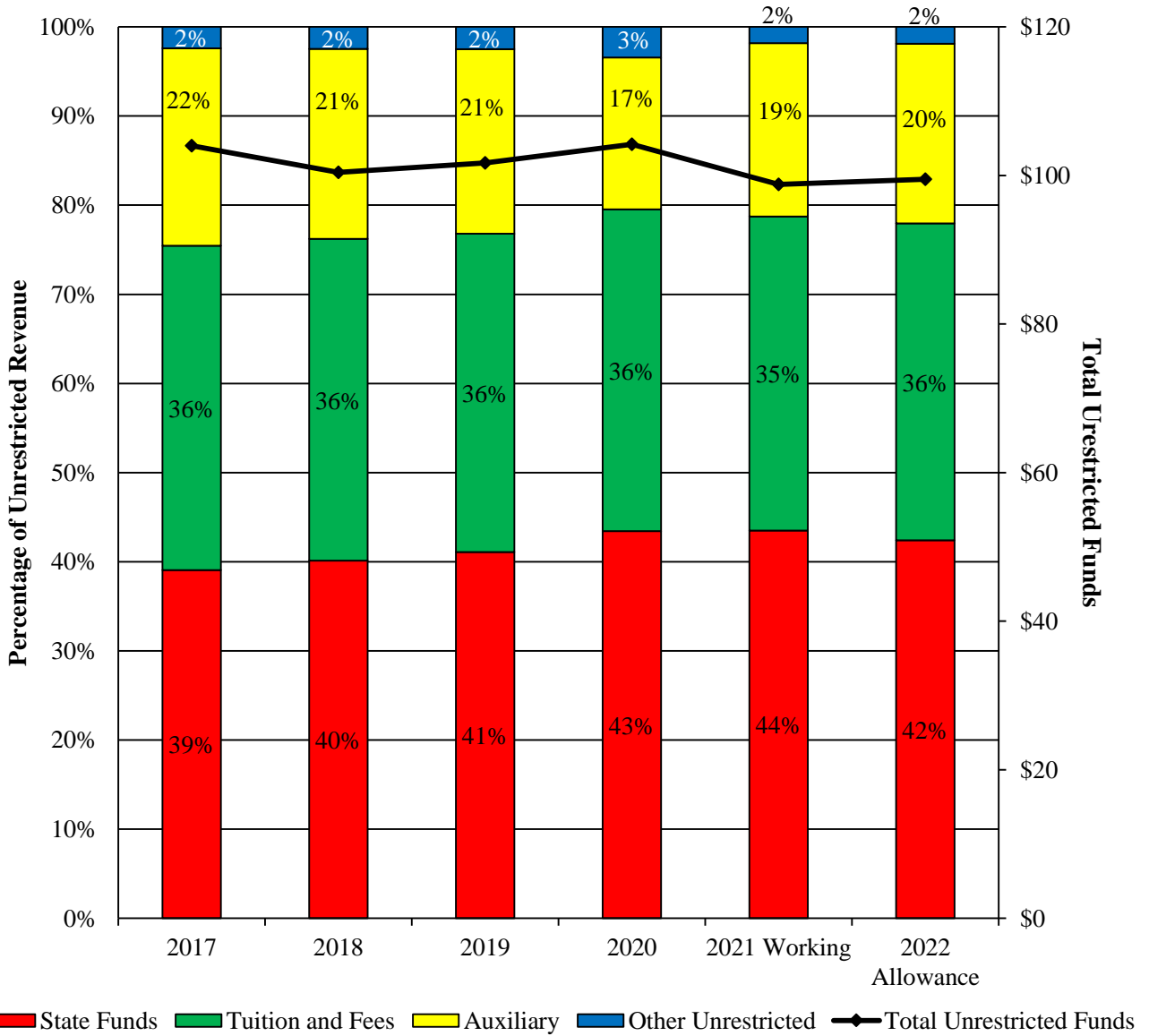
Source: Governor’s Fiscal 2022 Budget Books; Department of Legislative Services

Other current unrestricted funds increased by 4.2%, or \$2.3 million. Tuition and fee revenue increase by \$1.1 million, partly due to a planned 2% increase in resident undergraduate tuition. Auxiliary revenues also increase by \$1.1 million, with the expectation that university operations will return to a less restrictive setting. Restricted funds decrease by 18.5%, or \$3.7 million, due to the use of \$1.5 million in federal CARES Act funding in fiscal 2021 and a proposed \$0.4 million deficiency.

Revenue Sources

In the fiscal 2022 allowance, State funds (general funds and the Higher Education Investment Fund) and tuition and fee revenues comprise 42% and 36% of FSU’s State-supported revenues, as shown in **Exhibit 13**. Current unrestricted funds total \$99.5 million. From fiscal 2017 to the 2022 allowance, State general funds have gone from 39% of total unrestricted revenues to 42%, increasing by \$0.5 million, or 1.2%. Overall, between fiscal 2017 and the 2022 allowance, total unrestricted funds decreased by \$4.5 million, or 4.3%, with auxiliary declines accounting for \$3.3 million, tuition and fee revenue declines accounting for \$2.9 million, and other declining sources accounting for \$0.6 million, which was partly offset by State funds increasing by \$1.1 million and transfers from fund balance totaling \$1.2 million.

Exhibit 13
Unrestricted Revenues by Fund Source
Fiscal 2017-2022
(\$ in Millions)



Note: State Coronavirus Relief Funds are not included in State Funds total as that funding was classified as restricted funds by Frostburg State University.

Source: Governor’s Fiscal 2017 to 2022 Budget Books; Department of Legislative Services

Personnel Data

	<u>FY 20 Actual</u>	<u>FY 21 Working</u>	<u>FY 22 Allowance</u>	<u>FY 21-22 Change</u>
Regular Positions	734.00	698.00	698.00	0.00
Contractual FTEs	<u>161.10</u>	<u>151.50</u>	<u>151.50</u>	<u>0.00</u>
Total Personnel	895.10	849.50	849.50	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	75.73	10.85%
Positions and Percentage Vacant as of 12/31/20	81.00	11.60%
Vacancies Above Turnover	5.27	0.75%

- With COVID-19 challenges, reduced tuition and auxiliary revenues, along with State appropriation reductions, FSU is trying to be fiscally conservative and manage personnel in order to meet a balanced budget within the constrained revenues. As vacancies occur, FSU is carefully and proactively reviewing each position to determine if it may remain vacant for a period of time or until fiscal constraints are eased without compromising the university’s mission and operations.

Issues

1. Quick Transition to Remote Learning in Spring 2020 and Blended Learning for Fall 2020

In March 2020, FSU had to quickly transition to remote learning. Challenges FSU encountered with this sudden transition included:

- faculty and students having to learn and teach in a new modality that was wholly new to many of them;
- inequities related to access to internet connectivity and access to hardware and software, and other challenges related to inadequate remote workplaces; and
- finding field placement opportunities for students in programs requiring those experiences.

The university learned many lessons from the spring 2020 semester that it applied to its fall 2020 blended reopening. Most courses (70%) offered were conducted in an in-person/online modality while the remaining courses (30%) were offered fully online. Lessons learned included:

- the development of a stronger partnership between Academic Affairs and the Instructional Technology Office, leading to significant improvements related to access to technology resources for faculty and students and access to training and support for distance education;
- redirection of funding to the technology budget and adding resources for synchronous online instruction;
- students being allowed to withdraw from a class, avoiding a failing grade, as late as the last day of classes, while the option to pass with credit/no credit, which was offered in the spring 2020 semester, was not offered in fall 2020;
- lower classroom density by reductions in the number of students per class, adopting a split attendance approach, where a smaller group of students enrolled in the course will meet with the instructor for each section, and the reconfiguration of classrooms to ensure social distancing measures are met;
- providing summer training for faculty and instructors to ensure online portions of blended curriculum met certain pedagogical standards;
- use of a case-management process that allowed individual students to communicate their specific questions and issues, and then have them routed to the appropriate office for answers and resolutions;

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- modification of all dormitory living to single occupancy to ensure social distancing measures were met. Because of the switch to all single occupancy rooms, CARES Act funding was made available to help families with the residence hall costs, authorizing \$375 per eligible student, to help defray the higher costs to the student of single occupancy for a double room; and
- the use of support from the Kirwan Center for instructional design support services, professional development workshops, and access to virtual technologies for lab-based courses.

To ensure the quality of courses provided, and the continued delivery of student services for the fall semester, FSU has:

- continued peer review of course design and content as part of the annual evaluation process;
- continued the student evaluation of instructions process;
- compared student grade distributions, withdraws, and probation/dismissals to previous semesters to determine if new trends were emerging;
- conducted high-level review of faculty and student engagement with their learning management system;
- offered all of the institution’s Academic Success Network services remotely through virtual advising appointments, virtual peer-assisted learning, and online tutoring via NetTutor (a web-based tutoring service); and
- adopted a telehealth model for counseling and psychological services.

The President should comment on efforts to provide mental health services remotely and if there has been an increase in demand. The President should also comment on how the shift to providing courses and services online provided new opportunities and what impact it will have on FSU’s future business model.

Operating Budget Recommended Actions

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

**Appendix 1
Audit Findings**

Audit Period for Last Audit:	July 1, 2015 to August 25, 2019
Issue Date:	August 2020
Number of Findings:	5
Number of Repeat Findings:	1
% of Repeat Findings:	20%
Rating: (if applicable)	n/a

Finding 1: Frostburg State University (FSU) lacked documentation of its compliance with University System of Maryland Board of Regents procurement policies and procedures regarding the use of contracts established by other organizations, institutions, or agencies. In addition, FSU did not verify that the prices charged were in accordance with the related contracts.

Finding 2: FSU did not have a formal agreement governing construction management services being provided by another State university and did not receive sufficient documentation to monitor these services and ensure that the propriety of amounts invoiced by the university.

Finding 3: **FSU did not ensure that user access capabilities on financial management systems were adequately restricted resulting in employees with unnecessary or inappropriate system capabilities.**

Finding 4: FSU’s procedures for logging and monitoring critical database security and audit events were not adequate.

Finding 5: FSU did not independently verify that all bookstore collections were deposited and related refunds were proper.

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

**Appendix 2
Object/Fund Difference Report
Frostburg State University**

<u>Object/Fund</u>	<u>FY 20 Actual</u>	<u>FY 21 Working Appropriation</u>	<u>FY 22 Allowance</u>	<u>FY 21 - FY 22 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	734.00	698.00	698.00	0.00	0%
02 Contractual	161.10	151.50	151.50	0.00	0%
Total Positions	895.10	849.50	849.50	0.00	0%
Objects					
01 Salaries and Wages	\$ 61,284,884	\$ 59,800,000	\$ 59,388,887	-\$ 411,113	-0.7%
02 Technical and Spec. Fees	9,424,001	7,328,197	7,356,574	28,377	0.4%
03 Communication	350,439	479,764	479,764	0	0%
04 Travel	977,724	476,774	476,774	0	0%
06 Fuel and Utilities	3,073,473	3,867,858	3,867,858	0	0%
07 Motor Vehicles	249,976	363,568	363,568	0	0%
08 Contractual Services	9,308,399	10,015,181	9,847,784	-167,397	-1.7%
09 Supplies and Materials	2,769,889	5,977,350	4,777,350	-1,200,000	-20.1%
10 Equipment – Replacement	178,357	785,076	785,076	0	0%
11 Equipment – Additional	2,298,770	1,392,801	1,392,801	0	0%
12 Grants, Subsidies, and Contributions	17,360,500	19,858,585	17,988,585	-1,870,000	-9.4%
13 Fixed Charges	9,106,757	5,960,460	5,960,460	0	0%
14 Land and Structures	3,285,873	1,694,386	2,294,386	600,000	35.4%
Total Objects	\$ 119,669,042	\$ 118,000,000	\$ 114,979,867	-\$ 3,020,133	-2.6%
Funds					
40 Unrestricted Fund	\$ 104,849,697	\$ 98,330,112	\$ 98,591,367	\$ 261,255	0.3%
43 Restricted Fund	14,819,345	19,669,888	16,388,500	-3,281,388	-16.7%
Total Funds	\$ 119,669,042	\$ 118,000,000	\$ 114,979,867	-\$ 3,020,133	-2.6%

Note: The fiscal 2021 appropriation includes deficiencies and general salary increases. The fiscal 2022 allowance includes annualization of general salary increases.

**Appendix 3
Fiscal Summary
Frostburg State University**

<u>Program/Unit</u>	<u>FY 20 Actual</u>	<u>FY 21 Wrk Approp</u>	<u>FY 22 Allowance</u>	<u>Change</u>	<u>FY 21 - FY 22 % Change</u>
01 Instruction	\$ 32,378,903	\$ 32,401,143	\$ 32,041,652	-\$ 359,491	-1.1%
02 Research	70,339	200,000	200,000	0	0%
03 Public Service	4,801,897	7,673,388	6,262,000	-1,411,388	-18.4%
04 Academic Support	10,654,169	9,813,358	9,820,942	7,584	0.1%
05 Student Services	4,808,741	4,991,902	4,990,930	-972	0%
06 Institutional Support	11,456,267	12,089,305	12,105,744	16,439	0.1%
07 Operation and Maintenance of Plant	16,867,718	11,870,992	12,472,352	601,360	5.1%
08 Auxiliary Enterprises	20,594,575	18,493,446	18,489,781	-3,665	0%
17 Scholarships And Fellowships	18,036,433	20,466,466	18,596,466	-1,870,000	-9.1%
Total Expenditures	\$ 119,669,042	\$ 118,000,000	\$ 114,979,867	-\$ 3,020,133	-2.6%
Unrestricted Fund	\$ 104,849,697	\$ 98,330,112	\$ 98,591,367	\$ 261,255	0.3%
Restricted Fund	14,819,345	19,669,888	16,388,500	-3,281,388	-16.7%
Total Appropriations	\$ 119,669,042	\$ 118,000,000	\$ 114,979,867	-\$ 3,020,133	-2.6%

Note: The fiscal 2021 appropriation includes deficiencies and general salary increases. The fiscal 2022 allowance includes annualization of general salary increases.